

*Master Thesis
Strategic management
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Potential Synergy Realization Seen Through Multiple Lenses

**An intrinsic single-case study at Royal
FrieslandCampina**

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Preface

From September 2011 FrieslandCampina has been my employer, FrieslandCampina is an organization that thanks its origin due to mergers. Recently I was part of the merger between the business units Fresh and Benelux, as an employee of BU Benelux.

Because of the actuality of this merger I decided to use it as a starting point for this thesis, with the following research as a result.

The past ten months were very intensive, completing this research besides a forty-hour plus job, but also very rewarding and educational.

I could not have completed this research without the strong support of the following persons to whom I am very grateful:

First I want to thank Marc Baaij for being my mentor throughout this period of time. Marc was always willing to give me proper feedback on the parts of my research which I thought I had completed, and by doing this moved me on towards the end result that you can find on the following pages.

Second I want to thank Ben Wempe for his critical and constructive feedback, thanks to Ben I found out that my initial research method was not consistent with my research context.

I also am very grateful toward my employer FrieslandCampina, they were the ones that provided me the data and support to fulfil this research.

And last but very much not least I want to thank my girlfriend Noortje for supporting me throughout the past two years. Without her sincere support I am not sure that I was able to complete this research. Thankx!

Job van Rozendaal

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Abstract

On the 1st of May 2012, two FrieslandCampina business units merged into the new business unit Branded Netherlands. The strategic objective of this merger was to maximize *synergies* between both business units by increasing the efficiency of the back office, reducing the cost per unit by integrating sales and marketing, and decreasing administrative overhead.

By conducting an intrinsic single-case study research, in which we collected data with a questionnaire that was plotted in FrieslandCampina's internal employee satisfaction survey, we explored how different antecedents such as combination potential, management style similarity and employee resistance, which were derived from our literature review, influence the potential synergy realization of this particular merger. This helps us explain how multiple theoretical lenses from the fields of HRM, strategic management and organizational research provide possible explanations for the potential success of this merger.

Our research found support, that in this particular merger, a strong combination potential had a positive causal relationship with the potential synergy realization and that the strong organizational commitment (less employee resistance) also had a positive causal relationship with the potential synergy realization. Furthermore the high management style similarity that was found had a positive causal relationship with organizational commitment (less employee resistance), which shows the positive indirect effect management style similarity has on potential synergy realization.

Our research findings support the strategic objective of this merger in a positive way.

1. Introduction

1.1 Introduction

On the 1st of May 2012 two FrieslandCampina business units, Fresh and Benelux, merged into one new business unit called: Branded Netherlands. For FrieslandCampina the goal of this merger was to maximize the *synergy effects* between both business units by becoming more efficient in the back office, by reducing the cost per unit through integrating the sales and marketing organisation and through a decrease of administration overhead by means of elimination of duplicated resources.

With this research we explain how different antecedents, which were derived from our literature review, may influence the potential synergy realization of this particular merger. We expect that FrieslandCampina managers will consider multiple theoretical lenses as effective explanations for this internal merger's success.

Much literature can be found about mergers and acquisitions in which many scholars researched M&A's through their individual theoretical lenses such as Strategic Management, Economics, Finance, Organizational research and HRM (Chatterjee, Lubatkin, Schweiger and Weber, 1992)(Haspeslagh and Jemison, 1991) and (Schweiger and Walsh, 1990). Although these research disciplines are not mutually exclusive, they have been only marginally informed by one another.

Larsson & Finkelstein (1999) developed a framework that combined all of these theoretical lenses. They tested this framework empirically across a sample of 61 international mergers and acquisitions through a case survey research.

A part of this framework, supplemented with our literature review findings, forms the base of our research.

1.2 Research Subject and Context

This *research's main subject* is the post-merger integration process and the effect its antecedents have on the envisaged synergy realization of the merger of the business units Fresh and Benelux. This current merger provides an interesting and practical context for this research.

