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'Small incorporates large'

A case study of the post acquisition integration of a relative large company by a small company

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Acknowledgements

In the past four years I have worked at Tele2 Netherlands B.V. one thing was always present in the daily business and intrigued me in a special way. The way people worked together with a strong coherence and a specific “culture” that was supported by a Tele2 group wide initiative called the “Tele2 way”. This is a set of guidelines that origin straight from the founder of the company (Jan Stenbeck) and has survived more than 15 years and several mergers and acquisitions. The acquisition of Versatel Telecommunications international N.V. in 2005 was one of them but in my opinion the most interesting. The interesting part is that the company had a 1:40 ratio on headcount and Tele2 was the small acquirer.
The fact that Tele2 initiated a total integration of Versatel into Tele2 Netherlands but also integrated into the Tele2 group caused interesting dynamics in the integration process. The local integration process I found particularly interesting because the result after seven years is a complete ‘Tele2 minded’ company. Also there was little literature available on this topic. Both factors made me decide to research the integration process in the time following the announcement of the acquisition and integration. This thesis represents the result of that study.

I would like to thank Dr. René Olie and Dr. Job Hoogendoorn for their guidance and never ending support throughout the process. Without their help and useful feedback this project could not have been completed.

Last but certainly not least I would especially like to thank my wife Christel for all her patience and for taking such good care of our son Quinten during all the times I was not present at home and working on all the different projects in the entire course of the Part time Master in Business Administration at RSM.

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Executive Summary

This research adds to the knowledge surrounding post-acquisition integration processes. In this research focus is upon the specific case where a relatively small organisation acquires a large organisation and starts a complete integration. What is the exact influence of this difference in size on the integration process? Existing research focussed upon acquisitions and integrations for decades, the influence of company size is underexposed up until now. Literature states four concepts as most important factors of influence on integration. First is the organisational fit, second is the strategic fit, third is the cultural fit and last is the identity factor.

<u>Organisational fit</u> refers to the compatibility of administrative practices, leadership styles, organisational structures and organisational cultures (Olie, 1996).

<u>Strategic fit</u> is important to realize before any acquisition is done. What is the strategic reason for acquisition? There are several ways to divide the strategies for acquisition found in literature e.g. overcapacity in the market, geographical roll-up, product or market extension, R&D reasons and convergence in the industry. Another sort of division is market conditions, increasing availability of capital, more companies that are for sale, easing of regulations or the need to share risk.

<u>Cultural fit</u> refers for example to the way people interact, terms of address and the language and jargon they use. Three factors are said to be important to consider around organisational culture when integrating. First, the degree of integration, second the kind of cultural exchanges and third, to what extend the own cultural identity of the firm is valued and the other firm's culture is regarded as attractive (Olie, 1990).

<u>Identity</u> is not the same as culture, identity is more specified to the individual and its relationship to the company (organisational identity) or to him or her self (personal identity), it can be described as "who we are" (Zaheer et al., 2003).

The research is divided in a theory and literature research and an empirical study (single case study) at an organisation that acquired and integrated a significantly bigger company. The case is of Tele2 Netherlands who acquired Versatel Telecom International in 2005. A full integration was immediately initiated at that time. The ratio in size was around 1:40 in headcount. In this particular case the Dutch organisation received help with the acquisition and integration from its Swedish owner Tele2 group that had subsidiaries in 23 countries at that time. To be able to do the integration Tele2 created a project team that was responsible for the restructuring and integration of the two companies. The research has been done by performing desk research on existing literature and documentation provided by Tele2 like annual reports, works council documents regarding the employee effects and a prospectus for a shares issue of Versatel that, at

that point in time, was already owned by Tele2 for around 80%. Apart from the desk research 19 people were interviewed, all were employees from either company at the time of acquisition and integration in 2005.

The influence of organisational size difference, where the acquirer is significantly smaller than the target, on the integration process is concluded as likely to be present but in an indirect way. The influence is, consistent with literature of Birkinshaw et al. (2000), Pablo (1994) and Vaara (2003) about acquisitions and integrations in general, directly upon the four concepts organisational fit, strategic fit, cultural fit and identity. The influence on strategic fit is likely to be the smallest and the influence on cultural fit and the following cultural differences when integrating is likely to be very big.

This case study result contributes to the future choices of directions in post-acquisition integration research as it shows a likelihood of influence on the integration process when there is a significant difference in organisational size. Especially the little influence it has on strategic fit opposite to the influence found through corporate identity can prove useful for managers with a specific consideration for doing an acquisition of a relatively larger company. This study therefore does not only add to existing theory it also provides small insights on a practical level. This will need further research without a doubt however there is a start and the concepts that need to be taken into consideration are found.

1 Introduction

Mergers and acquisitions (M&As) have been studied for a long time. Nevertheless up until now the majority of them fail to succeed in reaching their predetermined goals. M&As are conducted for different reasons and all of them present their own set of objectives and major concerns regarding integration (Bower, 2001). Looking at the terminology "Mergers and Acquisitions" a difference has to be made. A merger is essentially a union of equals and an acquisition implies a basic ordering between the two companies. In that case there is a dominant and subordinate company (Olie, 1996, p.63). The common idea for conducting M&As is to reach more synergistic operations, make use of the potential for more value creation and superior long-term performance (Ferris & Park, 2002). As different scholars research supports, integrations present themselves with a lot of problems and challenges (Cartwright & Cooper, 1996; Datta, 1991; Pablo, 1995).

1.1 Background and context

This project is a study of the role of organisational size in the post acquisition integration processes. Particularly focus will be on the case where the acquirer is significantly smaller than the target. An in-depth scan of literature shows that there are not many studies on this particular situation. The influence of organisational size on the post-acquisition integration is covered in literature but mainly from the focus of large acquires small. The situation where small acquires large presents a different situation when integrating. This study investigates the expected differences in the integration phase and therefore it contributes to the existing body of knowledge. Next to the literature research a case study is conducted at a Dutch telecommunications organisation that acquired a significantly larger telecommunications company. This acquisition was followed by a complete integration. In the telecommunications sector two tumultuous decades have passed with regard to M&As. Internationally there are three historically significant events at the root of a large wave of M&As in this sector.

First is the revision of the American telecommunications act in 1996 of which the main objective was to enhance competition in the local telephone service market by allowing long-distance telephone service providers to enter the local market and vice versa.

Second is the integration of the European Union in 1998. The following liberalization of the European telecommunication markets is related to deregulation and free competition in the Union however it was primarily triggered by the fact that the United States insisted upon the opening of the EU telecommunication markets since the 1980s.

Third and most important was a WTO agreement in 1997, this agreement triggered worldwide competition in the telecommunications industry due to the reduction of entry barriers at most foreign countries. (Park et al., 2002).

1.2 Research objective

The literature is extensive on the common subject of integration following M&As. Research about organisational fit (Birkinshaw et al., 2000), synergies (Datta, 1991), human factors (Cartwright & Cooper, 1990) and other perspectives relating to post-acquisition integration are widely available. In this research, focus is on the influence of organisational size on the major factors of concern when performing post acquisition integration. For example, organisational and strategic issues are a major influence on the success of the integration (Birkinshaw et al., 2000; Vaara, 2003; Datta, 1991). Looking strictly at organisational size, M&As can be divided in to three sorts: A merger of two equally sized organisations, a large organisation acquiring a small and third, a small taking over a large. It has to be said that large and small are relative terms as they are used here. In an absolute way a small organisation can be considered large in for example headcount or turnover. The key factor is the ratio between the two.

Imbalance in organisational size

Larger companies who take over smaller companies usually have the need for innovation or a specific kind of technology or knowledge (Grandstrand & Sjolander, 1990). This happens quite often and, according to research most of these acquisitions fail to accomplish their goals (Hayward, 2002). The more formal culture and processes of the larger consume the innovative and lively spirit that is usually in a small company and therefore that advantage is taken away (Chatterjee et al., 1992). Kitching (1967) states that a significant size difference results in 84% of the acquisitions to be considered a failure.

Larger sized companies are considered to capture the scope of operations differentiation and increase bureaucratic complexity (Pawar & Eastman, 1997). The case where a small firm acquires a large is not widely covered in literature. The most obvious expectations are that the larger company engulfs the smaller company's culture and most processes are incorporated from the large in to the small (This is also known as the "make them like us" syndrome (Haspeslagh & Jemison, 1991)). Research on the impact of an imbalance in organisational size is still inconclusive, most scholars e.g. Datta (1991) and Pablo (1994) have found no significant relationship on this imbalance. Those that found influencing factors are for example Kusewitt (1985). He discusses that the difference in organisational size should not be very big (Kusewitt, 1985). Moeller et al. find that acquisitions performed by small organisations are more profitable for their shareholders than acquisitions by large firms but it has to be said that small organisations usually make small acquisitions with equal small financial gains (Moeller et al., 2004).

Integration

There is extensive research on the post-acquisition integration process e.g. Cartwright & Cooper (1996), Larsson & Finkelstein (1999) and Birkinshaw et al. (2000). The main topics in this research are the dynamics and challenges in the process of integration. Examples are differences in strategic vision, cultural and identity aspects, power imbalance at management and subdivision of responsibilities. These topics are usually battled out over the time following the acquisition or during the integration. However the key factor for success is proper preparation in the pre acquisition phase (Cartwright & Cooper, 1993; Datta, 1991; Pablo, 1995). Activity around integration is increasingly more important regarding the human resource factor. It has become more "people intensive" and most of the time it concerns a cultural change or integration (Cartwright & Cooper, 1996, p.3). Thus implying that culture is one of the important factors in integrating. But there is more than culture alone, the individual itself is also an important factor. His/her identity (either personal or organisational) can be just as influential (Zaheer et al., 2003; Birkinshaw et al., 2000).

1.3 Problem definition

M&As are conducted for several different reasons. Examples given are for resolution of overcapacity in the market, a geographical roll-up, a product or market extension, R&D reasons or for convergence in the industry (Bower, 2001). Many scholars have studied the reasons for acquisition and the following integration. The result is a set of major concerns, challenges and points of attention related to each reason for acquisition. Organisational size has not been covered frequently in the matter of the influence it has when integrating.
This research project will therefore focus on the integration following an acquisition of a large company by a small and it will answer the following research question:

"How does the acquiring firm's smaller organisational size influence post acquisition integration?"

The purpose of this study is to explore the presumed differences when a small company integrates a large company in regards to the expectations found in earlier research related to post-acquisition integration.

1.4 Research relevance

This study will contribute to an already extensive amount of literature about post-acquisition integration following M&As. The major factors and their concerns in integrations are widely covered but there is still not much known about the influence difference in organisational size has on the result of the process. It is beneficial to investigate how the degree of integration is influenced by a size difference between two companies, because this can lead to a better understanding and in the end a more successful level of integration. This case study approach offers insights in the complete process of an integration that followed an acquisition where the acquiring firm was significantly smaller than the target firm.

Relevance for management is the enhanced understanding of the effect of size difference. This will be useful for example when they are employed at a small organisation and the intensions of acquiring a larger company are there. At this moment there is a lack of understanding about the exact influence of that size difference. This can lead to wrong decisions with negative impact on the degree of integration hence the total success of the acquisition.

Most managers do not fully comprehend or accept how their actions can influence the outcome of such an acquisition. This is due to the fact they are also employees and have to cope with uncertainty like all others. (Birkinshaw et al., 2000; Cartwright & Cooper, 1990)

Because of the general expectations when a small company acquires and integrates a large company (like the ability of the small company to change managerial influence, culture or strategy) it is interesting to look in to a case where this did not turn out as expected. The Tele2 - Versatel acquisition in 2006 is one of them. This research will therefore contain this case study where a small firm (Tele2 Netherlands) did an acquisition of a large company (Versatel Telecommunications International). The research objective is to investigate if the most common challenges in integrations apply. Is a small company capable of integrating a large company and what is the biggest difference between the situation where both parties do not differ much? This case study will provide insights in possibilities and points of attention for those who will be working in future acquisitions and integrations of different sized organisations.

1.5 Document outline

Following this first chapter of introduction, Chapter Two will address the available literature on the subject of integrations via their major concerns and challenges. In this chapter there will also be an investigation of existing literature that discusses organisational size differences in acquisitions and integrations. In Chapter Three the methodology that was used in this research is described and the validity and reliability is discussed. In Chapter Four the analysis and results of the empirical study are presented. Chapter five will then contain the conclusion and discussion resulting in an answer to the research question.

2 Literature review

2.1 Introduction

Post-acquisition integration is a challenging process that is accompanied by specific types of challenges. The integration is one of the major factors of success for the total acquisition, "all value creation takes place after the acquisition" (Haspeslagh & Jemison, 1991). Key is to understand what the challenges are in this integration process. Therefore focus in this literature research is on the issues and challenges in a post-acquisition integration process. Findings are that all post-acquisition integrations have their own set of challenges thus implying that there are different types of acquisitions. Bower (2001) for example divides acquisitions by different sorts of reasons. Each of these different reasons has its own objectives and concerns.

Birkinshaw et al. (2000) divide the integration process in task integration and human integration. In their research the task integration process needs more time to achieve the anticipated synergy than the human integration process does. Therefore it is more useful to focus on the human integration first and do the task integration on a later point in time.

While post-acquisition integration is extensively researched and explored in literature a relationship in organisational size is not widely covered. The influence of organisational size brings along different kinds of management issues. The majority of the findings regarding the influence of organisational size in a post-acquisition integration are from the point of a large company who acquires a small company. In the following paragraphs these findings are presented and the relationship to small acquires large is examined. In paragraph 0 a schematic overview is presented with issues that are of influence on the post-acquisition integration in relation to organisational size differences.

2.2 Acquisition strategy

According to Bower (2001) acquisitions can be done for five different reasons:

- Overcapacity in the market
- Geographical roll-up
- Product or market extension
- R&D reasons
- Convergence in the industry

Cartwright & Cooper (1990) have another division of considerations:

- Market conditions
- Increasing availability of capital
- More companies that are for sale
- Easing of regulations
- Need to share risk
- Existence of complex invisible problems or unrecognized psychological motives from management

Any acquisition proposes challenges to managers: are the strategies consistent, is the quality of the decision making regarding the acquisition high enough, is there a capability to integrate and is there enough capacity for learning (Haspeslagh & Jemison, 1991). Acquisitions transform firms and create corporate renewal, according to Haspeslagh & Jemison (1991) it is primarily the speed at which the corporate renewal can take place that makes it attractive to do acquisitions.

