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Strategies for Healthcare Payer Information Technology Integration After Mergers and Acquisitions

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Abstract

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by

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MS, Kentucky State University, 2006

BS, Vasavi College of Engineering, 1996

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

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Abstract

Despite the high rate of failure in merger and acquisition (M&A) transactions, many organizations continue to rely on M&As as their primary growth strategy and to address market competition. The purpose of this qualitative single case study was to explore strategies managers from a large healthcare payer in the midwestern United States used to achieve operational and strategic synergies during the postacquisition information technology (IT) integration phase. Haspeslagh and Jemison's acquisition integration approaches model was the conceptual framework for the study. Methodological triangulation was established by analyzing the data from the semistructured interviews of 6 senior executives and 6 IT strategists, discussion points produced in a focus group involving 4 acquisition integration leaders, and information gleaned from M&A periodicals. Data were analyzed using Saldaña's thematic analysis method and showed that the healthcare payer organization managers used the following 4 strategies to achieve the planned synergies: plan for expected business synergies from the postacquisition IT integration, make cultural harmonization a key element of change management, align and continuously evaluate the progress of postacquisition IT integration strategies against planned synergies, and preserve durability of acquired capabilities by granting autonomy to the acquired organization. The findings of this study could lead to positive social change by stimulating a business environment that might allow healthcare payers to expand their strategic capabilities and serve their local communities with new products and other choices that improve the quality of care, health outcomes, well-being, and longevity of the consumer.

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Dedication

I dedicate this research study to my dear wife, Mallika Eyunni, and my lovely daughter, Sindhu Maringanti, whose inspiration, support, and encouragement have helped me stay the course. This achievement is as much theirs as it is mine. I also dedicate this study to my beloved parents and brothers for their love, support, and encouragement.

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Section 1: Foundation of the Study

Healthcare insurance companies (herein identified as *payers*) are at the epicenter of a fundamental transformation in the United States healthcare market, a change driven mainly by the Patient Protection and Affordable Care Act's (ACA) mandate for healthcare reform (Muppalla & Capobianco, 2010). The full impact of the ACA on healthcare payer organizations is largely unknown, but healthcare analysts have predicted that the legislation's transformation of healthcare would touch every aspect of healthcare payers' businesses (Muppalla & Capobianco, 2010). These healthcare analysts called for a fundamental "change in operational DNA" of healthcare payers (p. 3). The necessary amendments in the healthcare payer industry would require stakeholders to take incremental steps toward compliance to guarantee success in the evolving healthcare delivery system (Muppalla & Capobianco, 2010).

In this mandatory transformation, healthcare payers are using a self-renewal process, commonly seen in companies across the globe, to address increasing competition, globalization, changes in technology, and government regulations such as those mandated by the ACA (Woodlock, 2014). During the process of self-renewal, leaders of healthcare companies must rethink their companies' visions and missions, improve their organizational cultures, and take steps to increase competence by creating new product lines either internally or externally. Many of these leaders lean on mergers and acquisitions (M&As) to enhance their companies' offerings—a key strategy for renewal (Duobiene, 2013; McCue, Thompson, & Tae Hyun, 2015). Although healthcare payers often pursue M&As to achieve their varied goals, this strategy does not guarantee

success (Lohrke, Frownfelter-Lohrke, & Ketchen, 2016). Healthcare payers' ability to

realize their acquisition synergies are contingent upon their managers' ability to create

innovative strategies to meet old and new challenges alike.

Background of the Problem

Before the ACA, healthcare payer leaders pursued M&As primarily to increase

market share through expansion of membership (Lineen, 2014). Since the ACA became

law, the number of healthcare M&As has doubled (Lineen, 2014; McCue et al., 2015). In

the post-ACA healthcare environment, healthcare payers would need to diversify their

business portfolios, expand their strategic capabilities, and make investments to (a) meet

the tighter reimbursement standards, (b) manage the flood of new enrollees coming

through the private and public exchanges, and (c) improve the quality of care and health

outcomes for the consumers (French, Homer, Gumus, & Hickling, 2016; McCue et al.,

2015). In the past 5 years, many healthcare payers have engaged in multiple horizontal

heterogeneous acquisitions, which involves two companies that have related products and

services, but fundamentally diverse business models (herein identified as *strategic*

acquisitions; McCue et al., 2015). For example, an acquisition of a wellness company, a

healthcare analytics company, or a chronic care management company by a healthcare

payer is a strategic acquisition. These strategic acquisitions present significant challenges

since healthcare payers find themselves venturing into unfamiliar territories when they

acquire companies that have fundamentally disparate business models (Woodlock, 2014).

Despite an increase in the number of M&As, the success rate of M&As has not improved

(Gomes, Angwin, Weber, & Tarba, 2013). The success of these strategic acquisitions is

contingent on the integration strategies adopted by acquiring companies' leaders during the postacquisition information technology (IT)-integration phase (Angwin & Meadows, 2015; Lohrke et al., 2016).

Problem Statement

Postacquisition IT integration is critical to the success of M&As, yet acquirers struggle to realize the desired synergies during this phase (Henningsson & Kettinger, 2016). Alaranta and Mathiassen (2014) stated that 3 out of 4 companies involved in M&As face significant challenges during the critical postacquisition IT integration phase. The general business problem was that healthcare payer organizations are experiencing high integration and operational costs during the postacquisition IT integration phase. The specific business problem was that some healthcare payer organization managers lack strategies to achieve operational and strategic synergies during the postacquisition IT integration phase.

Purpose Statement

The purpose of this qualitative single case study was to explore strategies healthcare payer organization managers used to achieve operational and strategic synergies during the postacquisition IT integration phase. The targeted population consisted of senior executives, IT strategists, and acquisition integration leaders from a large healthcare payer in the midwestern United States who have implemented strategies to achieve operational and strategic synergies during the postacquisition IT integration phase. The results from this study may help healthcare payers' senior executives, IT strategists, and acquisition integration leaders (a) accelerate the postacquisition IT

integration process, (b) reduce the probability of failures during the postacquisition IT integration phase, and (c) identify opportunities to maximize the investment value. The findings of this study could lead to positive social change by stimulating a business environment that might allow healthcare payers to expand their strategic capabilities and serve their local communities with new products and choices that improve the quality of care, health outcomes, well-being, and longevity of the consumer.

Nature of the Study

I employed a qualitative research methodology with a case study design. The primary distinction between qualitative and quantitative methods is that qualitative researchers rely on open-ended questions and foster flexibility using emerging approaches, whereas quantitative researchers rely on numbers, typically collected through closed-ended questions and predetermined approaches (Yilmaz, 2013). Researchers (e.g., Moustakas, 1994; Yilmaz, 2013; Yin, 2014) have conducted qualitative studies to understand and explain human behavior because the qualitative method allows researchers to focus on the whole of human experience by exploring its meanings and essences. Quantitative studies are typically designed to test theories or hypotheses using the scientific method (Fassinger & Morrow, 2013), whereas researchers use qualitative studies to encourage *rich insights* and *thick descriptions* into behavioral patterns, consumer trends, market needs, and human motivations (Stake, 2010). Mixed methods research contains potential problems of inconstant application and incorporation of methodologies without a well-defined base (Larkin, Begley, & Devane, 2014). For an investigation of strategies used to achieve collaboration and integration, or synergies, for

strategic acquisitions during the postacquisition IT integration phase, I did not test theories or hypotheses, collect quantitative empirical data, or determine numerical relationships, which is part of a quantitative study or the quantitative portion of a mixed methods study (Larkin et al., 2014). Additionally, the mixed methods approach, which combines qualitative and quantitative methods, can be time consuming and expensive, as collecting and analyzing the datasets using multiple methods can be complex (Larkin et al., 2014). Larkin et al. (2014) also noted that the mixed methods approach often includes use of both open-ended questionnaires to obtain qualitative data and closed-ended questionnaires to obtain quantitative data. I did not use closed-ended questionnaires because I wanted to understand, through semistructured interviews and a focus group discussion, the multiple strategies used to achieve operational and strategic synergies. A qualitative method is more suitable for studying complex human behavior than is a quantitative approach (Yilmaz, 2013) and was the method I used in this study.

I considered four research designs for this qualitative study on strategies used to achieve operational and strategic synergies during the postacquisition IT integration phase: (a) case study, (b) phenomenology, (c) ethnography, and (d) narrative. According to Cronin (2014), a case study design involves an in-depth exploration of an individual, a group of people, activity, or an event. The participants for this study were individuals charged with formulating strategies that can be used to achieve synergies of strategic acquisitions during the postacquisition IT integration phase. A case study was appropriate for this project because it allowed for an in-depth exploration of the case within the contexts of the phenomenon being investigated. The results of this study helped me

answer the *what*, *how*, and *why* research questions regarding strategies used by healthcare payer organization managers to achieve operational and strategic synergies, all within the context of the postacquisition IT integration phase of strategic acquisitions. Capturing managers' rich experiences and thick descriptions offered deeper knowledge and insights into the effectiveness of the strategies, the nature of the challenges, and opportunities brought by the strategic acquisitions. Phenomenological designs best suit research studies that require capturing the essence of lived experiences and perceptions of participants; there is an expectation that there would be invariant constituents in those experiences (Moustakas, 1994). This design was not the optimal choice because the focus of this research study was not to capture the essence of lived experiences and perceptions of participants during the postacquisition IT integration phase; rather, it was to explore the strategies used by those participants to achieve operational and strategic synergies. Ethnography designs best suit research studies that require capturing the language, values, beliefs, norms, rituals, and practices of cultural groups (Marshall & Rossman, 2016). This design was not the optimal choice because I did not intend to focus on the culture of a particular group. Narrative research designs best suit research studies that require studying an individual by gathering data through the collection of stories and discussing the meaning of those experiences for the individual (Marshall & Rossman, 2016). This design was not an appropriate choice for this study because I needed to interview more than one individual to explore the strategies used to achieve operational and strategic synergies during the postacquisition IT integration phase.

Research Question

The central research question was: What strategies do healthcare payer organization managers used to achieve operational and strategic synergies during the postacquisition IT integration phase?

Interview Questions

1. Please describe the various projects during the postacquisition IT integration phase in which you were involved.

2. Please describe strategies you have used to achieve operational and strategic synergies during the postacquisition IT integration phase.

3. Please tell me about your experiences with the strategies that you pursued to achieve operational and strategic synergies.

4. What obstacles have you encountered while implementing the strategies to achieve operational and strategic synergies?

5. What process did you follow while formulating the postacquisition IT integration strategy?

6. Please describe your experiences managing key types of risks during the planning of integration.

7. Please share your learnings that may have influenced, informed, and otherwise shaped the strategy.

8. Describe your experiences with the role of innovation, intrapreneurship, and creativity in achieving operational and strategic synergies.

9. What additional experiences have you had that would help me understand the strategies used to achieve operational and strategic synergies during the postacquisition IT integration phase?

Conceptual Framework

The conceptual framework for this study was the acquisition integration approaches model developed by Haspeslagh and Jemison (1991). The primary proposition of Haspeslagh and Jemison was that success or failure of M&A lies in the leaders' ability to conceive the strategic intent of M&A, which subsequently informs and influences the post-M&A integration strategies and guides the leaders' decision-making process during the vital post-M&A integration phase. Haspeslagh and Jemison indicated that a company's strategy for integration can be explained by examining two central dimensions of the acquisition: (a) *strategic interdependence* and (b) *organizational autonomy*. The first dimension (strategic interdependence) relates to the nature of interdependence that needs to be established to enable the proper transfer of strategic capabilities between the two companies, acquirer and acquired (Haspeslagh & Jemison, 1991). Examples of strategic capabilities that acquirers may be looking to expand include R&D, innovation, technology, or products and services. The second dimension (organizational autonomy) refers to the need to preserve an acquired company's strategic capabilities after the postacquisition integration phase (Haspeslagh & Jemison, 1991). Based on the relationship between the two dimensions, Haspeslagh and Jemison proposed four approaches to acquisition integration pursued by the acquirer: *preservation*, *absorption*, *symbiosis*, and *holding*. Haspeslagh and Jemison's acquisition integration

approaches model was appropriate for this study because I was able to use the model to better understand and organize my data and identify strategies that managers used to achieve the desired outcomes for their strategic acquisitions.

Operational Definitions

Acquisition: A corporate action in which one company, the acquirer, gains possession of another company, the acquired (Filho, 2014).

Core competencies: A collection of skills, capabilities, resources, and knowledge in a particular subject area with which a company creates a product or service to deliver unique value to customers (Hsu, Tan, Jayaram, & Laosirihongthong, 2014).

Corporate entrepreneur: An individual with an entrepreneurial mindset who works within an organization; an intrapreneur (Haar & White, 2013).

Entrepreneur: An individual who assumes all risks and rewards in the pursuit of a business enterprise (Pinchot & Pellman, 1999).

Human capital: The capabilities, experience, and qualities of an individual that contribute to performance on the job; these include interpersonal skills; business ownership experience; managerial capabilities; and personality traits (e.g., decisiveness, enterprise, and orientation toward learning) but not physical assets (Marvel, 2013).

Innovation: An idea, method, or concept that aids in solving an existing problem in new ways to create economic value (Sokołowska, 2015).

Integration: The process of coordinating the business processes, corporate cultures, and IT systems of two organizations (i.e., acquirer and acquired) into a single entity (Chang, Chang, & Wang, 2014).

Intrapreneur: An individual within an organization who converts an idea into a business enterprise (Pinchot & Pellman, 1999).

Merger: A combination of two or more companies into a single company, in which one company retains its identity and the other loses its corporate existence (Filho, 2014).

Synergy: A term used in the context of M&As. The value created from the merger would be greater than the sum of the value created if the companies were to operate separately (Garzella & Fiorentino, 2014).

Assumptions, Limitations, and Delimitations

Assumptions

Assumptions are concepts that are presumed to be true, and that fall outside of a researcher's control (Kirkwood & Price, 2013). This research rested on four main assumptions:

- A case study design would: (a) allow for an in-depth exploration of the case, (b) help reveal a wide range of experiences, (c) help reach data saturation through the use of member checking, and (d) potentially increase study validity through triangulation of data sources.

- Participants would (a) provide accurate, relevant, and honest perceptions; experiences; and views in response to interview questions and (b) participate ethically and truthfully.

- Semistructured interviews and a focus group would offer an opportunity to explore common themes involving the strategies managers in healthcare payer

organizations used to achieve operational and strategic synergies and the

effectiveness of these strategies.

Limitations

Limitations are potential weaknesses of the study that are mostly outside of a

researcher's control (Kirkwood & Price, 2013). Acknowledging and defining the

limitations of the research study allow the future researchers to better able to replicate the

study findings (Kirkwood & Price, 2013). This research study had four major limitations.

The first limitation was the possible unavailability of participants due to organizational

restructuring, health issues, or busy schedules. The case study design rests heavily on the

data collected from interviews exploring participants' description of their experiences

(Cronin, 2014). A second limitation was the possible unwillingness of participants to

share the full extent of their strategies to achieve operational and strategic synergies. A

third limitation of the research was the industry specificity. In this research study, I

focused on healthcare payers; therefore, findings of the study may not be reflective of the

overall healthcare industry and may limit the transferability of findings. A fourth

limitation was the lack of access to internal documents related to healthcare payers'

corporate M&A strategy and postacquisition IT integration strategy due to legal and

privacy concerns. I addressed these limitations by triangulating data from multiple

sources (semistructured interviews of individuals, discussion points made by the focus

group, and relevant information related to the phenomenon under study gleaned from

M&A periodicals) pertaining to the case under study.

Delimitations

Delimitations help narrow the scope and outline the boundaries of the research study (Yin, 2014). Unlike limitations, the researcher controls delimitations of a research study. I focused solely on the postacquisition IT integration phase for healthcare payers, the last phase of an M&A. This research study was restricted to a purposive sample of at least 16 individuals who, within the last 5 years, had worked for a large healthcare payer in the midwestern United States and who were involved with their company's strategic acquisition activities. This demographic allowed me to remain narrowly focused and facilitated an increased level of participation. Participants were qualified based on their experience of implementing strategies to achieve operational and strategic synergies during the postacquisition IT integration phase. For this study, I collected and analyzed the data collected from multiple sources (i.e., semistructured interviews, a focus group, and M&A periodicals).

Significance of the Study

Contribution to Business Practice

The manifestation of majority of potential acquisition synergies is dependent on the success of the postacquisition IT integration phase—the third most critical reason for M&A failures (Alaranta & Mathiassen, 2014). Alaranta and Mathiassen's (2014) study on managing risks was grounded in empirical observation of postmerger IT integration cases and was informed by the theory of postmerger IT integration. They identified key risks associated with 17 postmerger IT integration cases published in scholarly journals and proposed risk mitigation strategies.

Despite the importance and relevance of postacquisition IT integration, there is limited empirical research on managing the challenges that arise during the postacquisition phase (e.g., Chang et al., 2014; Yetton, Henningsson, & Bjørn-Andersen, 2013), especially for strategic acquisitions. Every strategic acquisition is unique with respect to business model; brand image; core competencies; and characteristics such as size, location, resources, organizational behavior, and the corporate culture that drives employee behavior (Angwin & Meadows, 2015). Because of these idiosyncrasies, the strategies to uncover the business opportunities and manage the challenges vary (Gomes et al., 2013).

The results of this research study may contribute to M&A business knowledge in multiple ways. First, the findings of the study could create awareness and a deeper understanding among healthcare leaders regarding the unique challenges and business opportunities brought by strategic acquisitions. Second, through the findings of this study, leaders may be exposed to a broader set of strategies that allow them to more fully realize the intent of the strategic acquisition.

Implications for Social Change

M&A failure carries high risks with consequences for employees, vendors, business partners, shareholders, and communities (Eaton & Kilby, 2015; Osarenkhoe & Hyder, 2015). A higher proportion of M&A success might support a business environment where companies can expand to new products and better choices for the consumer (Osarenkhoe & Hyder, 2015). A healthier business environment should serve

the consumer's interests with better healthcare options, resulting in improved well-being, quality of care, health outcomes, and longevity.

A Review of the Professional and Academic Literature

According to Duobiene (2013) and McCue et al. (2015), M&As offer a unique potential to transform companies—a key strategy for self-renewal. Companies rely on M&As as tools to cope with industry disturbances (e.g., the ACA), to address increased competition, and to make technological advancements (Brueller, Carmeli, & Drori, 2014; Jo, Park, & Kang, 2016). Companies also use M&As to drive growth, renew their market positions, or innovate at speed not achievable through organic growth (Brueller et al., 2014; Jo et al., 2016). In addition to providing new capabilities to an organization, acquiring a new company may maximize the wealth of shareholders by increasing an organization's market presence, M&A's also provide access to additional resources such as human capital, infrastructure, and new clients (Rogan & Sorenson, 2014). For the purposes of this research study, the literature provided sufficient evidence that M&A is a growth strategy for organizations across various industries. However, often companies struggled to use M&A effectively (Friedman, Carmeli, Tishler, & Shimizu, 2016).

The core objective of any acquisition is value creation that is only possible when two companies (acquirer and acquired) are combined (Cartwright & Cooper, 1992; Haspeslagh & Jemison, 1991; Mirvis & Marks, 1992). The two key phases of M&A are: (a) pre-M&A, which includes strategy, due diligence, negotiation, and purchase and (b) post-M&A, which includes integration (Haspeslagh & Jemison, 1991). Integration is a process of combining two companies (acquirer and acquired) into a single company,

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which typically involves people, processes, and information technology (Haspeslagh &

Jemison, 1991). Acquirers often fail to realize many of the projected synergies

(Haspeslagh & Jemison, 1991; Zaheer, Castaner, & Souder, 2013). In particular cases

where value creation did occur, there is a risk that the integration process can diminish

the value and threaten the survival of the very strategic capabilities that formed the basis

of the acquisition (Garzella & Fiorentino, 2014; Zaheer et al., 2013). Acquisitions may

not reach their full potential due to the failure of the leaders to create an environment that

aids unhindered exchange of strategic capabilities and knowledge transfer between the

two companies, acquirer and acquired (Gunkel, Rossteutscher, Schlaegel, & Wolff, 2014;

Zhang et al., 2015).

Acquisition integration leaders often attribute their struggles in integrating the two

companies (acquirer and acquired) to the post-M&A integration phase (Gunkel et al.,

2014; Zhang et al., 2015). According to Zhang et al. (2015), most of the challenges and

struggles faced by acquisition integration leaders in the critical integration phase are due

to the leaders' failure to link M&A to a strategy for the future. The success or failure of

M&A lies in the leaders' ability to conceive the strategic intent of M&A, which

subsequently informs and influences the post-M&A integration strategies and guides the

leaders' decision-making process during the vital post-M&A integration phase

(Haspeslagh & Jemison, 1991). Organizations' ability to effectively manage the decision-

making process during the critical postacquisition integration phase has farther-reaching

impacts than having a comprehensive strategic integration plan (Vasilaki, Tarba,

Ahammad, & Glaister, 2016; Zhang et al., 2015).

The manifestation of majority of potential acquisition synergies is dependent on the success of the postacquisition IT integration phase—the third most critical reason for M&A failures (Alaranta & Mathiassen, 2014). According to Yetton et al. (2013), only 24% of acquirers include IT leadership during the pre-M&A phases (due diligence, negotiation, and purchase). The postacquisition IT integration phase is highly complex and unpredictable, yet this phase is vital to the success of acquisition and plays an essential role in value creation (Angwin & Meadows, 2015; Cartwright & Cooper, 1992; Haspeslagh & Jemison, 1991; Mirvis & Marks, 1992). However, it is the least researched phase of M&A (Angwin & Meadows, 2015). This phase requires leaders to create strategies that enable them to achieve desired synergies even when working in chaotic and unstructured conditions (Clayton, 2010; Osarenkhoe & Hyder, 2015). Many of the challenges of the postacquisition IT integration phase arise from (a) differences in cultural values, (b) lack of strategic alignment, (c) lack of employee trust, (d) lack of leadership, (e) ineffective communication, (f) inability to transfer and retain knowledge, and (g) loss of human capital, between the two companies, acquirer and acquired (Angwin & Meadows, 2009; Caiazza & Volpe, 2015).

This review of the literature section will include literature from scholarly peer-reviewed journals and seminal books relevant to the following research question: What strategies do healthcare payer organization managers used to achieve operational and strategic synergies during the postacquisition IT integration phase? I organized the literature review in six main parts. My objective in the first part, the strategic lens of M&A, was to provide a brief background about Gort's (1969) industry shock theory,

which concerns the various types of shocks that trigger M&A activity across different industries. I will highlight the profound impact some of these shocks have on healthcare industry M&A activity (specifically payer organizations). In the second part, I will provide a brief background of the various M&A typologies along with their limitations and the rationale for selecting Haspeslagh and Jemison's (1991) typology as the conceptual framework for this study. In the third part, I will provide an in-depth analysis of Haspeslagh and Jemison's postacquisition integration framework, a discussion of the applicability of the framework to the integration strategies to achieve synergies, and its limitations. This part will conclude with a synopsis of Haspeslagh and Jemison's postacquisition integration framework along with their recommendations for synergy realization. The fourth part will include a review of three other prominent postacquisition integration typologies along with a summary of contrasts and coherences with Haspeslagh and Jemison's framework. In this part, I will also provide information about a new postacquisition integration framework developed by Angwin and Meadows (2015). The fifth part will include a review of the literature on M&A trends and methods. My objective with this part was to review empirical evidence from recent M&A studies that emphasized the critical role of innovation, leadership and performance, trust, communication, culture, knowledge transfer, and intrapreneurship in achieving the desired synergies during the postacquisition integration phase. In the sixth and last part of this section, I will review the factors that influence the organization's performance and competitive ability during the M&A postacquisition integration phase, such as human capital and innovation, which are not new to the business or academic world.

Considerable research has been reported already on these themes individually and on the importance of human capital and innovation in M&A. In the six parts of this review, I focused on the current trends associated with each of the topics, as they related to this study. Having a holistic understanding of the overall M&A process, integration concepts, and critical success factors for synergy realization enables healthcare organization managers to make informed decisions about appropriate strategies used to achieve the desired synergies in the postacquisition integration phase.

Table 1 shows a summary of the topics in the research study and the methodology I used to identify the relevant research. The databases used in the research were ABI/Inform, Business Source Complete, ProQuest, Emerald Management Journals, EBSCOhost, and ProQuest Dissertations and Theses Global. The keyword search terms I used were *M&A*, *mergers*, *acquisitions*, *healthcare*, *healthcare insurance*, *integration*, *postacquisition*, *postmerger*, *human capital*, *innovation*, *leadership*, *Patient Protection and Affordable Care Act (ACA)*, *Haspeslagh and Jemison integration framework*, *M&A typologies*, and *employee retention*.

Table 1

Literature Review by Research Topic

Research topic	Peer-reviewed journals	Dissertations	Books	Other sources
Mergers and acquisitions	20	0	0	0
Post-M&A integration	51	0	4	0
Human capital	8	0	0	0
Innovation	9	0	0	0
Intrapreneurship	4	0	1	0
Research methodology	27	0	5	0
Total	119	0	10	0

According to Walden University's literature guidelines, 85% of the sources (peer-reviewed journal articles and dissertations) must have a publication date of no more than 5 years from the anticipated graduation date. This study contains 129 sources, of which 93% or 119 were peer-reviewed journal articles. Of the total sources (129), 110 (85%) are peer-reviewed journal articles published between 2013 and 2017. Table 2 shows the various types of literature I reviewed for this study, categorized by age and percentage of the total. The literature review section consists of 76 peer-reviewed journal articles published between 2013 and 2017.

Table 2

Literature by Type and Age

Source	Total	Between 2013 and 2017	Before 2013	% of total
Peer-reviewed journal articles	119	110	9	93
Dissertations/theses	0	0	0	0
Books	10	1	9	7
Nonpeer-reviewed journal articles	0	0	0	0
Total	129	111	18	100

Strategic Lens of M&A

Gort (1969) proposed the original industry shock theory of M&A. Gort argued that industry disturbances generate valuation discrepancies (e.g., company's stock value, shareholders' expectation of future stock values, and uncertainty of the future), which creates an unpredictable environment and eventually leads to industry restructuring. As part of the industry restructuring, companies (e.g., healthcare payer organizations) are using a self-renewal process, commonly seen in companies across the globe, to address increasing competition, globalization, changes in technology, and government regulations such as those mandated by the ACA (Woodlock, 2014). In this unpredictable environment, the information about the past becomes extraneous for managers to rely upon to predict the future, which can increase the range of alternative predictions (Gort, 1969). This unpredictable environment may simply be adequate to spawn M&A activity, paving the way for the emergence of merger waves clustered across different industries.

According to Park and Town (2014), four major shocks (*economic*, *regulatory*, *technology*, and *financial innovation*) have a profound influence on M&A activity. According to Gort (1969), companies that undergo economic stress are likely to engage in an M&A activity, a key predictor of the industry shock theory. Gort asserted that companies impacted by industry shocks typically are motivated to expand their strategic capabilities by using their accumulated cash flows to acquire other company's products and services. An *economic shock* is an event that produces notable changes within an economy (Gort, 1969). These shocks are unpredictable and known to affect a company's supply and demand needs across markets (Gort, 1969). For example, in a strong economy, to meet the growing needs of a consumer, companies engage in M&A activity to improve their business models and diversify their product portfolios (Ahern & Harford, 2014; Park & Town, 2014). For example, before the ACA became law; healthcare payers were mostly involved in *horizontal homogeneous* acquisitions (when two companies have similar business models, products, and services; Park & Town, 2014). The primary intent of these horizontal homogenous acquisitions was to drive growth and increase market share to achieve economies of scale (Park & Town, 2014).

A *regulatory shock* is an event triggered by a change in regulations and laws (Gort, 1969). These shocks are known to have a significant impact on the industry (Park & Town, 2014). For example, regulatory changes mandated after ACA became law has disrupted the U.S. healthcare industry. To meet the tumultuous healthcare market demands, healthcare payers are pursuing both types of horizontal acquisitions (*homogenous* and *heterogeneous*; Park & Town, 2014). Unlike homogenous acquisitions,

heterogeneous acquisitions occur between two companies that have related products and services but have fundamentally diverse business models (Park & Town, 2014). The primary intent of these horizontal heterogeneous acquisitions is to diversify business portfolios and expand strategic capabilities of the acquirers (Park & Town, 2014). An acquisition of a wellness company, healthcare analytics company, a disease management company, or a chronic care management company by a healthcare payer is an example of a heterogeneous acquisition (strategic acquisition).

A *technology shock* is an event triggered by sudden changes in technology (Gort, 1969). These shocks are known to impact companies' productivity and performance positively (Park & Town, 2014). The healthcare industry is experiencing a proliferation of technology innovations aimed at improving the effectiveness of care and quality of life (Mas & Valentini, 2015). Consequently, the United States saw an upsurge in healthcare technological acquisitions across the healthcare industry after ACA became law (Mas & Valentini, 2015). According to Wubben, Batterink, and Omta (2016), healthcare payers are heavily reliant on healthcare technology innovations to meet some of the ACA requirements (incentives based on health outcomes, improving the cost and quality of care, or tighter reimbursement standards).

Financial innovation is the creation of new financial instruments, technologies, and institutions (Park & Town, 2014). These innovations make it easier for smaller companies (acquirers) to borrow capital, which in turn allows these companies to expand their strategic capabilities by engaging in M&A activity (Park & Town, 2014). The two

key drivers of financial innovation are regulatory changes and advances in technology primarily in the areas of business process and product innovation (Park & Town, 2014).