More specifically, the *research context* is the merger between two business units of FrieslandCampina's division Consumer Products Europe: BU Fresh and BU Benelux. We appoint this research context as a merger and not just reorganization because of the fact both business units were seen as separate entities within FrieslandCampina with different managing directors and office locations (Rotterdam and Amersfoort) prior to the merger.

FrieslandCampina is one of the biggest dairy companies in the world, its product range consists of milk, infant formula and infant foods, dairy drinks, yoghurts, desserts, cheese, butter, cream, milk powder, dairy-based ingredients, and fruit juices, and their activities are divided into four divisions:

1. *Consumer Products Europe*: produces and sells, milk, dairy drinks, yoghurts, desserts, coffee creamers, cream products, butter, and fruit juices for consumer and professional buyer markets.
2. *Consumer Products International*: operates with dairy in Asia, Africa and the Middle East. And exports worldwide from the Netherlands.
3. *Cheese, Butter & Milk Powder*: provides, as its name implies, butter, cheese and milk powder.
4. *Ingredients*: produces dairy ingredients for the FMCG and agriculture industry and the pharmaceutical industry.

The newly formed BU Branded Netherlands is part of the Consumer Products Europe division.

This merger is part of FrieslandCampina's global strategy, Route 2020, in which FrieslandCampina wants to become a more lean, mean and innovative company because of the highly competitive, price and cost driven market in which they are operating.

The strategic objective of this merger for FrieslandCampina is to maximize the *synergy effects* between both business units by becoming more efficient in the back office, by reducing the cost per unit through integrating the sales and marketing organisation and through a decrease of administration overhead because of the elimination of a duplicated organization.

The merger was effectualized on the first of May 2012 and was supervised by external consultants from McKinsey in Amsterdam.

By maximizing synergy FrieslandCampina will become more competitive in a consumer market under pressure on one hand and act more unambiguous towards trade partners who sell FrieslandCampina's products on the other hand.

Distinguished antecedents that could positively or negatively affect this potential synergy realization are the marketing similarity and marketing complementary of the merged business units. Combined, both items can be an indicator for the *combination potential* of the merger. More detailed information is given in the literature review.

The *management style similarity* of both business units is also an antecedent towards the potential of the synergy realization. More detailed information is given in the literature review.

And finally the organizational commitment of both business units' employees is an antecedent that could influence the potential synergy realization of the merger. This organizational commitment can be an indicator for the *employee resistance* towards the merger. More detailed information is given in the literature review.

1.3 Brief literary overview

Much literature can be found about mergers and acquisitions (M&A's); the last decades many scholars have researched this subject based on their own paradigms of theoretical backgrounds like: HRM, Finance, Economics and strategic perspective (Chatterjee, Lubatkin, Schweiger and Weber, 1992), (Haspeslagh and Jemison, 1991) and (Schweiger and Walsh, 1990).

Although the streams of research are not mutually exclusive, they have been only marginally informed by one another.

Interestingly, the fragmented literature on M&A's invites a theoretical synthesis. The strategic motives for a particular merger or acquisition can be viewed as potential benefits that are realized through organizational integration and HRM, which directly or indirectly affect a combination's performance. Hence, the research problem of how combination potential is realized through the organizational integration of M&A's provides a possibility to bridge research areas.

After an extensive literature study, which can be found in chapter 2, we found that a part of the framework developed by Larsson & Finkelstein (1999) combined with our literature findings suited our research topic best because they combined different theoretical backgrounds.

In this framework several research streams such as: HRM, Strategic Management, and Organizational Management were synthesised and were linked to the synergy realization of a merger or acquisition. The extent to which a merger or acquisition results in *synergistic benefits* is related to the *strategic potential* of the combination, the *management style similarity* of managers of the merged companies or business units, and the lack of *employee resistance* to the integration of the joining firms.