As mentioned, according to Bower (2001) every type of acquisition has its own challenges and concerns. For example if there is overcapacity in the industry, the acquisition is done with the strategic objective to eliminate this overcapacity, gain market share and create more efficient operation. The challenges and concerns of this type of acquisition are within the integration process, "it is not possible to run the merged company until it has been rationalized and made clear what parts will be eliminated" (Bower, 2001). A different reason for acquisition is for product or market expansion. This type of acquisition has other strategic objectives, this objective is to extend the company's product line or its (inter)national coverage. The major concerns between these two acquisitions differ completely. One of the problems with international market expansion is that you can never be completely sure what you are buying if it is outside your own country. Integration will be even more difficult because of cultural differences and e.g. governmental rulings. In this case the organisational size can give a better chance of success but only when the acquiring firm is larger than the target (Bower, 2001). As both examples show, it is clear that the acquiring company should be aware of the reason for the acquisition to be able to do a successful integration with the target firm. The overview of the strategic objectives and major concerns are shown in Table 1.

Table 1 overview of the strategic objectives and their major concerns (Bower, 2001)

M&A Strategies: Distinct activities mean differing challenges					
	The overcapacity M&A	The geographical roll-up M&A	The product or market extension M&A	The M&A as R&D	The industry convergence M&A
Example	Chemical Bank buys Manufacturers Hanover and Chase; Daimler-Benz acquires Chrysler.	Bane One buys scores of local banks in the 1980s.	Quaker Oats buys Snapple.	Cisco acquires 62 companies.	Viacom buys Paramount and Blockbuster; AT&T buys NCR, McCaw, and TCI.
Strategic Objective	The acquiring company (partofan industry with excess capacity) will eliminate capacity, gain market share, and create a more efficient operation.	A successful company expands geographically operating units remain local.	Acquisitions extend a company's product line or its international coverage.	Acquisitions are used in lieu of in house R&Dto build a market position quickly.	A company bets that a new industry is emerging and tries to establish a position by culling resources from existing industries whose boundaries are eroding.
Major concerns	You can't run a merged company until you've rationalized it, so decide what to eliminate quickly.	Members of the acquired group may welcome your streamlined processes. If they don't, you can afford to ease them in slowly.	Know what you're buying: the farther you get from home, the harder it is to be sure.	Build industrial-strength evaluation processes so that you buy first-class businesses.	Cive the acquired company a wide berth. Integration should be driven by specific opportunities to create value, not by a perceived need to create a symmetrical organisation.
	If the acquired company is as large as the acquiring one and its processes and values differ greatly, expect trouble. Nothing will be easy.	If a strong culture is in place, introduce new values with extreme care. Use carrots, not sticks.	Expect cultural and governmental differences to interfere with integration.	This category allows no time for slow assimilation, so cultural due diligence is a must.	As a top manager, be prepared to make the call about what to integrate and what to leave alone; also, be ready to change that decision.
	If it is a so-called merger of equals, expect both companies management groups to fight for control.	These are win-win scenarios, and they often go smoothly.	The bigger you are relative I to your target company, the better your chances for success,	Put first-rate, well-connected executives in charge of integration. Make it a high-visibility assignment	
	These tend to be onetime events, so they're especially hard to pull off.		The more practice you have, the better your chances for success.	Above all else, hold on to the talent if you can.	

Before the decision is made to perform an acquisition it is also rational to do a profound investigation and analysis of the organisational fit of the two companies. The possibility is that although strategically there is an advantage to gain, the organisations are very different in for example hierarchy or management style. Organisational fit is defined as the match between administrative practices, cultural practices and personnel practices (Jemison & Sitkin, 1986) and is a major factor of influence on the success of integration. One of the most common expectations when there is a significant size difference is that the large company will dominate the small at these points.

The overall success of an acquisition is dependent on the management of the acquisition process in total. In the pre acquisition decision-making process, organisational fit is but one of the considerations. In general a successful acquisition at the most fundamental level is when it creates value and enhances strategic capabilities of the combined firms. The balance in integration is to find the right level of strategic interdependence between the two firms to transfer the needed strategic capabilities and keep organisational autonomy of the acquired firm that is required to preserve the acquired strategic capabilities (Haspeslagh & Jemison, 1991).

"Mergers and acquisition can only function effectively if there is a certain degree of cohesiveness between the two constituting companies. A high degree of cohesion is fundamental in creating a joint effort to fulfil the goals of the new organisation" (Olie, 1996, p.72)[1]

Above quote confirms the research that states the need for different sorts of fit between organisations as mandatory for the integration to be successful. Integration remains a choice naturally but in order to make maximum use of the, mostly proposed in the pre-merger phase, synergies both organisations must be integrated (Datta, 1991; Larsson & Finkelstein, 1999; Birkinshaw et al., 2000; Haspeslagh & Jemison, 1991).

Barkema & Schijven (2008) argue that the post-acquisition integration process should be divided in an initial phase and a second stage. Their research shows that the initial phase of the integration is inevitably suboptimal and that, as a result, acquisitive growth decreases an acquirer's performance, eventually forcing it to engage in organisational restructuring to more fully unlock the synergistic potential. This organisational restructuring is described and conceptualized as the second stage of the integration process (Barkema & Schijven, 2008).

[1] Quote from the PhD thesis "European Transnational Mergers" written by René Olie (1996).

2.3 Post-Acquisition Integration

In most cases the acquirer dominates over the target in the decision making process and therefore usually determines the outcome of the integration process. Effectively the acquirer determines how to integrate and how the new organisation will be formed (Datta, 1991). This is common when the acquirer is bigger than the target firm or even when there is an equal size of organisations. In the situation where a relatively small sized firm acquires a larger company, the integration has a different set of challenges. Technically the small firm still has the decision-making power but in practice integration can be difficult due to this difference in organisational size. An example is headcount, when there are common values and methods that are used by the larger company it will take a lot of effort and possibly the creation of new rules to implement new ways of work. If there are a lot of new people working together this adaption of methods and values will go more smoothly. Another important factor is location of work, where does the integrated company reside? If the small company integrates in to the large company in the existing workplace or building of the large company it will create different dynamics than when the integrated company moves towards a new environment.

The importance of integrating is acknowledged by scholars and by managers who have been studied (Haspeslagh & Jemison, 1991). A complete integration involves all aspects of the organisations e.g. organisational structure, strategy, markets & external environment and internal systems and processes. The impact of the integration on employees is often major. Such a life-changing event can have an impact on health and wellbeing (Cartwright & Cooper, 1993). The biggest challenge in the post acquisition integration process therefore is the human factor (Cartwright & Cooper, 1990). Cultural differences between two organisations have their influence on the integration process. Practices, common values and basic assumptions are factors of influence on both social as task integration (Stahl & Voigt, 2008). According to Birkinshaw et al. (2000) the integration should be done in two stages. First stage is as little task integration as possible and focus on the human integration and the second stage with large task integration should start when the human integration is at the verge of finalisation.

The majority of studies regarding the post-acquisition integration are regarding the rationalistic explanations for the difficulties that are encountered (Vaara, 2003). Vaara argues that there is little knowledge about the influence of "irrational" features in the decision-making process on the organisational integration. A significant difference in organisational size for example can be of importance when making the decisions around integration of the newly formed company. Especially when the target is significantly bigger there are risks to be taken into consideration. The decisions have an influence on the progress of integration, whilst focussing on the sense making process. Vaara (2003) found four interrelated tendencies that show why integrations sometimes have slow progress.

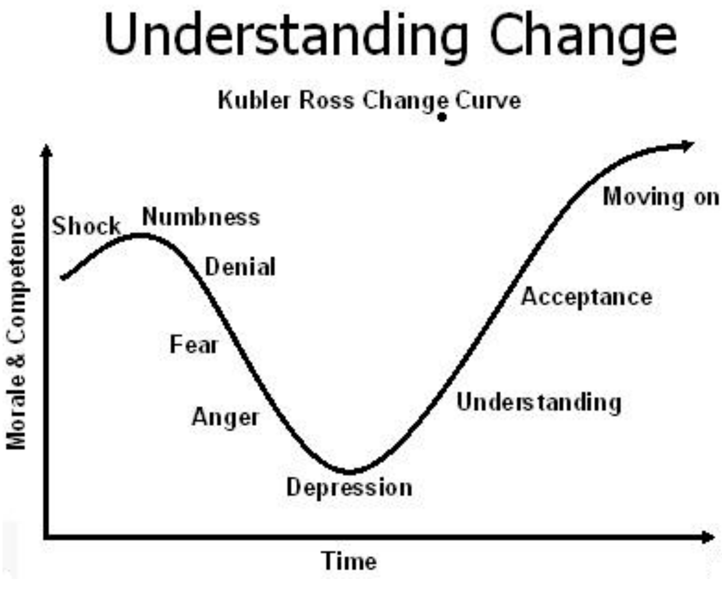
- Inherent ambiguity concerning integration issues
- Cultural confusion in social interaction and communication
- Organisational hypocrisy in integration decision-making
- Politicization of integration issues

Research of Mirvis (1985) focuses on employee reactions on acquisitions and according to that research they can be divided in to four stages:

- Disbelief & Denial
- Anger through rage and resentment
- Emotional bargaining beginning in anger and ending in depression
- Acceptance

These stages find their basis in the Kubler-Ross model of understanding change as seen in Figure 1.

Figure 1 Kubler-Ross model of understanding change



Employee reactions to change can be divided in two main streams, collective and individual reactions. Collective reactions are primarily viewed from cultural perspectives and individual reactions are more conceptualized through a psychological view and from career perspectives or opportunities (Larsson & Finkelstein, 1999). The common factor has proven to be an unfavourable reaction from employees of the acquired company to acquisitions in general. This is also referred to as the main reason for unsuccessful acquisitions or low acquisition performance. Many scholars endorse the results that say employee resistance is associated negatively with Mergers & Acquisitions performance. Resistance is defined as individual and collective opposition towards the combination and integration of the joining firms (Larsson & Finkelstein, 1999). Pre acquisition behaviour of managers and employees can influence value creation or loss in the integration phase. Particularly in the acquiring company managers should be aware of their behaviour and the influence it has.

In summary, there are a few main issues found in post-acquisition integrations:

- Political, cultural and identity differences (Stahl & Voigt, 2008; Floyd & Lane, 2000; Birkinshaw et al., 2000)
- Relatedness or organisational "fit" (Pablo, 1994; Harrison et al., 2000; Larsson & Finkelstein, 1999)
- Power imbalance (Vaara, 2003)

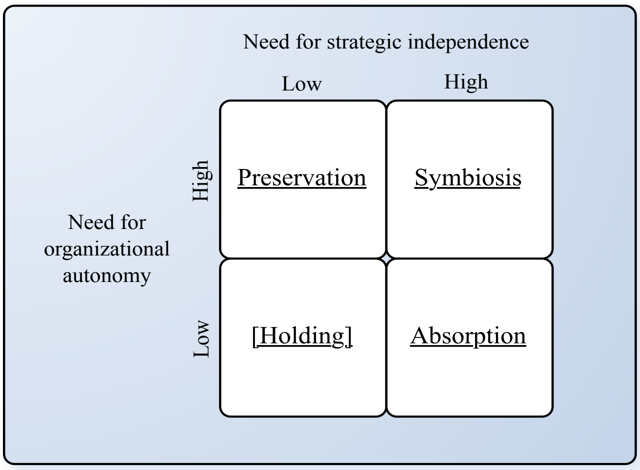
2.3.1 Types of integration

The most important and first choice that has to be made is the required level of integration. Will there be a complete integration or will there be parts of the two firms that stay autonomous? The integration process that follows from this decision can be divided into different types. An example is a division in five different levels by Marks et al. (2001):

- Preservation
- Absorption
- Reverse take over
- Best of both
- Transformation

However the integration type that is chosen also determines the way strategy, culture and organisational structure need to be aligned (Sudarsanam, 2003). The combination between the need for strategic independence and the need for organisational autonomy results in four different types of integration approaches (Haspeslagh & Jemison, 1991). In Figure 2 these integration approaches are presented schematically. If the need is high or low it will result in a different type of proposed acquisition approach. The two extremes values are 'Holding' for when there is a low need for autonomy and independence and 'Symbiosis' when that need is high.

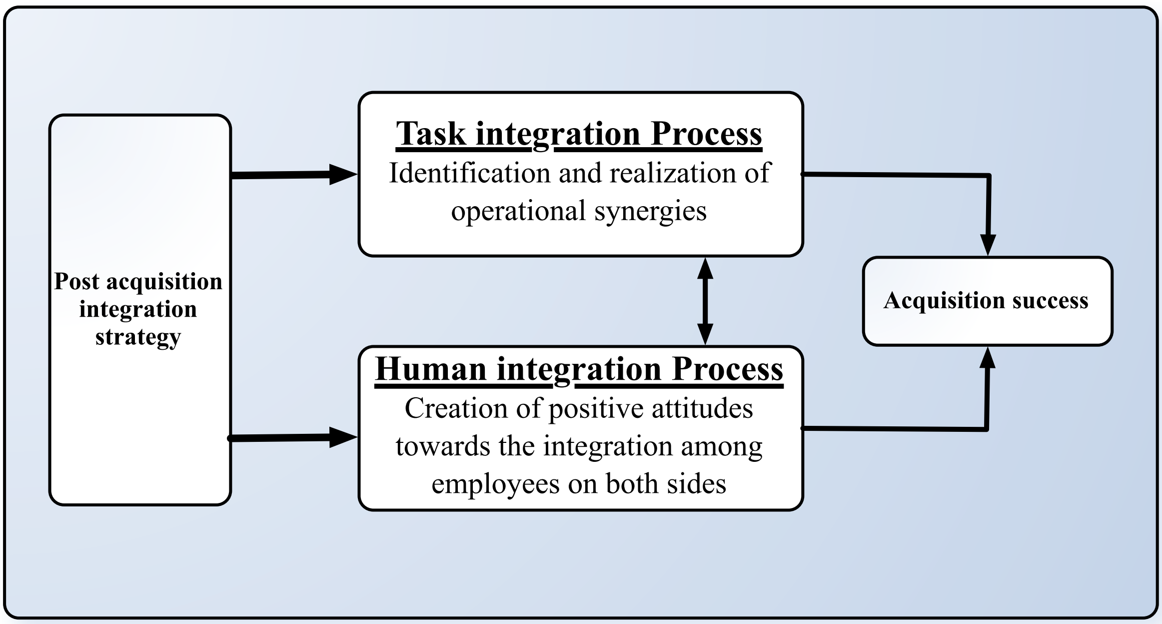
Figure 2 Types of acquisition integration approaches (Haspeslagh & Jemison, 1991)



Birkinshaw et al. (2000) give a different division of integration types, they present a difference between task integration and human integration. The task integration is about aligning and integrating the operational tasks in order to obtain the desired synergies. The human integration is about creating commitment and in order to accomplish that, the mind-set and behaviour (overall organisational culture) will need to change.