Gort's industry shock theory is pertinent to this study as it provided me with insights into the significant impact industry shocks have on the industry M&A trends (e.g., healthcare payers' M&A activity to diversify their business portfolios and expand strategic capabilities after ACA became law). The absorption integration approach proposed by Haspeslagh and Jemison (1991) is best suited for integrating horizontal homogeneous acquisitions, typically motivated by economic shocks. The preservation or symbiosis integration approach proposed by Haspeslagh and Jemison is also best suited for integrating horizontal heterogeneous acquisitions, typically motivated by either regulatory or technology shocks.

M&A Typologies

Despite extensive research efforts on M&A over the past decades, findings from the extant M&A literature offer inconclusive answers to some fundamental questions (Angwin, 2012). For example, is acquisition a good growth strategy? What is the success and failure rate of acquisitions? What is the recommended speed of acquisition integration? Should acquirers buy related or unrelated acquisitions? Should the acquired leadership be released or retained (Angwin, 2012)? The inconclusive M&A findings along with the lack of support for causality within the M&A literature is partly due to the vast number of confounding variables at work (Angwin, 2012). For this reason, typologies offer broad perspectives and valuable insight into the multifaceted M&A process in a holistic way (Angwin, 2012).

The extant literature on M&A typologies focuses on the two most important phases of M&A: preacquisition strategies and postacquisition integration. The focus of this study is postacquisition integration. The four prominent postacquisition integration typologies are *cultural integration*, *human resource integration*, *strategic and organizational fit*, and *speed of integration* (Angwin, 2012). Haspeslagh and Jemison (1991) asserted, "Acquisitions create value when the competitive advantage of one firm is improved through the transfer of strategic capabilities" (p. 28). Companies can only realize the full value of M&As through the transfer of strategic capabilities, and that transfer can only occur in a favorable environment (Haspeslagh & Jemison, 1991). Haspeslagh and Jemison's postacquisition integration framework draws attention to the resource-based perspective, a strategic approach to value creation through the transfer of strategic resources and capabilities between the acquirer and acquired companies. As such, I selected Haspeslagh and Jemison's postacquisition integration framework to understand and explore the strategies used by healthcare payer organization managers to create and preserve the value of the acquired strategic capabilities.

Limitations of Typologies

The postacquisition integration phase is the most critical part of M&A and plays an essential role in value creation (Angwin & Meadows, 2015). However, it is the least researched phase of M&A (Angwin & Meadows, 2015). The primary focus of extant M&A literature is on M&A strategies and motivation (Angwin & Meadows, 2015). According to Angwin and Meadows (2015), research studies conducted by Haspeslagh and Jemison (1991), Mirvis and Marks (1992), Nahavandi and Malekzadeh (1988), Siehl

and Smith (1990), and Zaheer et al. (2013) on postacquisition integration strategies remained merely conceptual, or lacked enough data, or focused on a specific integration strategy. Angwin and Meadows stated that the existing postacquisition integration typologies might have little empirical support and are not comprehensive. Zaheer et al. stated that challenges and complications in obtaining quality rich data might also have contributed to the limited research in the integration phase. As a result, Angwin and Meadows proposed development of a robust postacquisition strategy typology.

Haspeslagh and Jemison's Postacquisition Integration Framework

Evolution. *Strategic fit* is the degree to which the target company augments the acquirer's strategy and in turn, contributes to the financial and nonfinancial goals of the acquirer (Haspeslagh & Jemison, 1991). Acquirers ascertain the potential value of their acquisitions by doing a *strategic fit analysis* (Bauer & Matzler, 2014; Bauer, Strobl, Dao, Matzler, & Rudolf, 2016; Haspeslagh & Jemison, 1991). *Organizational fit* is the degree of match between the administrative and cultural practices of the acquirer and target company. *Organizational fit analysis* informs the integration leaders of the challenges in realizing the anticipated benefits (Bauer & Matzler, 2014; Bauer et al., 2016; Haspeslagh & Jemison, 1991). According to Haspeslagh and Jemison (1991), at the end of the day, the acquirers' capacity to effectively manage the overall acquisition process helps them to capture the anticipated value of the acquisition. Acquirers can develop the capacity to effectively manage the overall acquisition process by adopting Haspeslagh and Jemison's two-method approach: *context* and *mindset*. In the context method, the business strategy should drive the decision-making process during the entire acquisition process

(Haspeslagh & Jemison, 1991). Using the mindset method, the role of the acquired

company's strategic capabilities and knowledge is recognized and bolstered while

furthering the business strategy (Haspeslagh & Jemison, 1991). The insights from the

acquisitions provide acquirers with an opportunity to assess and enhance their strategic

direction as well as learn to adapt to their organizational approaches (Friedman et al.,

2016).

Haspeslagh and Jemison (1991) stated that the best integration method would be

contingent on the levels of *strategic interdependence* and *organizational autonomy*

targeted by the two companies (acquirer and acquired). According to Haspeslagh and

Jemison, the two central dimensions of the integration are the acquirer's relationship with

the target (acquired) company, and the mechanisms used to create expected value. The

first dimension (strategic interdependence), a core construct of strategic fit, relates to the

nature of interdependence that needs to be established to enable the proper transfer of

strategic capabilities between the two companies, acquirer and acquired (Haspeslagh &

Jemison, 1991). The second dimension (organizational autonomy), a core construct of

organizational fit, refers to the need to preserve acquired company's strategic capabilities

after the postacquisition integration phase (Haspeslagh & Jemison, 1991). The efficient

management of strategic interdependencies between the two companies, acquirer and

acquired, during the postacquisition integration phase is a decisive factor in value

creation (Haspeslagh & Jemison, 1991).

Value creation occurs when the transfer of strategic capabilities occurs between

two companies, acquirer and acquired (Bauer et al., 2016). Preserving the strategic

capabilities after the transfer is essential to value creation (Bauer et al., 2016). One of the "paradoxes" (p. 142) is that the transfer of strategic capabilities may lead to the destruction of the very strategic capabilities that are being transferred (Haspeslagh & Jemison, 1991). This paradox is evident when acquired strategic capabilities reside in individuals or within a specific team (Haspeslagh & Jemison, 1991; Oyemomi, Liu, Neaga, & Alkhuraiji, 2016). Key individuals may decide to leave the company when they sense and experience a change from loss of organizational autonomy (Krug, Wright, & Kroll, 2014). Typically, the acquiring company's leaders respond to the demands of acquired company's leaders for organizational autonomy by setting wrong expectations (Krug et al., 2014). However, these wrong expectations often miscarry and pave the way to upheaval in the organization resulting in unrealized synergies (Haspeslagh & Jemison, 1991).

The various types of strategic capability transfers are *resource sharing*, *functional skill transfer*, and *general management skill transfer* (Haspeslagh & Jemison, 1991). Resource sharing involves creating economies of scale by combining and rationalizing assets from both the companies (acquirer and acquired), resulting in lowering the operating costs (Tanriverdi & Bülent Uysal, 2015). One of the primary reasons behind the acquisition of Charles Schwab by Bank of America was to cross-sell each companies' products into the other's markets by leveraging each other's market distribution channels (Haspeslagh & Jemison, 1991). To achieve economies of scale, companies (acquirer and acquired) must work together to identify and remove duplicate assets and capabilities (Tanriverdi & Bülent Uysal, 2015).

The transfer of functional skills involves bringing in functional skills (strategic capabilities) from the acquired company (Haspeslagh & Jemison, 1991). For example, transfer of advanced manufacturing expertise in the merger of two manufacturing companies, transfer of comprehensive knowledge of a distribution channel in the merger of two consumer goods companies (Haspeslagh & Jemison, 1991). Functional skills are deeply rooted in individuals and not in assets (Ahammad, Tarba, Liu, & Glaister, 2016; Haspeslagh & Jemison, 1991). Emulating the functional skills of an individual is a difficult task (Ahammad et al., 2016; Haspeslagh & Jemison, 1991). An individual develops these functional skills over time (Haspeslagh & Jemison, 1991). The nonreplicability of the functional skills can be a competitive differentiator for the acquirer (Brueller et al., 2014; Weber & Tarba, 2014). Leaders can address the challenge of nonreplicability by transferring individuals with particular functional skills across organizational boundaries to facilitate knowledge sharing (Haspeslagh & Jemison, 1991; Junni, Sarala, Tarba, & Weber, 2015).

General management skill transfer involves the transfer of strategic capabilities from one company to another (acquirer to acquired or vice versa) with the intent to increase the value and competitiveness of a company (Haspeslagh & Jemison, 1991). These strategic capabilities can range from corporate strategy, strategic planning, financial planning, human resources (HR), research and development (R&D), innovation, product design, analytics, or logistics management (Haspeslagh & Jemison, 1991). According to Haspeslagh and Jemison, transferring general management skills is comparatively easier than transferring functional skills. General management skills

transfer primarily involves vertical interactions at the general management level between

the acquirer and acquired companies (Haspeslagh & Jemison, 1991). While the functional

transfer of skills involves horizontal interactions among the operational managers

between the acquirer and acquired companies (Haspeslagh & Jemison, 1991). Contrary to

general management skills transfer, operational managers involved in functional skills

transfer often lack the interest and motivation to participate in the learning due to the

nonexistence of direct hierarchical relationship (Haspeslagh & Jemison, 1991).

Haspeslagh and Jemison (1991) proposed four different integration approaches

applicable to multiple contexts. The first approach is *preservation*, an integration

approach that is pursued by the acquirer when there is a high need for organizational

autonomy and a low need for strategic interdependence between the combining

companies (acquirer and acquired). Acquirers preserve the value of the acquired

companies' strategic capabilities by granting the acquired companies high levels of

autonomy and only integrate areas where strategic interdependence is needed, typically

financial and risk sharing (Haspeslagh & Jemison, 1991). In this strategy, the acquired

company's strategic capabilities are kept intact and protected from being depreciated.

Haspeslagh and Jemison used the metaphor of "nurturing" (p. 209) to describe the value

creation that occurs using this approach. In reality, when there is a high need for

organizational autonomy and low need for strategic interdependence, this strategy is

difficult to achieve at the fullest (Haspeslagh & Jemison, 1991).

The second approach is *absorption*, an integration approach that is pursued by the

acquirer when there is a high need for strategic interdependence and a low need for

organizational autonomy between the combining companies, acquirer and acquired (Haspeslagh & Jemison, 1991). Absorption integration approach entails full consolidation of operations, organization, and culture of both companies. The primary intent behind using absorption strategy is to ultimately disband the boundaries between the two companies (Haspeslagh & Jemison, 1991). Eliminating all the differences between the two companies may take an extended period. The key integration issue faced by the leaders is to determine the speed of integration rather than the extent of integration. According to Haspeslagh and Jemison (1991), unification in management along with successful culture integration plays a key role in bringing about the strategic interdependence of the two companies (acquirer and acquired).

Puranam and Srikanth (2007) conducted a quantitative case study that focused on the acquisition efforts of large established U.S. manufacturing companies connected to computing, communications, and pharmaceuticals in attempts to gain access to technology from small high technology-based acquisitions. The sample size consisted of 97 small high technology-based acquisitions (firms with fewer than 500 employees) by 43 large acquirers between 1988 and 1998. For acquirers to leverage technology acquisitions, Puranam and Srikanth proposed "two archetypes" (p. 2) of postacquisition integration: *structural integration* and *structural separation*. In structural integration, the acquirer is typically interested in leveraging the knowledge and experience of the acquired company, whereas, in structural separation, the acquirer is typically interested in learning how the acquired company performs specific tasks by relying on the acquired company's innovative capabilities (Puranam & Srikanth, 2007). The strategic intent

behind the acquisition is the primary driving factor in leaders' choice of a specific archetype as proposed by Puranam and Srikanth. According to Wubben et al. (2016), realization of innovation synergies is likely to transpire when there is a high degree of technology relatedness between the two companies (acquirer and acquired). Haspeslagh and Jemison's (1991) absorption and preservation integration strategies align with the "two archetypes" (p. 2) proposed by Puranam and Srikanth.

The third approach is *symbiosis*, an integration approach that is pursued by the acquirer when there is a high need for both strategic interdependence and organizational autonomy between the combining companies, acquirer and the acquired (Haspeslagh & Jemison, 1991). According to Haspeslagh and Jemison (1991), this integration approach presents most complex managerial challenges. In symbiosis acquisitions, two companies (acquirer and acquired) coexist for a period of time and then start to gain strategic interdependence (Haspeslagh & Jemison, 1991). Leaders play a vital role in balancing the identity and character of the acquired company during the period of coexistence (Haspeslagh & Jemison, 1991). Mutual dependency develops and gradually helps with the cross-transfer of strategic capabilities and resources while maintaining the autonomy of the two companies, acquirer and the acquired (Haspeslagh & Jemison, 1991).

Ellis and Lamont (2004) conducted a study to identify the integration strategies relevant for related acquisitions. Ellis and Lamont's study provided ample evidence and supported Haspelagh and Jemison's three integration strategies (preservation, symbiosis, and absorption). They identified a *transformation* strategy as a subset of Haspeslagh and Jemison's symbiosis integration strategy. Although the symbiosis integration approach

accounts for some degree of changes for both companies (acquirer and acquired), in certain cases, the integration process may entail major changes to the organizational culture and operating practices of the acquirer and the acquired companies (Ellis & Lamont, 2004). The term *transformation strategy* refers to such cases, where both companies (acquirer and acquired) undergo a major business transformation as part of the postacquisition integration process (Ellis & Lamont, 2004).

The fourth approach is *holding*, an integration approach that is pursued by the acquirer when there is a low need for strategic interdependence and organizational autonomy between the combining companies, acquirer and acquired (Haspeslagh & Jemison, 1991). In this case, the acquirer has no intention to integrate, and no need for strategic capability transfer (Haspeslagh & Jemison, 1991). The value creation is achieved strictly through financial transfers, risk-sharing, and general management. An acquirers' use of a holding integration approach is a rare occurrence (Haspeslagh & Jemison, 1991).

The nature and characteristics of healthcare payers' strategic acquisitions require leaders to consider either the preservation or the symbiosis integration approach. Both integration approaches allow the acquired company to create value and realize synergies through the transfer of strategic capabilities. However, they also pose unique challenges during the IT integration phase. Despite such challenges, the postacquisition IT integration phase of strategic acquisition presents leaders in healthcare payer organizations with copious process and product innovation opportunities that are key to synergy realization.

Need for
strategic independence

Low   High

	Low	High
High	Preservation	Symbiosis
Low	(Holding)	Absorption

Need for
organizational autonomy

Figure 1. Acquisition integrated approach model. Reprinted from *Managing Acquisitions–Creating Value Through Corporate Renewal* (p. 145), by P. Haspeslagh and D. B. Jemison, 1991, New York, NY: Free Press. Copyright 1991 by Free Press. Reprinted with permission.

   The capacity of the acquirer to effectively integrate the acquired company's strategic capabilities, people, and practices during the postacquisition integration phase can help create a sustainable competitive advantage (Haspeslagh & Jemison, 1991). Weber and Tarba (2010) built upon Haspeslagh and Jemison's original insight and developed a theoretical understanding of the role of HR practices in the knowledge creation process. The new theory developed by Weber and Tarba was intended to address the chaotic and unpredictable integration process, that is often branded HR problems. Weber and Tarba stated that during the integration process, individuals from both companies (acquirer and acquired) must cooperate and collaborate to transfer the resources and capabilities. The success of the postacquisition integration phase is determined by the leader's ability to resolve conflicts that arise due to differences in cultural values, ineffective communication, employee resistance, and employee and executive turnover (Angwin & Meadows, 2009; Caiazza & Volpe, 2015). Weber and

Tarba argued that extant M&A literature failed to consider acquirers' HR practices to explain how acquirers can improve M&A performance and their understanding of the ways in which postacquisition integration should be managed. Weber and Tarba suggested that acquirers could improve M&A performance during the postacquisition integration phase by employing good HR practices. The findings from the study conducted by Weber and Tarba on Israeli M&A's suggested that changes in acquirers' HR practices, such as training methods, communication, and increased autonomy of HR managers could positively impact M&A performance (see Figure 2).
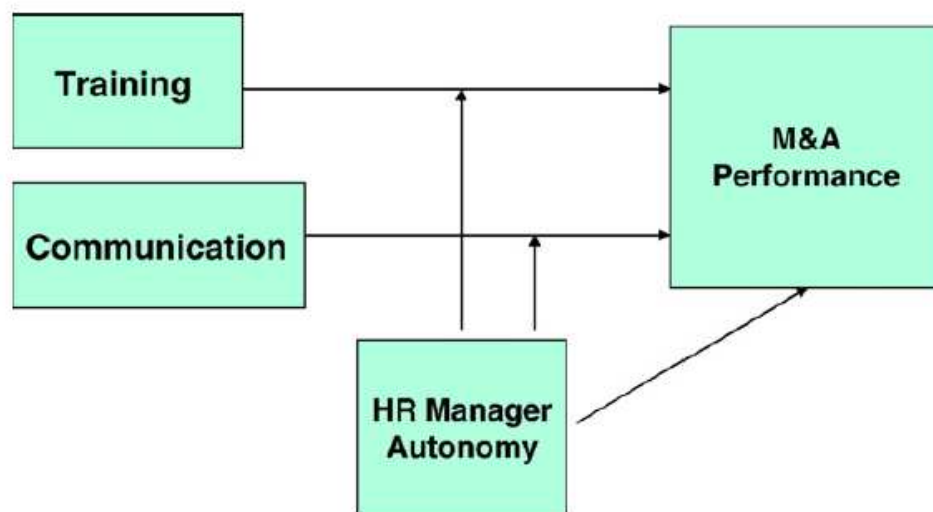
Figure 2. Interaction effects of HR practices on M&A performance. Adapted from "Human Resource Practices and Performance of Mergers and Acquisitions in Israel," by Y. Weber, S. Y. Tarba, 2010, *Human Resource Management Review, 20*(3)*,* p. 203–211. Copyright 2015 by Elsevier. Reprinted with permission.

Angwin and Meadows (2009) stated that academics and practitioners have a different sentiments concerning retention of top executives from the acquired or merged companies. Angwin and Meadow addressed the gap in the M&A literature by examining the link between the types of top executives (*insider* and *outsider*) and postacquisition

integration strategies proposed by Haspeslagh and Jemison (1991). The two overarching

research questions that were examined by Angwin and Meadows were (a) whether there

was an association between the nature of a top executive and their retention and (b) what

was the influence of postacquisition integration strategy on retention of a top executive.

An *insider* is a type of top executive who is from the acquired company. An

outsider is a type of top executive who does not belong to the acquired company.

According to Angwin and Meadows (2009), Haspeslagh and Jemison's (1991)

postacquisition integration framework identifies various organizational change

implications using two key dimensions: strategic interdependence and organizational

autonomy. Angwin and Meadows's study included a sample dataset of 232 acquisition

cases from the U.K. A mixed methodology (quantitative surveys and qualitative

interviews) was used to collect and analyze the data.

The findings from Angwin and Meadows's (2009) study suggested that insiders

are preferred when the objective of the acquisition is value capture versus value creation

(low strategic interdependence). Insiders can readily contribute because of their intimate

subject knowledge, as well as the ability to manage change effectively; consequently,

improving the overall organizational performance (Angwin & Meadows, 2009). Their

findings also suggested that outsiders are preferred when the objective of the acquisition

is value creation versus value capture (high strategic interdependence). Outsiders can

offer fresh alternative perspectives, challenge the status quo, and work across

organizational boundaries (Angwin & Meadows, 2009). Angwin and Meadows also

stated that insiders are preferred when the objective of the acquisition is to maintain

acquired company's strategic capabilities (high organizational autonomy). However, their findings failed to provide clarity on the top executive balance in cases of low organizational autonomy.

Angwin and Meadow's (2009) findings also suggested the different roles insiders and outsiders play in postacquisition integration strategies as proposed by Haspeslagh and Jemison (1991). In preservation acquisitions (maintain the value of the acquired strategic capabilities from being diminished), the distinct skills possessed by the insiders set them apart from the acquiring leaders. Hence, insiders are preferred. In absorption acquisitions (full consolidation of acquired company's strategic capabilities with the acquirer), outsiders play a critical role in realizing acquisition synergies through the consolidation of shared capabilities. Hence, outsiders are preferred. In symbiosis acquisitions (acquirer and acquired companies coexist for a certain duration), insiders provide value in the early stages of the acquisition. Upon capturing the value from the acquired company's strategic capabilities, insiders are replaced by outsiders to create value from the acquired strategic capabilities. In holding acquisitions (value creation is achieved strictly through financial transfers, risk-sharing, and general management), insiders play an active role in achieving organizational performance by providing subject knowledge, effectively manage change, and building relationships through their social networks. Hence, insiders are preferred. The author's findings shed light on the role the type of top executives (insider or outsider) have when implementing postacquisition integration strategies proposed by Haspeslagh and Jemison.

Zaheer et al. (2013) stated that determining the appropriate level of integration is key to synergy realization from acquisitions. Wei and Clegg (2014) stated that strategic resources share two basic features, *similarity* and *complementarity*. Similarities of strategic resources between the acquirer and acquired companies results in synergies gained from economies of scale (Haspeslagh & Jemison, 1991; Wei & Clegg, 2014). According to Wei and Clegg, the similarity is associated with high-value creation and positive organizational performance due to a high degree of business relatedness between the acquirer and acquired. Complementarity, on the other hand, involves filling resource gaps and creating strategic value for acquiring companies (Haspeslagh & Jemison, 1991; Wei & Clegg, 2014). Similarity and complementarity of the strategic resources possessed by the acquirer and acquired have a major influence on the integration approach (Wei & Clegg, 2014). Zaheer et al.'s sample dataset included survey data from 86 acquisitions. The findings from Zaheer et al.'s study suggested that when high levels of similarity exist between the two companies (acquirer and acquired), there is a need for a high degree of postacquisition integration and a low degree of autonomy granted to the acquired company. The findings from Zaheer et al.'s study also suggested that when high levels of complementarity exist between the two companies (acquirer and acquired), there is a need for a high degree of postacquisition integration and a high autonomy granted to the acquired company (see Figure 3). Zaheer et al. acknowledged that high integration might inhibit to grant acquirer autonomy, which in turn may constrain the ability to consolidate the companies (acquirer and acquired) and realize synergies.

The figure is a 2x2 matrix. Vertical axis labeled "Similarity" with "High" (top) and "Low" (bottom). Horizontal axis labeled "Complementarity" with "Low" (left) and "High" (right).

- High Similarity, Low Complementarity: High integration / Low autonomy
- High Similarity, High Complementarity: High integration / High autonomy desirable but limited by need for integration
- Low Similarity, Low Complementarity: Low integration / Autonomy based on factors other than relatedness
- Low Similarity, High Complementarity: Moderate and selective integration / High autonomy

Figure 3. Taxonomy of implementation strategy based on relatedness in mergers and acquisitions. Adapted from "Synergy Sources, Target Autonomy, and Integration in Acquisitions," by A. Zaheer, X. Castaner, and D. Souder, 2013, *Journal of Management*, *39*(3), p. 604–632. Copyright 2013 by Sage Publications. Reprinted with permission.

Wei and Clegg (2014) explored the integration approaches for international acquisitions in the medical technology (MT) industry. Wei and Clegg used the resource-based view (RBV) as a theoretical approach in exploring the integration approach of international acquisitions. The RBV is a strategic approach to attaining competitive advantage of a company by bundling strategic resources and capabilities (Wei & Clegg, 2014). According to Wei and Clegg, decomposing the strategic resources and capabilities (primary drivers behind most acquisitions) enables us to understand their role and influence on the integration approaches. Wei and Clegg's study included six in-depth case studies using a sample dataset of MT industry acquisitions that occurred from July 2011 to June 2012. Wei and Clegg stated that Haspeslagh and Jemison (1991) failed to reveal the conditions for choosing each of the integration approaches or combined approaches in certain situations (preservation, absorption, symbiosis, and holding). Wei

and Clegg's study filled a gap in the literature by revealing the conditions for choosing a specific integration approach. The integration strategies employed by the leaders of healthcare payer organizations during the postacquisition integration phase have a profound impact on the healthcare payers' ability to achieve the intended synergies of their strategic acquisitions (Haspeslagh & Jemison, 1991). The strategic intent behind the acquisition typically drives the leaders' postacquisition integration choices (Haspeslagh & Jemison, 1991).

Wei and Clegg (2014) developed four integration approaches. The first approach is *capability maintenance*, an integration approach that is pursued by the acquirer when the objective of the integration is to preserve acquired company's strategic resources that can increase production capabilities. The second approach is *capability building*, an integration approach that is pursued by the acquirer when acquired company's strategic resources are complementary to the acquirers. The third approach is *product focus*, an integration approach that is pursued by the acquirer when the objective of the integration is to eliminate duplicate strategic resources and to achieve economies of scale. The fourth approach is *R&D focus*, an integration approach that is pursued by the acquirer when the objective of the integration is to reduce the business of the acquired company into a cost center by only retaining the R&D.

Strategic alignment. Angwin, Paroutis, and Connell (2015) studied why companies (i.e., acquirers) reject favorable M&A opportunities. They examined companies that failed to pursue potentially major opportunities as part of their strategic renewal process. Angwin et al. reviewed 28 cases of reversed mergers and acquisitions'

decisions across three continents. According to Angwin et al., companies' leaders lack

the understanding of why acquirers chose not to advance to the negotiation phase with

some prospective M&A candidates (i.e., targets) even though those targets satisfy

essential strategic and financial criteria. Angwin et al. coined the term *authorization*

routine and defined it as a period between satisfactory diligence and formal engagement

in negotiations. This routine plays a prominent role in M&As as the authorized

committee from the acquirer seeks permission from its board of directors to engage in

formal acquisition negotiations with the target. The focus of Angwin et al.'s study was to

address two primary issues of the preacquisition decision-making process: (a) the role of

authorization routine in pursuing attractive targets and (b) the reasons for and

identification of individuals who may interrupt the authorization routine from proceeding

with the negotiation of targets. The findings from their study show that strategic

disconnect is one of the key reasons for disruptions during the authorization routine.

Therefore, a strategic disconnect is key to the enactment of the authorization routine

(Gomes et al., 2013). Despite having a well-informed leadership about their corporate

M&A strategy and a good strategic planning process, it is difficult to ensure decisions

made during the pre and post M&A process are consistent with the corporate M&A

strategy. The integration leaders should strive to minimize the extent of strategic

disconnect throughout the M&A process.

Baker and Niederman (2014) conducted an exploratory, positivist study using

multiple case design to examine the impact of business and IT strategic alignment during

the M&A process. Baker and Niederman's study was grounded in alignment theory. They

hypothesized that acquirers and targets could successfully integrate if both companies align their business-IT strategies. Baker and Niederman used two integration models to explain the business and IT integration strategies. First was the M&A integration model, developed by Haspeslagh and Jemison (1991), that consisted of the four integration approaches of preservation, absorption, symbiosis, and holding. The second was the IT integration model, developed by Henderson and Venkatraman (1992) that consisted of the four IT integration strategies of transformation, consolidation, combination, and coexistence. Further, they proposed that transformation IT integration strategy best suits M&A when the objective is not to consolidate existing IT systems but, rather, to create entirely new information systems (IS) that align with the business strategy of the combined entity (Baker & Niederman, 2014). Consolidation IT integration strategy is best suited when the objective is to eliminate the target company's IT systems and expand the acquirer's IT systems to meet the needs of the combined entity (Baker & Niederman, 2014). Combination IT integration strategy is best suited when the objective is to use the best-in-class IT systems from both the companies (acquirer and acquired) (Baker & Niederman, 2014). Coexistence IT integration strategy best suited when the objective is to leave the IT systems intact from both the companies, acquirer and acquired (Baker & Niederman, 2014).

Baker and Niederman (2014) studied 22 cases of which 14 had strategic business and IT alignment. Seven of these 14 cases fell into the reinventing business model (RBM), which means the cases fit Haspeslagh and Jemison's symbiosis integration strategy. The remaining seven fell into the leverage business model, which means they fit

the absorption IT integration strategy. None of the cases qualified for the conglomeration model, which means none fit the preservation IT integration strategy. The findings of Baker and Niederman's study showed that successful company M&A integration included a mix of both strategically aligned and nonaligned IT integration strategies. The strategic nonalignment of IT integration strategy occurred due to the exclusion of IT in the due diligence phase, which created a gap in IT's understanding of the acquired IT-assets. In successful M&A integrations, tight strategic alignment between business and IT integration strategy helped mitigate system integration challenges.

Bauer, Hautz, and Matzler (2015) conducted a quantitative study to understand the challenges that arise during the postacquisition integration phase. They spent 4 years studying M&A projects and integration processes of more than 400 companies in the German-speaking part of central Europe (Bauer et al., 2015). Data collected from surveys and interviews provided deep insights into the integration challenges. Bauer et al. stated that the strategic intent behind the acquisition should be the primary driver of the postacquisition integration approach, which is consistent with the recommendation provided by Baker and Niederman (2014). Bauer et al. suggested that the commonly accepted postacquisition integration approaches fail to consider the interdependencies between the two organizations (acquirer and acquired). According to Bauer et al., many integration leaders rely on their prior experiences and painstakingly develop integration approaches that foster speed and depth of integration. However, results from the Bauer et al. study revealed that leaders often fail to create M&A value when they adhere to established integration approaches and common integration myths.