The *combination potential* of M&A's is usually conceptualized in terms of their degree of relatedness (Datta 1991, Kusewitt 1985, Singh & Montgomery 1987), as gauged by the industry affiliations (SIC Codes) of bidder and target (Datta 1991, Kusewitt 1985, Singh & Montgomery 1987). However, traditional conceptualizations of relatedness between joining firms focus on the similarity of their operations (e.g.,

Shelton 1988, Singh & Montgomery 1987, Montgomery & Hariharan, 1991), with strategic differences often viewed as less valuable or even dysfunctional than similarities (Shanley & Correa, 1992). As a result, traditional conceptualizations of relatedness do not fully capture complementary synergy sources that may be present throughout the value chain (Larsson&Finkelstein, 1999)

Employee resistance; previous research has generally shown that acquired company employees react unfavourably to M&A's, a result often cited to explain why many M&A's are not successful (Blake and Mouton 1985, Hambrick & Cannella 1993, Walter 1985). Unfortunately, with few exceptions (Chatterjee et al. 1992, Datta 1991), the notion that negative employee reactions help account for unsuccessful M&A's has historically been based on evidence that is more anecdotal than empirical (e.g. Arnold 1984, Searby 1969).

Management style may affect synergy realization in two different ways: 1) When management styles are similar across organizations, the level of cooperation is often enhanced and perceptions of the degree of change taking place may be cushioned (Diven 1984, Marks 1982, Buono & Bowditch 1989, Walter 1985). Hence, the extent of employee resistance to an acquisition may be attenuated. 2) Cooperation can increase the likelihood that synergies will be realized because the interaction and coordination necessary for M&A success can proceed with less contentiousness than might otherwise occur (Chatterjee et al. 1992, Datta 1991).

1.4 Aim of this Study

The aim of this study is to find answers to the following central research question that is derived from the above-mentioned brief literature overview:

What is the influence of combination potential, management style similarity and employee resistance on the potential synergy realization during the post-merger integration process of FrieslandCampina's business unit's merger?

Answering this question through this research, will result in the following contribution:

1. Explaining how these antecedents contribute or do not contribute to the potential synergy realization of the merger of the two business units, Fresh and Benelux, at FrieslandCampina. And by doing so, making FrieslandCampina's managers aware of the influences of these antecedents on potential synergy realization of the merger of the two business units, Fresh and Benelux.
2. And exploring if this merger will lead to the potential synergy realization, which is FrieslandCampina's strategic objective for this merger.

1.5 Data and Method

The data for this research was derived by a questionnaire plotted in FrieslandCampina's employee satisfaction survey at the end of June 2012. We used a single case study method with an explanatory distinction as research method because we only use one case, the merger of both business units at FrieslandCampina, trying to explain how the potential synergy realization is influenced by combination potential, employee resistance and management style similarity.

1.6 Thesis Outline

After this introduction chapter we'll display our exhausting literature review on the theory that was found concerning the research subject in chapter 2. Based on this literature review hypotheses were developed and a conceptual model was formed.

In chapter 3, a method overview will be given concerning the chosen research method, the outline of the researched sample, how our research design was developed and what our deliberations were doing so, and finally the validity and reliability of our research are shown.

Chapter 4 is about the results that were conducted in this research and which statistical analyses were used to find empirical evidence concerning our research questions.

And finally in chapter 5 our research conclusions can be found among with the research limitations and research contributions to science.

2. Literature study

2.1 Introduction

The 1980's were characterized by a wave of mergers and acquisitions (M&A's) that transformed industries and affected the careers of millions (Golbe and White 1988, Madrick 1987, Magnet 1984). However, many M&A's have been unsuccessful, although numbers vary widely; various studies confirm that 50-80% of all mergers do not fully achieve their strategic, operational or financial objectives (Ruess & Voelpel, 2012). This suggests that M&A's are generally not well understood in practice (Jemison and Sitkin, 1986, Hitt et al. 1991, Porter 1987). Similarly, scholarly research on M&A's has grown substantially over the last decades, but our theoretical understanding of what accounts for their success and failure has been constrained by the fragmented nature of the studies (Chatterjee et al. 1992, Haspeslagh and Jemison 1991, Schweiger and Walsh 1990).