Overall acquisition success is contingent on effective management of both sub processes of task and human integration (Birkinshaw et al., 2000). Task integration tells us more about the degree of integration the more synergy is achieved the higher the degree of integration.

Figure 3 Framework for integration management (Birkinshaw et al., 2000)



Different types of integration also require different integration tasks on departmental level. Integration across departments involves three central problems (Shrivastava, 1986):

- Coordinating activities to achieve overall organisational goals
- Controlling and monitoring individual departmental activities to ensure that they are complementary and are being performed at adequate levels of quality and output
- Conflict resolution between the fragmented interests of specialized departments, individuals, and their inconsistent sub goals.

Table 2 explains the different post-acquisition integration tasks in regards to three types of integration activities (procedural, physical and managerial).

Table 2 Types of post acquisition integration tasks (Shrivastava, 1986)

	Coordination	Control	Conflict resolution
Procedural integration	- Design accounting systems and procedures	- Design management controlling systems	- Eliminate contradictory rules and procedures - Rationalize systems
Physical integration	- Encourage sharing of resources	- Manage and measure the productivity of resources	- Resource allocations - Asset deployment
Managerial integration	- Establish integrator roles - Change organisation structure	- Design compensation and reward systems - Allocate authority and responsibility	- Stabilize power sharing

In the procedural, physical and managerial integration activities mentioned, several objectives are pursued. Research did not show a difference between these objectives in regards to organisational size difference. For example the objectives of procedural integration e.g. homogenize and standardize work procedures are the same independent of the acquirer / target size ratio. The challenge arises in the implementation when the acquirer is significantly smaller than the target. Although the objective is the same the implementation can be more difficult when the acquiring firm is significantly smaller and they want to implement their work procedures.

In summary, to determine the type of integration a decision will first have to be made about the need of integration. Is there a need for autonomy of the separate organisations or for independence of their strategy? When this is determined the required type of integration is known. Different scholars have presented different types of integration tasks on different levels.

The most common found are the division on organisational level between tasks and human integration (Birkinshaw et al., 2000; Pablo, 1994) and on a deeper level the division in procedural, physical and managerial integration tasks (Shrivastava, 1986; Datta et al., 1991).

2.3.2 Degree of integration

Integration can be done at several different levels. It is argued that it is dependent on the objective for which the acquisition has been made (Pablo, 1994; Haspeslagh & Jemison, 1991). Pablo (1994) makes the degree of integration equivalent to the degree of change in an organisation's configuration. These different degrees of integration are summarized into three levels, a low level, a moderate level and a high level.

An overview of the concepts used to describe the characteristics of each different degree of integration is found in Table 3.

Table 3 Descriptions of integration degrees (Pablo, 1994)

Degree of integration	**Description**
Low	Conceptualized as where technical and administrative changes are limited to the sharing of financial risk and resources and the standardization of basic management systems and processes to facilitate communication
Moderate	Include increased alterations in the "value chain" as physical and knowledge-based resources are shared or exchanged
High	The extensive sharing of all types of resources (financial, physical, and human), generalized adoption of the acquiring organisation's operating, control, and planning systems and procedures, and complete structural and cultural absorption of the acquired firm

2.3.3 Organisational size

Research suggests there is a significant negative relationship between relative organisational size and two performance indicators, accounting ROA and market return (Kusewitt, 1985). This implies that the bigger the target firm is relatively to the acquirer the bigger the risk for a bad performance. Other research provides a relationship between the relative influence of transformational and transactional leadership behaviour on management innovation. The effectiveness of these leadership behaviours is dependent on the organisational size (Vaccaro et al., 2012). Also there have been studies about the acquisition of small companies by large to obtain technology or innovative employees (Grandstrand & Sjolander, 1990). This suggests that some multi-technology corporations build up their technological capabilities by simply acquiring it of the market and integrating it into their own technology.

The literature study conducted for this research exposed a gap regarding the moderating influence of organisational size on the process of post acquisition integration. No literature was found about the behaviour when the acquiring company is smaller than its target. There remains little knowledge of the influence of significant difference in organisational size in regards to the integration process and the dynamics in that process. This study will attempt to create a basis on which further research can start to bridge this gap in knowledge.

2.4 Integration problems

Different reasons for acquisitions require different ways to integrate and therefore have their own major concerns (Bower, 2001). All integrations have their own challenges but in the existing literature a number of topics are dominant.

These topics are:

- Organisational issues
- Strategic issues
- Cultural issues
- Identity issues

During all integration processes change is inevitable, however in general it is the degree of change that is of influence on the resistance (Olie, 1996, p.18). This resistance to change that is encountered after an acquisition is similar to resistance to any major organisational transformation process (Cartwright & Cooper, 1996).

It is important to state that there is a significant difference in mergers and acquisitions again. In an acquisition there are clear winners and losers and the operating power has to be surrendered to the new owner as per transaction completeness. In a merger of equals it is more likely that there is an even match so the distribution of power will evolve over time (Cartwright & Cooper, 1990). The reaction of employees is also different in these situations. Resistance is greater when it is a bitterly fought or hostile take over than when it is a voluntary merger or acquisition (Mirvis, 1985).

The following paragraphs present an overview of the most common issues in integrations and their behaviour and role in different integration types. In these paragraphs organisational size difference is considered a moderating factor.

2.4.1 Organisational fit

Research in strategic management has generally focussed on the role of 'strategic fit' and synergistic benefits as determinants of acquisition performance and success. Issues of 'organisational fit' seem at least equally important to ensure a successful post-acquisition

integration but have received considerably less attention in the past. Organisational fit refers to the compatibility of administrative practices, leadership styles, organisational structures and organisational cultures (Olie, 1996). Other aspects of organisational fit are compatibility of management styles, attitude against risk, decision-making approach, preferred control and communication patterns. They are all separate factors that can present the differences between management of two organisations integrating (Datta, 1991). As an example Datta (1991) writes that policies and procedures that seem justified can be considered reckless by the other group of management. The more different the two groups are, the more difficult integrating them will be.
Most of the reasons for failure relating to management styles are in problems in cooperating and working together between managers and frustration about losing status (Hoogendoorn, 2002).

The key differences in management styles between small and large firms are:

- The formality (the way a manager is accessible to employees)
- Division of responsibilities
- Participation in operations
- Status behaviour

Integrations of management teams with considerable different styles involve a much higher involvement and interaction (Datta, 1991). Differences in managerial styles in business increase the chance upon conflicts. This is also expected to be important when there is an imbalance in organisational size. If for example the smaller company's style of management differs completely from the large company it will probably be difficult and time-consuming to integrate them. In general integrating two separate companies with different traditions and backgrounds into a single unit often proves to be a difficult and time-consuming process. (Olie, 1994)
One of the proposed solutions in research by Hayes (1979) is to perform a "low post-acquisition integration" in this case. A low level of integration is conceptualized as one in which technical and administrative changes are limited to sharing of financial risk and resources and standardization of basic management systems and processes to facilitate communication (Pablo, 1994).

Structure compatibility is one of the other organisational factors that is of influence on integration and can be a source of issues. As the structure of both companies almost never turns out to be the same or completely suitable to integrate without any sacrifice, this usually is a stressful moment. Organisational structure can be divided in a functional part and a physical part. The functional part consists of management control systems and procedures and the physical part of resources and assets (Shrivastava, 1986). Both functional and physical structures have a disruptive effect when integrating. When integrating the physical structure there has to be a transfer of ownership of for example production technology, R&D projects and production lines. When integrating the functional structure, one of the companies will have to say goodbye to their well-known systems like inventory control and sales analysis.

In case of significant size difference between organisations it seems more difficult to impose the functional part of the smaller company's organisational structure upon the larger company. This is due to the fact that there are more people in the company working according to the other structure and as a cause of that the effort and cost will be high to change that. In general, the larger the size of the acquired firm relative to the buyer firm, the more difficult it is for the buying firm's managers to understand all the areas where integration is needed (Chatterjee et al., 1992).

2.4.2 Strategic fit

Strategic issues in integrations usually arise when the intent of the acquisition is not fully understood at the start (Pablo, 1994). There can be several strategic objectives like elimination of overcapacity or more efficiency in operation at the grounds for an acquisition and integration. Research of (amongst many others) Kitching (1967) suggests that the reason for most of the failed acquisitions can be found in the integration process.

The search for a target goes hand in hand with the assessment of strategic intent, to be more precise, the intention to purchase a related or unrelated target. For example, there is a significant difference in employee resistance when the target is a related firm. Post merger resistance is highly likely to have a negative impact on the post acquisition integration success and therefore on the performance of the newly formed company. When the target is unrelated it is less likely to have this negative impact and therefore it will have a lower impact on the integration (Harrison et al., 2000). The strategic issues that can originate from not understanding the reason for acquisition will cause problems that have a negative effect on the intended goal of the acquisition (Schweiger & Very, 2003). For example if the goal is to eliminate overcapacity in the market but management also has a self-interest that drives them, the general disagreement regarding the intended level of integration or even an overestimate of the management ability to eliminate the overcapacity. These kind of strategic issues will lead to value destruction. Strategic fit itself offers the potential for synergies, but realization depends entirely on the ability of management to manage the post-acquisition process in an effective manner (Birkinshaw et al., 2000). Specifically in the case where organisational size difference is at hand, it is extremely important to understand the strategic intend for the acquisition and make sure the management is capable and fully aware of the strategic intentions.

2.4.3 Cultural fit

Organisational culture is often blamed for the failure of acquisitions and following integrations. Three factors are said to be important to consider around organisational culture when integrating. First, the degree of integration, second the kind of cultural exchanges and third, to what extend the own cultural identity of the firm is valued and the other firm's culture is regarded as attractive (Olie, 1990). Organisational culture is very widely researched and described in literature. Study of organisation culture (where an organisation is seen as a mini society) originates from sociology and anthropology. Culture is something an organisation rather "is" than "has". Literature provides a substantial list of factors and manifestations of organisational culture, a few factors that shape the organisational culture:

- History and ownership of the organisation
- Size of the organisation
- Technology it employs and the nature of its business activity
- The external environment and product market
- People, particularly founders and leaders.

Organisational culture manifests, amongst others, in:
The way people interact, terms of address and the language and jargon they use. Also clothing is important, a suit and tie or more casual? Differences in corporate culture occur at different levels and the effect is also different. Top management teams for example, if there is a significant cultural difference in the newly formed team it negatively influences the stock market performance of the integrated organisation (Chatterjee et al., 1992). Research also reveals certain difficult combinations like a "family" vs. "professional" culture (Zaheer et al., 2003). This difference seems to play a role in acquisitions of companies with a significant difference in organisational size. The "family" type of culture is more common in small companies. Organisational culture consists of symbols, values, ideologies and assumptions. Particularly strong cultures are problematic to change because of these artefacts. Organisational culture can be divided into four main types; these types almost always are present together (or at least a few of them) in a company's culture (Cartwright & Cooper, 1993).

Table 4 Types of organisational culture (Cartwright & Cooper, 1993)

Type	Main characteristics
Power	• Centralization of power – swift to react • Emphasis on individual rather than group decision making • Essentially autocratic and suppressive of challenge • Tend to function on implicit rather than explicit rules • Quality of customer service often tiered to reflect the status and prestige of the customer • Individual members motivated to act by sense of personal loyalty to the "boss" (patriarchal power) or fear of punishment (autocratic power).
Role	• Bureaucratic and hierarchical • Emphasis on formal procedures, written rules and regulations concerning the way in which work is to be conducted • Role requirements and boundaries of authority clearly defined • Impersonal and highly predictable • Values fast, efficient and standardize customer service • Individuals frequently feel that as individuals they are easily dispensable in that role a person serves in the organisation is more important than the individual/personality who occupies that role
Task / Achievement	• Emphasis on team commitment and a zealous belief in the organisations mission • The way in which work is organised is determined by the task requirements • Tend to offer their customers tailored products • Flexibility and high levels of worker autonomy • Potentially extremely satisfying and creative environments in which to work but also often exhausting
Person / Support	• Emphasis on egalitarianism • Exists and functions solely to nurture the personal growth and development of its individual members • More often found in communities or cooperative than commercial profit-making organisations

Differences in organisational cultures can almost immediately lead to a hostile environment with rivalry between the groups of employees (Cartwright & Cooper, 1990). This research of Cartwright & Cooper (1990) proved that former employees of the displaced culture were less satisfied and committed in comparison to the group of whom the culture was retained. Regarding the size difference moderator in this research it can be found interesting on how committed the employees of the large company are now with the imposed culture of the small group.

Cultural influence is often underestimated in the pre-acquisition phase. Most of the time, focus during integration decision-making is on task interdependence and less attention is on Cultural diversity (Pablo, 1994). Another conclusion is that the degree of cultural fit that exists between both organisations and its subsequent influence this has on the individual is of big influence on the merger outcomes in regards to achieving the pre determined goal (Sudarsanam, 2003). Cultural differences can also be adapted between organisations when integrating. For example, the degree of congruence between acquirer and target preferred modes of acculturation will affect the level of acculturative stress. The latter will in turn either facilitate or hinder the implementation of the merger (Nahavandi & Malekzadeh, 1988). Acculturation of cultures between both organisations can take place in different modes. They define the ways in which groups adapt to each other and even how they resolve upcoming conflicts. Based on research of Berry (1983, 1984) Nahavandi & Malekzadeh (1988) identified four of these modes; integration, assimilation, separation and deculturation.