Postacquisition integration phase. The last phase of the acquisition process, the integration phase, is the most critical, complex, and challenging (Chang et al., 2014). Success in this phase enables the acquiring organization to accomplish the objective of the acquisition (Capron, 2016). However, the magnitude of change is highest and its challenges most prevalent in this phase, in which the acquired organization faces monumental changes to its vision, business strategy and objectives, operational processes, IT systems, and company culture (Weber & Tarba, 2013). The integration phase consists of various interdependent activities spanning different business areas within the two organizations, acquirer and acquired (Lee, Kim, Kim, Kwon, & Cho, 2013). The collaboration of these two organizations on the issues brought about by their joining creates an unstable environment (Lee et al., 2013). Yet this is the phase most influential for the outcome of an acquisition. Despite the importance of this phase and the risks involved in overlooking it, the postacquisition integration phase is one of the least-studied subjects of the acquisition process (Angwin & Meadows, 2015).

Because the IT integration phase impacts the outcome of an acquisition, it also impacts the acquirer's performance (Ertugrul, 2013; Lahiri & Narayanan, 2013). Therefore, the acquirers' leaders need to (a) communicate to the integration team and other employees involved in the process what their vision for the acquisition is, (b) help them understand their role, and (c) ensure that the employees feel part of an enterprise in which much is at stake (Buiter & Harris, 2013; Lahiri & Narayanan, 2013). Angwin and Meadows (2015) and Weber and Tarba (2013) found employee resistance to be high during the necessary acculturation of the postacquisition integration phase. Therefore,

sociocultural integration plays a key role in the outcome of an acquisition (Weber &

Tarba, 2013; Yildiz, 2014).

Tanriverdi and Bülent Uysal (2015) suggested a five-dimension IT integration

framework for companies that, like this study's chosen company, have high cross-

business IT integration capabilities. The five dimensions of IT integration that such

acquirers must achieve with their acquired companies are (a) infrastructure, (b)

applications and data, (c) human resource management, (d) vendor management, and (e)

strategy. The synergy necessary for the two companies to become one stems from the

integration of these five dimensions (Tanriverdi & Bülent Uysal, 2015). The integration

teams can improve efficiencies, competitive advantage, and performance through

developing and embracing innovative strategy solution (Tanriverdi & Bülent Uysal,

2015).

According to Lohrke et al. (2016), the outcome of integration depends on the

decisions made regarding the differences in culture, IT systems, and processes between

the two organizations. Lohrke et al. studied the causal link between these integration

decisions and their performance outcomes. The lack of clarity regarding this relationship

results in what the researchers termed *intrafirm linkage ambiguity.* Lohrke et al.

examined the idea that intermediate goals can serve as a mechanism to reduce the

ambiguity. In their quantitative study, Lohrke et al. analyzed a sample set of 129

horizontal acquisitions (i.e., those sought for increasing market share); the researchers

found that the achievement of two intermediate goals—(a) internal reorganization and (b)

market expansion—mediated the relationship between integration decisions and the

desired acquisition performance. Regarding the first goal, they found that the greater the extent of structural and cultural integration (integration depth) and speed with which key IT systems are integrated (integration speed), the greater the internal reorganization. The second intermediate goal, market expansion, depends on retaining senior management and existing customers (Lohrke et al., 2016). Together, these goals help define a strong IT integration strategy (Lohrke et al., 2016).

Meticulous planning, along with adequate leadership support, is necessary for success in the critical postacquisition phase (Rogan & Sorenson, 2014). The speed of postacquisition IT integration depends on the acquirer's M&A objectives and the acquired organization's characteristics (Bauer & Matzler, 2014). If the primary objective of the acquisition is to gain competitive advantage, then the acquirer would be under pressure to integrate speedily with the acquired organization (Bauer & Matzler, 2014).

Gomes et al. (2013) stated that the acquisition failure rate is consistently high despite due diligence conducted by acquirers during the preacquisition process. One reason for postacquisition failure can be that acquirers' leaders harbor the delusion that everything would fall into place once they settle the financial issues (Gomes et al., 2013). Gomes et al. emphasized that, to be successful, acquirers should cultivate innovative ways to address postacquisition integration. Leaders cannot predict organizations' behavior and, therefore, cannot design or control every detail in advance of an M&A integration (Angwin & Meadows, 2015). Therefore, meticulous planning plays a significant role as it enables the leaders to create a comprehensive plan for achieving both

short-term synergies (financial) and long-term synergies (operational and strategic)

essential in creating sustained value for the customers and stakeholders.

Alaranta and Mathiassen (2014) suggested that the postmerger IT integration

process is often complex, chaotic, and painful. Integration leaders can increase the

success rate of mergers by adopting risk frameworks because these frameworks bring a

common understanding of the risks among the stakeholders (Alaranta & Mathiassen,

2014). These frameworks also assist integration leaders address potential causes of

failures and provide potential actions. Alaranta and Mathiassen's study on managing risks

was grounded in empirical observation of postmerger IT integration cases and was

informed by the theory of postmerger IT integration. They identified key risks associated

with 17 postmerger integration cases published in scholarly journals and proposed proper

mitigation strategies. They identified the three key risks in postmerger integration as

process, content, and context. The process risks (i.e., how) occur primarily during the

planning, particularly during the consolidation and transition of multiple disparate

systems and stakeholder interaction (Alaranta & Mathiassen, 2014). Resource shortfall

and process drift are only two examples of process risks (Alaranta & Mathiassen, 2014).

The content risks (i.e., what) occur primarily due to leadership bias and lack of strategic

view around the configuration of the newly integrated information systems. The context

risks (i.e., where) occur primarily during execution and arise due to conflicts between the

stakeholders, culture mismatches, and lack of consensus on IT systems and practices

(Alaranta & Mathiassen, 2014). Alaranta and Mathiassen proposed five risk mitigation

strategies that they distilled from the existing theory of managing risks in a complex

technology-related change process. These five-risk mitigation strategies are adjusting

goals, modifying approach, mobilizing stakeholders, increasing knowledge, and

reorganizing processes (Alaranta & Mathiassen, 2014).

Lu's (2014) study filled a gap in the M&A literature regarding postacquisition IT

integration by conducting a case study of the postacquisition IT integration process

between HSBC and Mercantile Bank (1959–1984). Lu explored the impact of

institutional environment and organizational transformation on the speed of integration.

Lu found that institutional environment and organizational transformation have a

significant impact on the speed and nature of the integration, through influencing the best

integration approach for value creation. Lu also found that human integration and task

integration in the banking sector might not occur at the same speed. According to Lu,

government's regulation and policy changes have a direct influence on task integration,

which is outside of acquirer's control. Lu emphasized the key role effective

intercommunication channels in reducing integration resistance between the two

companies (acquirer and acquired).

Uzelac, Bauer, Matzler, and Waschak's (2016) study filled a gap in the extant

M&A research by enhancing the factors that contribute to the M&A performance. Uzelac

et al. sample data consisted of 99 M&A transactions from the German-speaking part of

Europe (2007–2010). They examined the various effects of human and task integration

on the intended M&A performance. Uzelac et al. found that speed of human and task

integration had a varied impact on the M&A performance. Uzelac et al. suggested that

quick human integration has a positive effect on the M&A performance, while fast task

integration can result in less than desirable M&A performance. Uzelac et al. also found

that individual decision-making styles had a varied impact on the human and task

integration. Uzelac et al. suggested that intuitive decision-making has a positive

moderating effect on task integration speed, while deliberate decision-making has a

positive moderating effect on human integration speed. The findings from Lu's (2014)

and Uzelac et al.'s study emphasize the critical role of task integration in value creation, a

concept that aligns and echoes strongly with strategic interdependence (transfer of

strategic capabilities and resources between the two companies) of Haspeslagh and

Jemison's (1991) postacquisition integration framework.

Limitations of Haspeslagh and Jemison's postacquisition integration

framework. According to Angwin and Meadows (2015), Haspeslagh and Jemison's

(1991) acquisition integration approach model is one of the prominent models and had

been cited 1703 times as of May 2014. Angwin and Meadows discussed some of the

limitations with Haspeslagh and Jemison's integration framework. RBV (strategic

approach to attaining competitive advantage of a company by bundling strategic

resources and capabilities) is foundational to Haspeslagh and Jemison's integration

framework (Angwin & Meadows, 2015; Wei & Clegg, 2014). The reliance on the RBV

poses a limitation as strategic capability transfer between the two companies (acquirer

and acquired) may not always be the strategic intent behind the acquisition (Angwin &

Meadows, 2015). As a result, Haspeslagh and Jemison may have ignored other potential

integration styles (Angwin & Meadows, 2015). Angwin and Meadows stated that

Haspeslagh and Jemison's integration framework focused on related acquisitions (driven

by value creation strategy) and failed to examine the unrelated acquisitions (not driven by value creation strategy). Angwin and Meadows suggested that acquirers might acquire target companies to capture value rather than create it as proposed by Haspeslagh and Jemison. Another limitation raised by Angwin and Meadows is the lack of consideration to the predeal conditions between the two companies (acquirer and acquired). Angwin and Meadows stated that the target company's financial health has a direct impact on the postacquisition performance. Angwin and Meadows stated that the target company's financial health has a direct impact on the postacquisition integration style and performance. According to Angwin and Meadows, in circumstances where target company's financial health is poor, acquirers may be required to make direct investments into improving organizational infrastructure, including structural and functional changes to senior management. Angwin and Meadows stated that although the integration approach proposed by Zaheer et al. (2013) takes into consideration the predeal conditions between the two companies (acquirer and acquired), it also limits itself to value creation acquisitions (related acquisitions) and fails to consider other types of M&As.

Synthesis of Haspeslagh and Jemison's postacquisition integration framework. According to Haspeslagh and Jemison (1991), "Acquisitions have a unique potential to transform firms and to contribute to corporate renewal" (p. 3). Having a thorough understanding of the acquisition process helps to effectively manage the acquisition strategy. Complete value creation occurs during the post-deal (i.e., within the integration phase). As a result, having an effective postacquisition integration process is critical to value creation and realization of synergies through the transfer of strategic

capabilities. Leaders should carefully balance the need for strategic interdependence between the two companies (acquirer and acquired) and organizational autonomy to transfer and preserve the strategic capabilities.

The success of an integration approach is determined by how well the interactions between the two companies (acquirers and acquired) are managed. Integration plans should be prescriptive rather than restrictive to realize value creation. Integration leaders should not treat all acquisitions alike. Rather they should acknowledge and be conscious of the nuances of each company. It is important for all the integration leaders to capture their learning's by reflecting on their acquisition integration experiences. The strategic intent behind the acquisitions drives the choice of integration approach. The type of integration approach has a profound influence on the speed of the integration and degree of business change. Leaders should put effective strategies in place to manage the challenges and maximize the opportunities presented in this critical phase, a key component to synergy realization (Garzella & Fiorentino, 2015).

Other Postacquisition Integration Typologies

Acculturation. Cartwright and Cooper (1992), Nahavandi and Malekzadeh (1988), and Siehl and Smith (1990) developed integration typologies to understand the role and influence of culture in the postacquisition integration phase. Mirvis and Marks's (1992) typology focused on managing the psychological impact of M&A. Nahavandi and Malekzadeh (1988) derived their typology based on the concept developed by Berry (1983) concerning employee conflict management, and alignment of organizational cultures between the two companies (acquirer and acquired) during the postacquisition

integration phase. The four acculturation strategies defined by Nahavandi and

Malekzadeh are (a) *separation* (acquirer preserves the acquired company's culture and

organizational practices by keeping it independent and autonomous); (b) *assimilation*

(acquired company willingly embraces the identity, cultural norms, organizational

practices, and IT systems of the acquirer); (c) *integration* (acquired company's

employees try to preserve their unique cultural norms, beliefs, and organizational

practices. However, they are eager to get integrated into the acquirer's organization); and

(d) deculturation (involves losing cultural and psychological contact between the acquirer

and acquired). The strength of this typology is that it examines the level of acculturative

stress experienced by employees in both companies (acquirer and acquired) during the

integration phase (Angwin & Meadows, 2015). The weaknesses of this typology are as

follows: (a) assumption of acculturative stress negatively impacts M&A integration

performance, (b) methods to create and capture value are ignored, (c) fails to account for

the impact of structural and functional changes within the two companies (acquirer and

acquired), and (d) relies on an outdated copy of organizational cultural data taken at the

beginning of the integration phase (Angwin & Meadows, 2015).

Organizational culture. Siehl and Smith (1990) explored the interpersonal

relations and conflicts among the employees of the two companies (acquirer and

acquired). The four integration strategies defined by Siehl and Smith are (a) *pillage and

plunder* or *asset stripping* (retain the valuable assets of the acquired company and dispose

of the nonvaluable assets); (b) *one night stand* (relationship between the two companies

(acquirer and acquired) is driven purely from a financial perspective with limited focus

on integration); (c) *courtship/just friends* (acquirer strives to establish a steady working

environment while preserving operational and cultural differences between the acquirer

and acquired); and (d) *love and marriage* (deep integration of the two companies

(acquirer and acquired) with an aim to create new and stronger entity). One of the

strengths of this typology is its reliance on the key attribute of M&A, the concept of

autonomy regarding decision-making (Angwin & Meadows, 2015). The other strength is

its focus on the two key qualities of integration, emotional and moral (Angwin &

Meadows, 2015). The typology also highlights the significance of senior management

retention and the prominent role they play during the postacquisition integration phase

(Angwin & Meadows, 2015). The weaknesses of this typology are as follows: lack of

clarity about (a) how value is created, captured, or destroyed; (b) the impact of structural

and functional changes within the two companies (acquirer and acquired); and (c) the

typology dimensions (Angwin & Meadows, 2015).

   Mirvis and Marks (1992) conceptualized five different postacquisition integration

strategies by comparing and contrasting the cultural and operations changes experienced

by the two companies (acquirer and acquired). The five integration strategies defined by

Mirvis and Marks are (a) *preservation* (retain acquired company's culture by performing

minimal integration), (b) *absorption* (integrate acquired company's organization and

culture into the acquirer), (c) *transformation* (acquirer and the acquired undergo

fundamental changes to their culture and operations in the spirit of reinventing a new

entity), (d) *reverse takeover* (an exceptional case where the acquirer let's the acquired

company take the lead on postacquisition integration strategy and execution), and (e) *best*

of both (a case where acquirer and acquired companies are of equal stature and possess similar capabilities with complete cultural integration and partial to complete organizational consolidation). The strengths of this typology are its appreciation for the cultural diversity between the two companies (acquirer and acquired) during the integration and the significance of senior management retention and the prominent role they play during the postacquisition integration phase. The weaknesses of this typology are as follows: (a) untested conceptual framework, (b) fails to account for the impact of structural and functional changes within the two companies (acquirer and acquired), and (c) methods to create and capture value are ignored (Angwin & Meadows, 2015).

Comparing and contrasting postacquisition integration typologies. To generate clues about the missing postacquisition integration strategies, Angwin and Meadows (2015) compared the above mentioned as the leading postacquisition integration typologies. Haspeslagh and Jemison's absorption strategy is comparable to the strategies identified by Mirvis and Marks's (absorption), Nahavandi and Malekzadeh's (assimilation), and Siehl and Smith's (pillage and plunder). The common objective of these strategies is to retain and transition the acquired company's strategic capabilities by the acquirer. Once the transition is complete, the acquired company loses its identity and existence. Haspeslagh and Jemison's preservation strategy is comparable to the strategies identified by Mirvis and Marks's (preservation), Nahavandi and Malekzadeh's (separation), and Siehl and Smith's (courtship/just friends). The common objective of these strategies is to sustain the culture and practices of the acquired company by keeping it autonomous. Haspeslagh and Jemison's symbiotic strategy is

comparable to the strategies identified by Mirvis and Marks's (transformation),

Nahavandi and Malekzadeh's (integration), and Siehl and Smith's (love and marriage).

The common objective of these strategies is to allow the acquired company to retain its

core values, beliefs, cultural norms, and organizational practices. The two companies

(acquirer and acquired) work mutually together to develop an integration plan. Figure 4

illustrates the contrast between the typologies.

Coherence and differences between the postacquisition integration

typologies. The variation between the typologies happens in the fourth integration

strategy. Nahavandi and Malekzadeh's deculturation strategy is comparable to the one

night stand strategy identified by Siehl and Smith (1990). The common objective of both

these strategies is the loss of cultural and psychological contact between the two

companies (acquirer and acquired). In the reverse takeover strategy proposed by Mirvis

and Marks, the acquired company takes the lead on postacquisition integration strategy

and execution. Zaheer et al. (2013) proposed an integration strategy but failed to offer

empirical evidence to explain the objective of the strategy. Angwin and Meadows (2015)

stated that there is a possibility for substrategies to exist within some of the categories.

For instance, in Haspeslagh and Jemison's symbiotic strategy, both (acquirer and

acquired) work as coequal partners to achieve the common goals and objectives. Mirvis

and Marks's best of both strategy is comparable to Nahavandi and Malekzadeh's

integration strategy. Ellis and Lamont (2004) identified a *transformation* strategy as a

subset of Haspeslagh and Jemison's symbiosis integration strategy. According to Ellis

and Lamont, the objective of the transformation strategy is to enable the two companies

(acquirer and acquired) to reinvent themselves. Figure 4 illustrates the coherence and

differences between the typologies. The boxes shaded in gray signify coherence between

the typologies. The box in white indicates an area within the typology that needs further

investigation, and the circle represents a subset of an integration strategy.
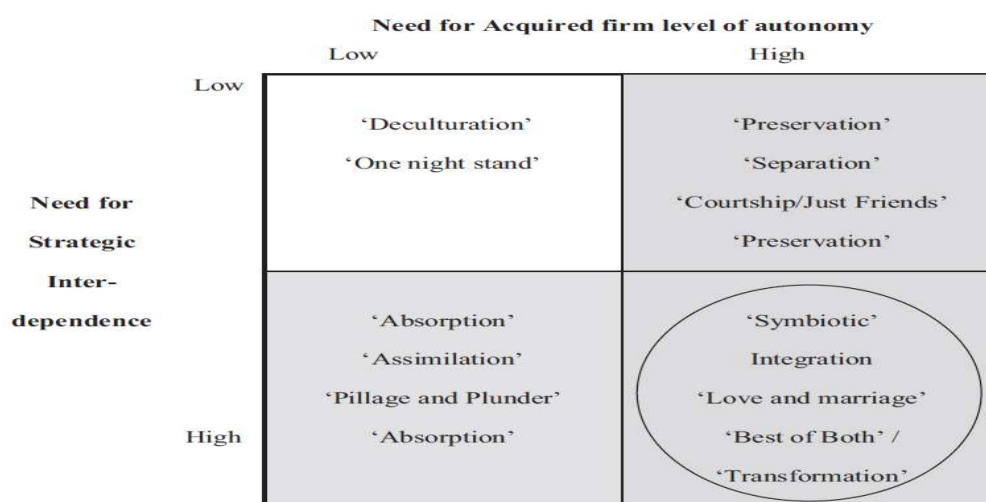
Figure 4. Coherence and differences between the postacquisition integration typologies. Adapted from "New Integration Strategies for Post-Acquisition Management," by D. N. Angwin & M. Meadows, 2015, *Long Range Planning, 48*(4)*,* p. 235–251. Copyright 2015 by Elsevier. Reprinted with permission.

Evolution of a new postacquisition integration framework. The

postacquisition integration phase is the most critical part of M&A and plays an essential

role in value creation (Angwin & Meadows, 2015). However, it is the least researched

phase of M&A (Angwin & Meadows, 2015). The primary focus of extant M&A literature

is on various motivations and strategies for pursuing M&A (Angwin & Meadows, 2015).

According to Angwin and Meadows (2015), research studies conducted by Haspeslagh

and Jemison (1991), Mirvis and Marks (1992), Nahavandi and Malekzadeh (1988), Siehl

and Smith (1990), and Zaheer et al. (2013) on postacquisition integration strategies

remained merely conceptual, or lacked enough data, or focused on a specific integration

strategy. Angwin and Meadows stated that the existing postacquisition integration

typologies might have little empirical support and are not comprehensive. As a result,

they proposed development of a robust postacquisition strategy typology. According to

Angwin and Meadows, findings from the recent M&A studies showed the nuances and

complexities that exist within the critical integration phase. Zaheer et al. stated that

challenges and complications in obtaining quality rich data might also have attributed to

the limited research on the integration phase.

Angwin and Meadows (2015) conducted a mixed method study to assess the

health, limitations, strengths, and weaknesses of some of the prominent postacquisition

strategy typologies. Angwin and Meadows asserted that most of the leading

postacquisition integration typologies fail to capture all the nuances. They also proposed

the possible existence of newer integration strategies that may not have been captured by

the existing typologies. Angwin and Meadows's study included a sample dataset of 232

acquisition cases from the U.K. Angwin and Meadows chose Haspeslagh and Jemison's

integration framework as their focus and analysis, primarily because of its prominence.

The data analysis conducted by Angwin and Meadows (2015) using several

cluster techniques resulted in the identification of five integration strategies. Three of the

five integration strategies (absorption, preservation, and symbiotic) are comparable to the

strategies identified in Haspeslagh and Jemison's integration framework. As suggested by

Haspeslagh and Jemison, Angwin and Meadows's data analysis also recognized the

existence of holding strategy. Angwin and Meadows stated that contrary to the holding

strategy as defined by Haspeslagh and Jemison, their data analysis showed that the

acquirers were highly engaged and played an active role in the restructuring efforts of the

acquired company. Angwin and Meadows stated that swift action by acquirers is critical

to reviving the acquirer company's health. Their data also revealed that some acquirers

retained the acquired companies without selling them and in few cases, acquired

companies were integrated once their health condition improved. Angwin and Meadows

suggested that intensive care appropriately describes this type of integration compared to

the holding strategy proposed by Haspeslagh and Jemison.

Angwin and Meadow's (2015) cluster analysis revealed a new integration

strategy, which was termed *reorientation*. Although reorientation strategy has some

similarities with absorption and intensive care, it is limited in scope, less directive and not

as far-reaching and widespread in comparison to absorption and intensive care (Angwin

& Meadows, 2015). Unlike preservation and symbiotic integration strategies, where

acquirer tries to shield the acquired by minimizing the impact of business change.

According to Angwin and Meadows, reorientation integration strategy proposes a rapid

harmonization of the key administrative functions (finance, human resources, and

communications) between the two companies (acquirer and acquired), including the

integration of outward facing business functions (marketing and sales). Angwin and

Meadows stated that the reorientation postacquisition integration strategy is particularly

beneficial when value capture and value creation, a concept proposed by Haspeslagh and

Jemison, needs to coexist during the postacquisition integration. The integration

framework proposed by Angwin and Meadows slightly alters the prominent

postacquisition integration framework by Haspeslagh and Jemison (see Figure 5). The

integration framework proposed by Angwin and Meadows captures and fully recognizes

perspectives of other frameworks, as well as addresses some of the gaps and limitations

with Haspeslagh and Jemison framework.
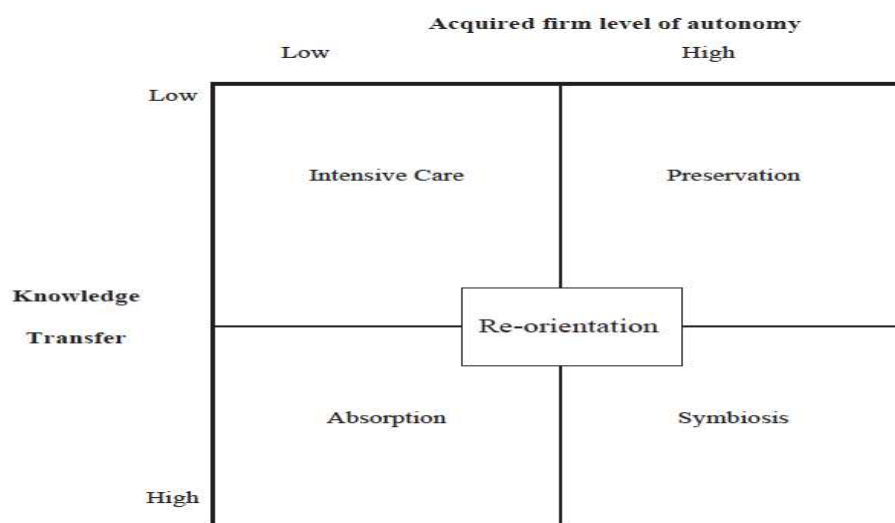
Figure 5. Five postacquisition integration strategies. Adapted from "New Integration Strategies for Post-Acquisition Management," by D. N. Angwin & M. Meadows, 2015, *Long Range Planning, 48*(4)*, p. 235–251. Copyright 2015 by Elsevier. Reprinted with permission.

M&A Trends and Methods

In this section, I will present findings from recent studies about (a) the chances of

success or failure with M&A, (b) the role of leadership in M&A performance, (c) the role

of trust in M&A, (d) the role of communication in M&A, (e) the role of culture in M&A,

(f) the role of knowledge transfer in M&A, (g) the relationship between M&A and

innovation, and (h) the role of individuals within M&A. Researchers have focused on

strategies for navigating the challenges of the postacquisition IT integration phase of

M&A. Most researchers, however, have failed to recognize the abundance of

opportunities that go unseen in this critical phase. The existing research provides few

recommendations for how companies can take advantage of those unseen opportunities. My research study would fill the gap by establishing a link between the postacquisition IT integration phase and those individuals with human capital specific to its requirements—intrapreneurs. With this knowledge, companies should be better equipped to tackle the challenges and realize the full potential of their M&A by engaging intrapreneurs in the postacquisition integration phase.

Success and failure. The failure rate of corporate M&A is consistently high (Brinckmann, Müller, & Rosenbusch, 2013; Himmelsbach & Saat, 2014). Whether successful or not, M&A impacts acquirers' financial stability and the economies of their surrounding communities (Eaton & Kilby, 2015). According to Stahl et al. (2013), existing research on M&A fails to identify the key factors for M&A success and or failure. Managing M&A activity is not a trivial task (Stahl et al., 2013). Friedman et al. (2016) found that there are as many reasons for M&A failure as there are potential benefits to engaging in M&A. Acquirers should take into account the factors that could derail their M&A objectives, including (a) difference in size between the two organizations (acquirer and acquired); (b) strategies used to manage noncore competencies; (c) inefficient strategies for integrating personnel; (d) lack of experience with M&A; (e) improper alignment between the two organizations' visions, values, processes, and leadership styles; (f) lack of post-M&A integration strategy; (g) inadequate due diligence, pre-M&A; (h) lack of leadership; and (i) urgency to maximize shareholder value (Friedman et al., 2016).

      Clayton (2010) provided a conceptual model that explained the relationship among openness, shared vision, positive emotional attractor, and adaption to change (see Figure 6). M&As create stress for the personnel of the acquirer and the acquired companies because of the magnitude of changes that take place, especially in the post-M&A phase (Clayton, 2010). Clayton suggested that M&A actors' openly communicating and collaborating creates a positive emotional environment that allows the company's members to adapt to the changes caused by the M&A. Open communication helps build trust between the M&A actors. Also, open communication allows M&A actors not only to share their organization's vision but also to lay plans to realize it.
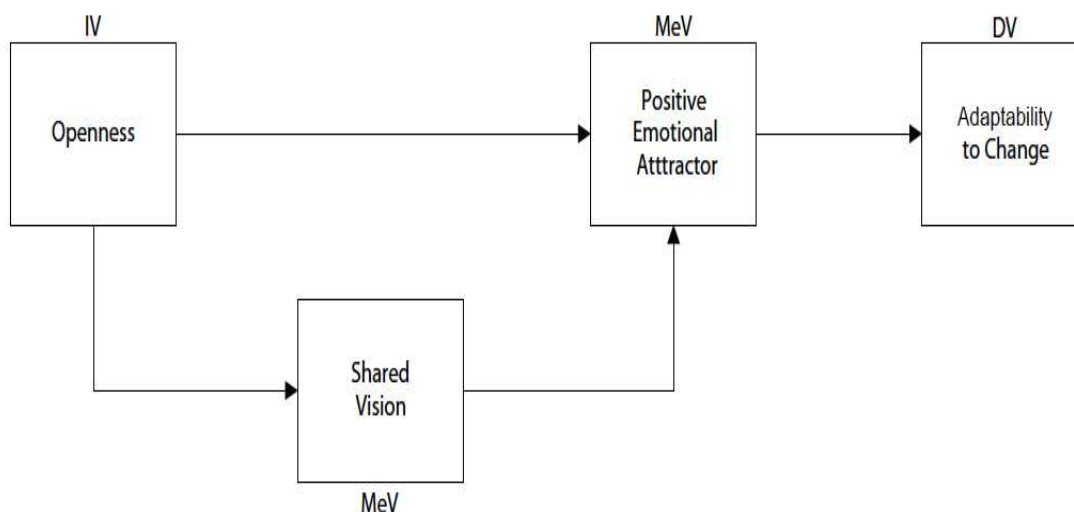
Figure 6. Conceptual model of individual level interactions within successful M&A. Adapted from "Understanding the Unpredictable: Beyond Traditional Research on Mergers and Acquisitions," by B. C. Clayton, 2010, *Emergence: Complexity and Organization, 12,* p. 6. Copyright 2010 by B. C. Clayton. Reprinted with permission.

Coping with change is one of the biggest and most difficult challenges acquired organizations face (Kansal & Chandani, 2014). Clayton (2010) conducted a study to identify the mystery behind the unpredictability of M&A outcomes. Clayton described organizations in the postacquisition (and postmerger) integration phase as *complex adaptive systems;* Clayton discussed the work of Stacey and colleagues (1995), who studied the link between complexity theory and organizational research (see Figure 7). Complexity theorists suggested that complex adaptive systems can display three behaviors: (a) *stable,* or rigid, (b) *unstable,* or fragmented, and (c) both at the same time (Stacey et al., as cited in Clayton, 2010). In the *stable,* or rigid behavior, M&A actors are not flexible in their interactions, and the outcomes are predictable. In the *unstable,* or fragmented behavior, M&A actors are flexible and open to change in the face of different stimuli, creating a system that is unstable, fragmented, and unpredictable (see Figure 7).