Mergers and acquisitions have been studied through several theoretical lenses: Strategic Management, Economics, Finance, Organizational Research and Human Resource Management. Table 1 provides an overview of these perspectives and their intellectual fathers:

Table 1: Overview perspectives

Theoretical lens	Constructs	References
Strategic Management	Studies M&A's as a method of diversification, focussing on both the motives for different types of combinations and the performance effects of those types.	<ul style="list-style-type: none"> • Ansoff et al. (1971) • Salter and Weinhold (1981) • Walter and Barney (1990) • Lubatkin (1987) • Seth (1990) • Shelton (1988) • Singh and Montgomery (1987)
Economics	Emphasized such factors as economies of scale and market power as motives for mergers, and has examined acquisition performance with mostly accounting based measures	<ul style="list-style-type: none"> • Goldberg (1983) • Ravenscraft and Scherer (1987) • Steiner (1975)
Finance	Have typically studied acquisition performance, relying on stock-market-based measures in doing so	<ul style="list-style-type: none"> • Jarell et al. (1988) • Jensen and Ruback (1983) • Weston and Chung (1983)
Organizational Research	Focused primarily on the post-combination integration process, highlighting both culture clash and conflict resolution	<ul style="list-style-type: none"> • Haspeslagh and Jemison (1991) • Pablo (1994) • Bueno et al. (1985) • Nahavandi and Malekzadeh (1988) • Alarik and Edstrom (1983) • Blake and Mouton (1985) • Mirvis (1985)
HRM	Emphasized psychological issues, the importance of effective communication and how M&A's affect careers	<ul style="list-style-type: none"> • Schweiger and DeNisi (1991) • Sinetar (1981) • Hambrick and Canella (1993) • Hirsch (1987) • Walsh (1989)

Although the streams of research are not mutually exclusive, they have been only marginally informed by one another (Larsson & Finkelstein, 1999).

2.1 Synergy Realization

The performance of an M&A can also be seen through these multiple lenses; Strategic Management, Economic, Financial, Organizational Research and HRM. In this thesis M&A performance is conceptualized as Synergy Realisation, defined as the actual net benefits (reduced cost per unit, increased income, etc.) created by the interaction of two firms involved in a merger or acquisition. The success of a merger or acquisition is gauged by the degree of synergy realization rather than more indirect and potentially ambiguous criteria such as accounting or market returns (Larsson & Finkelstein, 1999).

The extent to which a merger or acquisition results in synergetic benefits is related to the strategic potential of the combination, the degree of organizational integration after the deal was completed, and the lack of employee resistance to the integration of the joining firms (Larsson & Finkelstein, 1999)

Larsson et al. (1999) developed and tested a model that synthesizes theoretical perspectives on the strategic combination, organizational integration, HRM and financial performance components of M&A's and examined the mechanisms through which several critical characteristics of an M&A affect its performance. Larsson et al. reason that synergy realization is a conceptually advantageous measure of M&A performance and synergy realization depends on the combination's potential, the degree of integration and the lack of employee resistance. Furthermore they've developed hypotheses on the interrelationships among those factors, and how they mediate the performance effects of such key characteristics of M&A's as management style similarity, cross-border combination, and relative company size.

This thesis focuses' on the mechanisms through which several critical characteristics of an M&A affect its potential synergy realisation, particularly the combination potential, management style similarity and the lack of employee resistance because this suits our research context best.

2.3 Combination potential

2.3.1 Synergy Sources

Theories of M&A's that emphasize value creation tend to highlight the importance of efficiency gains derived from various synergy sources (Chatterjee 1986, Lubatkin 1983), including:

- 1) Operational synergies in production, marketing, R&D and administration achieved through economies of scale (Bain 1959, Lloyd 1976), vertical economies (Chandler 1977, Harrigan 1984, Williamson 1975) and economies of scope (Seth, 1990).
- 2) Collusive synergies from market and purchasing power (Caves and Porter 1977, Chatterjee 1986, Scherer 1980).
- 3) Managerial synergies from applying complementary competencies or replacing incompetent managers (Davis and Stout, 1992, Lorsch and Allen, 1973).
- 4) Financial synergies from risk diversification and coinsurance (Lubatkin 1983, Seth 1990).