Integration of cultures when performing a post-acquisition integration is triggered when the employees of the target firm want to preserve their own culture and identity and want to remain autonomous and independent. Assimilation is in contrast always unilateral. The process is that one group willingly adopts both identity and culture of the other. This is seen for example in target firms that were unsuccessful. Separation mode is often seen and used when both cultures are valuable for the process of generating value. The effect then would be that both groups will remain separate and will function under the same financial umbrella of a "parent" company. The last identified acculturation mode is the deculturation. This is also referred to as "marginality" and it involves remaining an outcast to both cultures. In this case employees of the acquired company do not value their own culture but also do not want to be assimilated in to the acquiring company. In this case it is very likely that the acquired company will "disintegrate" as a cultural entity.

As argued, there is a difference in the way these modes are viewed between the acquirer and the target. Figure 4 points out the modes of acculturation from the acquirer's point of view while Figure 5 shows the target firm's modes.

Figure 4 modes of acculturation of acquirer (Nahavandi & Malekzadeh, 1988)

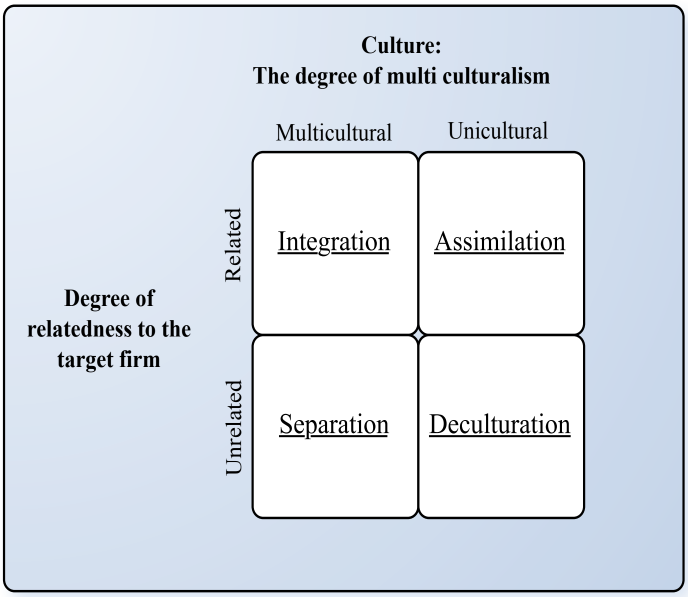
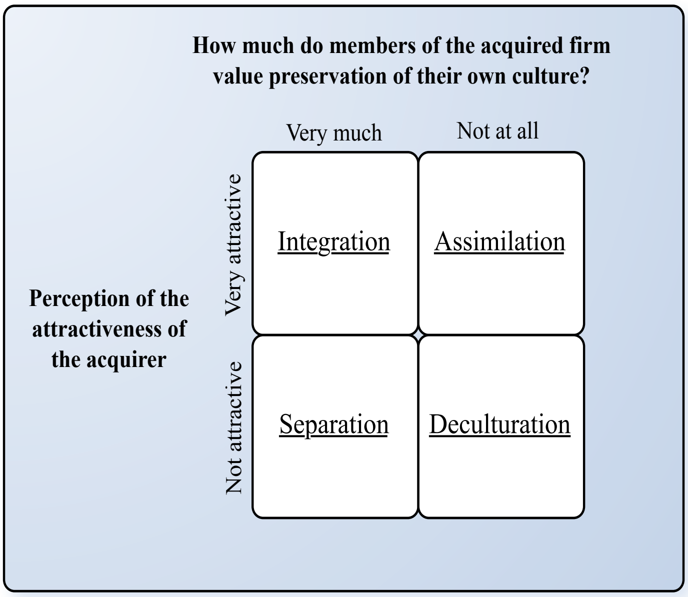


Figure 5 modes of acculturation of target (Nahavandi & Malekzadeh, 1988)



When organisational size difference is relatively large and, like in this study, the acquirer is smaller, the common expectation is a separation mode of acculturation. The big target firm will most probably not adapt or conciliate easily and it will try to remain separate from the culture of the acquirer. It is argued that management style differences also have great influence on this phenomenon. When a large organisational size difference is the case, it is likely that there will be a culture incompatibility. Research states that the role of cultural incompatibility is of direct influence on the performance of merged units (Datta et al., 1991). One of the findings suggests a lower post-acquisition integration (target autonomy) to prevent the negative influence. This will result in longer periods of time for the two cultures and identities to grow to one another. Most research around this topic is based on mergers or acquisitions of equals. There is suspicion on an important similarity regarding this topic when there is an organisational size difference.

2.4.4 Identity

Identity is not the same as culture, identity is more specified to the individual and its relationship to the company (organisational identity) or to him or her self (personal identity), it can be described as "who we are". Culture is more a concept of an organisation as a whole and its shared experiences or described as "how we do things" (Zaheer et al., 2003). Organisational identity will make employees of both firms involved in the acquisition likely to feel some identification with their firm of origin, however the strength of this will vary across different firms. Some firms have a stronger identification effect on their employees than others. The emotional bonding is stronger in firms that have gone through extensive socialization processes like start-ups. On the other hand organisations that perform poorly or have experienced large-scale layoffs will have less strong identification (Zaheer et al., 2003).

According to Birkinshaw et al. (2000), there is a division of the integration concepts into task integration and human integration. When the human integration is done correctly it will generate satisfaction and ultimately a shared identity amongst the employees from both originating companies into the newly formed organisation (Birkinshaw et al., 2000). In the process of post-acquisition integration it is therefore of the utmost importance to manage the human integration intensively. The results of a low human integration are either a failed acquisition or it will be a mixed success where operational synergies are achieved at the expense of the employee (Birkinshaw et al., 2000). There have been many studies concerning the steps managers can take to oppose for example employee resistance. Examples of these measures are; reward and sanction, ask employees to help design the change or explain why the change is needed. Managers can also rely on others to persuade employees to support the change. It has to be concluded that after decades of this research there is no conclusive outcome on what is the best strategy to affect resistance to change.

In case of a significant size difference it is likely the employee resistance will be greater in the small firm than in the larger firm due to the "preponderance" the bigger firms culture has. This can be explained because there is a direct link between having a strong identity within a company and feeling the threat to lose that. In a smaller company there is more chance upon a strong identity and therefore the chances are bigger that the employee resistance is greater.

Some scholars have attributed acquisition failures to a mismatch of size, comments like "we could not get these little entrepreneurs to think as businessmen" were made for example (Kitching, 1967).

Identity within a company can be strong and can also persist for decades, many examples like the Hewlett Packard and DaimlerChrysler integrations were found where years after integration there is still identification with the originating firm. This is best viewed at interviews performed for research where “our people” versus “their people” is used.
The role of organisational size related to identity is not widely covered in literature. It is stated that there is a higher possibility of a strong identity in smaller firms and in the case of relatively large acquisitions of equals, managers tend to continue to identify with their firm of origin (Zaheer et al., 2003). Nothing was found in regards to the acquirer and the target vice versa in an acquisition of a small and a large firm. This research will therefore contribute to the knowledge surrounding this topic.

2.5 Conclusion on literature

The essence and conclusion of the literature research is that the primary objective for post-acquisition integration is to make more effective use of existing capabilities and to increase value creation by consolidating both firms in to one functioning unit (Datta, 1991; Birkinshaw et al., 2000; Pablo, 1994). There is no real focus on size difference between acquirer and target in the existing research regarding the post-acquisition integration. Some scholars like Grandstrand & Sjolander (1990) and Bower (2001) take organisational size difference into account as a moderating factor but mainly from the focus of the acquirer being the large and the target small. There is also research available that takes organisational size into account in a different way. This classifies the acquisition in small or large relating on the organisational size and is mostly about experience in acquisitions (Ellis et al., 2011). There is very little research regarding the subject where a small sized company acquires a large and what the exact influence will be on the post-acquisition integration process. Therefore this research will contribute to the body of knowledge and it will provide starting points for further research.

2.5.1 Schematic overview of literature

Common factors and scholars in research have been found and summarized in Table 5.
In the literature research four main focus areas have been identified and Table 5 provides an overview of the most common used literature per focus area.

Table 5: Schematic of integration issues

Focus area of research	Most common scholars
Organisational and strategic issues	(Datta et al., 1991; Olie, 1996; Hoogendoorn, 2002; Shrivastava, 1986; Pablo, 1994)
Cultural issues	(Olie, 1990; Chatterjee et al., 1992; Zaheer et al., 2003; Cartwright & Cooper, 1990; Cartwright & Cooper, 1993; Birkinshaw et al., 2000; Vaara, 2003; Sudarsanam, 2003; Nahavandi & Malekzadeh, 1988)
Identity Issues	(Zaheer et al., 2003; Birkinshaw et al., 2000; Datta, 1991)
Employee resistance	(Olie, 1996; Cartwright & Cooper, 1990; Cartwright & Cooper, 1996; Mirvis, 1985; Larsson & Finkelstein, 1999)

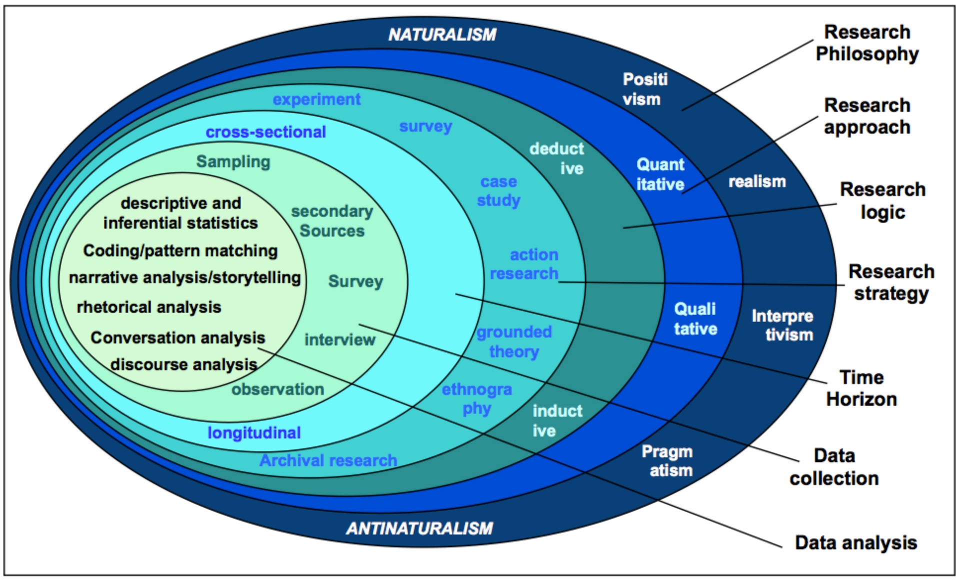
Research is very clear on the following subject; before conducting an acquisition it is of utmost importance to have a very clear understanding of the objective of the acquisition (Bower, 2001; Cartwright & Cooper, 1993). If that is not clear it will most probably lead to the loss of value in the time following the acquisition and therefore be unsuccessful.
Following that clear objective is the decision on how to proceed with the implementation, in other words, determine to which extend the firms will be combined.
At last there are some influences found in literature from external sources that can be of importance. Examples are changes in regulatory affairs or market circumstances.

3 Research methodology

This chapter discusses the method used to conduct this research in relation to the selected case. The research is a single case study and it investigates the case of the take over of Versatel by Tele2 Netherlands in 2006. Both companies were active in telecommunications and the size difference ratio based on headcount was 1:40 in favour of Versatel. Nevertheless Tele2 acquired and integrated Versatel in to the Dutch organisation in only a two years time. The case is suitable for the research subject and because of the theory-oriented character of the research a single case study proved to be a valid way of approach however more and different approaches can also follow in future research. The main objective is to gain an in-depth insight in the dynamics of the processes that have been followed during the time following the announcement of a full integration. In order to achieve that, interviews are held with different people from all levels within the organisation. The only restriction is that they were active employees during the time of the acquisition and integration. Next to interviews intensive desk research has been done to achieve knowledge about the decision-making process and gain insight in financials and results etcetera.

This research will create and build knowledge on the specific topic surrounding the influence a significant difference in size of two companies has on the integration process. The goal of theory-oriented research is to contribute to the development of theory (Dul & Hak, 2012). In the following paragraphs all considerations and choices are covered and described using a research design theory of Saunders et al. (2009). A research design is the "logical plan to getting from here to there". Where "here" is the research question and "there" is the answer to it (Yin, 2009, p.26). The blueprint for the research should always be a proper design. The design should give handles to avoid the problem where the collected evidence does not address the initial research question (Yin, 2009, p.27). Therefore in this case the choice is made to follow the design theory of the research "onion" (Saunders et al., 2009). In Figure 6 there is an overview of the design.

Figure 6 Research design from Saunders et al. (2009)



3.1 Research design

3.1.1 The research philosophy

It is important to understand the research philosophy because it relates to the development of knowledge and the nature of that knowledge. Next to that the research philosophy that is adopted contains important assumptions about the way the researchers view the surrounding world (Saunders et al., 2009).

An example is; different topics of research in the same environment. E.g. studies towards employee satisfaction on a department versus the efficiency of the logistics concerning the needed resources for the production process of that same department. In both studies the philosophy will be different. Important to realize is that there is no wrong or right, different philosophies are better at doing different things (Saunders et al., 2009).

For this particular research project the need is to gain in depth knowledge of the effect size difference has on the integration process in its “real life”. Taken in to account that the investigator has little control over events and the goal is to explain the influence of a circumstance (difference in organisational size). Interpretivism and pragmatism are therefore the two philosophies that are closest to the research in question and suitable for the selected case. Interpretivism is about understanding differences between humans as social actors where pragmatism asks the question “do you have to adopt one position”? Due to the way the researchers view is on what constitutes as acceptable knowledge and the view regarding the role of different values and perspectives, the research philosophy pragmatism is held in this research. This gives the opportunity to integrate different perspectives to help interpret the collected data.

3.1.2 Research approach and logic

The research is designed to add knowledge to existing theory or in other words, it is of the theory building kind. The goal is to try and find if there is a possible influence on the integration of two companies when there is a significant smaller acquirer than target. Literature states that the human factor is very important and therefore gaining an understanding of what meaning humans give to specific events is equally important. Therefore in the data collection at Tele2 there were several questions about the way employees perceived the process of integration.

It is also necessary to have a flexible research structure to be able to handle changes of the research emphasis as it progresses. The research should be able to handle different or alternative explanations on what is happening in the process.