The researchers called the third behavior (*stable* and *unstable*)—prevalent in the

postacquisition phase—by many names: *bounded instability, edge of chaos, chaotic*

interaction, and *between order and disorder* (Stacey et al., as cited in Clayton, 2010).

Organizations perform at the highest level with the third behavior (see Figure 8) because

M&A actors, displaying both behaviors, are brought together by shared purpose or vision

(positive emotional attractors) and can adapt with openness to the change stimuli brought

about by the collaboration (Clayton, 2010; Stacey, as cited in Clayton, 2010). Clayton

offered two suggestions for company leaders: (a) Acquirers should apply the same rigor

to the postacquisition phase as in the preacquisition phase and (b) Acquirers should

encourage and periodically assess their employees' commitment to change.
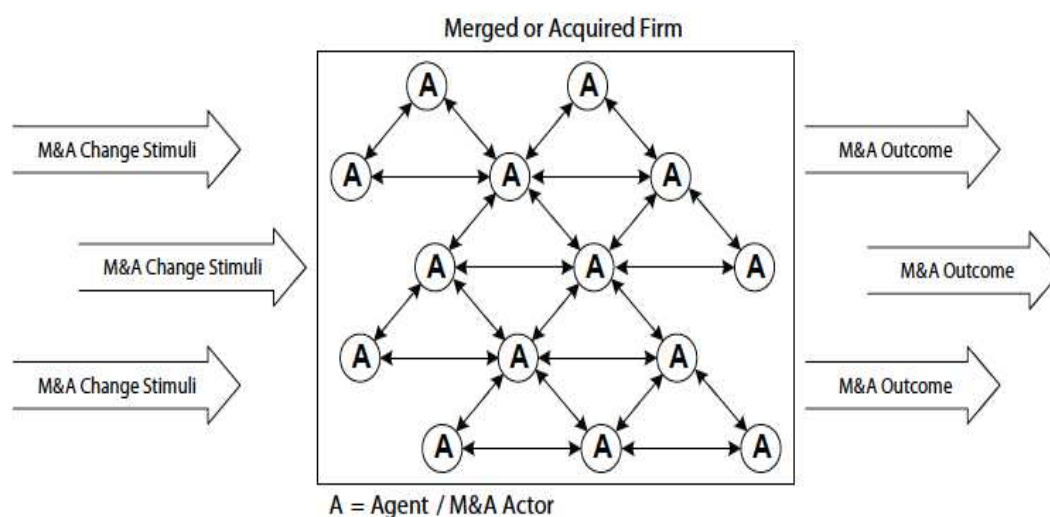
Figure 7. Mergers and acquisitions as complex adaptive systems. Adapted from
"Understanding the Unpredictable: Beyond Traditional Research on Mergers and
Acquisitions," by B. C. Clayton, 2010, *Emergence: Complexity and Organization, 12,* p.
5. Copyright 2010 by B. C. Clayton. Reprinted with permission.
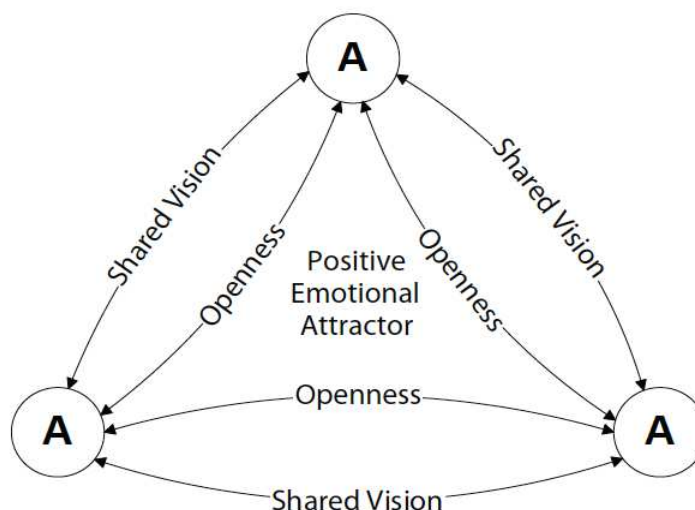
Figure 8. Interaction between agents in their local environment. Adapted from "Understanding the Unpredictable: Beyond Traditional Research on Mergers and Acquisitions," by B. C. Clayton, 2010, *Emergence: Complexity and Organization, 12,* p. 6. Copyright 2010 by B. C. Clayton. Reprinted with permission.

Leadership and performance. Effective leadership is key to M&A success (Zhang et al., 2015). Vasilaki et al. (2016) ascertained a link between transformational leadership and postmerger success. Even before the merger, leaders should give cultural integration the same priority and assistance they give to financial aspects (Ovseiko, Melham, Fowler, & Buchan, 2015). Also, leaders should provide clarity on the scope and extent of integration—of people, of culture, and IT—during the post-M&A integration phase (Krug et al., 2014). Aklamanu, Degbey, and Tarba (2016) stated that, in the post-M&A integration phase, human resource problems not only can impede collaboration but can also dampen the potential synergy that otherwise would be attainable. Zhang et al. (2015) studied the impact of various leadership styles on human resource problems, specifically in the case of a Chinese company seeking to retain its talented employees. These researchers selected a case study research design to study a cross-border

acquisition (CBA) conducted in China by a European company in 2008. The European

company relied on absorption strategy (proposed by Haspeslagh & Jemison, 1991),

where the target company adapts its culture, managerial system, and working style to that

of the acquirer. Zhang et al. conducted interviews with the senior executives responsible

for the acquisition at different stages of the acquisition. The findings from their study

suggested that authoritative coaching as well as task-focused, and relationship-focused

leadership styles are appropriate for accomplishing an effective postmerger integration.

Lahiri and Narayanan (2013) suggested different techniques that leaders can use to

calculate organizations' performance, including event study methodology, accounting-

based measures, the residual-income approach, innovative performance, questionnaires,

data envelopment analysis, and a balanced scorecard approach.

Trust. According to Cording, Harrison, Hoskisson, and Jonsen (2014),

uncertainty and distrust are high during the postacquisition integration phase. Bansal

(2016) studied the role of trust in M&A activity and in the process, extended the existing

research on the sociocultural dynamics of M&A. Bansal acknowledged that building trust

is an incremental process and that leaders need to take appropriate measures to protect it

over time. The Cording et al. study highlighted the importance of organizational

authenticity (constancy between a company's values and perceived practices) and its role

in gaining the employee trust and improving organizational performance during the post-

M&A integration phase. Cording et al. further suggested the need for executives and

integration leaders to maintain constancy between what a company says and what it does

to gain employees' trust during the post-M&A integration phase. Consistent with the

Cording et al. findings, Bansal's study concluded that integration strategy has a profound impact on the trust of the acquired organizations' employees. The speed of integration, effective communication strategy, and openness to cultural diversity are key factors with which post-M&A integration strategy can help win the confidence and trust of acquired organizations' employees (Cording et al., 2014; Stahl et al., 2013).

Communication. Angwin, Mellahi, Gomes, and Peter (2014) focused on the role of communication in African M&A performance. Despite consensus on the critical role of communication in M&A performance, Angwin et al. found little research in Africa on this pivotal concern when they examined the link between different communication strategies and M&A outcomes. Their study was the first to examine the critical role of communication strategies in African M&A, and their conclusions contributed to the nascent literature in developing economy. Focusing on M&As that occurred in the banking sector in Nigeria, Angwin et al. conducted a systematic empirical study to evaluate the links between the various communication approaches and M&A outcomes. They proposed a conceptual typology that classified the interactions between process and content of communication strategies to the actual M&A outcomes, particularly employee commitment towards the merged company strategy and M&A survival. Their findings suggested that effective communication strategies should be flexible and expand throughout the M&A process. Furthermore, these findings are in line with the findings of the research conducted by Hajro (2015) that showed effective communication strategies contribute to better employee commitment to the new organization and confirmed that good communication has a positive effect on employee psychology and behavior.

Culture. Postacquisition cultural integration plays a critical role in determining the success or failure of an M&A (Lee et al., 2013). M&A activity has surged between emerging market acquirers and developing country targets (Bauer, Matzler, & Wolf, 2016). Caiazza and Volpe (2015) conducted a study that focused on examining the motivation, postmerger integration challenges, especially the culture issues that occur with the cross-border M&A. Bauer et al. found no clear empirical evidence about the impact of cultural differences on M&A performance. Caiazza and Volpe suggested that acquisition of innovative capabilities was one of the primary motivational factors in the cross-border transactions. Bauer et al. studied the innovation-driven M&A in the German-speaking part of Europe and examined the various effects of human and task integration on the intended innovation outcome. Integration is a complex process, one that involves many activities that require extensive care during execution to meet the M&A strategic objectives (Caiazza & Volpe, 2015; Cording et al., 2014). Caiazza and Volpe suggested that increased due diligence and key stakeholder involvement during the entire M&A process would alleviate and address the cultural challenges that occur during the integration process. Executives should clearly communicate the rationale behind the M&A transaction (Caiazza & Volpe, 2015; Gunkel et al., 2014). Also, executives should create a conducive environment, one that encourages employees from both companies (acquirer and target) to collaborate, to have a shared identity, and to increase job satisfaction (Gunkel et al., 2014). Bauer et al. defined this process as human integration. Task integration enables innovation by transferring and sharing of resources and capabilities from both the companies (Bauer et al., 2016). The results from the Bauer et

al. study suggested human integration negatively impacts innovation while task integration has a positive impact. Human integration involves an integration of culture and organizational structures; nevertheless, human integration often results in employee turnover, loss of resources, and inflexibility (Bauer et al., 2016). Executing strategies for human and task integration is key to realizing synergy of innovation and technology. Bauer et al. also suggested that managing the cultural differences between the two companies (acquirer and target) allows smooth human and task integration.

Bauer et al.'s (2016) findings are in line with the study conducted by Hajro (2015) as well as the study conducted by Eaton and Kilby (2015). Hajro studied the influence of culture, both national and organizational, and the mediating role of socio-cultural integration process on the performance of cross-border M&As. Bauer et al. (2016) intended to broaden business leaders' understanding of cross-border mergers and acquisitions outcomes. Hajro studied the impact of cultural differences in the integration phase and the factors that can aid or impede successful socio-cultural integration in M&As. Hajro conducted a longitudinal case study (2005–2011) of a merger between an Austrian and a German energy provider. Hajro developed a model for the socio-cultural integration process. Participants in the study, employees of both acquiring and target companies, were interviewed at four different points in time: during the initial negotiation talks, immediate before the buyout, and one year after, three years after, and six years after the buyout. M&A researchers cited high failure rate of domestic and cross-border M&As attributed to cultural differences, both national and organizational. To explain cross-border M&A outcomes, Hajro developed a model of cultural dynamics using

national and organizational cultural categories including independent variables, socio-cultural integration process as the mediating variable, and M&A outcomes as the dependent variable. When compared to the previous M&A literature, Hajro's findings demonstrated a high degree of complexity between national and organizational cultural differences and M&A outcomes. Empirical findings from the study also suggested that specific socio-cultural integration processes—such as the creation of interpersonal relationships, trust, and shared identity—are impacted by specific national and organizational cultural categories. The specific socio-cultural integration processes, in turn, have an impact on the employees' levels of cooperation, resistance, perceived stress, and the turnover rate. Hajro's findings suggested that the M&A outcomes are predominantly shaped by organizational cultural differences rather than national cultural differences. People and culture are critical factors in making cross-border M&As successful. Hajro's findings are in line with Eaton and Kilby's study on the influence of organizational culture on M&A performance.

Knowledge transfer. Ahammad et al. (2016) examined the influence of knowledge transfer in CBA and the factors that aid or hinder the knowledge transfer process. Ahammad et al. tried to uncover the relationship between knowledge transfer and CBA performance. Prior M&A researchers had failed to explain the role and influence of culture and employee retention on knowledge transfer and CBA performance (Stahl et al., 2013). In a cross-sectional survey using a questionnaire as a data collection method, Ahammad et al. sampled U.K. companies that had acquired North American and European companies. Their findings suggested a positive relationship between employee

retention, knowledge transfer, and CBA performance. Furthermore, their findings suggested that organizational cultural differences have a negative relationship to knowledge transfer and CBA performance. To understand the interconnections, Ahammad et al. developed a conceptual framework that considered elements such as national culture distance, organizational culture differences, employee retention, and knowledge transfer as it related to CBA performance. Ahammad et al. identified how national cultural distance and organizational culture differences affect the knowledge transfer process and CBA performance. Knowledge transfer contributes to CBA success positively (Ahammad et al., 2016). Transfer of knowledge between the merged companies ensures sustainable competitive advantage and enhances CBA performance (Ahammad et al., 2016). To allow for smooth knowledge transfer between the merging companies, the integration leaders should provide necessary support and resources.

Junni et al. (2015) filled a gap in the M&A literature by studying the role of strategic agility and its effects on knowledge transfer in the context of post-M&A integration. Their study also examined the relationship between knowledge transfer and organization performance. Strategic agility is the organization's ability to adapt to the chaotic environment and uncertain market conditions (Brueller et al., 2014; Weber & Tarba, 2014). Organizations can achieve strategic agility by being nimble and flexible, and relentlessly adjusting their strategic direction, and by developing innovative solutions that create value and help cope with the competition (Brueller et al., 2014; Weber & Tarba, 2014). Junni et al. found that complementary knowledge bases between the two companies (acquirer and acquired) enhanced the acquired knowledge transfer more than

the acquirer. Junni et al. also found that asymmetric knowledge between the two companies (acquirer and acquired) resulted in the transfer of knowledge from the stronger knowledge base to the weaker one. Junni et al. findings also suggest that deeper integration did not result in mutual knowledge transfer between the two companies (acquirer and acquired). Junni et al.'s study also tested the impact of cultural acceptance and cultural learning on knowledge transfer. The results from Junni et al. suggested that cultural acceptance between the two companies (acquirer and acquired) had no bearing on the knowledge transfer. Junni et al. also found that acquirer's knowledge transfer contributed to increased performance following the acquisition.

Sarala, Junni, Cooper, and Tarba (2016) filled a gap in the M&A literature by further clarifying the multifaceted role of sociocultural factors in M&A. A study conducted by Stahl et al. (2013) called for further exploring and examining the role of sociocultural factors in M&As. Stahl et al. stated that the sociocultural factors are important determinants of M&A outcomes. Sarala et al. suggested that sociocultural interfirm linkages between the two companies (acquirer and acquired) influence the level of knowledge transfer in the post-M&A integration phase. Sarala et al. proposed that (a) complementary employee skills are likely to be shared between the two companies (acquirer and acquired), (b) trust and collective teaching enable transfer of tacit knowledge, and (c) cultural integration facilitates knowledge transfer. Sarala et al. argued that HR flexibility with three components (employee skills, employee behavior, and HR practices) is vital in the development of the sociocultural interfirm linkages in M&As.

Sarala et al. maintained that cultural differences between the two companies (acquirer and acquired) are important antecedents of HR flexibility in M&As.

M&A and innovation. Cefis and Marsili (2015) filled a gap in the literature regarding the relationship between M&A and innovation by suggesting that M&A and innovation, although interdependent, can be seen as two different forms of investment, both fundamental to competitive and growth strategy. Studies conducted by Szücs (2014) align with Cefis and Marsili's findings regarding the interdependencies between M&A and innovation. Acquiring technological innovations is one major factor driving organizations' M&A strategy (Szücs, 2014). Organizations that are more technologically innovative are less inclined to make such acquisitions (Szücs, 2014). Szücs found that acquirers seek to correct deficiencies in their own technological innovation by acquiring organizations with that core competency. Once an acquisition is complete, however, some acquirers do not keep up the R&D of the acquired capabilities. Szücs's study shed light on some of the reasons acquirers' R&D declines. One reason Szücs found is a delay in completion of the postacquisition phase fueled by integration problems. Delays in this phase can add significant costs to the acquisition, as well as loss of the window of opportunity within which to capture the market share (Szücs, 2014). When such delays happen, acquirers tend to reassess their plans for investing in continued R&D (Szücs, 2014). Acquirers find incentive to invest in R&D efforts once the two organizations begin to reach synergy through integrating their people, processes, and IT systems (Szücs, 2014). Such synergy is achievable only when the postacquisition integration phase, specifically IT integration, is successful (Garzella & Fiorentino, 2015).

Szücs (2014) investigated whether acquirers benefit from their technology acquisitions. This researcher's sample size consisted of 265 acquiring companies and 133 merger targets from the European Commission or the US Federal Trade Commission between 1990 and 2009 that engaged in M&A to expand their technological capabilities and market share. Szücs's study found that the less innovative acquirers showed an increase in patents and unusually good returns on them over a period of 3 years postacquisition. These findings confirmed one of the assumptions of the research study: Organizations engage in strategic acquisitions to expand their core competencies.

Intrapreneurs. According to Podgorski and Sherwood (2015), the "people factor" is a key contributor to M&A failure. Podgorski and Sherwood filled a gap in the literature by developing a comprehensive people-integration process model for post-M&A integration. They proposed that companies should nurture talented individuals to manage the challenges of integration effectively. In the research study, I examined the ideas that (a) intrapreneurs are among those talented individuals to be tapped and (b) their talent for managing those challenges needs nurturing. Ragozzino and Reuer (2010) confirmed a link between intrapreneurs (whom they referred to as individual entrepreneurs) and M&A performance in their study of how some organizations are effectively managing the challenges that arise during post-M&A integration. These researchers stated that the benefits of embedding intrapreneurs in the post-M&A integration phase are two-fold. First, intrapreneurs play a critical role in managing the challenges. Second, they explore and exploit opportunities, such as those for process or product innovation. Organizations that engage in M&A activity need to identify

individuals with an entrepreneurial mindset and insert them early into the M&A process (Ragozzino & Reuer, 2010).

Human Capital

Intrapreneurs, sometimes called corporate entrepreneurs, possess specific human capital skill sets that set them apart from other employees; their ideas and work habits motivate and enable them to engage in the discovery and exploitation of opportunities (Pinchot & Pellman, 1999). Human capital can positively impact a company's (a) outlook on innovation, (b) organizational performance, and (c) competitive advantage (Marvel, 2013). Many companies have acknowledged the importance of human capital and put in place initiatives to help company executives identify and nurture their companies' internal talent (Marvel, 2013). In terms of human capital, the postacquisition IT integration phase presents a blend of challenges and opportunities. To be successful in this critical phase, companies need to tap into the human capital embodied within its employees—specifically, employees with an intrapreneurial mindset (Marvel, 2013).

History. According to Klein and Daza (2013), suppositions about human capital have only been developed in the past few decades. Nonetheless, the concept of human capital itself can be traced to 17th century. T.W. Schultz, one of the early pioneers, placed the idea of investment in the human capital at the core of economic development. Well-respected economist and Noble Laureate, G. S. Becker, later expanded on the original insights provided by T.W. Schultz and developed an urbane theoretical and empirical analysis of human capital. Becker converted human capital into a framework for understanding numerous facets of lifetime human behavior and provided an efficient

and robust example of the capacity of economics to deal with social issues. Becker considered education as an investment that has costs and returns. The idea of analyzing an individual's education from an economic perspective received significant resistance and skepticism among economists and noneconomists. The concept of human capital was unwelcomed at first since it associated and treated individuals as nonemotional objects such as machines or houses. Eventually, academics, media, and politicians have accepted the term human capital. According to Becker, research on human capital and the economies of education are essential to wellbeing and important in public policy discussions. Becker posited that human capital analysis would stay relevant and generate excitement with the increased importance of knowledge, skills, and information in the modern era.

Knowledge. Intellectual capital of a company, as defined by Ling (2013), is a combination of employee creativity, general knowledge, operational skills, and knowledge of organizational applications that its leaders can transform into company profit. Boon, Van der Klink, and Janssen (2013) explained that any leaders in an organization can help augment its competencies and improve performance by encouraging employees to apply their knowledge, skills, and abilities (i.e., their human capital) toward either generating new ideas or enhancing and reshaping existing processes and products. Di Fabio (2014) agreed, noting that the global economy has become more knowledge-based. Di Fabio argued that for companies to sustain their competitive advantage, their leaders must identify and nurture intrapreneurial talent within a company—and ensure that they retain this talent.

Kato and Honjo (2015) provided insights into the role of entrepreneurs' human capital in identifying and pursuing an opportunity, as well in the post-entry performance of companies in high-tech and low-tech sectors. The dataset employed by Kato and Honjo came from Tokyo Shoko Research, one of the major credit investigation companies in Japan. The data consisted of information related to the survival and exit routes for manufacturing companies founded between 1997 and 2004. Entrepreneur-specific human capital encompasses technical, managerial, and business ownership experience and capabilities; and concluded general human capital comprises education, skills, and work experience (Kato & Honjo, 2015). External knowledge, such as that derived from keeping up with field publications, also plays a role in an entrepreneur's quest to identify business opportunities, although not necessarily in pursuing them (Kato & Honjo, 2015). The findings from Kato and Honjo suggested that (a) human capital unique to entrepreneurs enables them to identify and pursue an opportunity, (b) entrepreneur's human capital played a key role in reducing the probability of bankruptcy in high-tech sectors compared to low-tech sectors, and (c) entrepreneurs with high levels of human capital are more likely to exit via merger than others, particularly in high-tech sectors.

Marvel's (2013) findings suggested that IT entrepreneurs' specific and general human capital enable companies to generate radical innovations—breakthrough insights that transform markets, create new ones, and stimulate growth. Marvel found that the likelihood of IT entrepreneurs' engaging in radical innovations depends on their education and deep domain knowledge rather than on their broad experience across

multiple domains (Marvel, 2013). Kato and Honjo (2015) suggested that the human capital that entrepreneurs apply to identifying business opportunities might not be the same entity they use to pursue those opportunities. Kato and Honjo suggested that entrepreneur-specific human capital serves as a better tool for identifying opportunities than does general human capital and enables the entrepreneur to reject less viable opportunities that might present a low return on investment.

To create a setting for innovation, organizational leaders need to offer (a) flexibility with time, (b) rewards, (c) encouragement, (d) tolerance for failure, and (e) decision-making authority (Boon et al., 2013). According to Boon et al., organizations can best cope with and benefit from constantly changing market conditions by establishing a culture that supports the entrepreneurial spirit. Only with an internal climate that cultivates intrapreneurs' opportunity-seeking and innovative behavior can organizations create that spirit of innovation (Boon et al., 2013).

Fox and Royle (2014) conducted a quantitative research study to examine if the human capital investment is a better predictor of innovation versus traditional investments in R&D and marketing. Fox and Royle's study drew on the human capital theory as developed by Gary Becker. The human capital theory was widely accepted and applied to fields such as strategic management, organizational behavior, sociology, and economics. However, the human capital theory was not applied to areas that have a heavy dependency on humans, such as innovation and services. Fox and Royle made the initial attempt at linking human capital as it pertains to innovation. The sample size consisted of 251 goods companies and 367 service companies that were matched between the

databases of *Compustat* and *Fortune*. Regression analysis was used to examine and explain the impact of human capital investments on innovation. Fox and Royle's findings suggested that R&D and marketing were not a useful predictors of innovation as suggested by the prior research. The study results also indicated that human capital investments tend to produce grander innovation irrespective of the industry (Fox & Royle, 2014).

Chatterji and Patro (2014) explored the management of human capital with a particular emphasis on the emerging phenomenon "acqui-hiring" through the lens of a dynamic capabilities framework. Acqui-hiring typically refers to the acquisitions of small startup companies purely with intent to acquire the human capital of the acquired organization. Chatterji and Patro reviewed recent trends in "acqui-hiring" by examining 1,964 acquisitions data collected from Zephyr and Crunchbase platforms from 2009 to 2012 and in the first quarter of 2013. Chatterji and Patro also presented two qualitative case studies to demonstrate the process of acqui-hiring practice at Google and Facebook. Chatterji and Patro explained how companies are employing acqui-hiring to sustain competitive advantage by drawing on prior research in strategic management that focused on dynamic capabilities. Chatterji and Patro stated that there was not enough empirical data available to understand how acqui-hiring links to the corporate strategy or to determine and understand what conditions acqui-hiring produces desired value. They called for future research to analyze and provide insights into the impact of acqui-hiring on a company's performance. The authors also suggested an alternative approach to

measuring the impact of acqui-hiring on the careers of the entrepreneurs who join the acquired company.

Innovation

The term *innovate* stems from the Latin word *innovare*—to renew or change (Sokołowska, 2015). Innovation is an essential ingredient in creating an effective postacquisition IT integration strategy because it has a potential to decrease integration and operational costs, accelerate time to market, increase differentiation, and generate new revenue streams (Wubben et al., 2016). This section presents a discussion of the research on four aspects of innovation: (a) the significance, (b) the risks and rewards, (c) the impact on performance, and (d) the role that knowledge and learning play in innovation. Sponsorship and innovation drivers are essential for innovation. Companies should not isolate innovation from their business and IT strategies (Wubben et al., 2016). To thrive, innovation requires a culture conducive to creativity, risk, and ideas that challenge the status quo.

Knowledge and learning. Innovation relies on the thinking and learning styles of an organization's employees (Xie, Gao, & King, 2013). Learning equips individuals with knowledge that influences the way they approach a problem or challenge (Camelo-Ordaz, Garcia-Cruz, & Sousa-Ginel, 2015). Knowledge sharing is the reprocessing and transmitting of *explicit* (recorded) knowledge and *tacit* (experience-based) knowledge and making the combined knowledge sources available within an organization (Oyemomi et al., 2016). Wang, Sharma, and Cao (2016) developed a research model to investigate the relationships among knowledge-sharing practices, innovation, and organizational

performance. Wang et al. used the quantitative method to analyze data collected from 800 high-technology companies in China. They found that collaborating and exchanging information rapidly and efficiently (i.e., sharing knowledge) were essential to organizations' performance, including to innovation. However, promoting a knowledge-sharing culture within an organization is a challenge (Wang et al., 2016). Organizations can meet that challenge, by incorporating knowledge sharing into their business strategy and educate their employees about its significance (Wang et al., 2016). Most organizations have already institutionalized explicit knowledge-sharing practices because employees can easily articulate and transmit these practices (Oyemomi et al., 2016). Tacit knowledge, however, is difficult to extract and share because it resides within an individual (Oyemomi et al., 2016). Oyemomi et al. (2016) findings showed that explicit knowledge sharing increases financial performance and innovation speed, whereas tacit knowledge contributes better to innovation quality and operational performance.

Learning style depends on thinking style—how people choose to make daily decisions and solve problems consciously, given their understanding of the circumstances (Xie et al., 2013). Individual learning and thinking styles contribute to overall organizational learning. Organizational learning is, in part, the collective tacit knowledge employees share while working toward a common goal (Oyemomi et al., 2016). It enables organizations to react to market changes and sustain competitive advantage (Oyemomi et al., 2016). In their study, Ettlie, Groves, Vance, and Hess (2014) identified a relationship between individual learning and innovative corporate culture. According to these researchers, corporate culture is the collection of an organization's vision and

values, its procedures and business processes, and its employees' behavior and actions. The interactions among individual learning, organizational learning, and innovative corporate culture can create a milieu for successful innovation (Ettlie et al., 2014). Results from the Ettlie et al. study also showed that more effective innovations come from teams with both linear and nonlinear thinking styles.

Transition

Healthcare payers have undergone a major transformation driven primarily by government reform—the ACA (Muppalla & Capobianco, 2010). To cope with the disruption and compete in this climate, healthcare payers are relying on M&A (Woodlock, 2014). Healthcare payers' leaders need to be cognizant of M&A's challenges, especially those of the postacquisition IT integration phase because the success or failure of the investment rests in this critical phase. Many opportunities surface in this phase that can engage and empower employees with an entrepreneurial talent to maximize a company's investments, but these opportunities may be lost unless leaders embrace effective strategies. The purpose of this qualitative single case study was to explore strategies healthcare payer organization managers used to achieve operational and strategic synergies during the postacquisition IT integration phase.

In Section 2, I will provide a comprehensive background for how I conducted the research study. The discussion in Section 2 will include (a) reiteration of the purpose statement; (b) the role of the researcher; (c) profile of the participants; (d) overview of the research methodology and design; (e) identification of the population and sampling; (f) issues of ethical research; (g) the data collection, organization, and analysis techniques;

and (h) analyses of reliability and validity. Section 3 will include the findings and

conclusions drawn from my analysis of the data collected to explore the central research

question. The discussion in Section 3 will also include (a) presentation of findings, (b)

show the findings can be applied to professional business practice, (c) their implications

for social change, (d) recommendations for steps to useful action, (e) a discussion of who

can benefit from the results, (f) recommendations for future study, and (g) reflection on

my experience.

Section 2: The Project

In this section, I will provide a comprehensive description of how I performed the research study, including a reiteration of the purpose of the study; a description of the role of the researcher; an illustration of my strategy to select study participants; and explanations of the research methodology and design, population sample size, and ethical research. This section will also include a step-by-step description of the data collection instruments, data organization techniques, and data analysis processes. The section will end with an explanation of the measures for ensuring reliability and validity of the research.

Purpose Statement

The purpose of this qualitative single case study was to explore strategies healthcare payer organization managers used to achieve operational and strategic synergies during the postacquisition IT integration phase. The targeted population consisted of senior executives, IT strategists, and acquisition integration leaders from a large healthcare payer in the midwestern United States who have implemented strategies to achieve operational and strategic synergies during the postacquisition IT integration phase. The results from this study may help healthcare payers' senior executives, IT strategists, and acquisition integration leaders (a) accelerate the postacquisition IT integration process, (b) reduce the probability of failures during the postacquisition IT integration phase, and (c) identify opportunities to maximize the investment value. The findings of this study could lead to positive social change by stimulating a business environment that might allow healthcare payers to expand their strategic capabilities and

serve their local communities with new products and choices that improve the quality of

care, health outcomes, well-being, and longevity of the consumer.