The various sources of synergy define a combination's potential, which in turn is expected to affect of the extent to which synergies will be realized in an acquisition. That expectation reflects the notion that M&A's with very low combination potential are not likely to realize many significant efficiencies, whereas high-potential combinations provide greater opportunity for synergy realization (Larsson & Finkelstein, 1999).

2.3.2 Combination Potential Conceptualized

The combination potential of M&A's is usually conceptualized in terms of their degree of relatedness (Datta 1991, Kusewitt 1985, Singh & Montgomery 1987), as gauged by the industry affiliations (SIC Codes) of bidder and target (Morck, Shleifer & Vishny, 1990). However, traditional conceptualizations of relatedness between joining firms focus on the similarity of their operations (e.g., Shelton 1988, Singh & Montgomery 1987, Montgomery & Hariharan, 1991), with strategic differences often viewed as less

valuable than similarities or even as dysfunctional (Shanley & Correa, 1992). As a result, traditional conceptualizations of relatedness do not fully capture complementary synergy sources that may be present throughout the value chain (Larsson & Finkelstein, 1999). Such synergistic complementarities - different products, market access, or know how that fit with and enhance one another - have been found to be key success factors in qualitative studies of M&A's (Hitt, Harrison, & Ireland). Hence, synergies can be achieved through both economies of sameness (from accumulating similar operations) and economies of fitness (from combining different, but complementary, operations). Therefore, Larsson & Finkelstein (1999) conceptualize the *combination potential* of M&A's in terms of both the strategic similarity and the strategic complementarity of operations of the joining firms. Combination potential is intended to capture parsimoniously the performance affect of strategic antecedents of M&A's.

Hypothesis 1: The greater the combination potential, the greater the potential synergy realization (Larsson & Finkelstein, 1999)

2.4 Employee Resistance

Previous research has generally shown that employees (especially the acquired) react unfavourably to M&A's, a result often cited to explain why many M&A's are not successful (Blake and Mouton 1985, Hambrick & Cannella 1993, Walter 1985). Unfortunately, with few exceptions (Chatterjee et al. 1992, Datta 1991), the notion that negative employee reactions help account for unsuccessful M&A's has historically been based on evidence that is more anecdotal than empirical (e.g. Arnold 1984, Searby 1969).

2.4.1 Reasons for Employee Resistance

Why are employee reactions to M&A's so negative?

1) Research from psychological perspective has identified such problems as “us versus them” antagonism, condescending attitudes, distrust, tension and hostility (Astrachan 1990, Blake & Mouton 1985, Levinson 1970). Relatedly, Marks and Mirvis (1986, p.41) describe the “merger syndrome”, whereby employees of the acquired firm “mourn a

corporate death”, and deal with worst-case rumors, various stress reactions and constricted communication.

2) M&A’s can also severely affect career plans of employees by forcing layoffs, relocation, and loss of individual influence (Greenwood, Hinings, & Brown 1994, Hirsch 1987, Walsh 1989). For example, in a study of a multi-billion dollar merger, Gaertner (1986) found that career mobility, career patterns, and career development activities were all adversely affected in substantial ways.

3) Culture clashes are not uncommon during the integration process as two organizations, each with established routines, attempt to reach some type of accommodation (Chatterjee et al. 1992). Typically, it is the acquired firm that finds its cultural traditions most challenged. The resulting conflict has been described in terms of the disturbance of human rights (Walter, 1985), cultural retrenchment (Altendorf, 1986), counter cultures (Buono & Bowditch, 1989) and cultural rejection (Sales & Mirvis, 1984).