Finally we need to take in to account that the researcher is a part of the research process. All these different factors lead the research in to the qualitative inductive approach. Data is collected through desk research, documents provided by Tele2 and via interviews that are conducted with existing and former employees of Versatel and Tele2 who have been involved in the acquisition. The involvement differs from directly like the managing director Mergers & Acquisitions to indirect like engineers in the Network Operations department. Theory will be developed as a result of the data analysis of the selected case.

3.1.3 Research strategy

The research is done via a qualitative inductive method, it is of an exploratory purpose and it must lead to the discovery of "what is happening". The empirical research can be done in several different ways e.g. experiments, surveys, economic and epidemiologic (Yin, 2009). For this research project the access to potential general data seems limited due to the very little amount of acquisitions with properties that fit the profile to address the research question.

The best fit in research strategy for this project is the case study. The case study presents the possibility to interview people, review records and documents and even to make observations in the field. The collected information can then be combined and interpreted because it also leaves room for context (Yin, 2009). Yin (2009) also describes the case study as the best way to cope with the technically distinctive situation where there are many more variables of interest than just data points as one result. That fits in to the research philosophy because the dynamics in the process is one the topics. As mentioned, the literature and theory regarding the research question is not widely available or existent. This research is conducted in one single case because it gives the opportunity to reach sufficient depth in the research and the ability to start the development of theory around this topic. The case of the acquisition of Versatel is investigated at two points in time, the period during the integration and the present time (six years after integration). The research method by a single case study of the Tele2 – Versatel

acquisition can be considered a pilot case for further research in order to further strengthen the basis for supporting the theory found.
Following the decision to use the case study strategy the data collection results will have to be triangulated.

3.1.4 Time Horizon

Studies can be done in two different ways regarding time, cross-sectional or longitudinal. The first factor to be taken into account is the research question. Which type of time spandex goes best with the question asked? In this research the integration process is one of the topics. The used case is an acquisition that took place in 2005 – 2006. The integration started in 2006 and took quite some time to finish. There can even be arguments made if it finished at all due to other following acquisitions. The ability to take change and development into account is a property of the longitudinal study and although this research did not start at the beginning of the integration it has the ability to use and re-analyse available data which is collected over time. Also all of the interviewees are selected with one parameter, they have to be working at one of the two companies during the integration start in 2006. Tele2 has also kept records from the time period and there are good possibilities to access them. Examples are annual reports and extensive documentation from the works council.

3.1.5 Data collection

Data collection is the process of (a) identifying and selecting one or more objects of measurement, (b) extracting evidence of the value of relevant variable characteristics from these objects, and (c) recording this evidence (Dul & Hak, 2012). For a case study the data collection process is more complex than those used in other research methods (Yin, 2009). It is key to ensure quality control during the process of collecting data. Yin (2009) defined three principles to assist in maintaining quality control in the data collection.

1. Use multiple sources of evidence
2. Create a case study database
3. Maintain a chain of evidence

Principle 1 emphasizes the importance of multiple sources of data to be able to prove e.g. concepts or relations found in the research. One of the most common used is the triangulation of data. A case study will pre eminently provide the opportunity to use multiple sources and is therefore very suitable to obtain data from different sources like documentation and interviews.
At Tele2 the majority of the data is collected through desk research of documents concerning the acquisition and interviews with employees who were present during the integration. A selection

of documents used, next to existing literature is the acquisition prospective, archive documentation, annual reports from 2005 to 2009 and internal communication like the works council analysis reports.

The choice was made to do semi-structured interviews to allow flexibility from the interviewee to be taken into account and to prevent leading from the interviewer. Employees from all levels have been interviewed, management or no management from board level to engineer. The interview questions as seen in Appendix 1 Interview questions have been used as a guide only but also to ensure that certain topics regarding the research question were discussed. All interviews have been recorded as audio files. Some of them have been deleted after the elaboration upon request of the interviewee. In Table 6 a division of the interviewees by the level of their function in the company is presented.

Principle 2 provides handles to manage the collected data. Most common used is a division between data or evidence base and the report of the investigator. The database of the research can be subdivided into four components; notes, documents, tabular materials and narratives.

In this research at Tele2 an external database was created in MS Excel to keep track of all documentation, used literature and even literature that was not found to be useful after analysis. Further there are audio files of interviews (when given permission) and they were also used in the process of elaborating these interviews. As the final sort there was a binder in which notes were kept that were made during the interviews and during literature research.

Principle 3 is to increase the reliability of the information. The principle is to allow the reader to follow the derivation of any evidence from initial research question to the case study conclusion.

The research type that is done is theory building and therefore the actual chain of evidence is also theoretical. In this report there is an outline of literature that has provided the most common factors within integration. These are outlined in chapter 2. With these factors in hand the interviews and document research of the case at Tele2 were created and there was an in depth investigation of the process that was followed. In the results chapter the relation between these common factors and organisational size is explained. The result is that these common factors are related to this organisational size difference and it is described if there was an influence on that in this case. The further generalisation is then described and the research question is answered. In that way the chain of evidence is connected and the theoretical is linked to the practical.

Table 6 Overview of interviewees based upon function level

Functional level	Number of interviewees
Higher management	3
Middle management	5
Sales	3
Marketing	3
Engineering	5

Interviews:

The intention for doing interviews was to gain an in-depth view on the dynamics of the process of integration. Therefore semi-structured interviews were held. This provided the opportunity to ask different questions towards different interviewees, the ability to follow up on interesting topics immediately and the chance for the interviewee to tell their own story. The interview questions were altered after the second interview. Both interviews gave a better understanding upon the dynamics and the questions were adapted accordingly. At the end there were two questions with a selection of answers where a choice had to be made. First was the expected reason for acquisition and second was the most common reaction of employees on the news. Because of the choice that was forced to make, it provided exact similar answers that were easily generalised over the interviewees as the most common opinion, the available selection of answers were derived from literature so a connection was made to existing research. For the purpose of this research, 19 interviews were taken at Tele2. All interviews lasted for 45 up to 90 minutes depending on the functional level of the interviewee. Interviews with higher management levels were longer in duration. The interviews were done with a set of questions that were divided in topics following the literature study as can be seen in Appendix 1 Interview questions

3.1.6 Data analysis

The danger of data analysis is reaching a premature or false conclusion resulting from the information processing and analysis. The analysis needs to be organized in a structured way and potential findings or conclusions should only be derived following e.g. the principles of Yin (2009).

In this research project the aim is to build new theory surrounding the influence of organisational size upon the integration or in other words to draw a conclusion about whether there is a relationship and if so, what is that relationship (Dul & Hak, 2012).

In the analysis of the existing literature, emphasis was on generalities in the integration process after an acquisition. Following, in the analysis of the gathered data and conducted interviews, the search for "relations" began. Pattern matching is to find an expected pattern in the research data. In this research these expected patterns are put down as propositions. If there is a pattern found it is a possibility that the expected coherence exists. Interviews have been recorded and

analysed using transcripts made from the recordings. Relevant quotes in the responses were used to generate the 'common' opinion and the rest of the interview results have been summarized and used to write the analysis. The results have been filed digitally, categorized and labelled according to the topics found as most important in the literature study.
Further documents have also been filed digitally and read through with the topics of the literature study as a guide. Relevant information was copied into separate documents and used to create these results.

3.2 Reliability and Validity

There are several scholars who defined a set of requirements to be able to judge the quality of the research and its design. These requirements are based upon reliability and validity, however researchers are discussing their relevance for qualitative research (Bryman & Bell, 2011).
Validity is about the chosen indicators and if they actually measure the concept of that specific part of the research. Reliability is about the consistency of that measurement e.g. reproducibility of results (Bryman & Bell, 2011; Yin, 2009). A valid measurement is achieved when scores can be considered to capture meaningfully the ideas contained in the corresponding concept (Dul & Hak, 2012). Validity can be divided in to different sorts, most used are; construct validity, internal validity and external validity.

3.2.1 Validity

Construct validity is the extent to which your measurement questions actually measure the presence of those constructs you intended to measure (Saunders et al., 2009). A case study is able to take into account the complexity of reality, based on qualitative research and different sources, which can be triangulated. Triangulation of data, theory triangulation and methodological triangulation of multiple sources of evidence will produce a case study with high construct validity (Yin, 2009). This study is conducted primarily via literature research, data from various documentation / sources and on interviews with employees who have witnessed the integration. Evidence is based on recording of all the interviews and creating reports of all the interviews. All secondary data sources, internal and external have been stored via the database structure proposed by Yin (2009). In this research an in-depth literature review has been done which creates a small degree of theory triangulation. As only the single case study method with semi-structured interviews was used, Methodological triangulation is not possible.

Internal validity is the extent to which findings can be attributed to interventions rather than any flaws in the research design (Saunders et al., 2009). This type of validity is to be achieved by pattern matching within the researched case. There are causal relations found but the nature of one researcher in one single case study will put some concerns on the internal validity of this research.

External validity is the extent to which the research results from a particular are generalizable to all relevant contexts (Saunders et al., 2009). Critics typically state that single case studies offer a poor basis for generalization (Yin, 2009). Case studies rely on analytical generalization however. Therefore by definition the researcher is striving to generalize a particular set of results to some broader theory. This research is meant to be the start of theory building around the topic, there are not many cases available and in this particular research project only one case is investigated. The external validity is therefore poor in this research. There needs to be a follow up on this research to include more cases and preferably use different methods. The addition of a quantitative research will add statistical generalization and will therefore have a positive outcome for external validity.

3.2.2 Reliability

Following the design rules and the creation of a case study database (Yin, 2009) ensures reliability in this study. It will make the procedures and actions transparent for others to use. The best example in this research is the recording of interviews. Almost all interviews have been stored with permission from the interviewee to be used for making transcripts. The audio files will be available for other research upon the permission of the interviewee. In a number of cases feedback from the interviewee was asked to ensure proper understanding by the interviewer. This is primarily done because of the difference in language between the interviews and the report. Most interviews have been conducted in the native language of the interviewee i.e. Dutch or English.

3.3 Triangulation of results

There are several different methods of data collection used in this research so there are different sources of data. As one of them is existing literature and others are linked to the case study there is also some independency between the sources. This will help to ensure that the data are telling what we think they are telling (Saunders et al., 2009). Further triangulation within the same method of data collection like the semi-structured interviews is reached through combining different interviews and to ensure there is no significant difference between them. If this was the case, further investigation was done to prevent the influence of perception on the success factor of the integration process between for example different management levels or employees who have been directly involved in the decision process of the acquisition.

The result of asking for some more explanation will result in a “general” perception and is therefore more reliable. In this case study the choice was made to use only qualitative data, because of that there is no triangulation with quantitative data as there has been no collection of that.

3.4 Short case description

<u>The acquisition of Versatel Telecom International N.V. by Tele2 Netherlands B.V. in 2005</u>

In 2005 Versatel Telecom International N.V was the leading alternative operator in the Dutch telecommunications market. Versatel delivered business telephony, Internet and television services from their own state of the art fiber optic network. The company had an average headcount of 1015 employees (Versatel Telecom International N.V, 2005) and the revenues were € 378.108.000,-. Versatel was also active in Belgium and Germany.
Tele2 Netherlands was a carrier pre select company that offered cheaper consumer telephony costs with their 1602 carrier pre select number for fixed telephony and cheaper mobile services as a Mobile Virtual Network Operator (MVNO). The average headcount of Tele2 was 30 employees and the financials were not disclosed at country level but only in the Tele2 group. Tele2 Netherlands was and still is a part of the Tele2 group that was at the time present in 23 countries and held around 30 million customers mainly on consumer products. Tele2 as a group is a Swedish multinational.

In 2005 Tele2 acquired Versatel in a fierce battle with the Versatel shareholders. During the take over process regulatory reasons obliged Tele2 to sell the German activities of Versatel together with the name Versatel. This automatically caused the newly formed company to take the Tele2 name for both consumer residential services as for business services. Tele2 decided to invest in the roll out of DSL services in Belgium to further strengthen their position based upon the Versatel operations. In Belgium Versatel was also rebranded to Tele2 but it remained under supervision of Tele2 Netherlands and therefore it did not become a separate country in the group.

3.4.1 Decision on integration

Tele2 immediately started the integration of the former Versatel Company towards the “Tele2 values” and they introduced the “Tele2 way”. The choice was made to do a full integration and actually make it one company that could provide all market segments including the wholesale market, which was new to the company. This can be found in the strategy statement:

Our objective is to become the leading alternative provider of telecommunications and media services, including voice, data, Internet, video/television and VAS services, to business and residential customers as well as other telecommunications, data and internet service providers in our target markets. (Versatel Telecom international N.V., 2006)

The decision to integrate the companies was made by the board of directors in Sweden, there was a project team assigned with employees of Tele2 Sweden who did these kinds of acquisition and integration projects in several different European countries. There was no formal/scientific model used to do the integration, they followed the earlier mentioned Tele2 way and Tele2 values which were applied in all Tele2 companies in all countries. The founder of Tele2 Jan Stenbeck created these values and way of work, which created an informal but structured organisation in most of the Tele2 countries. In the case of Versatel there were significant differences in the formality and in the financial handling between the organisations. Versatel was more formal in its approach and Tele2 was more formal in the way they did investments. Both of them changing in to a more balance between the organisations was one of the strengths in the process. Today, after six years the acquisition and integration can be considered a success. In the newly formed organisation all Tele2 values and the tele2 way are firmly embedded and the financial results are solid (Versatel Telecom international N.V., 2006).

The Tele2 corporate values, encapsulated in The Tele2 Way, provide a set of fundamental elements that have the single goal to connect people across borders and cultures.
The Tele2 Way defines who they are and how they do things. It is supporting the decision making process by setting the boundaries for what is right and what is wrong. Tele2 believes that the right attitude, enthusiasm, and the ability to work according to Tele2's values are more important than an impressive resume during the application for a job position at Tele2.

4 Results and analysis

4.1 Introduction

The general purpose of this study is to establish if there is influence of a major organisational size difference upon the integration of two companies following an acquisition. This chapter provides an analysis of the results and it will give an idea of possible influences on the process. All collected data and other sources of information have been studied and analysed. Patterns that were recognized and other findings are described in the following paragraphs. The findings of the data collection are evaluated using the existing literature to find out if there is a commonality between them. In that case the findings are still difficult to generalize because of the explorative nature of the research. In the analysis and results the maximum achievable conclusion is going to be the possibility of there being an influence. This is not to be misjudged, the study is theory building and it shall need further empirical research to "prove" the findings.
The case study was chosen to be able to get sufficient in depth angles and create the possibility to go in direction where there was no attention from the start.
In this chapter also unmentioned and unsaid factors are mentioned. Do they have influence on the outcome or not? Some of them might even be interesting to include in further research because they might be of influence after all.