Role of the Researcher

Researcher's Role

The role of a researcher in qualitative studies is different from that individual's

role in quantitative studies. In qualitative research studies, the researcher is the primary

instrument of data collection (Kyvik, 2013). The data collection process involves

obtaining data from a human instrument instead of through surveys, experiments,

inventories, and machines (Kyvik, 2013).

In this study, I collected data on different perspectives to gain a fundamental

understanding of the strategies managers in healthcare payer organizations have used to

achieve operational and strategic synergies during the postacquisition IT integration

phase. I relied on semistructured individual interviews as one of the sources of data

collection and conducted face-to-face interviews with six senior executives and six IT

strategists. Researchers often combine individual interviews and focus groups to enhance

data richness (Doody, Slevin, & Taggart, 2013). Another source of data collection for this

study was a focus group session of four acquisition integration leaders. I initiated, guided,

and moderated a group discussion with this focus group on the research topic. I designed

the interview questions, conducted interviews, moderated the focus group discussions,

and recorded the interviews and discussions. Also, I reviewed M&A periodicals for

relevant information about the phenomenon under study. I (a) transcribed and analyzed

the data collected through both individual interviews and the focus group discussions, (b)

identified the clusters or themes emerging from the analyzed data, (c) validated the findings with the participants, and (d) created a detailed summary of the findings. The results of this study could help enhance the understanding of the overarching research question.

Researcher's Relationship with the Topic

I have more than 21 years of diverse experience working with business and IT, specifically in the areas of application design and development, business and enterprise architecture, program and portfolio management, M&A integration, product innovation, and strategy design. For the past 10 years, I have been working in the healthcare industry. During my tenure, I have had an opportunity to work with multiple strategic acquisitions. My involvement in these acquisitions has transformed my outlook in multiple ways. It (a) laid the foundation for this research study, (b) provided insights into the challenges impeding acquirers from fully realizing the strategic intent of their strategic acquisitions, and (c) demonstrated the pressing need managers have for unique strategies to manage the challenges and achieve the desired synergies from their strategic acquisitions.

Researcher's Role Related to Ethics

The Belmont Report summarizes the principles and ethical standards a researcher should adhere to while concerning human subjects (U.S. Department of Health and Human Services, 1979). The three basic ethical principles identified by *The Belmont Report* are (a) respect for persons, (b) beneficence, and (c) justice (U.S. Department of Health and Human Services, 1979). The three primary areas of application of the ethical

principles are (a) informed consent, (b) assessment of risks and benefits, and (c) the

selection of subjects of research (U.S. Department of Health and Human Services, 1979).

In compliance with the protocols of *The Belmont Report* (1979), I sought approval

from the Institutional Review Board (IRB) of Walden University prior to engaging in the

data collection process. I protected the participants' identities by assuring privacy and

confidentiality. The participants gave their consent to participate in the study and had the

opportunity to review the transcript of their responses for accuracy. These arrangements

ensured that all ethical practices are in place and that the participants' views are captured

accurately (see Rock & Hoebeke, 2014). For this research, participants were not required

to participate in any experiments or clinical trials. Consequently, participants' personal

safety was not a relevant concern for the study.

Bias Mitigation

For this research project, I used a case study design. Epoché (bracketing) is the

process of an individual recognizing and setting aside their experiences, perceptions, and

beliefs to remain open to a phenomenon (Moustakas, 1994). This practice allows a

researcher to engage openly with participants, without prejudice, and to capture the

participant's views about the subject of the study. With consistent practice of epoché, I

was able to capture meaningful, quality data. Transparency in the data collection process

added more contexts to the study. Making the transcriptions of the participants' responses

available to those participants served as a check on my potential biases or assumptions

and helped me to determine patterns and trends. Although epoché is a methodological

device of phenomenological inquiry, due to my intimacy with the research topic,

practicing epoché played a critical role in capturing participants' views and perspectives and helped reduce the impact of researcher bias.

Interview Rationale

Qualitative interviews allow a researcher to collect rich information about participants' experience and viewpoints on the research topic (Rubin & Rubin, 2012). Brown et al. (2013) provided an interview protocol that outlined beneficial procedures and methods for conducting user interviews. Based on Brown et al.'s recommendations, I developed an interview protocol (Appendix A) and a focus group protocol (Appendix C) as a mechanism for capturing participants' responses and as a way of creating a structured approach. The protocol included how to start and end an interview, how to introduce participants to the phenomenon or research subject under examination, and how to thank the participants.

<div align="center">

Participants

</div>

Eligibility Criteria

Purposive sampling helps to ensure the validity of data for a study by specifically identifying research participants whose experience aligns with the overarching research question (Acharya, Prakash, Saxena, & Nigam, 2013). My purposive sample selection for this study followed these criteria: All participants (a) were leaders who within the last 5 years had worked for a large healthcare payer in the midwestern United States and were involved with their company's strategic acquisition activities; (b) had acquaintance, knowledge, and experience with the postacquisition IT integration phase; and (c) had

successfully implemented strategies to achieve synergies for healthcare payer strategic

acquisitions during the postacquisition IT integration phase.

According to Yin (2014), there is no specific recommendation on a sample size

for case study designs. Yin postulated that the researcher determines the sample size for

case study design on the basis of the research topic. Furthermore, Onwuegbuzie and

Byers (2014) argued that diverse participants would not only help achieve data saturation

but also promote validity of the study findings. This research study consisted of

semistructured interviews and a focus group with a purposive sample of at least 16

participants. The participant team composition was a mix of six senior executives, six IT

strategists, and four acquisition integration leaders. To increase the credibility and

validity of the study, I established methodological triangulation by analyzing the data

from the semistructured interviews of individuals, discussion points produced in the focus

group, and relevant information related to the phenomenon under study gleaned from

M&A periodicals.

Gaining Access

I identified study participants based on our professional relationship and requested

their participation in writing (see Appendix B). In the invitation, I described the purpose

and focus of the study and explained that (a) participation was strictly voluntary and

included no incentives; (b) participants' information would remain confidential; and (c)

participants were free to withdraw from the research study at any time. Interview

participants and focus group participants received a consent form and an e-mail or

telephone call to schedule their first interview. Interview participants and focus group

participants were amenable to face-to-face or telephonic interviews. Flexibility with the interview format helps a researcher to connect with participants from different geographical locations and time zones and accommodate any last-minute rescheduling due to participants' busy schedules (Marshall, Cardon, Poddar, & Fontenot, 2013; Rubin & Rubin, 2012).

Working Relationship

Establishing healthy working relationships with participants is essential to the success of any qualitative research (Fassinger & Morrow, 2013). Farringer and Morrow (2013) suggested that a researcher could establish a healthy working relationship with participants by adhering to ethical practices. As a researcher, I relied on my professional background, stated ethical research principles, and participants' preferred communication channels to establish shared working relationships with the participants.

Research Method and Design

I used a case study research design to explore strategies healthcare payers' senior executives, IT strategists, and acquisition integration leaders used to achieve operational and strategic synergies during the postacquisition IT integration phase. The case study approach was appropriate for this study because it allows a researcher to study complex phenomena within their contexts using multiple data sources (see Yin, 2014). Moreover, a case study approach, one of the standard practices in qualitative research, allows for pertinent conclusions to arise from smaller populations because using this design, the researcher can focus on understanding the nature of the research problem rather than on the quantity of observed characteristics (Yin, 2014). Because the research problem I

addressed was complex and demanded understanding rather than numerical data, I

employed Yin's (2014) widely accepted six-step plan for case study research.

Research Method

Yilmaz (2013) stated that the qualitative method is best for studying complex

human behavior when compared to quantitative and mixed methods. The qualitative

research method allows exploring the meaning and essences stemming from lived human

experiences rather than relying on hypotheses, sampling, and measurement, as the

quantitative research method does (Moustakas, 1994). The qualitative method also

enables a researcher to capture rich results (Yilmaz, 2013) because this method engages

the researcher throughout the study, enabling a better understanding of the concept or

phenomenon under examination (Miles, Huberman, & Saldaña, 2014). Researchers

conducting qualitative studies explore new concepts when information is limited or to

explore a working concept as it is set against a different population or setting (Marshall &

Rossman, 2016). The qualitative method also allows a researcher to gain insights into an

issue's complexities; quantitative methods miss these insights because these methods rely

on predetermined mechanical techniques and standardized procedures (Marshall &

Rossman, 2016). The conclusions that emerge from a qualitative study can significantly

differ from those of a quantitative study, especially because qualitative studies rely

heavily on people's experiences, whereas quantitative studies minimize the human

element (Marshall & Rossman, 2016).

The mixed methods research model involves using multiple research methods

(i.e., qualitative and quantitative methods) to conduct the research (Larkin et al., 2014).

The mixed method enables a researcher to extend the breadth of a study, thus allowing

the researcher to investigate several distinct phenomena, which normally fall outside the

scope of a single method (Larkin et al., 2014). Mixed methods study can be challenging

for a novice researcher and further complicated by shifting definitions of appropriate

design, data collection, and analysis (Larkin et al., 2014). A mixed method is appropriate

when the purpose of the study is to attain a deeper level of understanding of diverse

perspectives, models, and methods (Larkin et al., 2014). In other words, the mixed

methods research combines qualitative and quantitative research methods, which allows a

researcher to conduct both exploratory and test hypotheses within the same research

inquiry. Because my research question involved identifying the strategies managers used

to achieve collaboration and integration, or synergies, for strategic acquisitions during the

postacquisition IT integration phase, an experimental method was necessary to help me

ascertain the experiences of the participants, which was not quantifiable. Therefore,

qualitative and mixed methods were not appropriate for this research study.

Research Design

A case study research design is most appropriate when (a) a researcher has no

ability to influence or manipulate the behavior of the participants, (b) the contextual

conditions count as part of the phenomenon under study, and (c) the boundaries between

phenomenon and context overlap or become indistinct (Yin, 2014). The central research

question for this research study was the following: What strategies do healthcare payer

organization managers used to achieve operational and strategic synergies during the

postacquisition IT integration phase? To answer this central research question, I needed

to secure in-depth and detailed analyses of who the leaders were during the postacquisition phase, what processes they used, and why they used these processes when creating strategies during the postacquisition IT integration phase. To increase the credibility and validity of the study, I established methodological triangulation by analyzing the data from the semistructured interviews of individuals, discussion points produced in the focus group, and relevant information related to the phenomenon under study gleaned from M&A periodicals.

According to Cronin (2014), a case study design involves an in-depth exploration of an individual, a group of people, an activity, or an event. Miles et al. (2014) defined a *case* as "a phenomenon of some sort occurring in a bounded context. The case is, in effect, [the researcher's] unit of analysis. Studies may be of just one case or of several" (p. 25). Because I was exploring strategies that managers in healthcare payer organizations used to achieve operational and strategic synergies for strategic acquisitions during the postacquisition IT integration phase, the actions of healthcare payer leaders was the logical unit of analysis.

The three types of case study design are intrinsic, instrumental, and collective (Stake, 2010). Researchers use an intrinsic case study to examine particulars of a case (Stake, 2010). They use an instrumental case study to provide insights into an issue by selecting a small group of subjects to examine a certain pattern of behavior (Stake, 2010). A collective case study is a study of multiple cases to inquire into a particular phenomenon by collecting data from multiple data sources (Stake, 2010). Intrinsic case

study researchers focus on attitudes, values, and beliefs to solve specific problems (Stake, 2010).

I employed an intrinsic case study design because this design type allowed me to gain deeper knowledge about a complex research problem. Researchers conducting intrinsic case studies have a genuine interest in the case but have no intent to create a theory or generalize their findings to larger populations (Stake, 2010). Once a researcher identifies the case and case study design, he or she must consider whether to conduct a single case study or a multiple case study (Yin, 2014). I used a single case research design.

A single intrinsic case study approach is either holistic or embedded (Yin, 2014). A holistic case study design is appropriate for a study when a researcher cannot identify any logical subunits or when the theoretical framework supporting the case is of a comprehensive nature (Yin, 2014). As a result, a researcher may conduct the study entirely at an abstract level and fail to examine the specific phenomenon in greater detail (Yin, 2014). Also, as the study progresses, there is a potential risk that the entire case study may shift from its original orientation without the researcher's knowledge (Yin, 2014). I did not use the holistic case study design because the focus of this study involves one main unit with many logical subunits. The embedded case study design includes more than one logical unit of analysis (Yin, 2014). Using the embedded case study design, I was be able to explore the various strategies pursued by the participants of the study to achieve the desired synergies of their strategic acquisitions during the postacquisition IT integration phase. A holistic case study with embedded units enabled

me to explore the case while considering the influence of various distinct idiosyncrasies associated with each strategic acquisition on healthcare leader's decision making during the postacquisition IT integration phase. According to Kramer et al. (2017), the researcher can gain a deeper understanding of the case by analyzing the data within the subunits (*within case analysis*), between the subunits (*between case analysis*), and across all of the subunits (*cross-case analysis*). Yin (2014) cautioned the researchers not to lose sight of the central research question, which is one of the common pitfalls with embedded case study design. The objective of this study was to explore strategies healthcare payer organization managers used to achieve operational and strategic synergies during the postacquisition IT integration phase. The embedded single case design allowed me to examine the data within, between, and across all of the subunits to understand and explain the synergy realization phenomenon for healthcare payer's strategic acquisitions.

I rejected the phenomenological, ethnographic, and narrative research design formats because none fit my research question goals as well as the case study design does. The phenomenological design best fits research studies that require capturing the essence of lived experiences and perceptions of participants; there is an expectation that there would be invariant constituents in those experiences (Moustakas, 1994). Phenomenology allows a researcher to glean understanding of participants' experiences, to develop themes from data collected in interviews, and to explore the complexities of an issue by collecting and analyzing the experiences and perceptions of participants who are part of the event (Miles et al., 2014). Phenomenological research design would have been useful for exploring strategies managers in healthcare payer organizations used to

achieve operational and strategic synergies during the postacquisition IT integration phase. However, it may have required a large number of participants to achieve data saturation and establishing triangulation would have been difficult as I would only have had interview data. For these reasons, I chose not to use the phenomenological design.

The ethnography design best fits research studies that require capturing the language, values, beliefs, norms, rituals, and practices of a cultural group where a culture is defined as an ethnic group, society, organization, or community (Marshall & Rossman, 2016). Ethnographic research requires the investigator to merge into the culture and to study its members in their natural setting through direct observation of and interaction with participants over a prolonged time (Marshall & Rossman, 2016). Because this study did not require defining or characterizing a culture, I deemed an ethnographic approach inappropriate for this study.

A narrative design best allows for researchers to focus on studying an individual (Marshall & Rossman, 2016). The researcher gathers data through the collection of stories that are used to construct a narrative about the individual's experience and the meanings he or she attributes to them (Marshall & Rossman, 2016). This design was not appropriate for this study because I had to interview more than one individual to explore the strategies managers used to achieve operational and strategic synergies during the postacquisition IT integration phase.

Data saturation is the point in the analysis of the collected data when a researcher gleans no new information or themes from the interviews; it is also known as a point of diminishing returns (Onwuegbuzie & Byers, 2014). According to Fusch and Ness (2015),

failure to reach data saturation would compromise the quality and validity of the research study. While data saturation plays a key role in increasing the reliability and validity of many qualitative studies (Onwuegbuzie & Byers, 2014), specific measures for when data saturation occurs vary considerably depending on the chosen research model (Fusch & Ness, 2015). Researchers should act with caution and not presume that they would achieve data saturation once they complete their data collection and analysis process (Fusch & Ness, 2015). For this research study, semistructured interviews with a dozen individuals who share expertise on the research topic served as the primary mechanism for data collection for the study and should, given the conclusions of other researchers, enhance the validity of the report's conclusions. The semistructured interview format is more flexible than a structured format, allowing for the open exchange of information (Onwuegbuzie & Byers, 2014). The participants were a mix of professionals: six senior executives, six IT strategists, and four acquisition integration leaders. This composition fulfilled the requisite criterion that the participants be knowledgeable about the research area and allowed for the capture of rich, relevant information pertaining to the question under study. Interviews from the focus group, another source of data collection, differ in that they occurred in a group setting rather than on an individual basis. Should in case data saturation had not occured, I would have continued to interview eligible participants one at a time and repeat the member checking process until data saturation occurs.

Population and Sampling

Sampling a population is a process in which a researcher interviews a subset of individuals from a larger population pool and generalizes the findings of these interviews

to that entire population (Marshall et al., 2013). Marshall et al. (2013) stated that the emphasis of sampling is to collect cases, events, or actions that would strengthen and clarify a researcher's knowledge. Quantitative and qualitative researchers view sampling from very different perspectives (Fassinger & Morrow, 2013). According to Robinson (2014), quantitative methods texts typically recognize probability sampling (such as random sampling) and convenience sampling (whoever is most convenient).

Robinson (2014) stated that qualitative researchers tend to use nonrandom samples (i.e., samples selected without reliance on a mathematical process for random selection). Purposive sampling, a type of nonrandom sampling, is based on the purpose and objectives of the research and is particularly beneficial to qualitative studies that are exploratory in nature (Acharya et al., 2013). It enables the researcher to select informed, experienced, and knowledgeable individuals who can provide insights and reflections on the research subject (Acharya et al., 2013). The seven purposive sampling techniques that a researcher can use are (a) maximum variation sampling, (b) homogeneous sampling, (c) typical case sampling, (d) extreme case sampling, (e) critical case sampling, (f) total population sampling, and (g) expert sampling (Acharya et al., 2013). Expert sampling was most appropriate for this study as it allowed me to glean knowledge from participants who have particular experience with the type of acquisition and transition that form the bases of this study. One of the key selection criteria for this study was participant's strategic implementation experience in achieving operational and strategic synergies for healthcare payer strategic acquisitions during the postacquisition IT

integration phase. Expert sampling allowed me to pinpoint individuals with this experience and, thereby, enrich the conclusions of this project.

The purposive sample selection criteria for this study were as follows: all participants were leaders who, within the last 5 years, (a) had worked for a large healthcare payer in the midwestern United States and were involved with their company's strategic acquisition activities; (b) had acquaintance, knowledge, and experience with the postacquisition IT integration phase of strategic acquisitions; and (c) had successfully implemented strategies to achieve operational and strategic synergies for healthcare payer strategic acquisitions during the postacquisition IT integration phase. These individuals were responsible for formulating and executing the postacquisition IT integration strategy for the same healthcare payer. Thus, their ideas and goals were aligned, and they shared the goal of furthering the organization's long-term vision. Capturing these individuals' rich experiences and perspectives offered deeper knowledge and insights into the challenges and opportunities brought about by the strategic acquisitions. Because these individuals operated in the context of the postacquisition IT integration phase, they may have offered information about the strategies they used to achieve operational and strategic synergies for their strategic acquisitions. Also, these individuals may have offered solutions to help stimulate creativity, innovation, and entrepreneurial behavior— key ingredients in the strategy formulation and execution of this critical phase.

Interview setting plays a significant role in determining the quality and richness of the data collected by the researcher during the interview (Noble & Smith, 2015; Rubin & Rubin, 2012). To encourage better dialogue and free exchange of information without

interruptions, both Stake (2010) and Yin (2014) recommended conducting interviews in an environment conducive to the participants. I conducted face-to-face interviews and focus group session at research participants' preferred time (e.g., at lunch or after work) and place (e.g., office or a neutral venue). Providing the research participants an opportunity to choose a time and place helped put the participants at ease allowing them to focus and actively engage in conversation with minimal distractions or interruptions.

According to Marshall et al. (2013), data saturation occurs when information from participants produces diminishing returns and or becomes repetitive. According to Fusch and Ness (2015), there is no single approach to achieving data saturation, especially since there is no universal research design. Achieving data saturation is key to qualitative research because it plays an instrumental role in determining the sample size in purposive sampling (Marshall et al., 2013). Fusch and Ness proposed that interviews are one of the methods to achieve data saturation. The participant responses allowed me to capture rich, relevant information pertaining to the phenomenon under study. Should in case data saturation had not occured, I would have continued to interview eligible participants one at a time and repeat the member checking process until data saturation occurs.

Ethical Research

Erlich and Narayanan (2014) stated that the researcher must adhere to ethical principles and maintain integrity throughout the study. According to Yin (2014), the researcher is responsible for seeking and securing participants' consent for their participation. I recruited participants through a letter of invitation (Appendix B), sought participants' consent for their participation, ensured the participants and the data

collected for this study remain confidential, and avoid inappropriate use of the information gained through the interview process. The consent form clearly stated the purpose of the study, the nature of the study, the participant's right to withdraw from the study, assurance of participants' confidentiality, and the strictly voluntary nature of participation and lack of incentives. Participants had the right to withdraw from the research study at any time either by calling me or sending me an e-mail.

The research study complied with the ethical standards of the Walden University's Institutional Review Board (IRB). My compliance included (a) obtaining the IRB's approval before collecting data; (b) using advanced encryption standard 256-bit to encrypt and decrypt all data collected from the interviews, including field notes and interview recordings; (c) storing the encrypted data on a portable storage device; and (d) backing the encrypted data on an Internet backup system, such as Carbonite.

Each of the participants had a pseudonym to protect their identities. I recorded all interviews in audio format and stored them, along with the interview field notes (in Adobe PDF), on a portable storage device, encrypted with advanced encryption standard 256-bit. A third-party, online backup system, such as Carbonite, would store the notes, audio, and audio transcriptions used for this study. A locked cabinet in my home office would safely contain the storage device, field notes, and audio recordings for a period of 5 years; after which, I would destroy the information.

Data Collection Instruments

Data collection and analysis are the foundations of any research study (Miles et al., 2014). Data collection is a systematic process of accumulating, organizing, and

analyzing information with an objective of answering a research question or testing a

hypothesis. The critical steps to collecting quality information are (a) selecting the study

site, (b) identifying the appropriate participants, (c) creating a strategy for purposive

sampling of data, (d) using good data collection approaches, and (e) recording and storing

data (Stake, 2010).

The researcher is the primary instrument of data collection in qualitative research

studies (Houghton, Casey, Shaw, & Murphy, 2013; Kyvik, 2013). The data collection

process entails me collecting information from the study's participants through verbal

exchanges rather than through surveys, experiments, inventories, or machine-based tools

(Kyvik, 2013). The research method often drives the choice of data collection tools to be

used as well as research strategies (Anyan, 2013). I used semistructured individual

interviews and a focus group as the primary sources of data (Appendix D). Also, I

reviewed M&A periodicals to seek relevant information concerning the strategies

managers in this organization used to achieve synergies during the postacquisition IT

integration phase.

Semistructured interviews can yield high-quality data because it allows a

researcher to develop a rapport with the participants (Onwuegbuzie & Byers, 2014). A

focus group is also a type of semistructured interviews with participants that would take

place in a group setting rather than on an individual basis (Onwuegbuzie & Byers, 2014).

Moustakas (1994) recommended that when conducting a focus group interview, the

researcher both transcribe and record the participant responses. Therefore, it was crucial

for me to practice epoché (bracketing), the process of recognizing and setting aside my

experiences, perceptions, and beliefs to remain open to the phenomenon (as noted by Moustakas, 1994). This practice allows the researcher to engage openly with participants, with little prejudice, and to capture their views about the study's subject (Moustakas, 1994). With consistent practice of epoché, I was able to capture meaningful, quality data.

The interview and focus group protocols serve as a mechanism for capturing participants' responses and as a way of creating a structured approach (Brown et al., 2013). The protocol allows the researcher to stay focused and helps maximize the limited time available in an interview situation (Brown et al., 2013). An interview and focus group protocols contain an introduction of the researcher along with the research study topic, prompt for the researcher to collect informed consent, a list of interview or focus group questions, and closing remarks (Brown et al., 2013). Before the interview, I ensured a signed informed consent form is in place for each of the participant. I adhered to the interview protocol (Appendix A) while conducting the semistructured interviews. For the focus group, I adhered to the focus group protocol (Appendix C).

The semistructured interviews provided an open forum from which I was able to draw out the participants' views and opinions. To increase the accuracy, credibility, and reliability of the data I recorded, analyzed, and used member checking, a common technique in the qualitative research method that relies on obtaining feedback from an informant or verifying the content of a participant's comments. Member checking is one means to enhance the reliability and validity of the data collection process (Marshall & Rossman, 2016). I reviewed and interpret the interview transcripts and wrote a succinct synthesis for each interview question. I provided a printed copy of the synthesis to each

participant during the follow-up interview with intent to glean for additional insights and seek the individual's verification of my interpretations.

Member checking process ensured that the collected data accurately reflect the participant's experiences, feelings, and views and affirms completeness and credibility. Member checking allows a researcher to save precious time by reducing the incidence of misinterpretation and enhancing the overall authenticity of the study (Marshall & Rossman, 2016). Recording via Cogi Scribe (cogi.com) further increased this study's accuracy and credibility by giving the participants the opportunity to review the resulting transcripts and to give feedback.

Data Collection Technique

The overarching research question of the research study was the following: What strategies do healthcare payer organization managers used to achieve operational and strategic synergies during the postacquisition IT integration phase? The questions I designed for the semistructured interviews and the focus group served as the primary tool to explore the strategies healthcare payer organization managers used to achieve operational and strategic synergies during the postacquisition IT integration phase. According to Rubin and Rubin (2012), interviewing can be thought of as a process in which the researcher follows a series of steps that may or may not be sequenced. Rubin and Rubin defined a nine-step process for collecting good quality data in interviews:

- Define the research questions.

- Identify the purposive sample to be interviewed.

- Finalize the type of interview (i.e., face-to-face or telephonic).

- Use proper recording procedures.

- Use an interview guide.

- Conduct a pilot study.

- Identify a place for each interview.

- Provide participants with a consent form.

- Adhere to good interview procedures, such as staying within the time limit.

With the exception of the pilot study, I followed Rubin and Rubin's nine-step process; the pilot study is to evaluate the interview questions rather than to secure data for the project. I had face-to-face interviews with senior executives and IT strategists. I relied on the telephone interview only if the participant's schedule and geographic access did not permit for a face-to-face conversation. Telephone interviews have both advantages and disadvantages. Advantages of telephone interviews include flexibility to work with a participant's schedule, accessibility to connect with participants from different geographic locations and time zones, high participant response rate primarily due to convenience and flexibility, and relative cost effectiveness compared to face-to-face interviews (Isaacs, 2014). On the other hand, telephone interviews exclude the use of visual aids or the ability to connect with the participant at a personal level (Isaacs, 2014). Telephone interviews also demand unique telephone etiquette and have the risk of losing the participant's attention due to interruptions (Isaacs, 2014).

A focus group enables the researcher to collect large amounts of data within a short period (Fusch & Ness, 2015). Another source of data collection for this study was a focus group session of four acquisition integration leaders. I initiated, guided, and

moderated a group discussion with this focus group on the research topic. Focus groups are particularly useful in capturing participants' attitudes, feeling, beliefs, and reactions in a social setting, typically not revealed in a face-to-face interview (Doody et al., 2013). According to Fusch and Ness (2015), a focus group helps reach data saturation by provoking various opinions and perspectives from participants on a particular research topic. Focus groups do have some limitations that the researchers need to acknowledge and be wary. First, the success of a focus group depends on the ability of the researcher to keep the participants focused on the research topic without any deviation (Doody et al., 2013). Second, the quality of the data collected largely depends on the researcher's moderating skills (Doody et al., 2013). Third, participants might be persuaded to offer similar responses due to peer pressure (Doody et al., 2013).

Also, I reviewed M&A periodicals to seek relevant information concerning the strategies managers in this organization used to achieve synergies during the postacquisition IT integration phase. Yin (2014) recommended researchers exercise caution when relying on data due to accuracy and reliability issues, especially since the researcher had no control over the data collection process. As a result, the data may be incomplete, subjective, and biased.

According to Harvey (2015), member checking serves as a quality control process in qualitative research by providing participants an opportunity to review their statements for accuracy. Thus, member checking allows the researcher to enhance the reliability and validity of the data collected (Harvey, 2015). Apart from the benefit to researchers, participants can gain a therapeutic benefit similar to that found in group therapy where

participants feel included and heard through sharing their experiences (Harvey, 2015). I

reviewed and interpreted the interview transcripts and wrote a succinct synthesis for each

interview question. I provided a printed copy of the synthesis to each participant during

the follow-up interview with intent to glean for additional insights and seek the

individual's verification of my interpretations. This process not only saves precious time

by reducing the incidence of misinterpretation and enhancing the overall authenticity of

the study (Marshall & Rossman, 2016). Also, it also ensures that the collected data

accurately reflect the participant's experiences, feelings, and views and affirms

completeness and credibility (Marshall & Rossman, 2016). Recording via Cogi Scribe

further increased this study's accuracy and credibility, as participants were able to review

and verify the transcript summaries, which contained resultant themes and interpretations.

Data Organization Technique

Data storage and organization are key aspects of any research study (Anyan,

2013). Because of the extensive reliance on computers, modern researchers should pay

attention to best practices for data storage and organization (Marshall & Rossman, 2016;

Rubin & Rubin, 2012; Stake, 2010). Rubin and Rubin (2012) proposed five such

practices to which every researcher should adhere. To comply with all five practices

proposed by Rubin and Rubin, I (a) backed up the data, (b) used a reliable and high

quality audio recorder, (c) managed a master list containing information about the data

gathered, (d) assigned pseudonyms to participants to protect their identities, and (e)

developed a data collection matrix to give a visual means of locating the research

information. In addition, I (a) converted the data collected from the interviews and field

notes into electronic Adobe PDF format, (b) transcribed audio recording using Cogi Scribe, (c) encrypted all the data collected and transcribed with advanced encryption standard 256-bit, and (d) backed up all the information onto a third-party online backup system, such as Carbonite. A locked cabinet in my home office would securely store the storage device, field notes, and audio recordings for 5 years, after which I would destroy all the information.