2.4.2 Active and Passive Opposition

Larsson and Finkelstein (1999) found considerable support for the idea that employee resistance, defined as the individual and collective opposition of employees to the combination and subsequent integration of the joining firms, is associated negatively with M&A performance. The opposition can be both active (e.g., absenteeism, disobedience, and shirking) and is expected to significantly undermine the actual realization of synergies during the integration process.

Hypothesis 2: The greater the employee resistance, the less potential Synergy realization (Larsson & Finkelstein, 1999)

2.5 Interrelationships among antecedents of M&A performance

We have argued that organizational integration and employee resistance are important antecedents to M&A performance in general, and synergy realization in particular. Taken individually, none of those factors is new to literature. Taken together, however, they afford synthesis of the present state of research on organizational and HRM

influences on M&A's (Larsson & Finkelstein, 1999). In addition, a fundamental contribution to the integrative framework Larsson et al. (1999) developed is its ability to represent the interrelationships between these two factors simultaneously. Hence, it not only opens up the possibility of understanding how those primary antecedents of M&A success are interrelated, but also facilitates examination of how other critical aspects of M&A's affect acquisition performance.

Although combination potential, and employee resistance are key determinants of how successful an acquisition will be, managers may have difficulty attending both at once. Acquiring firms that emphasize combination potential and organizational integration may risk significant employee resistance that could disrupt the realization of synergies, whereas the firms that emphasize placating employees may be conceding much of the "upside" associated with greater potential and integration. Hence, the conflict requirements associated with those key acquisition performance antecedents highlight a potentially important trade-off. The integrative framework of Larsson et al. (1999) facilitates such an examination of the potential trade-offs managers face in balancing strategic, organizational and HRM considerations in M&A's.

Because the framework Larsson et al. (1999) developed in their research formally considers combination potential and employee resistance, the model can investigate the means by which the critical M&A factor management style similarity (defined as the degree to which managers in combining organizations emphasize risk-taking, authority, and structure) affect synergy realization.

2.6 Management style similarity

Management style may affect synergy realization in two different ways:

1) When management styles are similar across organizations, the level of cooperation is often enhanced and perceptions of the degree of change taking place may be cushioned (Diven 1984, Marks 1982, Buono & Bowditch 1989, Walter 1985). Hence, the extent of employee resistance to an acquisition may be attenuated.

2) Cooperation can increase the likelihood that synergies will be realized because the interaction and coordination necessary for M&A success can proceed with less contentiousness than might otherwise occur (chatterjee et al. 1992, Datta 1991). Although both arguments have been made in the literature, no direct investigation of their relative efficacy has been reported (Larsson & Finkelstein, 1999)

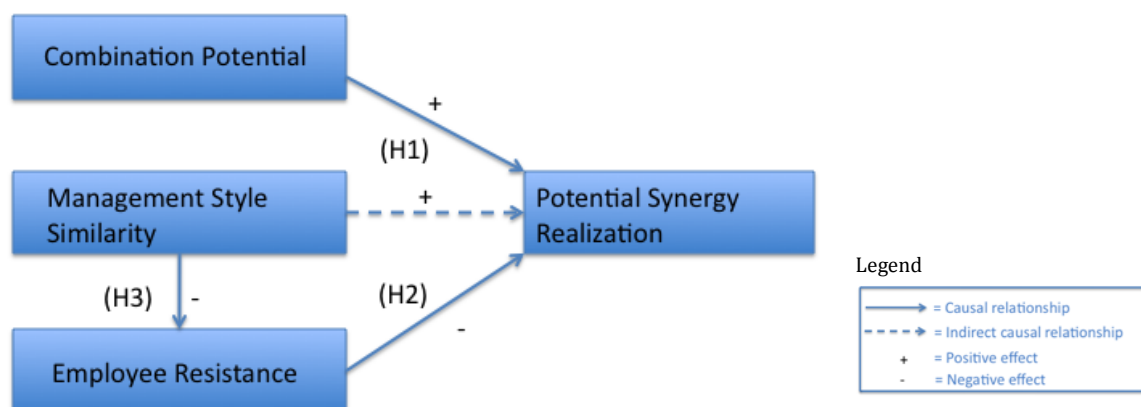
Hypothesis 3: The greater the management style similarity, the less employee resistance.
(Larsson & Finkelstein, 1999)

2.7 Conceptual model

In response to the above mentioned we developed the following conceptual model (figure 2), the variables of this conceptual model are established by our literature review and are partly based on the framework Larsson & Finkelstein (1999) developed in their research.