4.2 Case description

4.2.1 Acquisition process

One of the most interesting parts of the actual acquisition of Versatel by Tele2 is that eventually it turned out to be a reverse take-over. In September 2005, Tele2 (Tele2 Finance) announced that final agreement had been reached with Versatel on a recommended offer for all issued and outstanding ordinary shares and for all issued and outstanding Convertible Notes. Tele2 Finance was part of the Tele2 group, a Swedish multinational with subsidiaries in 23 countries.
The major shareholders like Talpa Capital (42% of the outstanding shares) were already involved and supported the offer however a group of active shareholders started a procedure with the Dutch enterprise chamber for a judicial investigation into the affairs of this deal to the extend they related to the Tele2 offers. This group of shareholders lead by Centauris Capital Limited consisted of so called venture capitalists like (amongst others) SG Amber Fund, Mellon HBV, Barclays Capital Security Limited and some private investors who had united in to the "TeleNee" foundation. They represented around 20% of the shares.
The most important objections they had concerning the offer were the price that was offered to them for the ordinary shares and the intended sale of Versatel's activities in Germany. One of

their allegations regarding the deal for example was that major shareholders were offered special benefits over and above the price they were offered. The Dutch enterprise chamber denied all requests that were made by the petitioning shareholders and as a result of that Tele2 acquired 74% of the outstanding shares and 100% of the Convertible Notes. Furthermore Versatel's German activities were sold and the entire supervisory board of Versatel resigned and was replaced by members that were appointed by Tele2.

In December the petitioning shareholder filed another request with the enterprise chamber asking for additional board members to represent them. This request was granted and three additional members were appointed.

In March of 2006 Versatel announced a merger with Tele2 Netherlands Holdings, this was again opposed to by the petitioning shareholders and with success, the Dutch enterprise chamber ruled that this was not allowed. The announcement was made that the merger would be postponed and in August Versatel announced that in mutual agreement with Tele2, Versatel would acquire the Dutch and Belgian activities of Tele2. Following that transaction Versatel now was the owner of Tele2 Netherlands and Tele2 Belgium but as Tele2 Sverige AB owned approximately 80% of the shares in Versatel it was still under their control.

The majority of the petitioning shareholders had now seen that there was no way back and decided to offer their shares to Tele2. Tele2 now had more than 95% of the outstanding shares and started a so-called "squeeze out" procedure followed by the delisting of the company. The final transaction was done in December 2008 so the acquisition process from a legal perspective took more than two years to complete. Finally doing corporate house cleaning cleaned up the group of companies and the Versatel NV was renamed and reformed in to Tele2 Netherlands BV.

4.2.2 Integration process

While the legal process was handled in the background the employees perceived the acquisition in their own way. Tele2 announced the acquisition and the intention for a full integration during a general meeting at Versatel. Employees of both companies had different reactions towards the intention of a total integration. Most of them viewed the other company as one that was active in a different segment of telecommunications (i.e. business and consumer) and therefore did not match. Very few of the employees acknowledged the complementary aspects of the two companies as shown in Table 7. There was also doubt on the ability of Tele2 to acquire such a large company and also do the full integration. During that meeting it was explained that Tele2 Netherlands was going to receive a considerable amount of help from the central Tele2 organisation from Sweden. Within the group Tele2 had a separate department responsible for acquisitions and integrations. This group focussed their attention towards the Netherlands by moving in a project team of around 20 people that supervised and managed the integration.

The most common reaction during the interviews that were conducted was that the speed of integration was slow but persistent. However there was a difference between functional levels. Higher management and people closely to the project team did not have the impression of a slow integration but that seems due to the communication factor. They were better informed about the on-going process. Only personnel who was directly involved knew details, the rest was all informed at the before mentioned company meeting. As both Versatel and Tele2 employees had a cautious attitude because of the image of the "other" company the common attitude towards the integration was reluctant. The doubts about the integration were primarily found in sales and marketing (or business in general). Enterprise sales people were afraid of the cheap consumer image of Tele2 and Tele2 sales people were afraid of the formal image of Versatel on their consumer market.

Table 7 Complementary overview of Versatel and Tele2

Product or market	Presence of Versatel	Presence of Tele2
CPS telephony (consumer)	None	High
Business ISDN30	High	None
Data services (VPN)	High	None
Business internet services	High	Low
Residential internet services	Low	High
Wireless leased lines	High	None
Wholesale / carriers	High	None
Mobile telephony	None	High

Tele2 started the integration immediately but they only changed a few things directly like the financial system and communications databases. Further they started the integration process related to the employees as described in literature as the human integration process (Birkinshaw et al., 2000). A lot of effort went into the creation of positive attitudes towards the integration among employees on both sides. In parallel, some work was done on the task integration and the search for operational synergies but the main part in the beginning was the human integration. To start the human integration properly the Tele2 integration project team held meetings with all managers and together did an assessment of all employees in that manager's team to see if they would fit the new company. All managers had to take an external assessment with an official report to prove they were suitable for the job. Further no more initiatives were taken on an individual employee level. During the start of the project team the Versatel works council was involved heavily. They reviewed all plans that were presented in regards to employee benefits and also on the reduction of employees. One of the measures they prevented was the reduction of around 30 employees. The project team had formed an opinion about the number of employees on different departments e.g. delivery but the works council convinced them otherwise. This protected all 30 employees from losing their jobs. Next to these assessments the works council was also involved in the creation of the social plan for those who did lose their job. After the integration plans were final and the process was well under way the chairman of the works council announced new elections for a newly formed works council for the new company. The elections created a democratically chosen works council of 13 employees and a new chairman. All members came from either one of the former companies.

4.2.3 Research process

In the analysis, measurements were taken out of the interview results to determine for example the value of the preservation of the “own” culture and the degree of the relatedness towards the “other” firm. What was noticed was that one of the most common reactions was the cautious attitude towards the other company. It lasted for a long time according to the interviewees but the opinion that the companies were complementary to one another was developed quite quickly following the announcement of the acquisition and integration. Like in a significant amount of integrations Tele2 underestimated the importance of cultural fit in the pre acquisition phase and that posed problems in the actual integration. The difference in size of the two companies, the acquirer being smaller in this case, had a negative influence on the ability to change the culture as the acquirer intended. The effect was that it took longer than anticipated to implement the Tele2 way and Tele2’s corporate values in to the Versatel company but in the end the goal was achieved.

Further analysis was done through annual reports and prospectus, in all documents there was a written statement from the board of directors and the CEO. An analysis was made to determine if there was a difference in the way upper management handled the integration and if there was a change in the integration policy when time elapsed. From that point there was no significant change detectable in documentation, actually the persistent way Tele2 tried to incorporate their values was there from the start and did not change.

In the research also some small measurements were taken on the results of both companies to determine if the intended synergy could be detected. This was clearly visible as from 2008 where the strategy also stated to connect more customers directly to the own network (on-net). Because Versatel owned its own network and Tele2 had to use third party infrastructure this was a significant synergy when the acquisition was done. On every part in the Netherlands where it was possible customers were migrated towards the own network significantly lowering the costs and therefore contributed to the result. This has proven to be a successful part of the integration. More of these technique and network based consolidations were done in the following time and all of that was a clear example of a synergy gain.

4.2.4 Perspectives on the case

This case proves to be a good example for the intended research however there are a few perspectives on this case that are important to consider when analysing the results. E.g. the board of directors and the sitting supervisory board of Versatel were replaced effective from day one of the acquisition. This provided centralization of the power towards Tele2. On the first line management level in the newly formed company Tele2 employees occupied key positions but on the levels below it was not possible to do so. Therefore in the middle and lower segment of the newly formed management team some management power discussions have been seen. Even some of the managers had the emphasis on their own individual needs instead of what was best for the company. These managers were all removed in the first year following the acquisition. It was found that in the beginning of the new Tele2, employees were individually motivated to act by a sense of personal loyalty to the boss, known as "patriarchal power" or even a fear of punishment known as "autocratic power". These situations were identified in the time following the start of the integration and were also solved quickly. Summarized, managers and employees who did not perform were all replaced within the first year of the integration. This provided opportunities for some other employees but mainly gave a positive boost towards all employees because it was a clear statement from the Tele2 integration team that this was a group effort and there was no room for individual gains.

From a timing perspective there were a few small things noticed. In the course of time the integration team chose to do the physical integration as a big bang scenario. From day one, Tele2 moved in with Versatel and the newly formed organisational structure was announced effective. This was done to start the human integration process as soon as possible. From the point of task and system integration a slower speed was maintained. Only the financial rules and the group wide communication and e-mail system were implemented directly, all the rest of the systems were audited separately and the decision on which system to use was made later. This choice of timing is very good according to Birkinshaw et al. (2000) but due to poor communication it was perceived as slow and weak decision management in the organisation.

4.3 Integration analysis

In the interviews there were questions specifically focussed upon the integration. When analysing the results a few common reactions were found. Example is the reaction towards a complete integration, all interviewees thought of that as logical. A few said that at first they were scared and insecure but in any case they understood the necessity of integrating.

The use of a team of integrators (the integration team) was found to work in a positive way but only after some time. In the beginning it was seen that the company was paralyzed and employees were fighting for their own position rather than making it a group effort to create efficiency. This attitude changed over the first few months.
The difference in size has influenced the process according to the interviewees. 12 interviewees even think Tele2 as the smaller company had an advantage in the appointing of key management positions. Seven of them thought the size difference was in Tele2's disadvantage. Especially where the amount of Versatel employees was high such as in the network department, the general feeling of "who do you think you are?" was present. Because Tele2 was the determinant, some processes were forced upon the Versatel organisation but that was kept to a bare minimum. The financial process of requesting and allocating budget changed and the Tele2 group worldwide communication platform was introduced.
Upon the request of what would be the most successful part of the integration in your opinion the general answer was organisational strategy. Both companies turned out to be extra ordinarily complementary and therefore the strategy became the biggest success factor in the eyes of the employees.

4.3.1 Organisational fit

As organisational fit refers to compatibility of administrative practices, leadership styles, organisational structure and culture (Olie, 1996) analysis showed that according to this, the companies did not have a very good organisational fit.
Administrative practices were very different between the companies on the matter of finance, assets administration, network inventory systems and human resource management.
Leadership styles varied between both companies, especially upon the accessibility of management.
The organisational structure was very different due to the difference in headcount. This also provides a risk, do the dynamics within the company differ due to the difference in organisational structure based upon headcount or is there another factor of importance like the age of the companies? This research did not provide sufficient information to clearly prove the most important factor but because the age of the original companies is similar it is not taken into consideration on this topic.
Cultural differences are mainly described by the interviewees as "corporate" versus "family like".
Datta (1991) specified that a compatibility of management styles, attitude against risk and communication patterns would have a positive influence on the integration success. In the case analysis it is obvious that these are not really compatible.
Management style differences equal leadership style differences as already described.

Attitude against risk was very different between the companies. On the business market risk were taken on specific deals to be able to get a bigger deal in the future opposed to the consumer market where no risk at all was allowed.
Communication patterns differed between the companies especially on the ability to communicate with management and communication towards customers. Business marketing communication was more individual and consumer marketing was designed to reach massive amounts of recipients.
So how is it that eventually this integration was successful? The answer lies in the human integration process. Because of the time that was taken for this process employees had sufficient possibilities to become accustomed with the content and effect of the opposite management style and communication patterns and therefore learning to accept them and adopt the parts that seemed useful. The groups that were integrated were very different from each other posing a probable difficulty in the integration process but time solved this issue.
Another difference was the actual management style, at Versatel was a formal more official style appose to Tele2 with its open culture. The risk of problems was big and mainly because of the loss of status from managers who are used to be the more formal way (Hoogendoorn, 2002). One of the biggest interventions of Tele2 was the immediate creation of "open office". No one, not even the CEO, had his or her own office anymore. Everybody worked on the same floor as his or her team and that stopped a lot of the boundaries to talk to a manager. As the newly formed organisational structure eliminated a few layers of management it also became easier to approach senior management. Above example is directly from the Tele2 way, the founder of Tele2, Jan Stenbeck really disliked closed offices and therefore he stated it mandatory to work in an open office environment. Tele2 is so keen about this that even though a new building was hired and the complete moving of the new company was planned within a year they spent the money on redecorating the existing building to this open office.

The almost inevitable changes in the primary employment conditions following integration were present but a lot less than expected by employees. The generally expected cut in payments for example did not happen. Most adjustments were done on the secondary conditions. Employees with benefits were compensated but the working conditions were harmonised to form one company. Further a bonus structure was implemented with targetsettings attached to replace the existing "thirteenth month". Again employees could choose if they wanted to go along but it was promoted fiercely from Tele2's perspective.

4.3.2 Strategic fit

Both companies were in the same market (Telecommunications) but their segment of the target market was different. One provided business services and the other consumer products.

Analysis shows that in the pre acquisition phase a lot of thinking had been done within Tele2. Actually the intent of the acquisition was fully understood and the complementary nature of the two companies was recognised from the start. The goal was stated clearly that the reason was efficiency in the operation. One problem occurred; senior management that was directly involved in the acquisition only knew the clarity on the goal and strategy. These goals were communicated towards the organisation in the time following the start of the integration and that was perceived as unwise and relatively late. One of the effects was that it was not clear in the sales and marketing departments of Versatel what the intention of Tele2 was on the business market. This caused uncertainty within the organisation of former Versatel. Effect was that some of the employees with a good track record left the company while that was not the intention. If the intentions would have been communicated in an earlier stage this could have been prevented. Because of the small size of Tele2 and their focus on the consumer market they were not able to fill in the gaps immediately and therefore that has lead to value destruction in the integration.

Despite of the communication factor problems the strategic intend for the acquisition and integration was understood by Tele2 and also within the management team of the newly formed company. Because of this, the integration was successful in the end.