Data Analysis

Triangulation presents diverse perspectives on a specific issue using different investigative means (Heale & Forbes, 2013; Houghton et al., 2013). Triangulation assists in broadening and deepening one's understanding of a research topic and reduce researcher's bias (Heale & Forbes, 2013; Houghton et al., 2013). The purpose of triangulation is not necessarily to cross-validate data, but rather to capture different perspectives of the same phenomenon (Heale & Forbes, 2013). There are four types of triangulation: data, investigator, theoretical, and methodological triangulation (Heale & Forbes, 2013). I used methodological triangulation using case study design.

According to Heale and Forbes (2013), methodological triangulation entails using more than one method to study a phenomenon. Methodological triangulation helps reinforce validity and credibility of a finding (Heale & Forbes, 2013). Methodological triangulation is found to be valuable in collecting complete and comprehensive perspectives on a given phenomenon and helps generate new insights into that phenomenon (Gorissen, van Bruggen, & Jochems, 2013). There are two types of methodological triangulation—*across-method* and *within-method* (Gorissen et al., 2013).

Across-method research studies combine qualitative and quantitative data collection

procedures (Gorissen et al., 2013). Within-method research studies use two or more data

collection procedures, using either quantitative or qualitative research method (Gorissen

et al., 2013). Collecting and analyzing data from multiple data sources expands the

researcher's insight into various challenges that are core to the phenomenon being studied

(Gorissen et al., 2013).

I established methodological triangulation using within-method by analyzing the

data from the semistructured interviews of individuals, discussion points made by the

focus group, and relevant information related to the phenomenon under study gleaned

from M&A periodicals. The data collected from semistructured interviews and the focus

group offered different perspectives and generated insights on the strategies healthcare

payer organization managers used to achieve operational and strategic synergies during

the postacquisition IT integration phase. I followed the below logical and sequential

process for the data analysis as suggested by Miles et al. (2014):

- Transcribe the audio recordings of the interviews verbatim.

- Use a selective approach to highlight or extract statements or phrases that
  pertain directly to the phenomenon under examination.

- Organize the extracted meanings into clusters or themes.

- Validate the findings with the participants using follow-up interviews.

- Develop a comprehensive description of the phenomenon under examination.

The above outlined steps were effective in capturing and clearly describing the

phenomenon under study. The final description included any new data that emerges from

a participant's follow-up interview.

I used Dedoose (dedoose.com), commercial software for qualitative data analysis. Dedoose software helps researchers manage, analyze, and shape the rich qualitative data collected (Thomas & Mraz, 2017). In this study, the data are from interviews with the participants. Additionally, Dedoose software offers many built-in features that are useful during data analysis of interviews: (a) support for multiple research methods, such as phenomenology and ethnography; (b) intuitive user interface; (c) a data management feature, which stores, retrieves, and searches data; (d) support for multiple formats, such as audio files, video files, Microsoft Word documents, Excel, rich and plain text, Web, and social media data; (e) data analysis (i.e., modeling, data classification, data linking); (f) security; (g) support for multiple languages; and (h) support for multiple users.

The study was grounded in the acquisition integration approaches model that Haspeslagh and Jemison (1991) developed in which they identified four approaches to postacquisition integration. I analyzed and interpreted the meaning of the data collected through the lens of Haspeslagh and Jemison's acquisition integration approach model. I used Saldaña's (2016) thematic analysis approach for identifying the clusters or themes within the data. I identified 48 unique codes during my first round of coding by relying on recurring participant phrases and words. I further condensed these 48 codes into eight code categories during a second round of coding. Table 3 shows the number of code categories, codes, and number of sources (participant responses). The patterns and themes that emerged from the data analyses revealed the strategies essential to achieve the

desired synergies during the postacquisition IT integration phase. Comparing the study's results to Haspeslagh and Jemison's acquisition integration approach model ensured that the conclusions are cohesive and coherent.

Table 3

Code Categories

Code Categories	Codes	Sources
Strategic intent	4	8
Synergy evaluation	7	10
Organizational culture	6	12
Organizational autonomy	4	6
Rewards and incentives	4	11
Employee engagement	5	11
Innovation	6	9
IT integration approach	12	10

Reliability and Validity

Reliability and validity are complementary concepts (Miles et al., 2014). Reliability and validity are principles applied more often to quantitative research than to qualitative research (Noble & Smith, 2015). However, there is a growing emphasis on the application of these principles in qualitative research (Noble & Smith, 2015). Qualitative research uses alternative criteria such as credibility, dependability, confirmability, and transferability to establish reliability and validity of the research (Miles et al., 2014).

Unlike quantitative research, these criteria are not measurable, but can be established using qualitative methods like member checking and triangulation (Noble & Smith, 2015). The next paragraphs discuss the steps I took to ensure the reliability and validity of this research study using the alternative criteria.

Credibility

Credibility means having confidence in the certainty of the research findings (Miles et al., 2014). Validation is one of the unique qualities possible with qualitative research because of the following factors inherent in the method: (a) the participants' intimacy with the phenomenon under study; (b) the researcher's relationship with the participants; and (c) the rich, thick descriptions that evolve from the field notes (Noble & Smith, 2015). Member checking allows a researcher to confirm the accuracy and credibility of the research by providing participants with an opportunity to review and judge the data, analyses, interpretations, and conclusions (Andraski, Chandler, Powell, Humes, & Wakefield, 2014). Reviewing the data collected from the interviews gives participants an opportunity to validate whether the data accurately reflect their experiences, feelings, and views (Harvey, 2015). On some occasions, participants may volunteer additional information during the review process. With participants' consent, I corrected any discrepancies that surface during the reviewing process. Triangulation is another approach for increasing credibility (Heale & Forbes, 2013; Houghton et al., 2013). There are four types of triangulation—data, investigator, theoretical, and methodological triangulation (Heale & Forbes, 2013). According to Heale and Forbes (2013) and Gorissen et al. (2013), methodological triangulation entails using more than

one method to study a phenomenon and may be used to improve the analysis and the interpretation of research findings. I established methodological triangulation by analyzing the data from the semistructured interviews of individuals, discussion points made by the focus group, and relevant information related to the phenomenon under study gleaned from M&A periodicals. To further increase accuracy and credibility, I used Cogi Scribe to record interviews and forward the transcripts to participants to seek their feedback.

Dependability

Dependability means the research findings are consistent and repeatable (Miles et al., 2014). To ensure the dependability of my study, I used data collection, coding, and analysis techniques that Rubin and Rubin (2012) recognized as best practices: (a) audio recordings of participant interviews, (b) verbatim transcriptions of the recorded interviews, and (c) a codebook for the major codes that includes a definition of each code and the text segment assigned to it. Developing the codes entails using inductive coding, which means coding derived from examining the data. Dedoose software helped me do the coding and analysis. According to Noble and Smith (2015), researchers can achieve reliability in a qualitative study by documenting the detailed steps of their process. I adhered to the following set of recommendations, provided by Noble and Smith, to increase dependability: (a) validate transcriptions for possible oversights or mistakes and (b) maintain consistency in defining codes by regularly comparing codes and data. To increase the dependability of the study, I used member checking. To ensure that the data collected accurately reflect participants' experiences, feelings, and views, I reviewed the

interview transcripts and wrote a succinct synthesis for each interview question. I

provided a printed copy of the synthesis to the participant during the follow-up interview

and seek the participant's validation. Adhering to the member checking process saved

valuable time by decreasing the incidence of incorrect interpretation and increasing the

overall authenticity of the study.

Confirmability

Confirmability refers to a degree of neutrality or the extent to which the

participants confirm the findings of a study (Houghton et al., 2013). To increase

confirmability, I gave particular emphasis to audit trail, follow-up member checking

interviews, and methodological triangulation. When using the qualitative method,

researchers attempt to validate the authenticity of the findings rather than to identify a

single version of the truth (Kyvik, 2013). Noble and Smith (2015) recommended that, to

manage validity, researchers should maintain comprehensive documentation of their

findings throughout the study. To further increase confirmability of the research, I

maintained an audit trail—a description of the research path from start to finish. The

descriptions included the decisions and steps taken during the data collection,

organization, analysis, and presentation of the research findings. Member checking serves

as a quality control process in qualitative research by providing participants an

opportunity to review their statements for any perceived or wrong interpretations

(Harvey, 2015). Member checking allows a researcher to save precious time by reducing

the incidence of misinterpretation and enhancing the overall authenticity of the study

(Marshall & Rossman, 2016). The role of methodological triangulation in promoting

confirmability in this context was to reduce the effect of researcher bias. Therefore, it was

crucial for me to practice epoché (bracketing), the process of recognizing and setting

aside my experiences, perceptions, and beliefs to remain open to the phenomenon (as

noted by Moustakas, 1994). This practice allows a researcher to engage openly with

participants, without prejudice, and to capture their views about the study's subject. With

consistent practice of epoché, I was able to capture meaningful, quality data.

According to Fusch and Ness (2015), data saturation can be achieved when a

researcher employs good data collections methods, coupled with rich, thick data

descriptions and suitable research design. Ability to achieve data saturation helps increase

reliability and validity of a study (Onwuegbuzie & Byers, 2014). Data saturation is

achieved when a researcher can replicate the study using the same procedure and

information collected, or when-when interviews are yielding no new information or

themes (Fusch & Ness, 2015). The participant team composition for this study is a mix of

six senior executives, six IT strategists, and four acquisition integration leaders. The

participant team composition allowed the capture of rich, relevant information along with

different perspectives pertaining to the phenomenon under study. Should in case data

saturation had not occured, I would have continued to interview eligible participants one

at a time and repeat the member checking process until data saturation occurs.

Transferability

Transferability means that the research findings have applicability in other

settings and situations (Miles et al., 2014). I enhanced transferability through rich, thick

description. Rich, thick description is a concept introduced by Geertz (Stake, 2010).

According to Stake (2010), *rich* refers to "abundant, interconnected details" (p. 49), and a description is *thick* when it provides readers with ample details of the phenomenon and theme of a study. I provided rich descriptions of the phenomenon under study—the strategies managers in healthcare payer organizations used to achieve operational and strategic synergies during the postacquisition IT integration phase. The rich descriptions would aid in evaluating the extent to which the research results could be transferable to other times, settings, situations, and people (Miles et al., 2014). The reader and future researcher would determine transferability of the research findings by taking into account the research context and assumptions as outlined by the researcher.

Transition and Summary

Section 2 started with a recap of the study's purpose, the role of the researcher, a detailed description of the research method and design, and steps to be taken to comply with ethical research standards. The description of participants included the population, sample method, and sample size. Section 2 concluded with detailed descriptions of the data collection process, data organization techniques, data analysis process, and means of determining reliability and validity during the research study. Section 3 will include a detailed analysis of the finished study, including findings drawn from the data analysis that (a) support the central research question, (b) show the relationship to the conceptual framework, and (c) indicate the applicability of the findings to professional business practice. In section 3, I will include the study's implications for social change and my recommendations for useful action steps, based on the conclusions. Recommendations for further study would follow. To end the section, I will share my experiences with the

research process by discussing my personal biases, their possible influence on

participants, and the changes in my thinking process during the research.

Section 3: Application to Professional Practice and Implications for Change

Introduction

The purpose of this qualitative single case study was to explore strategies healthcare payer organization managers used to achieve operational and strategic synergies during the postacquisition IT integration phase. I used the Dedoose computer software for the initial coding and identification of themes. I categorized the findings into themes related to the tenets of Haspeslagh and Jemison's (1991) acquisition integration approaches model. The general themes that emerged from my study were as follows:

1. Plan for the expected business synergies from the postacquisition IT integration.

2. Make cultural harmonization a key element of change management.

3. Align and continuously evaluate the progress of postacquisition IT integration strategies against planned synergies.

4. Preserve durability of acquired capabilities by granting autonomy to the acquired organization.

This section will include a detailed discussion of the study findings concerning the overarching research question, the conceptual framework, and the existing literature on M&A. I will also explain the application of the findings to professional practice, the implications of the study for social change, recommendations for action, and recommendations for further research. The section will conclude with my personal reflections and a conclusion.

Presentation of the Findings

The central research question was: What strategies do healthcare payer organization managers used to achieve operational and strategic synergies during the postacquisition IT integration phase? Study participants were senior executives, IT strategists, and acquisition integration leaders from a large healthcare payer in the midwestern United States who had implemented strategies to achieve operational and strategic synergies during the postacquisition IT integration phase. I gathered data for my single case study from twelve participants using semistructured interviews and also conducting a focus group session with four other participants. I also reviewed M&A periodicals for relevant information related to the case study.

As noted in Section 2, I developed a semistructured interview protocol and a focus group interview protocol. I used unique identifiers in the form of P1—P12 for interview participants and FGP1—FGP4 for focus group participants. I used unique identifiers in the form of ACQ1—ACQ8 to identify the acquired organizations used in the study. To ensure the data collected accurately reflected participants' experiences, feelings, and views, I transcribed the data collected from each semistructured interview and wrote a succinct synthesis for each interview question. Then to enhance the reliability and validity of the study, I conducted member checking with the research participants to validate and decrease the incidence of incorrect interpretation of the data collected.

Four themes related to business practice emerged from the study data as shown in Figure 9. The four themes were: (a) plan for the expected business synergies from the postacquisition IT integration, (b) make cultural harmonization a key element of change

management, (c) align and continuously evaluate the progress of postacquisition IT integration strategies against planned synergies, and (d) preserve durability of acquired capabilities by granting autonomy to the acquired organization.
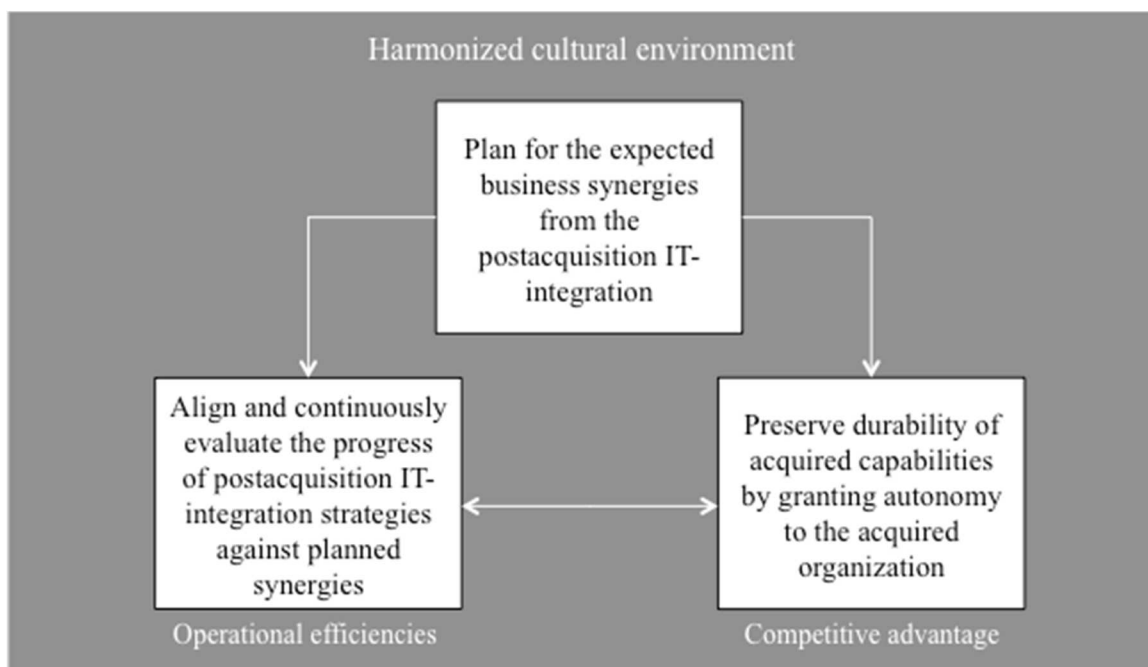
Figure 9. Postacquisition IT integration framework.

The four themes covered participants' experience during the acquisitions involving companies ACQ1, ACQ1a, ACQ2, ACQ3, ACQ4, ACQ5, ACQ6, ACQ6a, ACQ7, ACQ8, ACQ8a, and ACQ8b. In the following subsections, I will describe the acquisition of each company.

ACQ1: A medium-sized managed care company that was acquired to complement the acquirer's on-site primary care clinical capabilities. ACQ1 had a hierarchical organizational structure that was supported by a formalized and structured work environment. ACQ1 had a process driven culture with a focus on efficiency and low cost of delivery.

ACQ1a. A medium-sized life and health insurance product company that was acquired to supplement the acquirer's health insurance products and services. ACQ1a had a hierarchical organizational structure that was supported by a formalized and structured work environment. ACQ1a had a process driven culture with a focus on efficiency and low cost of delivery.

ACQ2. A small-sized behavioral healthcare management company that was acquired to complement the acquirer's behavioral health and clinical care capabilities. ACQ2 had a hierarchical organizational structure that was supported by a friendly work environment. Loyalty and traditions helped to bound the company. ACQ2's culture was rooted in deep consumer empathy.

ACQ3. A small-sized wellness company that was acquired to complement the acquirer's wellness, behavioral health, and clinical care capabilities. ACQ3 had a flat organizational structure that was supported by a friendly and collaborative work environment. Loyalty and traditions helped to bound the company. Change and agility were the core beliefs of ACQ3. Leadership at ACQ3 encouraged their associates to think outside the box and take risks.

ACQ4. A small-sized wellness company that was acquired to supplement the acquirer's well-being and work-life products and services. ACQ4 had a flat organizational structure that was supported by a friendly and collaborative work environment. Loyalty and traditions helped to bound the company. ACQ4 was client focused and considered them as partners.

ACQ5. A medium-sized chronic-case management company that was acquired to complement the acquirer's in-home care management capabilities. ACQ5 had a hierarchical organizational structure that was supported by a friendly work environment. Loyalty and traditions helped to bound the company. ACQ5's core mission was to deliver affordable and quality in-home care to their consumers.

ACQ6. A small-sized technology-based population health management company that was created by converging three technology companies acquired to complement the acquirer's clinical analytics, patient experience, and physician and provider interoperability capabilities. ACQ6 had a flat organizational structure with a dynamic and creative work environment. Innovation, change, and agility were the core beliefs of ACQ6. Leadership at ACQ6 were mostly innovators and entrepreneurs who encouraged their associates to think outside the box and take risks.

ACQ6a. A technology-based wellness start-up that was acquired to complement the acquirer's wellness technology capabilities. ACQ6a had a flat organizational structure with a dynamic and creative work environment. Innovation, change, and agility were the core beliefs of ACQ6a. Leadership at ACQ6a were mostly innovators and entrepreneurs who encouraged their associates to think outside the box and take risks.

ACQ7. A small-sized home health company that was acquired to supplement the acquirer's nursing home and long-term care capabilities. ACQ7 had a flat organizational structure that was supported by a friendly and collaborative work environment. Loyalty and traditions helped to bound the company. ACQ7's culture was rooted in deep consumer empathy.

ACQ8, ACQ8a, and ACQ8b. Medium-sized primary care companies that were acquired to complement the acquirer's comprehensive healthcare service capabilities. ACQ8, ACQ8a, and ACQ8b have had hierarchical organizational structures that were supported by a formalized and structured work environment. ACQ8, ACQ8a, and ACQ8b have had a process driven culture with a focus on efficiency, accessibility, quality, and low cost of delivery.

Theme 1: Plan for the Expected Business Synergies From the Postacquisition IT Integration

Haspeslagh and Jemison (1991) stated that synergy is a key motivation for M&As. One of the first themes that emerged from the findings was business leaders' ability to assess and align on potential synergies from the postacquisition IT integration. This theme covered participants' experience during the acquisitions involving companies ACQ1, ACQ1a, ACQ2, ACQ6, and ACQ6a (see Figure 10).
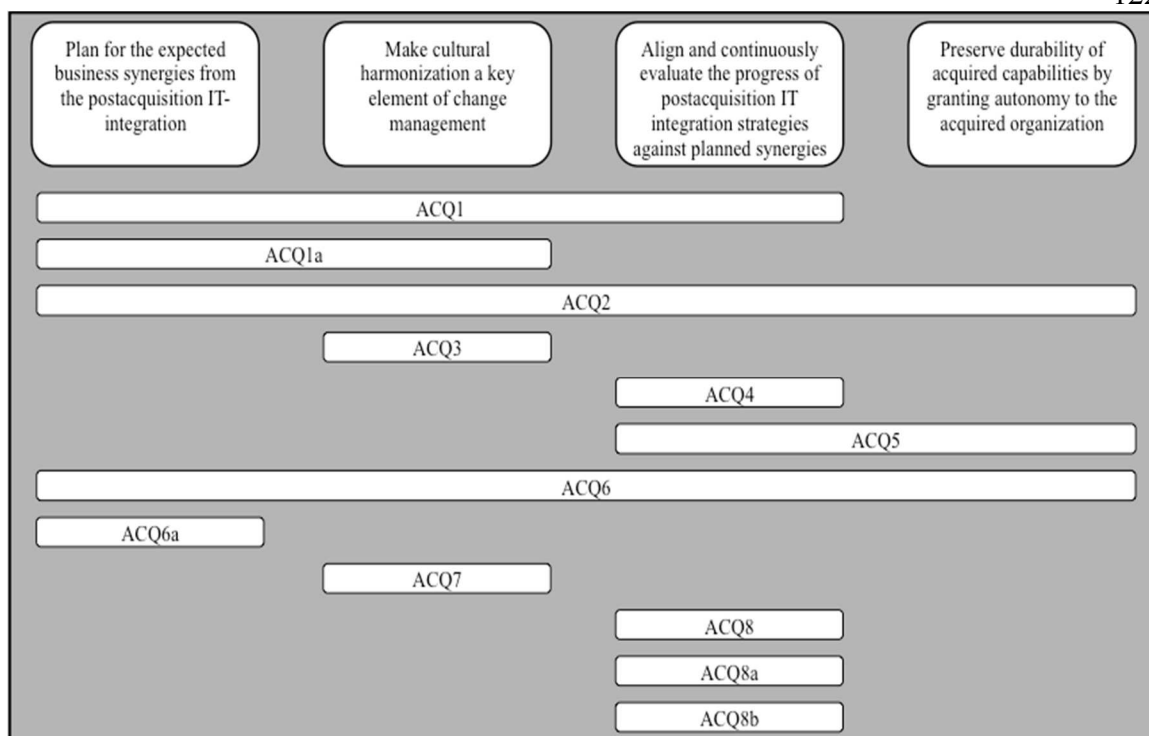
Figure 10. Acquired companies mapped to themes.

Organizations engage in M&A activity to create value (Sarala, Vaara, & Junni, 2017). It is important to approach the planning and assessment stage of any M&A initiative with a view towards potential synergies from the acquisition. Twelve participants reminisced about their experience in transitioning from managing M&A activities that focused on horizontal acquisitions to activities that focused on horizontal heterogeneous acquisitions or strategic acquisitions. All sixteen participants acknowledged the strategic importance of the transition but also recognized that the acquirer was venturing into new, unfamiliar territories by acquiring organizations that had fundamentally different business models. Participants P1, P2, and P3 stated that in the early stages of the transition, they ran into assessment and planning challenges related to synergy evaluation. FGP1, FGP2, FGP3, and FGP4 shared similar challenges with

synergy evaluation during their respective transition. Participants, P2, P3, P4, and P5, used the ACQ1 divestiture experience to stress the importance of assessing synergies early in the due diligence process. P5 stated that business leaders from both the acquirer and acquired organizations continued to reassess their synergy expectations to acknowledge that their respective business models were so different that it was impossible to realize synergistic value.

P2 and P3 stated that business leaders play a crucial role in identifying and assessing potential business synergies from an acquisition. However, P2 and P3 also opined that given the nature and scope of the due diligence process, business leaders might not have all the information needed to accurately identify and assess the expected synergies. Participants shared some of the challenges they encountered while assessing synergies during the due diligence process. Participants P2 and P3 observed that the window of opportunity to conduct proper due diligence is significantly shorter in strategic acquisitions. Garzella and Fiorentino (2015) stated that expediting the due diligence process could result in an improper assessment of synergies. P2 observed that in some cases, the shorter duration of the due diligence process is self-imposed because leaders feared they would lose their bid to acquire the company if they took too long to respond. According to P2, "sometimes we have to make quick decisions based on insufficient or incomplete information." In contrast, P4 stated that even though the company shortened its typical due diligence process duration when acquiring a distressed technology company, ACQ6a, they did not encounter any major postacquisition integration surprises.

The acquirer continues to create value by leveraging the acquired capabilities—people, process, technology, and information.

To realize the desired synergies, the acquirer and acquired organizations have to make a conscious effort to interact with each other (Bauer et al., 2015). All the participants stated that immediately after closing the deal, business and integration leaders should start conducting a detailed analysis of the acquired organization to get a better understanding and appreciation of the acquired capabilities. Burke and Kovela (2017) stated that soon after closing the M&A deal, acquirers have greater access to an acquired organization's information, knowledge, and capabilities than they did before. According to P4, P5, and P7, the integration of the acquirer's people, process, technology, and information with those of the acquired organization to achieve specific business objectives should be an immediate priority for the business leaders after closing the deal.

Two participants pointed out the importance of defining the business objectives that could help achieve the expected operational and strategic synergies. P4 and P11 shared their experience working on the acquisition of ACQ2 and stated that the business leaders failed to identify and define the business objectives. P11 stated that there was a lack of alignment on strategic vision between business leaders from the acquirer and acquired organizations and that there were misperceptions regarding each organization's capabilities. P11 went on to say that business leaders from both the organizations did not account for organizational constraints and also concluded that "the business objectives were defined based on invalid assumptions with unrealistic expectations."

P8 opined that leaders in both organizations involved in a merger need to be aligned on strategic vision for the merged organization. P8 stated that during the acquisition of ACQ6, business leaders across both organizations were aligned on the strategic vision, realizable synergies, and the time needed to realize those synergies. P8 also said that this strategic alignment allowed the business leaders to define and prioritize actionable business objectives that had a clear value proposition. These business leaders considered (a) resource constraints; (b) risks; (c) the organization's business capabilities (people, process, technology, and information); (d) operational assumptions; and (e) functional area impacts. Similarly, P1 stated that business leaders involved in the ACQ1a acquisition engaged in a process of continuous synergy evaluation all through the acquisition until all identified synergies were exploited and realized. The following are a list of participants' supporting statements.

P2: Business leaders are tightly integrated in the due diligence process.

P3: Identifying synergies for strategic acquisitions could be a tricky process.

P4: Business leaders should have a clear idea of the expected business synergies. Most often, this is not the case.

P4: Business objectives are a critical input to the postacquisition IT integration process.

P5: Everything relates back to the synergy hypothesis.

P8: In our first meeting itself, we had a clear idea of the expected synergies.

P8: Business objectives give a glimpse into business leader's vision and intent.

P11: Business leaders should be realistic while defining the business objectives.

Theme 2: Make Cultural Harmonization a key Element of Change Management

Cultural fit plays a critical role, especially in value-enhancing M&As (Bauer &

Matzler, 2014). Acquirers may sense cultural differences during the acquisition due

diligence process. P6 stated that cultural differences between the acquirer and the

acquired organization come to the forefront during the integration process, however. This

theme covers participants' experience during the acquisitions involving companies

ACQ1, ACQ1a, ACQ3, ACQ6, and ACQ7 (see Figure 10).

Since culture is hard to define, and even though business leaders recognize the

role of culture in enhancing M&A value, they feel more comfortable pursuing synergies

rather than in defining and implementing an organization-wide culture (Sarala et al.,

2017). Stahl et al. (2013) reported that management practices and leadership styles have a

profound influence on the organization's culture. P1 and P6 shared their experience

working on the ACQ1a acquisition team and observed that the integration team

succeeded in gaining alignment on the integration strategy and expected outcomes

because business leaders across both organizations shared similar management practices

and leadership styles. P1 asserted that it was uncommon for both the acquirer and

acquired organizations to share similar management practices and leadership styles.

Employee attitudes towards the acquirer influence employees' feelings about the

acquirer and their sense of security postacquisition (LugoSantiago, 2017). Recalling

experiences in announcing the acquisition to the company's employees, P6 stated that

after the announcement ACQ7 employees had mixed feelings, saying "Some felt cheated,

some felt resentful, and a majority were simply worried about their jobs.". P6 stated that

luckily in this instance, there was one employee who previously worked for the acquirer, but had to resign and join ACQ7, as she wanted to be close to her family. After the announcement, the ex-employee stood up and expressed her support by clapping and cheering everyone in the conference room. The entire mood in the conference room changed once everyone witnessed her excitement.

Business leaders should establish a culture that instills a sense of pride, excitement, and belonging among the employees (LugoSantiago, 2017). According to FGP1, FGP2, FGP3, and FGP4, integration leaders should be aware of the fact that are cultural differences are likely to exist between two organizations. LugoSantiago (2017) stated that individuals' values, beliefs, and personalities have a strong influence on organizational behavior. FGP1 and FGP2 suggested that when leaders ignore cultural integration, they negatively impact the potential for success. Sarala et al. (2017) opined that a cultural clash is inevitable when integrating two companies. Both P1 and P8 shared that when it comes to culture, simple things matter.