In addition the variables are also consistent with findings of *Strategic scholars* such as Ansoff et al. (1971), Salter and Weinhold (1981), Walter and Barney (1990), Lubatkin (1987) Seth (1990), Shelton (1988), Singh and Montgomery (1987). *Organizational scholars* such as Haspeslagh and Jemison (1991), Pablo (1994), Bueno et al. (1985), Nahavandi and Malekzadeh (1988), Alarik and Edstrom (1983), Blake and Mouton (1985) and Mirvis (1985). And finally with *HRM scholars* such as, Schweiger and DeNisi (1991), Sinetar (1981), Hambrick and Canella (1993), Hirsch (1987) and Walsh (1989).

Figure 2: Conceptual model



In this research, we will concentrate on the relationships between Management Style Similarity, Combination potential and Employee Resistance and the effect of it on synergy realization. This is in line with the research context.

2.8 Precise comparison of both studies

In table 3, a precise comparison is given between the differences of the research Larsson & Finkelstein (1999) conducted and our research. The most important differences are:

- *Research Method and unit of analysis*

Larsson & Finkelstein (1999) used a case survey method that contained sixty-six case studies of international mergers and acquisitions. We are using a case study method on topical merger between two business units.

- *Broader set of items*

Larsson & Finkelstein (1999) made use of a broader set of items to measure the variables in their framework. In our research we have used two items (marketing similarity, marketing complementary) to test the combination potential variable for which they have used four (marketing similarity, production similarity, marketing complementary, production complementary). This difference can be explained by the fact the merger we focus on in our research concerns only the integration of two sales and marketing orientated business units. Production is left out of scope.

To measure management style similarity Larsson & Finkelstein (1999) used three items (formality, employee participation & other dimensions) we've used one item (similar to management style similarity). The reason of choosing this item instead of the four items of Larsson en Finkelstein (1999) is because we use a different unit of analysis and research method.

To measure employee resistance we used organizational commitment as an item instead of the items Larsson & Finkelstein (1999) have used. We chose organizational commitment because we've derived this item from our literature

research, and therefore believe it's more appropriate for our data set and unit of analysis.

To measure synergy realization we have used only two items (consolidated marketing, consolidated administration) instead of ten (consolidated purchases, consolidated production, consolidated marketing, consolidation of competitor, consolidated administration, consolidation of possible supplier or customer, access to new geographic markets, cross-selling, creation of new know-how & other sources). We chose only two items because the merger in our research only concerns the integration of two sales and marketing orientated business units.