The interviews contained two multiple-choice questions. One of them was to determine the common idea about the reason for the acquisition. The literature around strategic fit supplies five reasons for an acquisition: overcapacity in the market, geographical roll-up, product or market extension, R&D reasons and convergence in the industry. The common idea of employees at Tele2 was to conduct a product or market extension. Senior management acknowledged this result.

4.3.3 Cultural fit

Looking towards the integration from the side of the employees of both companies the most common hesitation heard was the expected culture difference. From the perspective of culture, Olie (1990) provides three important cultural factors when integrating, the degree of integration, cultural exchanges and the value of the "own" culture versus the attractiveness of the other. The interviews have focused on the culture of the "own" company, the way the "other" culture was perceived and cultural conflicts. In the analysis it became clear that the way Versatel employees looked and perceived their culture was completely different than the way Tele2 looked at their culture and the other way around. Versatel employees describe their culture as entrepreneurial, pioneer and cowboy mentality with a corporate and formal character. Tele2 employees who have been interviewed had a different idea. From their perspective Versatel's culture was strict and formal.

" At Versatel, everybody wears a necktie" [2]

Tele2 employees described their culture as open, short lines to management and flexible to adapt to any change. Versatel employees looked at Tele2 and they did not have a very good impression about this company who does little business in their market segment. They did not take Tele2 very seriously and thought of them as not capable to service the 'large customers' part of Versatel. The general idea was that they would fail to work with large enterprises due to the "family" like culture. Both groups of employees seem to be right in the beginning. Tele2 had to abandon the Versatel name due to regulatory demands and found the large enterprises unwilling to talk to accountmanagers who used the Tele2 name. It has taken years to change and stop the "I am from Tele2, former Versatel" story to get access to larger companies. From a Tele2 perspective, the strict financial and cost conscious way of thinking resulted in a positive year-end result for the first time since the start of Versatel.

In the Tele2 case, the "family" versus "professional" combination as described by Zaheer et al. (2003) is present. Also the presumption of the small company with a family culture and the big company with a formal and professional culture seems to be true. It posed some problems while integrating because the Tele2 employees and the company wanted to integrate the Tele2 way and values as soon as possible but this contradicted the work methods and values of most of the middle and lower management of the newly formed company, as they were almost all Versatel employees. The amount of time (i.e. six months) that was calculated for the integration process was far too short, the actual integration took more than one year on that part. This additional

[2] Quote from an interviewed formal Tele2 employee

time period also provided an advantage, the employees got a bit more time to get used to the new culture and therefore the dissatisfaction of the employees that was expected and present did not really lead in to commitment problems. Especially employees of the smaller company (Tele2) feared a negative impact and effects on their "family" like culture and ways of working.
In the research focus was on the integration process and the way employees reacted to it, both in expectation and in experience. One of the direct questions in the interview to gain knowledge about the employee reaction was:

Was the integration difficult or easy from your group's perspective? [3]

In the answers a clear difference was detected between the employees from the different companies. All answers from Versatel employees stated the integration as easy or even very easy and all former Tele2 employees said it was difficult from their group's perspective. Explanation seems that on most of the Versatel departments there was no Tele2 employee added so there actually was no integration within or between employees. Most of the Tele2 departments were cut up and integrated in the new organisational structure. The organisational structure was somewhat different but it still had similarities to the old Versatel structure. So in fact it looked like Tele2 was integrated into Versatel and following that integration the company was restructured. This had impact upon the cultural integration. From the view of the employee, referring to their own personal situation the majority of the interviewees now stated that the duration of the integration of cultures of the different groups took longer than they would see as acceptable. One explanation is that although plans were quick and e.g. physical combination of departments was done in one day the collaboration, trust and attitude within a newly formed group caused the integration to take approximately one year to settle.
Beside the cultural integration between two companies there also was integration towards the international character of Tele2. The Dutch employees were confronted with around 20 to 30 Swedish Tele2 employees and also a great deal of influence from the Swedish company on management level. Tele2 had positioned Swedish employees on key management positions like the Chief Executive officer and the head of the integration team. One thing was misjudged during the pre acquisition phase, the cultural diversity between Sweden and Netherlands seems small but it proved to be bigger than anticipated. Dutch people tend to want to do things themselves but the Swedish wanted to integrate and achieve operational synergy by utilising all assets in Sweden. There was a lot of resistance to hand over the "drivers seat" and up until today this battle is fought with the Tele2 central organisation. In the communication between the two

[3] Interview question 28 see Appendix 1 Interview questions

organisations but specifically between the two nationalities there were some problems as well. Dutch employees were very direct in the way they made clear what their goal was and the Swedish employees did not always do that or even like it. This has caused a few communication errors that lead to delays in projects and trouble in the working relationships between people.
Following the model of Nahavandi & Malekzadeh (1988) (see Figure 4 modes of acculturation of acquirer and Figure 5 modes of acculturation of target on page 24), from the start of the integration towards the present day the cultural integration in this case gradually went through the intention of separation from the start towards the integration at the end. In this case the modes assimilation and deculturation were never reached because Versatel employees valued the preservation of their culture very much throughout the entire process but they adapted the positive things that came from Tele2.
The analysis showed that the significant size difference posed some problems in the integration of cultures but none of them proved to create an insurmountable problem.

4.3.4 Identity

Corporate identity was very strong at both companies. In the analysis it became clear that most of the employees did not realise that there were more similarities in the corporate identity than expected. E.g. both companies had a shared enemy being the Royal Dutch KPN as this was the incumbent in the telecommunications sector. Although there was a different "home" company they related to the effect was the same. As both companies had a relative large number of employees who worked there from the start-up phase in the mid nineties and Versatel went through three major reorganisations in the period between 2001 and 2005 the socialization process was extensive. The identity was therefore very strong and especially in the Versatel case where the company lost its name in the transaction it proved difficult to leave that identity and move towards Tele2. In the present time all interviewees answered the question "what do you mean when you say we?" with Tele2. The identity has shifted but in some cases and answers you can still find the "I am a former Versatel employee". Literature states that identity can persist for decades and in the Tele2 Versatel acquisition that can easily be true.
The new and "shared" identity is also very strong in the company. Not only all interview results but also all communications from the company show a proud attitude and people like to work at Tele2 in the present day. Also all employees of former Versatel are satisfied with the way Tele2 is lead and the strategic direction it is going in to, proof of this is found in the employee satisfaction survey comparison of 2009 – 2012.
The human integration that was done by Tele2 integration project team also provided help in the "emotional" side. Everybody who had been let go could make use of professional help but this was also available for people who needed some help in adapting the new situation. The

common idea of the interviewees was that maximum effort was taken to guide this process. These kinds of arrangements that were taken from the company's side has positively contributed to the way of adapting the new identity and therefore speeded up that process. In this analysis there has been an investigation on how human and task related integration works out on the identity. Most common was that the human perspective was handled in a "good enough" way; the common opinion was that this process is never pleasant but it was handled all right and could generally not have been done better. Employees were scared at first but because of the speed of communication on the reorganisation of the company that was for a short period of time. On the task driven integration however, the identity within the existing company and the perceived ownership of the assets (especially in IT and network) took longer to arrange itself. Up until present day for example in the network there are Tele2 assets and Versatel assets running in parallel and maintenance is done by "old tele2" and "former Versatel" employees. In the more clear and simple cases like these you can still see the ownership and feeling of responsibility towards the former company indicating a relationship and therefore a corporate identity.

4.4 Other findings of importance

During the research there were findings that were not specifically part of the research question or interview questions and in most cases not sought for but found anyway. Some of them seem important anyhow and they might contribute towards understanding the dynamics within the process or even provide grounds for further research in the relation to the subject of integrations. Following are the findings that the researcher considers important:

4.4.1 Regulation and legal aspects

As the case description already made clear the legal aspects could hinder the acquisition greatly with an even bigger influence upon the integration. Due to the legal battle the integration was held back in time for a while and that had an unwanted influence in the beginning. The extra communication efforts that were made solved this according to the analysis but it has had an influence anyhow. During the integration also some regulatory changes occurred that influenced the landscape surrounding the company. Competition grew bigger and therefore some of the very strict regulatory rules that forced KPN to cooperate and ruled over fixed prices were loosened. This had a negative impact on the rates that were used between the companies and that impacted the results of the new company. The strategy had to be adapted to more focus on on-net customers than just any customer. This influenced the integration because it was in the first year this happened and both consumer and business departments just started working in their new roles. This had to be changed slightly and that was perceived as disturbing.
Conclusion is that external factors such as regulation can influence the process of integration unexpectedly. Tele2 dealt with the adaptation and successfully protested against KPN but this took a lot of time from the legal and regulatory department, time that they could not use to accompany and assist with the integration.

4.4.2 Emotion

Because of the impact on the personal life of the employees emotions are always present. The most common part of the perspectives they are seen is within employee attitude. However emotions can also be found in other perspectives and they are also not always negatively associated. One of the more dangerous is overconfidence. Some of the managers who were appointed became over confident and therefore lost sight of all potential risks within the process. A good example taken from the interviews is the way Tele2 managers thought they would easily arrange the company in the same way as they did in other countries. They wanted to make an exact copy of Tele2 Sweden and control and govern it from the head office. This proved unsuccessful because the “Dutch” would not accept that and followed their won path of rebellion. Fortunately due to deliberation the shareholders agreed that it might be useful to let them do their work in their own way and culture so Tele2 Netherlands obtained a certain level of independence. The effect that was seen was opportunistic behaviour that clouds judgement. Actually it was difficult for some of these managers to see that the way they were acting would eventually result in a loss of value.

Second emotion was seen and misjudged in the network and IT department. The example of division of responsibilities around platforms and applications was already given but apart from that there was also a third factor of influence. The Swedish organisation tried to reach synergy but in practice it meant that all major platforms and applications would be maintained and operated from Sweden. This caused hesitation and uncertainty about the jobs in the Netherlands and it provided a complete new set of challenges on a technical level. This strategically correct statement of finding synergy caused a lot of commotion and in practice it proved not the best solution due to major differences in the services Tele2 delivered towards her customers in the Netherlands opposed to Sweden. After some months of this back and forth going of responsibilities the TMT of Tele2 Netherlands went to Sweden and arranged clarity. This indicates influence of the emotions (job insecurity for example) is negative upon the achievement of the so much sought synergy.

The interviews contained two multiple-choice questions. One of them was to determine the common idea about the reaction of employees upon the announcement of the acquisition and integration. The literature on this topic supplies four common reactions amongst employees, disbelief and denial, anger through rage and resentment, emotional bargaining (starts with anger and ends in depression) and acceptance. The common reaction of employees at Tele2 was acceptance. According to the majority of the interviewees the acceptance was reached quickly after explanation from the direct managers of the teams.

4.5 Summary of the results

Chapter 4 provides an analysis of the results that were found during the investigation of data and elaboration of interviews. In this paragraph the most common findings are combined in a table. The division is made according to the most find factors in literature.

Table 8 Summary of results

Degree of integration	The extensive sharing of all types of resources (financial, physical, and human), generalized adoption of the acquiring organisation's operating, control, and planning systems and procedures, and complete structural and cultural absorption of the acquired firm is high therefore the general degree of this integration is high.
Organisational fit	Organisational fit between the companies did not seem very good. Time proved otherwise as the companies grew together and forming the second biggest telecom operator next to KPN in Holland in 2006 – 2007. The fit was primarily on the complementary level, what Tele2 lacked, Versatel possessed and vice versa. Another example is management style, this took some time to get used to but it proved successful. Also on the organisational culture there was hesitation around the fit but as both companies targeted different markets this did not have a negative influence and in due time it grew closer together.
Strategic fit	The strategic fit between the companies was good from the start, both companies wanted growth and Tele2 found a target that possessed its own network Making use of that the margins would be improved. The intent for the acquisition was therefore complete and clear.
Cultural fit	In the Tele2 - Versatel case there was a lot of distrust towards the other culture. In the interviews terms like “cowboys” and “cold and corporate” were said regarding the other culture. In the first period of the integration this caused some stress but very quickly the first advantages of the “other” culture became clear. At the end of the integration period of one-year acculturation of the cultures already started and the final stage of integration of both was reached within two years.

Identity	Corporate identity was highly present at both companies. Both had a lot of employees who worked at their company from the start or for a long time and Versatel already went through some reorganisations, difficult times you go through together proved to grow the relatedness and corporate identity. In this matter interviews showed that when people were asked to state what the company was they worked for by heart they all said Tele2 with pride. However when asking just a little bit further the identity of the originating firm came to surface. The majority of the interviewees still had their Tele2 or Versatel identity with them. The general feeling was very positively towards Tele2 but in the back the corporate identity of their first firm still exists

Employee resistance is usually caused by changes and in this case not a major issue, there was some resistance but most of that was taken care of in the acquisition and following restructuring of the organisation. Any following resistance was taken seriously by the integration team and discussed. If possible changes were made to improve the cause of the resistance, if not agreements were made and people were eventually let go. In the processes the company knew there were not too much changes made. As said earlier, the most important changes were regarding the financials and the integration in the groups communication system. When asked all interviewees confirmed these findings and stated there was not really any need for defensive behaviour or rebellion towards these changes. Most common point of irritation was regarding the group's communication system that caused the move from Microsoft's outlook towards IBM's Lotus Notes. This was perceived as one of the most annoying changes in the daily processes. The modest conclusion from these findings is that nothing changed that was of any real importance or threat to the company's forward existence.

In this research all that was found were some remarks about resistance, nothing was found regarding major problems. Also in the desk research of documentation that was received from the works council nothing was found that proved major issues. Any other resistance was not really present. Both companies knew they needed each other to survive.

5 Conclusion and discussion

The sheer amount of research that is done and still is on-going on post acquisition integration indicates that it is a topic with many important elements and that it still has uncharted area's. A successful integration contributes to the overall success of the acquisition (Birkinshaw et al., 2000; Pablo, 1994; Datta et al., 1991). Controversially unsuccessful integrations will diminish the value creation of the new company (Pablo, 1994; Sudarsanam, 2003; Haspeslagh & Jemison, 1991). Therefore knowing what the influencing factors are is of strategic importance. If it is clear on which topics management and employees need to focus the chances of a successful integration will increase. It is important to realise the intent for the acquisition (Bower, 2001; Cartwright & Cooper, 1990). If the goal for the acquisition is clear, the integration strategy can also be. But what happens when the integration strategy is clear but the preconditions differ from what is considered "normal"? For example what happens when there is a significant difference in organisational size where the target is the large company? This research focussed on just that situation. Knowing what the dynamics will be in the processes of integration and what potential other influencing factors are will contribute in the potential success of the integration.