An organization's work culture is multidimensional and can include work attire policies, transparency, and openness to collaboration (Sarala et al., 2017). P1 stated that during the acquisition of ACQ6, I was surprised to hear during the first integration meeting, that the acquired company's employees were more eager and concerned about the casual attire policy than their job security. P1 stated that the casual attire policy was rooted in ACQ6's culture. Employees associated the casual attire policy to their ability to express their thoughts openly. Employees also believed that the casual attire policy stimulated creativity and innovation. According to P8, the work culture at ACQ6 differed

significantly from the acquirer's work culture. P8 shared an example of how employees

of ACQ6 were encouraged to try new things without any fear of failure. P8 stated that

ACQ6's leadership believed that it was important for employees to learn and grow from

failures. ACQ6's culture allowed the leadership to build a culture of transparency that

instilled trust among their employees. Recalling experiences working on the ACQ3

acquisition, P11 stated that employees of ACQ3 were encouraged to voice opinions and

share ideas. According to P11, ACQ3's leadership believed that it was important for

employees to take accountability. ACQ3 had a culture of continuous improvement.

ACQ3's leadership encouraged employees to share their ideas on (a) process

improvements, (b) enhancing products and services, and (c) improving customer

experience. P11 stated that the ACQ3's culture instilled a sense of purpose and

commitment to its employees. The following are a list of participants' supporting

statements.

P4: As Peter Drucker said, "culture eats strategy for breakfast."

P5: Honest and transparent communication builds employees' trust in leadership.

P6: Treating cultural integration as a separate HR-driven integration activity is not

an effective approach.

P7: Business leaders should keep the communication channels open throughout

the transaction.

P8: Business leaders believed that failure helps our associates to learn and grow.

P9: Business leaders should constantly talk about the future state's value

proposition.

P11: Business leaders believed in a culture of continuous improvement.

P11: Coping with change is difficult.

FGP1: Creating a harmonized culture is critical to M&A success.

FGP1: Having a strong communication strategy is critical to successful integration.

Participants P4, P5, and P6 acknowledged that each acquired organization has its own unique culture. Participants FGP1, FGP2, FGP3, and FGP4 shared a similar sentiment. FGP1 stated that the unique culture is what enabled the acquired organizations to create innovative products and services. P6's assertion that the human resource (HR) practice of creating a culture of trust and empowerment influenced employee engagement was consistent with Bakker's (2017) recommendations. FGP1 asserted that preserving key elements of the acquired organization's unique culture had a profound influence on preserving the value of the asset. The research participants highlighted the significance of creating a harmonized culture (see Figure 11) and its role in creating a workforce that was fully engaged and committed to the merged organization's mission and values. P6 explained that when organizations embed culture into core integration activities like organization design and communications, they reduce employee resistance to cultural integration efforts. Most of the research participants suggested jump-starting the cultural integration process before closing the M&A deal as it allows the merged-organization to focus on the postacquisition IT integration activities immediately after closing the M&A deal.

Figure 11. Harmonized culture.

Coping with change is one of the biggest and most difficult challenges acquired organizations face (Kansal & Chandani, 2014). Effective leaders help employees adapt to times of significant change that occurs during the postacquisition IT integration phase (Appelbaum, Karelis, Le Henaff, & McLaughlin, 2017). According to Clayton (2010), when leaders practice empathy, openness, demonstrate self-awareness and communicate their strategic vision, it creates a positive emotional environment that allows the employees most affected by the change to exhibit greater adaptability to change. Seven research participants highlighted the need for business and integration leaders to be *architects of change*. According to the participants, as architects of change, the business and integration leaders' words and actions should be driven and guided by the strategic intent of the M&A. According to Appelbaum et al. (2017), a key facet of an employee's resistance to change is their perception and trust in leadership. Meyer (2017) stressed the importance of establishing an effective, two-way communication in managing employee's perception. Participants P1, P5, and P6 stated that business leaders should

develop a communication strategy that helps employees understand the strategic intent of the M&A along with the integration strategy.

Communicating frequently and transparently during the entire M&A process boosts employees' confidence and trust in leadership and allows them to stay focused and engaged during the uncertain and chaotic integration process (Meyer, 2017). Angwin et al. (2014) stated that having an effective communication strategy has a positive influence on the M&A performance. P5 stated that having a communication strategy builds support for change. Recalling experiences working on the divestiture of ACQ1, P5 stated that from the outset, business and integration leaders recognized that the cultural differences between the acquirer and ACQ1 were significant. Business leaders from both the acquirer and acquired organizations could not align on the strategic vision for the acquisition. As a result, business and integration leaders could not effectively communicate the integration strategy and related activities. Lack of clarity and transparency had a negative effect on ACQ1 employees' engagement, productivity, and commitment. Employee turnover was high; many key individuals from ACQ1 left the organization. In contrast, P8 stated that during the acquisition of ACQ6, business leaders from both the acquirer and acquired organizations were aligned on the strategic vision for the acquisition, expected synergies, and the time needed to realize those synergies. A communication strategy was established that conveyed the value proposition of the transaction and outlined the integration strategy and activities. Any questions or feedback that employees had were answered promptly and with honesty. According to P8, communication channel was a way to

connect with our employees to share our progress, but also excite them by reinforcing how the transaction would help solve some our consumer needs.

Theme 3: Align and Continuously Evaluate Progress of Postacquisition IT Integration Strategies Against Planned Synergies

The postacquisition IT integration phase is highly complex and unpredictable, yet this phase is vital to the success of acquisition and plays an essential role in value creation (Angwin & Meadows, 2015; Cartwright & Cooper, 1992; Haspeslagh & Jemison, 1991; Mirvis & Marks, 1992). Hedman and Sarker (2015) stated that achieving successful IT integration for value-creating M&As is a critical challenge. This theme covers participants' experience during the acquisitions involving companies ACQ1, ACQ2, ACQ4, ACQ5, ACQ6, ACQ8, ACQ8a, and ACQ8b (see Figure 10).

Henningsson and Kettinger (2016) stated that IT integration strategy should align with the M&A motives and expected synergies. M&A motives vary for each strategic acquisition. P7 and P8 stated that each strategic acquisition is unique and brings in its share of opportunities and challenges. FGP1, FGP2, FGP3, and FGP4, agreed and supported the views of P7 and P8. According to P7, each strategic acquisition is unique regarding the business model, brand image, core competencies, and is idiosyncratic— size, location, resources, technology, culture, and customers they serve. Participants P4, P5, P7, and P8 recommended that business and integration leaders should not rely on a *one-size-fits-all* IT integration strategy for integrating strategic acquisitions. FGP1, FGP2, FGP3, and FGP4, agreed and supported the views of P4, P5, P7, and P8.

FGP1 stated that acquisition of ACQ2 was acquirer's foray into strategic acquisitions. According to FGP1, the first and foremost task within the IT integration plan is to ensure the acquired organizations complied with the acquirer's security and risk policies. FGP1 asserted that every acquisition has to meet this requirement. According to FGP1, during the IT integration planning for ACQ2, the IT integration team realized that the security and risk policies of ACQ2 were substandard compared to those of acquirer's. As a result, IT integration teams had to extend the IT integration timeline to ensure ACQ2's security and risk policies and protocols complied with those of the acquirer's. Recalling experiences in finding the password for a Wi-Fi router lying on a table in an unsecured conference room, P7 stated that security violations like these could snowball and have a potential to derail the IT integration timelines. According to P7, "It is difficult to size the effort during the planning, as the integration team does not know what to expect until they hit the ground." P7 stated that the business leaders were not able to exploit the acquired capabilities until the acquired organization was compliant with the acquired organization's security and risk policies and protocols.

Consolidating core business functions and associated IT systems help the acquirer achieve economies of scale (Baker & Niederman, 2014; Henningsson & Kettinger, 2016). This IT integration strategy supports Haspeslagh and Jemison's (1991) absorption integration approach. Wei and Clegg (2014) stated that similarity and complementarity of the strategic resources possessed by the acquirer and acquired organizations influence the IT integration strategy. FGP1 and FGP4 stated that irrespective of the type of acquisition, as part of the IT integration process integration leaders look for opportunities to

consolidate similar strategic resources (core business functions)—business processes and associated IT systems, including personnel. Core business functions include marketing, legal, human resources, finance, vendor and contract management, software and hardware procurement, data centers, networks, telecommunication, and call centers. FGP1 stated that the IT integration team worked closely with business leaders from both the acquirer and acquired organizations in determining the level of integration needed for each of the core business functions. According to FGP3, depending on the size of the acquired organization the effort to consolidate some core business functions is less cumbersome compared to others. FGP3 stated that for ACQ1, the process of consolidating vendor and contract management, software and hardware procurement, data center, call centers, networks, and telecommunication business functions were more cumbersome compared to consolidating marketing, legal, human resources, and finance core business functions. FGP4 stated that maturation of cloud-based platforms has simplified and accelerated the integration process by reducing the complexity and cost of integrating two IT organizations. Recalling experiences working on the ACQ4 acquisition, FGP4 stated that cloud-based platforms enabled integration leaders of both the acquirer and acquired organizations to quickly integrate some of the core business functions critical to the realization of desired operational synergies from the merged organization.

Aligning IT integration strategy to M&A motives and expected synergies can be a complex and time-consuming process (Henningsson & Kettinger, 2016). Baker and Niederman (2014) and Henningsson and Kettinger (2016) proposed a coexistence IT

integration strategy, which leaves the capabilities of both the acquirer and acquired

organizations intact. This IT integration strategy supports Haspeslagh and Jemison's

(1991) preservation, and symbiosis integration approaches. Brueller, Carmeli, and

Markman (2016) suggested that value creation occurs when acquirers identify, preserve,

and grow the acquired organization's complementary strategic resources (strategic

differentiating capabilities)—business processes and associated IT systems, including

personnel. Recalling experiences working on the ACQ6 acquisition, P8 emphasized the

need for business leaders to align with the strategic vision for the acquisition, expected

synergies, and the time needed to realize those synergies. P8 stated that value creation

was the primary objective of ACQ6's IT integration activities. Therefore, integration

leaders had to ensure ACQ6's strategic differentiating capabilities were integrated

efficiently to deliver the expected synergies. P8 also stated that business leaders

recognized the need to allow ACQ6 to own, preserve, and grow its strategic

differentiating capabilities (see Figure 12). P8 highlighted that, since ACQ6 was the first

technology-based strategic acquisition for the acquirer, many employees from the

acquirer's organization were unable to perceive the IT integration strategy. Integration

leaders used communication channels as a tool to educate employees from both the

acquirer and acquired organizations on the strategic vision and how the value creation

would occur, including plans to integrate and operationalize the acquired strategic
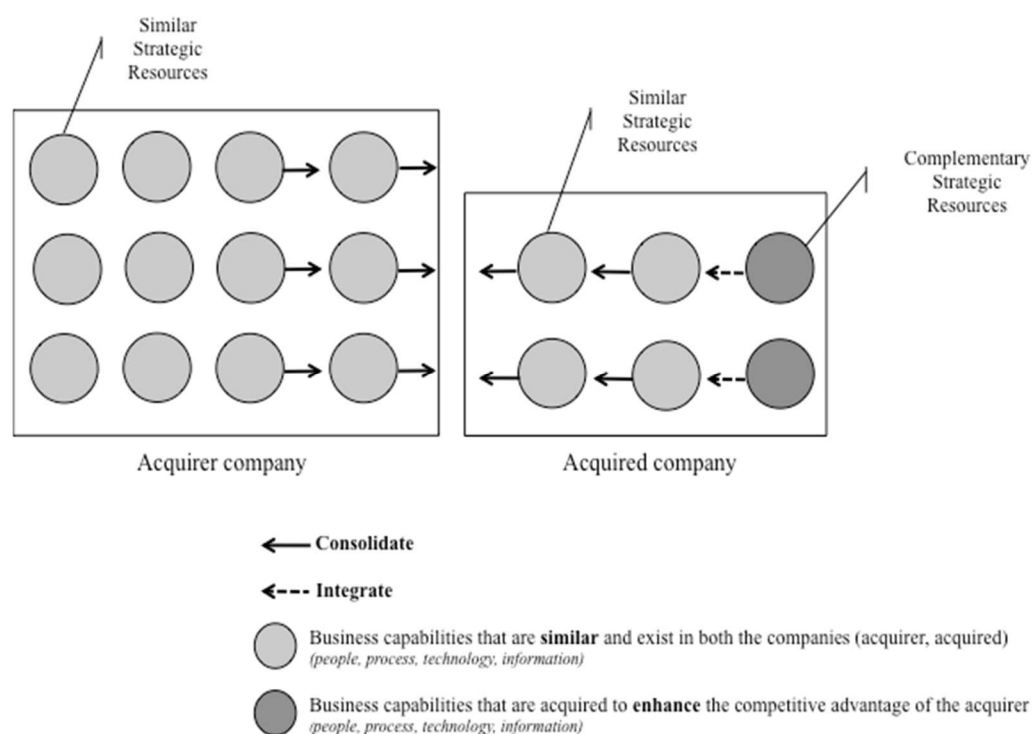
differentiating capabilities.

Figure 12. IT integration approach for tech-based and product-based acquisitions.

Recalling experiences working on the ACQ5 acquisition, P7 stated that based on the results from the detailed analysis of the acquired organization, business leaders from both the acquirer and acquired organizations acknowledged the need to consolidate similar strategic resources, while preserving and growing the complementary strategic resources. P7 stated that to achieve economies of scale, integration leaders actions to consolidate core business functions, streamline core business processes and eliminate redundant IT systems, including personnel across both the acquirer and acquired organizations. According to P7, the primary objective of ACQ5's IT integration was to ensure the complementary strategic resources were integrated efficiently to deliver the expected synergies. P7 highlighted that business leaders recognized the importance of

allowing ACQ5 own, preserve, and grow the complementary strategic resources (see

Figure 11).

Best of breed IT integration strategy suggested by Henningsson and Kettinger

(2016) and transformation IT integration strategy suggested by Baker and Niederman

(2014) proposed that organizations should carefully examine their existing business

processes and IT systems and determine which business processes and IT systems

support the organization's future vision. Recalling experiences working on the ACQ8,

ACQ8a, and ACQ8b acquisitions that had identical business models, P10 stated that

business leaders decided to merge the three acquired organizations into one organization

because of their similar and interrelated business processes and IT systems. Each

acquisition claimed that their respective organizations had best-in-class business

processes and IT systems to support the acquirer's M&A business strategy of the merged

organization. According to P10, an external consulting firm was hired to provide their

recommendations on business processes and IT systems that are needed to support

acquirer's M&A business strategy of the merged organization. External consultants are

independent players and bring in new insights, ideas, best practices, and knowledge

gained from their vast experience working with various clients that have faced similar

problems (Henningsson & Øhrgaard, 2016). The external consulting firm recommended

retaining and consolidating some of the business processes and IT systems while

deploying new business processes and IT systems to enable the acquirer to execute on the

M&A business strategy of the merged organization (see Figure 13). According to P10,

business and integration leaders were able to implement the external consulting firm's

recommendations without facing any resistance from the acquired organizations'
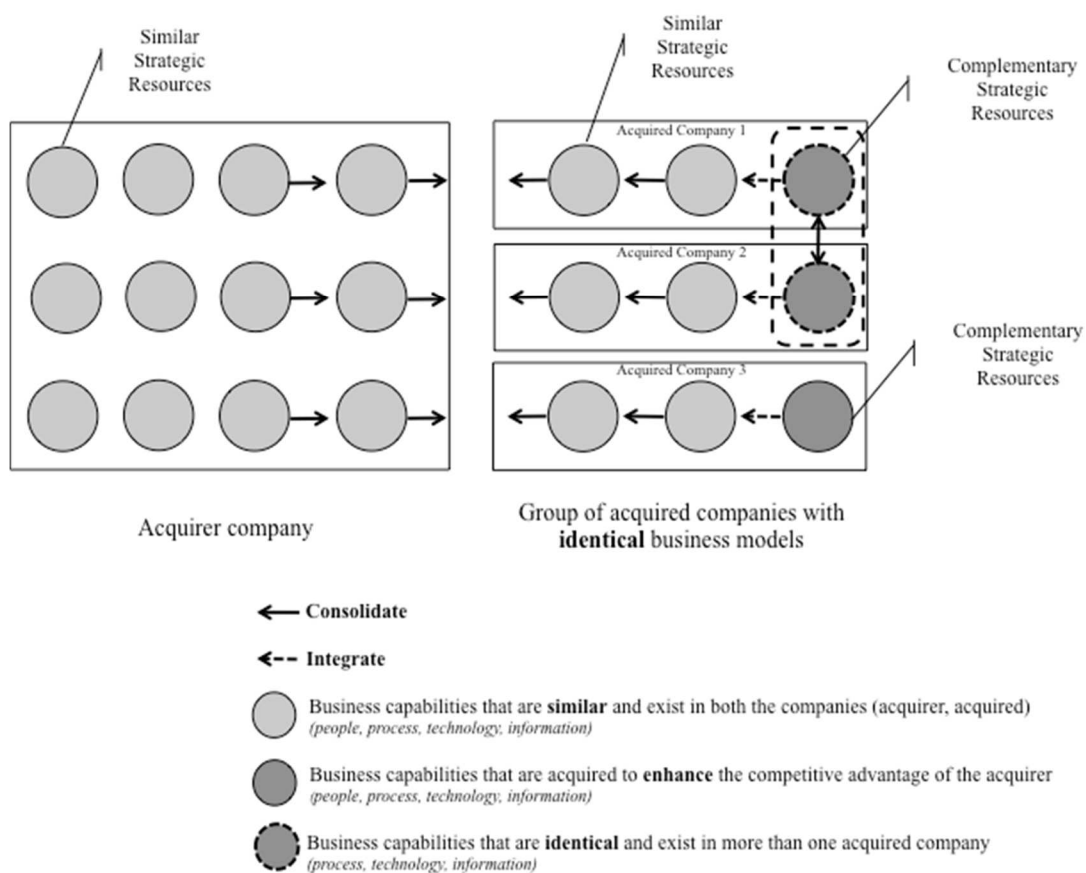
personnel.

Figure 13. IT integration approach for acquisitions with identical business models.

The following are a list of participants' supporting statements.

P4: I do not believe there is a single villain, who wants the M&A to fail.

P8: I wish we had a dedicated SWAT team to work on the security and

compliance issues.

P11: Business leaders should play an active role in the integration efforts.

FGP3: Cloud computing has changed our approach to IT integration.

Theme 4: Preserve Durability of Acquired Capabilities by Granting Autonomy to
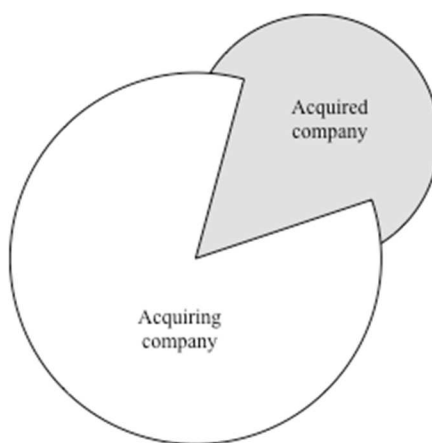
the Acquired Organization

Haspeslagh and Jemison (1991) proposed that the nature of strategic

interdependence and degree of organizational autonomy has a profound influence on the

level of integration between the acquirer and acquired organizations. Bauer et al. (2016)

stated that value creation occurs when the transfer of strategic capabilities occurs between

two companies, acquirer and acquired. Preserving the strategic capabilities after the

transfer is essential to value creation (Bauer et al., 2016). According to Haspeslagh and

Jemison, a critical antecedent to postacquisition IT integration activities is acquirer's

decision to either completely absorb or preserve acquisition's autonomous organizational

status. Six research participants and two focus group participants highlighted that

preserving acquired organizations' autonomy is key to continual innovation. This theme

covers participants' experience during the acquisitions involving companies ACQ2,

ACQ5, and ACQ6 (see Figure 10).

Structural integration is an organizational design process conducted with the

intent to combine distinct organizational units into a single organizational unit

(Haspeslagh & Jemison, 1991). Upon completion of the structural integration process, the

acquired organization loses its identity as a distinct organizational unit (Haspeslagh &

Jemison, 1991). P1 and P9 stated that structural integration was a common practice and a

design choice in integrating horizontal acquisitions. FGP1 and FGP2 agreed and

supported the views of P1 and P9. According to Haspeslagh and Jemison, structural

integration is beneficial when there is a high strategic interdependence between the

acquirer and acquired organizations. Structural integration enables strong collaboration

between the acquirer and acquired organizations (Haspeslagh & Jemison, 1991).

In contrast, *structural separation* is an organizational design process that

preserves the distinct organizational unit within the merged organization (Haspeslagh &

Jemison, 1991). According to P8, ACQ6 was the first technology-based strategic

acquisition for the acquirer. P8 stated that from the outset, business leaders recognized

that ACQ6 had the necessary capabilities to support acquirer's business strategy, but also

had the potential to create new market opportunities. According to P8, business leaders

also recognized that loss of autonomy would potentially disrupt ACQ6's culture and

innovation capabilities. P8 stated that business leaders concluded that structural

separation was the right approach for ACQ6 (see Figure 14).

Figure 14. Organizational autonomy granted to an acquired company.

According to Tarba, Ahammad, Junni, Stokes, and Morag (2017), when

organizations grant autonomy to acquired organizations, they achieve expected synergies

and M&A performance. P8 stated that structural separation along with organizational

autonomy allowed ACQ6 to preserve their culture of innovation and entrepreneurship, a

primary driver for the acquisition. P8 highlighted that preserving ACQ6's culture of innovation and entrepreneurship had a positive impact on employee retention, engagement, and trust. Wubben et al. (2016) stated that moderate technology relatedness between the acquirer and acquired organizations helps produce more innovations from their M&A. P8 stated that retention of key employees with an entrepreneurial mindset allowed ACQ6 to spur continual innovation without any hindrance from the IT integration activities. P8 also stated that business leaders believed there was a need to engage and nurture talented individuals (whom they referred as corporate entrepreneurs or intrapreneurs) into the postacquisition integration process of ACQ6. The key competencies intrapreneurs exhibit are (a) a focus on innovation, (b) curiosity that enables them to identify opportunities, (c) calculated risk-taking, and (d) the willingness to take psychological ownership of an enterprise beyond the job role (Gawke, Gorgievski, & Bakker, 2017). These aptitudes give intrapreneurs the unique potential to drive innovation and enhance the long-term competitive advantage of an organization (Kim-Yin et al., 2017). According to P8, benefits of embedding intrapreneurs in the postacquisition integration activities of ACQ6 were two-fold: First, intrapreneurs played a critical role in managing the challenges. Second, they explored and exploited opportunities, such as those for process or product innovation. P8 highlighted that the intrapreneurs were able to uncover opportunities for process and product innovation that the business leaders did not plan or anticipate during the synergy evaluation. Martin, Butler, and Bolton (2017) called this "serendipitous value creation" (p. 381).

P11 asserted that employing sound organizational change management strategies by business leaders from both the acquirer and acquired organizations is key to value creation during the structural integration process. Recalling experiences working on the ACQ2 acquisition, P11 stated that during the due diligence process, business leaders from the acquirer recognized that ACQ2 had the necessary strategic differentiating capabilities to complement and help accelerate the execution of acquirer's business strategy. According to P11, business leaders from the acquirer were responsible for preserving and growing the strategic differentiating capabilities of ACQ2. Due to the operational nature of ACQ2's strategic differentiating capabilities, business leaders felt that it was vital to structurally integrate the acquired organizational unit with the acquirer's organizational unit while granting some level of autonomy to ACQ2. P11 highlighted that business and integration leaders did not anticipate the negative impact of structural integration on ACQ2's culture. As part of the structural integration, the processes and procedures supporting the strategic differentiating capabilities of ACQ2 had to be modified to match those of the acquirer. According to P11, key employees from the acquired organization resisted modifying their processes and procedures, as they firmly believed that the business leaders from the acquirer did not understand the ACQ2's business model and culture and implementing the proposed modifications would diminish the value of ACQ2's strategic differentiating capabilities. Consequently, ACQ2's employees were uncertain and insecure, and developed a lack of trust in the leadership, which lead to high employee turnover, increased employee absenteeism, and decreased job satisfaction.

Similar to ACQ2, during the due diligence process, business leaders from the acquirer recognized that ACQ5 had the necessary strategic differentiating capabilities to complement and help accelerate the execution of acquirer's business strategy. According to P7, based on the learning from integrating ACQ2, business and integration leaders were not hasty in implementing the structural integration process for ACQ5. Business and integration leaders ensured they employed sound organizational change management strategies to preserve ACQ5's culture throughout the structural integration process. P7 stated that granting decision-making autonomy to ACQ5 allowed the business leaders to make strategic investment decisions without having to seek acquirer's approval. Martin and Butler (2015) stated that executives with political skills could help reduce levels of uncertainty, protect acquired organization's brand identity, and secure necessary organizational resources. Six research participants including the focus group participants supported the need to embed a *seasoned executive* from the acquirer's organization with a high degree of political skill into the acquired organization. P7, P8, and P9 stated that this strategy was particularly useful integrating acquired organizations with a high degree of organizational autonomy such as ACQ2. According to P8, embedding a seasoned executive with a high degree of political skill immensely helped in shielding ACQ2 from acquirer's bureaucracy. Also, being part of the ACQ2 allowed the seasoned executive to explore and exploit opportunities that would likely to generate greater synergies. The following are a list of participants' supporting statements.

P4: Organizational autonomy helps retain key talent.

P7: It is a delicate balance to strike and is not easy.

P8: Granting organizational autonomy is key to preserving the acquired organization's culture.

P9: Granting organizational autonomy is critical, especially for technology-based acquisitions.

FGP2: Autonomy is vital to preserve the acquired strategic capabilities.

Applications to Professional Practice

The purpose of this qualitative single case study was to explore strategies healthcare payer organization managers used to achieve operational and strategic synergies during the postacquisition IT integration phase. I found that the expected synergies from acquisitions are likely to be realized when an acquirer (a) plans for the expected business synergies, (b) harmonizes the organizational cultures of both acquirer and acquired organizations during the postacquisition IT integration phase, (c) aligns and continuously evaluates the progress of postacquisition IT integration strategies against planned synergies, and (d) preserves durability of acquired capabilities by granting autonomy to the acquired organization. The four themes support the extant body of literature on postacquisition IT integration and the two key dimensions–strategic interdependence and organizational autonomy, proposed by Haspeslagh and Jemison's integration approach model. The findings and recommendations from this case study may help senior executives, IT strategists, and acquisition integration leaders in healthcare payer organizations (a) accelerate the postacquisition IT integration process, (b) reduce the probability of failures during the postacquisition IT integration phase, and (c) identify opportunities to maximize the investment value.

Assessing and Planning Synergies

   Assess synergies carefully. The goal of an acquisition is to create value (Sarala et al., 2017). Synergy is a key M&A motivation (Haspeslagh & Jemison, 1991). However, leaders tend to be hasty when assessing potential synergies during the due diligence phase (Garzella & Fiorentino, 2015). As a result, synergies are either overestimated or underestimated (Garzella & Fiorentino, 2015). Gort (1969) stated that an economic disturbance is a stimulus for several acquirers to compete in seeking to secure strategic differentiating capabilities. The research findings highlighted the fact that assessing synergy from a strategic acquisition is difficult. For example, expected synergies from a technology-based acquisition would differ those expected from a consumer product-based acquisition. Part of the challenge is that acquirers are venturing into new, unfamiliar territories when they acquire companies that have fundamentally different business models. The findings of the study also suggest assumptions play a large role in the synergy assessment activity because information is either insufficient or incomplete. All the research participants indicated that an M&A transaction driven by a weak synergy hypothesis could result in an M&A failure or a divestiture. Business leaders can apply the research findings to evaluate and enhance their synergy assessment practices, tools, and processes. The research participants also highlighted that having a good understanding of the synergy targets help set the direction of postacquisition IT integration strategy. Consideration of these findings could help business and integration leaders to formulate an IT integration strategy that allows the acquirer to realize expected synergies through the transfer of strategic differentiating capabilities.

Have a plan to realize synergies. The research participants highlighted that acquirer's ability to realize the expected synergies, especially for strategic acquisitions, depends largely on business leaders' vision and their plans to integrate and operationalize the acquired capabilities. Business leaders should articulate and communicate their *vision* to create discrete value and how the value creation would occur. An acquirer has greater access to the target organization's information, knowledge, and capabilities after the target is acquired and the transaction is completed (Burke & Kovela, 2017). My findings suggest that determining the level of integration of the acquirer's people, process, technology, and information with those of the acquired organization to achieve specific business objectives is a critical first step towards realizing the expected operational and strategic synergies. Based on the potential synergies identified during the due diligence phase, business leaders should conduct detailed analyses to explore and identify the sources of synergies and related business objectives. Consideration of these findings could help business leaders to validate opportunities identified during the due diligence process. Based on the participant's perceptions and responses, in addition to the value creation, the business objectives prioritization activity should consider (a) resource constraints; (b) risks; (c) organization's business capabilities (people, process, technology, and information); (d) operational assumptions; and (e) functional area impacts. Consideration of these findings could allow business leaders to set specific, measurable, achievable, relevant, and time-bound objectives to deliver M&A success.

Harmonizing Culture

LugoSantiago (2017) stated that a harmonized cultural environment brings life to the newly merged organization by instilling a sense of pride and belonging among the employees. My findings suggest that ignoring cultural integration alleviates the potential for postacquisition IT integration success. Individuals' values and beliefs shape organizational behavior (LugoSantiago, 2017). According to Sarala et al. (2017), a cultural clash is inevitable when integrating two companies. My findings revealed that cultural differences could be significant for strategic acquisitions. Business and integration leaders should take time to identify the cultural differences, determine the critical cultural gaps to be addressed by the merged organization, celebrate cultural differences between the two organizations, and consciously work towards creating a harmonized culture.