5.1 Theoretical contribution

This study aims to contribute to the existing body of knowledge around post-acquisition integration. Specifically on the process dynamics when there is a significant size difference between the acquirer and the target. The goal is to obtain a better understanding of how the influence that it is proposed to have behaves in this type of integration. Many researchers have studied phenomena surrounding integration, some studies for example looked in to the integration of a small target in to a large company (Grandstrand & Sjolander, 1990) however no study was found in the opposite case. Therefore this study aims to contribute knowledge to managers/stakeholders of small companies who are considering an acquisition of a significant larger company. As there is little research available this will narrow a gap in literature and add to the overall knowledge of acquisitions.

5.2 Conclusion on research question

This research focuses on the following question:

"How does the acquiring firm's smaller organisational size influence post acquisition integration?"

Following the results of this research project the conclusion can be drawn that it is very likely to assume there is an influence of the significant smaller organisational size of the acquirer on the post-acquisition integration. It seems however the influence is not direct but through certain concepts. These concepts are organisational fit, strategic fit, cultural fit and identity. They can be found in the following paragraphs. The general conclusion on the influence on integration is that there is reason to believe that size does not matter but something else matters which is influenced by a significant difference in size of acquirer and target. As mentioned size difference itself seems to have an indirect influence, this provides the answer to the research question.

This research shows that the concept with the largest influence on the integration when there is a size difference is the cultural aspect. Since the acquirer is the smaller in the equation the culture of the large company is likely to persevere or at least be difficult to change. If this is required or at least wanted it will be the most difficult. In the case used for this research the acquirer required all new and existing employees to follow an intensive training course of two consecutive days where they explained the history, values and working methods of the acquirer, Tele2 Netherlands B.V. Following that they changed corporate governance and made the Tele2 way of work mandatory including a set of rules to accompany the vision. In this case, all the efforts made resulted in an integrated culture after two years time which positively contributed to the overall integration and therefore the value creation.

5.3 Discussion

In the following paragraphs conclusion and discussion is divided into the most influential concepts on the post-acquisition integration when there is a significant difference in organisational size present.

5.3.1 Integration

Birkinshaw et al. (2000) argue that integration is best done in parallel and in multiple stages. Human and task integration start in some sort of parallel and further task integration is proposed to be done in stages. In the case of Tele2 this was done exactly as was stated in their research and the results were positive. Tele2 did pay extra attention towards the human integration and did very little task integration at the start but the following task integration was done in stages. This leads to the assumption that this theory can also be applied on situations where the acquirer is smaller than the target. Vaara (2003) studied the power imbalance and political perspective saying these are "irrational" features in the decision making process on the integration and they have influence on that process. Within the case of Tele2 there was a significant power imbalance and for certain there was a political agenda from the point of view of the target. The effect of that smaller company walking in and taking over triggered a "who do you think you are" attitude from the target at start. However Tele2 build upon a large amount of experience within the worldwide group and they formed an integration team. Key management positions were taken over by Tele2 staff either from the Netherlands or directly from Sweden and this team spoke to all other employees on key positions that were from Versatel. In this reorganisation a lot of political agenda's were eliminated and therefore were no longer of influence on the process. Together with these actions the intent of a complete integration was clear from the beginning and no doubt was spoken about that. Although on a higher management level there was some doubt it was never communicated and all communications were in the direction of a complete integration. The four interrelated tendencies (Vaara, 2003) were either not present or managed by Tele2 and therefore the integration went on in a good and almost expected progress. General feeling that it took to long to start was found in the case study but that was also due to the legal battle that was fought out on the background.

In summary, the influence of a significant difference in size is present in the integration through four concepts, organisational fit, strategic fit, cultural fit and identity but when the human process is managed properly and paid attention to from the start of the process it does not have to be a negative influence.

5.3.2 Organisational fit

Differences between management of two organisations integrating can be presented by some common factors; compatibility of management styles, attitude against risk, decision-making approach and preferred control & communication patterns (Datta, 1991). Especially the management styles and attitude against risk within the two companies of the investigated case differed completely. An example of difference in management styles is very clearly given in one of the interviews:

"When I used to go to meetings at Versatel I always had a necktie and jacket on, even when I left my office"[4]

At Tele2 the managers were situated together with their direct reports and therefore they were very accessible. This difference could, according to literature create a difficult and time-consuming integration especially due to the fact that the target is so much bigger and seems to be in the advantage. Although a low post-acquisition integration is proposed (Hayes, 1979) Tele2 chose the offensive and announced a full integration. The case study showed a successful integration leaving the research with the conclusion that although management styles differed completely it is not impossible to do a successful integration as long as you manage the process from the start. A significant delay was not found.
There also was some difference in attitude against risk. At Versatel there still was a mentality of investment where Tele2 required a solid business case for every investment proposal that was requested. The difference in size did not matter here because Tele2 made their financial system and rules the new standard as of day 1 and Versatel had to follow. This was reflected in the attitude against risk. The boundaries were tightened and as a result the attitude changed and grew more together. It needs to be taken into account that Versatel was mainly business customers where Tele2 was mainly consumers. The attitude against risk is different between these two worlds.

In summary, this research concludes that size specific matters do not really influence the integration but it does have influence on organisational issues while integrating. Tele2 managed these issues and did not have too many negative experiences with this phenomenon. The influence is on the integration process is therefore indirect.

[4] Quote from interview number 2 from the answer to interview question 17.

5.3.3 Strategic fit

In the case that was studied a good and solid strategic fit was present and the companies where despite their difference in size extremely complementary. Due to these properties there was no problems in strategic fit and the influence this had on the integration was positive. The fact of the size difference does not seem to have an influence at all on the concept of strategic fit. There will be more difficulties if the strategic fit is very low or even not present but in the case research that was not present.

In summary, the influence of strategic fit on the post-acquisition integration is very big however there is no real link found between the influence and organisational size.

5.3.4 Cultural fit

In an odd sized acquisition and integration process as investigated at Tele2 the conclusion is that cultural issues are the most important factors of influence on the integration. Differences between the companies like history and ownership, technology and the nature of the business will create barriers between personnel, these items shaped both organisational cultures in the past and integrating them will prove to be difficult. Another example given in literature is the "family" versus "professional" culture (Zaheer et al., 2003). Tele2 paid very much attention to this and made sure everybody had the same ideas. This raised a new culture that replaced the old. In this case the acquirer paid so much attention towards this cultural aspect that in due time a change was detectable within the newly formed company, conclusion is that size does not matter, it is the amount of attention that is given to the subject. Further empirical study will have to prove if this can be generalised over all acquisitions with a similar difference in size.

The degree of cultural fit (Sudarsanam, 2003) had a clear influence on the individual. In the investigated case there was scepticism towards one another. For example Tele2's culture was perceived as "cheap" and only focussed on consumer products so therefore it needs to be simple. Versatel on the other hand was perceived as pompous and tough going due to the business oriented way of work. This gap that was present between the companies did not provide problems and as already mentioned Tele2 paid a lot of attention to it. However it is still detectable between consumer and enterprise solutions departments within the newly formed company and that is six years after the start of the integration. There was no difference detected between former Versatel and former Tele2 personnel.

As the cultural aspects within this integration are investigated conclusion is that according to the model of Nahavandi & Malakzadeh (1988) the process went from Separation towards Integration. This is because all of the time both companies kept on valuing the preservation of their own culture but as time went by the perception of the attractiveness of the other culture

changed from not attractive to attractive. This mode of acculturation is supported by the model of the degree of multiculturalism is plotted against the degree of relatedness to the target firm. The effect is the same, it goes from separation to integration in time.
The general conclusion is that size has an influence on culture, the probability of the culture being more family at the small versus professional/corporate at the larger was acknowledged by the interviewees and by the communications of the companies from that time like commercials and annual reports. However the size does not directly influence the integration, it influences culture and cultural integration which then influences the integration. The difference in size seems to have a different influence on the cultures but the influence of the cultures on the integration process look the same as in more equal sized integrations.

In summary, the influence of size is significant upon cultural issues when integrating them. It is difficult to impose or create symbiosis when the acquirer is significantly smaller than the target because there is little prevalence upon existing groups at the work environment. A natural influence and adaption of culture is therefore difficult. This needs direct and more than average amount of attention.

5.3.5 Identity

Identification towards the company is called identity (Zaheer et al., 2003). Identity can be strong or less strong, examples given are companies with a lot of employees that started up together with a strong identification versus a company that performs poorly or has gone through massive lay offs that will experience a less strong identification. This is not a general rule naturally, examples can be found the other way around. It is also important which brand or market you operate in. Both companies within the case had strong identification, in the research it was clear that Tele2 was eventually accepted as the new company name. Although also pride was detected a lot whilst doing the interviews, the original identification with the former company was still present. When asked all interviewees were also proud of their past. I am a former Versatel or Tele2 employee was still strongly present as well. Birkinshaw et al. (2000) says that if the human integration is done correctly it will create satisfaction and ultimately a new and shared identity. This is exactly what happened at Tele2. The human integration was done intensively and it resulted in a new identity. The proposed solution of a lower post-acquisition integration due to culture incompatibility and strong identification towards the “own” company was deliberately not executed. Tele2 has the philosophy that her values and way of work are the way to go so on one hand they will provide the means and people to guide the process, on the other hand it is mandatory so if it does not work Tele2 will force an employee to adjust his attitude or even take other measures. In the evaluation cycle of employees, the Tele2 way and attitude and behaviour is clearly stated and part of your appraisal. Because of these strong rules it is forced on you as an individual and therefore it creates either bonding or separation. When separation is the case natural selection will do its work. The high degree of autonomy in the beginning of the integration is therefore not used and it seems to work when the acquirer is small provided they give it their full attention.

In Summary, identity is an important factor and present within every employee. It varies in strength and the fact that it is potentially high in small companies can be used in a positive way to influence the integration process. The risk of the small company being the acquirer of a large target is that the influence does not have enough body and therefore it is to be recommended to imply rules and guidelines to create a new identity. Also the acceptance of the "old" identity between employees of the different organisations will make the influence smaller.

5.4 Limitations and future research

As al methods, the one used in this research (single case study) has limitations. Most important is the ability to generalize, which is small in this single case study. To provide a better ability to generalize more cases should be investigated.

Another limitation is the fact that one person conducted this research, this has an inevitable bias as a result. Although feedback was requested the risk of a personal interpretation is present.

Interviews are one of the primary sources of information, risks surrounding interviews are amongst others, socially wanted answering and emotional clouding of judgement. This bias cannot be totally prevented.

Also in this study a longitudinal study was done in a short time period, which does not sound logical and is also a basis for problems. Other studies should try to be a part of the process as it is happening and follow it through time.

This study has pointed out some insights that might be interesting for future research. Although the acquisition and integration team was present quickly still some of the interviewees stated that it took a long time before the start of the integration. When this was verified and looked up in documentation the integration almost stared immediately. It might be interesting to research the way of communication with a similar process and to find out when employees feel involved and informed in such a way they start to be a promoter.

Second item of interest is the way Tele2 operates with its values and way of work. It might be useful to investigate if this is one of the key factors for success of the integration. When this can be proven it is an important piece of knowledge for all post-acquisition integrations but especially those where the small company sits in the decision making position.

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7 Appendices

7.1 Appendix 1 Interview questions

Interview questions for research of influence of organisational size on the degree of post-acquisition integration by Gusti van der Nat, student 350317.

Name	
Date of interview	
Confidential / recording authorized?	
Current age (years)	
Gender	
Nationality	
Employed at Tele2 currently?	
Would you like to receive the results of this research?	Mail address:

General

1. Did you work in the organisation at the time of the acquisition? (if no, go to Q4).
2. What was your role before the acquisition? (if applicable)
3. Were you actively engaged in the take over?
4. What is your current function/role?
5. What Business Unit are you working in at this moment?

The Acquisition

6. What was your group's first attitude/reaction towards the acquisition? Did that change eventually?
7. When did your team first learn about the acquisition?
8. What was the general idea for the reason for this acquisition?
9. Did your team see any challenges or concerns for this acquisition?

The Integration

10. When you learned about the full integration, how did your group react to that?
11. Did your group's attitude towards the acquisition and following integration change during the process? And when did that happen?
12. Did the difference in organisational size influence the integration process in your team?
13. Did Tele2 management invoke their existing processes on Versatel during the integration?
14. Can you describe which aspects of the organisation were integrated and how that was done?
    E.g. structure, strategy, systems etc.

Organisational and strategic issues

15. What were the similarities and differences between the two companies? And did the companies fit together?
16. In your team, how did you experience the compatibility of the administrative practices and organisational structure of the department?
17. Were there any key differences in management style between the two companies?
18. Were there changes in management control after the acquisition and when did that happen? (Specify within a year or longer).
19. How would you assess the role of management in the process of post acquisition integration of the two companies?

Cultural issues

20. How would you describe the culture of your company? And subsequent the culture of the other?
21. Were there many differences or similarities between the separate cultures?
22. How attractive was the other company's culture? And how important was the own culture for your team?
23. Did you experience any conflicts or culture clashes during the integration process?

Identity issues

24. How strong was the identification with the former company? And can you give examples? Was it difficult getting used to a new identity?
25. When you say "we" what do you mean?
26. Can you say anything about the integration on a "human" perspective and on a task driven perspective?
27. Is there a shared identity within the integrated company now?

Employee attitude

28. Was the integration difficult or easy from your group's perspective?
29. How did the group perceive the integration duration?
30. How much time did it take to combine departments?
31. Have their been adjustments in working conditions (and what was the common reaction)?
32. If there were adjustments why did you not defend your own process?

Open-end discussion (if time available)

33. What do you believe could have been done differently?

Make a choice:

34. In your opinion, what was the reason for the acquisition? (Make a choice)
    a. Overcapacity in the market
    b. Geographical roll-up
    c. Product or market extension
    d. R&D reasons
    e. Convergence in the industry
35. What do you think has been the most common reaction among employees?
    a. Disbelief and denial
    b. Anger through rage and resentment
    c. Emotional bargaining (starts with anger and ends in depression
    d. Acceptance

7.2 Appendix 2 List of figures

7.3 Appendix 3 List of tables