Business and integration leaders need to be *architects of change.* As architects of change, business and integration leaders should use the strategic intent of the M&A project to drive words and actions. My findings showed that business leaders should define and communicate the objectives and plan to achieve cultural alignment. Cultural differences could be significant for strategic acquisitions, could hinder the integration process, and put anticipated synergies at risk. Business and integration leaders should pay close attention to cultural fit analysis during the due diligence phase. Depending on the size of the deal and the anticipated cultural differences informed by the cultural fit analysis, business and integration leaders should consider jump-starting the cultural integration process before closing the M&A deal.

IT Integration Strategies

Achieving successful IT integration for value-creating M&As is a critical challenge (Hedman & Sarker, 2015). According to Henningsson and Kettinger (2016), IT integration strategy should align with the M&A motives and expected synergies. The study's findings support Henningsson and Kettinger's recommendation. M&A motives vary for each strategic acquisition. Moreover, each strategic acquisition is unique regarding the business model, brand image, core competencies, and is idiosyncratic—size, location, resources, technology, culture, and customers they serve. The research participants acknowledged that a *one-size-fits-all* IT integration strategy does not apply to strategic acquisitions. Consideration of these findings could help business and integration leaders to develop IT integration strategies that align with the strategic intent of the M&A.

My findings show that consolidation and standardization of core business functions and associated IT systems help the acquirer achieve economies of scale by streamlining core business processes and potentially eliminating redundant IT systems, including personnel. Core business functions include marketing, legal, human resources, finance, vendor and contract management, software and hardware procurement, data centers, networks, telecommunication, and call centers. Business and integration leaders have to carefully evaluate if the consolidation and standardization efforts would benefit the merged organization. The findings of the study confirm that the recommended IT integration strategy is similar to the *consolidation* IT integration strategy suggested by Henningsson and Kettinger (2016) and Baker and Niederman (2014).

My findings show that strategic differentiating capabilities from strategic acquisitions should be identified, preserved, and grown. These findings are consistent with the recommendations provided by Brueller et al. (2016). According to Wei and Clegg (2014), similarity and complementarity of the strategic resources possessed by the acquirer and acquired organizations influence the IT integration strategy. The research participants indicated that strategic acquisition type (technology-based or product-based) profoundly influences the IT integration strategy. My findings suggest that for technology-based acquisitions the acquired organization was given the responsibility to preserve and grow all the strategic differentiating capabilities—business processes and IT systems, including personnel. For consumer product-based acquisitions, business and integration leaders used a hybrid IT integration strategy by consolidating the core business functions and allowing the acquired organization to preserve and grow the strategic differentiating capabilities. Consideration of these findings could help business and integration leaders to develop IT integration strategies that allow the acquirer and acquired organizations to identify, preserve, and grow the strategic differentiating capabilities. The findings of the study confirm that the recommended IT integration strategy is similar to the *coexistence* IT integration strategy suggested by Henningsson and Kettinger (2016) and Baker and Niederman (2014).

The research participants shared their perceptions and views on the IT integration approach taken to consolidate the business processes and related IT systems to multiple strategic acquisitions that had identical business models. Because of the similarities and interrelatedness between the acquisitions, business leaders decided to merge multiple

acquisitions into one organization. The findings suggest that selecting the best of breed

business processes and IT systems enabled the acquirer to execute on the M&A business

strategy of the merged organization. Consideration of these findings could help business

and integration leaders to develop an IT integration strategy that helps eliminate

redundant business processes and IT systems that do not align with the strategic vision of

the M&A and replace with new business processes and IT systems. The findings of the

study confirm that the recommended IT integration strategy is similar to the *best of breed*

IT integration strategy suggested by Henningsson and Kettinger (2016) and

transformation IT integration strategy suggested by Baker and Niederman (2014).

Organizational Autonomy

According to Tarba et al. (2017), when organizations grant autonomy to acquired

organizations they achieve expected synergies and M&A performance. The research

participants highlighted the critical role of autonomy, especially for strategic acquisitions.

According to Martin and Butler (2015), uncertainty during the postacquisition has been

linked to employee stress, employee retention, increased employee absenteeism, and

decreased employee engagement. My findings suggest that granting organizational

autonomy to the acquired organization had a positive impact on the acquired

organization's employee engagement and employee retention, especially voluntary

turnover of the key employees. Business leaders can adopt these findings to retain key

employees with an entrepreneurial mindset who could play an important role in achieving

planned synergies from postacquisition IT integration phase.

My findings also suggest that depending on the level of interdependence between the acquirer and acquired organization, granting acquired organizations with decision-making autonomy helped to create a collaborative environment conducive to implementing the postacquisition IT integration activities. This allowed the employees of the merged organization to explore and exploit opportunities that the business leaders did not plan or anticipate during the synergy evaluation. Martin et al. (2017) called this "serendipitous value creation" (p. 381). The decision-making autonomy also allowed the acquired organization's business leaders to continue to make strategic investment decisions without having to seek acquirer's approval. Business leaders can adopt these findings to go beyond the anticipated value by creating market opportunities that were either unplanned or unknown. Granting a degree of autonomy to the acquired organization allowed the business and integration leaders to gain insights into where the valuable knowledge and capabilities resided within the acquired organization. Business and integration leaders should preserve the acquired organization's culture, which in turn, allows them to protect the acquired organization's knowledge and capabilities (people, process, technology, and information).

My findings also suggest that the acquirer's ability to shield the acquired organization from internal and external disruptions fostered tighter interaction and coordination between the acquirer and acquired organizations during the postacquisition IT integration. The research participants highlighted how embedding a *seasoned executive* with a high degree of political skill from the acquirer's organization into the acquired organization helped in shielding the acquired organization from the acquirer's

bureaucracy and are consistent with the recommendations of Martin and Butler (2015), who stated that executives with political skills could help reduce levels of uncertainty, protect acquired organization's brand identity, and secure necessary organizational resources. Business leaders can adopt these findings (a) accelerate the postacquisition IT integration process, (b) reduce the probability of failures during the postacquisition IT integration phase, and (c) identify opportunities to maximize the investment value.

Implications for Social Change

The healthcare industry is going through a tumultuous transformation, and healthcare payers are at the epic center of this transformation (Muppalla & Capobianco, 2010). Healthcare payer organizations' business models and reimbursement structures are shifting from volume-based to value-based (Jette, 2018). Also, healthcare consumerism is on the rise; consumers are becoming more informed, more demanding, and actively engaged in making decisions about their health care (Boston-Fleischhauer, 2017). In response, healthcare organizations are providing a broader range of consumer-oriented products and services by diversifying their product portfolios and expanding their strategic capabilities that enable them to *know*, *guide*, and *engage* consumers in their health care decisions. Healthcare payer organizations continue to rely on M&As as a strategic tool to diversify their product portfolios and to expand their strategic capabilities. Healthcare payer organizations are pursuing both horizontal and vertical M&As in an attempt to streamline operations and control costs. M&A success allows healthcare payer organizations to advance their respective business strategies, drive continued growth, create a competitive advantage, and gain access to innovative and

disruptive technologies. M&A success also allows healthcare payer organizations to meet the *needs*, *preferences*, and *interests* of the consumers they serve. For example, expansion of in-home care-management and care-coordination capabilities would aid healthcare payer organizations to meet the needs of the consumers, who prefer to receive care in their home. These strategic capabilities also allow for tighter integration with all the participants of the care delivery system, such as physicians, nurses, pharmacists, and clinicians. The findings of this study could lead to positive social change by stimulating a business environment that might allow healthcare payers to expand their strategic capabilities and serve their local communities with new products and choices that improve the quality of care, health outcomes, well-being, and longevity of the consumer.

Recommendations for Action

Many study participants reported a need for effective synergy evaluation, especially assessing the expected synergy value and achievement of potential synergy. I recommend that business leaders define their M&A motives. I also recommend that business leaders articulate the sources of synergies from the M&A transaction and communicate how those synergies would help further their business strategies. This recommendation is consistent with research by Garzella and Fiorentino (2015), who argued that having a well-defined set of M&A motives prevent any synergy illusions and help set the direction of postacquisition integration approach. I recommend that business leaders exercise caution while assessing the synergies during the due diligence phase. This recommendation is consistent with the perceptions and views of research

participants. Mistakes made during the assessment phase might undermine the projected economic benefits from the M&A transaction (Garzella & Fiorentino, 2015).

I recommend that business leaders play an active role in the integration efforts. Business leaders should help prioritize the integration activities that are likely to create the most value. The prioritization process should take into account the opportunities identified during the due diligence process. Integration leaders needed to maintain a prioritized list of integration activities to assist them in developing an integration plan and assessing any potential difficulties associated with accomplishing those tasks. Due to the idiosyncrasies associated with each strategic acquisition, I recommend that integration leaders develop an integration plan that is adaptable and flexible and can be modified to meet the specific needs of an M&A project.

Acquirers' inability to manage the three critical risks—people, structure, and synergy—can impede the success of postacquisition integration. People's resistance to change can negatively impact their engagement during the postacquisition integration activities (Appelbaum et al., 2017). I recommend that business and integration leaders instill a sense of *belongingness* to increase employee engagement and adherence to the merged organization. I also recommend that business and integration leaders refrain from making any false promises to appease or gain the trust of employees from the acquired organization. Moreover, employees respond positively to the changes during the postacquisition integration phase if they perceive the changes as fair (Khan, Soundararajan, Wood, & Ahammad, 2017). I recommend that business and integration

leaders openly and frequently communicate the potential changes during the postacquisition integration activities.

According to Stahl et al. (2013), the acquirer's degree of cultural tolerance, leadership style similarities between the acquirer and acquired organizations, and the overall social environment surrounding the M&A transaction has a profound influence on the success of the postacquisition integration activities. I recommend that business and integration leaders formulate their postacquisition integration strategy while recognizing the existence of cultural differences between the acquirer and acquired organizations, which may influence employee's engagement during the postacquisition integration phase. I also recommend that business leaders invest time to broaden their cultural intelligence and enhance their cultural integration skills.

Employee resilience—an individual's ability to cope with uncertainty and rebound from adversity—plays an important role in the success of postacquisition integration (Khan et al., 2017). I recommend that business and integration leaders implement adequate human resource management practices to foster employee emotional resilience. According to Khan et al. (2017), financial and nonfinancial rewards have a positive influence on the employee emotional resilience during the postacquisition integration phase. Depending on the social environment surrounding the M&A, employees tend to either respond to financial or nonfinancial rewards (Khan et al., 2017). Moreover, since each strategic acquisition has its unique cultural norms, I recommend that business and integration leaders assess the financial and nonfinancial rewards they would deem appropriate to their employees.

According to Zhang et al. (2015), effective leadership styles have an impact on talent retention strategies during postacquisition integration, which is consistent with the findings of this study. Due to acquirer's lack of expertise to preserve and maintain the acquired capabilities, the need to retain talent from the acquired organizations is much greater for strategic acquisitions. I recommend that business leaders assign individuals with *transformational* and *authentic* leadership styles to be part of the postacquisition integration team, especially for strategic acquisitions. I recommend that business and integration leaders identify individuals with an entrepreneurial mindset and insert them early into the postacquisition integration process.

I would disseminate the results of this study by publishing in scholarly and professional journals. Furthermore, because of research topic's relevance in the healthcare industry, I may present the study findings at various healthcare M&A conferences. I may also disseminate the results of this study to business and integration leaders responsible for M&A activities through training or consultation.

Recommendations for Further Research

The healthcare industry is undergoing a tumultuous transformation, and healthcare payers are at the epic center of this transformation. Extant literature and research exist on M&A activity. There is limited research on M&As in the healthcare industry, specifically healthcare payers, however. I conducted this case study research in a large healthcare payer in the midwestern United States. Future researchers could conduct a qualitative exploratory case study to identify the strategies used to achieve desired synergies during the postacquisition IT integration phase in other types of

healthcare organizations such as healthcare providers—hospitals, pharmaceutical, and biotechnology, using other postacquisition integration typologies such as *cultural integration*, *human resource integration*, and *speed of integration*. Future research can build on the present study by conducting a quantitative study to determine the relationship between the level of organizational autonomy granted and effectiveness of postacquisition IT integration strategies as independent variables and M&A success (reduction in healthcare costs or improvement in the quality of care or increase in organizational performance) as the dependent variable. Future researchers could also conduct a comparative case study across two or more healthcare payer organizations to compare their strategies to achieve operational and strategic synergies of strategic acquisitions during the postacquisition IT integration phase. Lastly, future researchers could conduct a qualitative exploratory case study to identify the strategies used to achieve desired synergies during the postacquisition IT integration phase of *vertical* M&As in the healthcare industry. An acquisition of a healthcare payer by a retail pharmacy is an example of a vertical M&A. As healthcare organizations continue to diversify their business portfolios and expand their strategic capabilities, the above recommendations may provide additional insights into postacquisition IT integration challenges, practices, and strategies that could enable them to achieve the expected synergies of their strategic acquisitions.

Reflections

I immensely enjoyed my journey at the Walden University pursuing the degree Doctor of Business Administration. I faced significant challenges coping with the rigor,

commitment, and discipline needed for the research process, particularly during the research proposal stage. The university resources including my chair, the committee, the research center, the writing center, the library, and a cohort of students on the same journey helped me stay focused and motivated. The research process helped me grow as an M&A practitioner by furthering my knowledge in the field of M&A, especially IT integration. I also want to acknowledge that learning what it means to be a research professional was intriguing and enlightening. Striking a balance between work, school, home, and other competing life priorities for over the past seven years was quite overwhelming.

I chose the topic of M&As due to its relevance in the healthcare industry. Many healthcare organizations continue to rely on M&As to expand their strategic capabilities. Undertaking a sensitive research topic, I was skeptical if the participants would openly share their experiences, knowledge, insights, and perspectives. The enthusiasm and support I received from the participants during the data collection process was the most humbling experience of all. As an experienced healthcare professional, I had the opportunity to work on the IT integration efforts for multiple strategic acquisitions. Practicing epoché (bracketing) during the data collection process allowed me to engage in stimulating conversations with the participants. As a result, I have developed empathetic listening skills, which helped me understand participant's point of view, capture new insights and perspectives, and learn new ideas on how to realize expected synergies.

The literature review process allowed me to develop an academic perspective of the various M&A IT integration frameworks and postacquisition integration strategies.

During the data analysis process, I realized that even though the participants may have lacked an academic perspective, it was gratifying to see the adoption of core principles and concepts offered by some of the leading M&A IT integration frameworks, including Haspeslagh and Jemison's integration approach model. The data analysis process also revealed that the participants had been unconsciously practicing key aspects of postacquisition integration strategies discussed within the literature review section. As I conclude with my study, I feel that this journey had an unequivocally positive impact on me, both professionally and personally. I hope to be a better M&A practitioner as a result of this research study.

Conclusion

The healthcare industry is going through a tumultuous transformation. To stay relevant, remain viable, and compete in the changing dynamics of the healthcare industry, healthcare payer leaders are compelled to assess their business models and analyze their strategic approach (Woodlock, 2014). To deliver consumer-centric healthcare in innovative and cost-effective ways, healthcare payer leaders are continually assessing, exploring, and expanding their strategic capabilities, either internally or externally through joint ventures, affiliations, or M&As. Despite the high rate of failure in M&A transactions, many organizations continue to rely on M&A as their primary growth strategy and to address market competition (Gomes et al., 2013). The success of postacquisition IT integration activities is vital, to the success of M&A transactions and acquirer's business objectives. Three out of 4 companies involved in M&As face significant challenges during the postacquisition IT integration phase and is the third

most critical reason for M&A failure (Alaranta & Mathiassen, 2014).

I explored strategies that healthcare payer organization managers used to achieve operational and strategic synergies during the postacquisition IT integration phase. The four themes were (a) plan for the expected business synergies from the postacquisition IT integration, (b) make cultural harmonization a key element of change management, (c) align and continuously evaluate the progress of postacquisition IT integration strategies against planned synergies, and (d) preserve durability of acquired capabilities by granting autonomy to the acquired organization. The four themes support the extant body of literature on post-M&A IT integration and the two key dimensions (strategic interdependence and organizational autonomy) proposed by Haspeslagh and Jemison's integration approach model essential in achieving planned synergies from postacquisition IT integration phase.

As healthcare payers continue to expand their strategic capabilities, the identified themes confirm a fundamental, yet a *transformative* shift in healthcare payer's thinking and approach towards integrating and maximizing their strategic acquisition investments. The findings of the study also emphasize the importance of aligning the postacquisition IT integration strategy to the M&A goals and objectives. Business and integration leaders may implement the findings and recommendations from this study to realize the expected synergies from their M&As.

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Appendix A: Interview Protocol

Interview Protocol	
What you will do	**What you will say**
I will introduce the interview and set the stage—often over a meal or coffee	**Script:** Interview questions
• The participant will be given a hard copy print out of the informed consent letter for their records. • I will turn on the audio recorder and I will note the date, time, and location. • I will indicate the coded sequential representation of the participant's name, for example, Respondent 01, on the audio recording; documented on my copy of the consent form and the interview will begin. • Each participant will be given the required time to fully answer each predetermined interview question in detail (including any additional follow-up / probing questions). • I will ask probing questions whenever	Hello, XXX. Before we start, I would like to thank you for your time and agreeing to share your experience and perspectives with me. I am Kishore Maranganti. I am a student at Walden University, United States, pursuing a Doctorate of Business Administration degree. I am currently collecting data for the study. • **Context setting -** As you are aware, the healthcare industry is going through a tumultuous transformation, and healthcare payers are at the epic center of this transformation. To stay relevant and competitive, healthcare payer organizations are expanding and diversifying their product portfolios and are relying on M&As as their strategic tool. Payers' ability to realize the intended synergies from their M&As would be contingent upon the strategies they employ during the post-M&A integration phase. The purpose of the study was to explore strategies healthcare payer organization managers used to achieve operational and strategic synergies during the postacquisition IT integration phase. • **Consent to participate -** I received back your signed consent form, agreeing to participate in the research. Thank you very much for your acceptance to participate in this research. Your participation is voluntary and confidential and if, for any reason, you would like to pull out from this study, you are free to do so now or any time during the interview. You just have to say so and we will stop. There will be no consequences on your part, whatsoever. • **Next steps -** After this interview, I will take few days to transcribe and interpret the data and I will meet you again for member checking procedures to assist with enhancing the reliability and validity of

necessary if the participants do not mention certain elements on specific questions.	the data.

In-depth interview questions

1. Please describe the various projects during the postacquisition IT integration phase in which you were involved.
2. Please describe strategies you have used to achieve operational and strategic synergies during the postacquisition IT integration phase.
3. Please tell me about your experiences with the strategies that you pursued to achieve operational and strategic synergies.
4. What obstacles have you encountered while implementing the strategies to achieve operational and strategic synergies?
5. What process did you follow while formulating the postacquisition IT integration strategy?
6. Please describe your experiences managing key types of risks during the planning of integration.
7. Please share your learnings that may have influenced, informed, and otherwise shaped the strategy.
8. Describe your experiences with the role of innovation, intrapreneurship, and creativity in achieving operational and strategic synergies.
9. What additional experiences have you had that would help me understand the strategies used to achieve operational and strategic synergies during the postacquisition IT integration phase?

Wrap up interview thanking participant	**Script:** I want to thank you once again for your valuable time. It was a great learning experience and I thoroughly enjoyed our conversation. Feel free to contact me if you happen to remember any additional information to include in your responses to the interview we have just finished.
Schedule follow-up member checking interview	**Script:** As I said in my introductory remarks at the beginning of this interview, I would like to schedule a follow-up interview in about two weeks to validate my interpretation of your responses. I will share the transcript and synthesis of our conversation for your validation.
Share a copy of the succinct synthesis for each	1. Please describe the various projects during the

individual question Bring in probing questions related to other information that you may have found—note the information must be related so that you are probing and adhering to the IRB approval. Walk through each question, read the interpretation and ask: Did I miss anything? Or, What would you like to add?	postacquisition IT integration phase in which you were involved. Synthesis —
	2. Please describe strategies you have used to achieve operational and strategic synergies during the postacquisition IT integration phase. Synthesis —
	3. Please tell me about your experiences with the strategies that you pursued to achieve operational and strategic synergies? Synthesis —
	4. What obstacles have you encountered while implementing the strategies to achieve operational and strategic synergies? Synthesis —
	5. What process did you follow while formulating the postacquisition IT integration strategy? Synthesis —
	6. Please describe your experiences managing key types of risks during the planning of integration. Synthesis —
	7. Please share your learning's that may have influenced, informed, and otherwise shaped the strategy. Synthesis —
	8. Describe your experiences with the role of innovation, intrapreneurship, and creativity in achieving operational and strategic synergies. Synthesis —
	9. What additional experiences have you had that would help me understand the strategies used to achieve

operational and strategic synergies during the postacquisition IT integration phase?

Synthesis —

Appendix B: Letter of Invitation

Dear [Name of participant],

I am Kishore S. Maranganti, and I am pursuing a doctoral degree in business administration (DBA) at Walden University. I am conducting this research study as partial fulfillment of the requirements for a DBA degree; the study is <u>not</u> required by my job at the chosen organization, nor am I <u>representing any research organization</u>. I would like to invite you to take part in a research study titled "Strategies for Healthcare Payer Information Technology Integration After Mergers and Acquisitions." You were selected as a possible participant because of your role, responsibility, and experience with the chosen organization's strategic acquisitions. Please read this form and feel free to ask me any questions you have before accepting this invitation to participate.

Purpose

The purpose of this qualitative single case study was to explore strategies healthcare payer organization managers used to achieve operational and strategic synergies during the postacquisition IT integration phase.

Procedures

If you agree to participate in this study, you will be asked to participate in one 40-minute interview and a possible follow-up interview that will not last more than 20 minutes.

Voluntary Nature of the Study

Your participation in this study is strictly voluntary, and you are welcome to withdraw from the study at any time. Your decision, whether to participate or withdraw, will not affect our professional relationship.

Risks and Benefits of Being in the Study

There are no risks or benefits associated with participating in this study. The time commitment related to this study is that you complete the 30- to 60-minute interview during or after normal work hours with Kishore Maranganti. You will be given a copy of the results of this study for your information. There are no other risks related to this study. More importantly, your participation will contribute to the knowledge base relevant to postacquisition IT integration strategies used by healthcare leaders for strategic acquisitions.

Payment

There will be no compensation provided for your participation in this study.

Privacy

All information will be kept confidential. Participants' identity and personal information will be kept confidential, so it will not be revealed. Advanced encryption standard 256-bit will be used to encrypt the research records, which will be kept in a locked file cabinet for 5 years; only I will have access to it.

Contacts and Questions

You can contact me via cell phone at XXXXXXXX or e-mail me at XXXXXXXX. My faculty advisor is Dr. Richard Snyder; he can be reached atXXXXXXXX. Alternatively, to learn about your rights as a participant, you can call

Dr. Leilani Endicott. She is the Walden University representative who can discuss this

with you. Her phone number is XXXXXXXX, extension XXXXXXXX. Walden

University's approval number for this study is 10-11-17-0226428, and it expires on

October 10, 2018.

Appendix C: Focus Group Protocol

Focus Group Protocol

What you will do	What you will say
I will introduce the interview and set the stage—often over a meal or coffee	**Script:** Focus group questions
• The participant will be given a hard copy print out of the informed consent letter for their records. • I will turn on the audio recorder and I will note the date, time, and location. • I will indicate the coded sequential representation of the participant's name, for example, Respondent 01, on the audio recording; documented on my copy of the consent form and the interview will begin. • I will facilitate a discussion by engaging the focus group participants by asking them series of questions. Participants are not required to provide response for any particular question. • I will ask probing	Hello, XXX. Before we start, I would like to thank you for your time and agreeing to share your experience and perspectives with me. I am Kishore Maranganti. I am a student at Walden University, United States, pursuing a Doctorate of Business Administration degree. I am currently collecting data for the study. • **Context setting -** As you are aware, the healthcare industry is going through a tumultuous transformation, and healthcare payers are at the epic center of this transformation. To stay relevant and competitive, healthcare payer organizations are expanding and diversifying their product portfolios and are relying on M&As as their strategic tool. Payers' ability to realize the intended synergies from their M&As would be contingent upon the strategies they employ during the post-M&A integration phase. The purpose of the study is to explore the strategies healthcare payer organization managers used to achieve operational and strategic synergies. • **Consent to participate -** I received back your signed consent form, agreeing to participate in the research. Thank you very much for your acceptance to participate in this research. Your participation is voluntary and confidential and if, for any reason, you would like to pull out from this study, you are free to do so now or any time during the interview. You just have to say so and we will stop. There will be no consequences on your part, whatsoever. • **Next steps -** After this focus group, I will take few days to transcribe and interpret the data and I will meet you again for member checking procedures to assist with enhancing the reliability and validity of the data.

questions whenever necessary if the participants do not mention certain elements on specific questions.	
	Focus group questions 1. Please describe the various projects during the postacquisition IT integration phase in which you were involved. 2. Please describe strategies you have used to achieve operational and strategic synergies during the postacquisition IT integration phase. 3. Please tell me about your experiences with the strategies that you pursued to achieve operational and strategic synergies. 4. What obstacles have you encountered while implementing the strategies to achieve operational and strategic synergies? 5. What process did you follow while formulating the postacquisition IT integration strategy? 6. Please describe your experiences managing key types of risks during the planning of integration. 7. Please share your learnings that may have influenced, informed, and otherwise shaped the strategy. 8. Describe your experiences with the role of innovation, intrapreneurship, and creativity in achieving operational and strategic synergies. 9. What additional experiences have you had that would help me understand the strategies used to achieve operational and strategic synergies during the postacquisition IT integration phase?
Wrap up interview thanking participant	**Script:** I want to thank you once again for your valuable time. It was a great learning experience and I thoroughly enjoyed our conversation. Feel free to contact me if you happen to remember any additional information to include in your responses to the interview we have just finished.
Schedule follow-up member checking interview	**Script:** As I said in my introductory remarks at the beginning of this interview, I would like to schedule a follow-up interview in about two weeks to validate my interpretation of your responses. I will share the transcript and synthesis of our conversation for your validation.
Share a copy of the	

succinct synthesis for each individual question	1. Please describe the various projects during the postacquisition IT integration phase in which you were involved.
	Synthesis —
Bring in probing questions related to other information that you may have found—note the information must be related so that you are probing and adhering to the IRB approval. Walk through each question, read the interpretation and ask: Did I miss anything? Or, What would you like to add?	2. Please describe strategies you have used to achieve operational and strategic synergies during the postacquisition IT integration phase.
	Synthesis —
	3. Please tell me about your experiences with the strategies that you pursued to achieve operational and strategic synergies.
	Synthesis —
	4. What obstacles have you encountered while implementing the strategies to achieve operational and strategic synergies?
	Synthesis —
	5. What process did you follow while formulating the postacquisition IT integration strategy?
	Synthesis —
	6. Please describe your experiences managing key types of risks during the planning of integration.
	Synthesis —
	7. Please share your learnings that may have influenced, informed, and otherwise shaped the strategy.
	Synthesis —
	8. Describe your experiences with the role of innovation, intrapreneurship, and creativity in achieving operational and strategic synergies.
	Synthesis —
	9. What additional experiences have you had that would help me understand the strategies used to achieve

operational and strategic synergies during the postacquisition IT integration phase?

Synthesis —

Appendix D: Interview Questions

1. Please describe the various projects during the postacquisition IT-integration phase in which you were involved.

2. Please describe strategies you have used to achieve operational and strategic synergies during the postacquisition IT-integration phase.

3. Please tell me about your experiences with the strategies that you pursued to achieve operational and strategic synergies.

4. What obstacles have you encountered while implementing the strategies to achieve operational and strategic synergies?

5. What process did you follow while formulating the postacquisition IT-integration strategy?

6. Please describe your experiences managing key types of risks during the planning of integration.

7. Please share your learnings that may have influenced, informed, and otherwise shaped the strategy.

8. Describe your experiences with the role of innovation, intrapreneurship, and creativity in achieving operational and strategic synergies.

9. What additional experiences have you had that would help me understand the strategies used to achieve operational and strategic synergies during the postacquisition IT-integration phase?

Appendix E: Permission to Use Figure 2

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Appendix F: Permission to Use Figure 3

Appendix G: Permission to Use Figure 4 and 5

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Appendix H: Permission to Use Figure 6, 7, and 8

Subject RE: Permission to use figure from your article
Date: December 10, 2012
From: XXXXXXXX(Kishore S Maranganti)
To: XXXXXXXX

Hi Kishore,

Please feel free to use any of the figures in the article. I'm glad that you appreciate the connections between complexity theory and M&A integration. I attached another couple of papers that might interest you. One is a qualitative paper that explores how shifts in employee and manager commitment impacts M&A performance. The other is a quantitative paper that compares the impact that financial incentives, positive organizational support and shared vision have on the performance of managers during M&A integration. Please send me a copy of your completed work and don't hesitate to contact me if you have any questions.

Regards,

Byron

Dr. Byron C. Clayton

XXXXXXXXXXXXXXX

Appendix I: National Institutes of Health Certificate of Completion

Certificate of Completion

The National Institutes of Health (NIH) Office of Extramural Research certifies that **Kishore Maranganti** successfully completed the NIH Web-based training course "Protecting Human Research Participants".

Date of completion: 09/08/2017.

Certification Number: 2483176.