Table 3: Precise comparison of both studies

Larsson & Finkelstein (1999)				This Thesis			
Variables	Items	Scales (3 point scales from low=0 to high=2)	Research Method	Variables	Items	Scales (5-point Likert, Strongly disagree-Strongly Agree)	Research Method
Combination potential	<ul style="list-style-type: none"> Marketing Similarity Production Similarity Marketing Complementary Production Complementary 	(MS) Estimate the similarity of marketing operations between the joining firms based primarily on their geographic markets, customer groups, and main industries (PS) estimate the similarity of production operations between the joining firms based primarily on their input, process, and product types (MC) Estimate the complementarity of marketing operations between the joining firms in terms of the extent to which their different marketing capabilities fit each other and can thereby be transferred between the different markets and products of the firm. (PC) Estimate the complementarity of production operations between the joining firms in terms of the extent to which their different production capabilities fit each other and can thereby be transferred between them, such as vertical economies between firms with long-linked technologies	Case Survey research method	Combination potential	<ul style="list-style-type: none"> Marketing Similarity Marketing Complementary 	1.(MS) The integration of the BU Fresh and Benelux provides a better market approach, because of the fact that the strengths of both business units will be used. 2. (MC) The integration of the BU Fresh and Benelux leads to improved brand power. The Fresh products complement the Benelux products image and the Benelux products complement fresh products image.	Survey research method
Management Style Similarity	<ul style="list-style-type: none"> Formality Employee participation Any other dimension emphasised by the case author 	Estimate the degree of management style similarity between the joining firms at the beginning of the integration phase. Management style is hereby viewed in terms of degrees (low versus high) of formality, employee participation, and any other dimensions emphasized by the case author	Case Survey research method	Management Style Similarity		3. The management style of my current manager is comparable to my former manager prior the integration. 4. My manager provides me of the information that is necessary to complete my job.	Survey research method
Employee Resistance	<ul style="list-style-type: none"> Vocal opposition Symbolic opposition Voluntary exits Passivity 	Estimate average acquired employee resistance (defined as the active and passive opposition to the integration process with the acquiring firm, such as vocal opposition (voice), symbolic opposition (anti-acquire posters), voluntary exits, absenteeism, passivity,	Case Survey research method	Employee Resistance	<ul style="list-style-type: none"> Organizational Commitment 	5. I feel free in giving feedback to anyone in the organization. 6. I would recommend FrieslandCampina as an employer to my friends. 7. I am been given the opportunity to personally develop	Survey research method

		and sabotage.				myself. 8. I have fun in doing my job.	
Synergy Realization	<ul style="list-style-type: none"> Consolidated purchases Consolidated Production Consolidated Marketing Consolidation of Competitor Consolidated Administration Consolidation of possible supplier or customer Access to new geographic markets Cross-selling Creation of new Know-How Other explicit sources named by the case author 	<p><i>Estimate the degree to which the merger or acquisition realized the following benefits:</i></p> <p>(Cpu) Consolidated purchases of input to reduce purchase price/cost per unit (e.g., like through volume rebates)</p> <p>(CPr) Consolidated production to reduce the production cost per unit (e.g., like utilization of excess capacity)</p> <p>(CM) Consolidated marketing to reduce marketing cost per unit (e.g., like integrated sales force with fewer employees)</p> <p>(CC) Consolidation of competitor to increase market power by reducing competition, thereby being able to command higher prices.</p> <p>(CA) Consolidated administration to reduce administrative overhead per unit (e.g., like elimination of duplicate head offices)</p> <p>(CSC) Consolidation of possible supplier or customer to reduce transaction costs per unit.</p> <p>(ANGM) Access to new geographic market(s) through the other firm's established local sales organisation to increase joint sales.</p> <p>(CS) Cross-selling of complementary products to joint customers to increase joint sales.</p> <p>(TKH) Transfer of current know-how (including R&D) from one firm to the other for the latter firm to manage its operations more effectively.</p> <p>(O) Other explicit sources of synergy in the case study that are of significance of the estimation of the total amount of synergy realization made up of these synergy sources (e.g., like financial)</p>	Case Survey research method	Potential Synergy Realization	<ul style="list-style-type: none"> Consolidated marketing Consolidated administration 	9. (CM) The integration will reduce the cost per unit, because of the integrated sales and marketing organisation. CA) The integration will reduce administrative overhead per unit, because of the elimination of a duplicated administrative organization.	Survey research method

3. Research Methodology

3.1 Case Study

Case studies are a frequently used method for conducting research in business administration and economics (Ghauri & Gronhaug, 2002). Yin (2003) describes case studies as a plan that gives guidance to the process of collecting, analyzing and interpreting observations. The outcome of the study is a feasible model of proof that allows conclusions to be drawn about the causality between variables. Case studies are of empirical nature and allow researchers to investigate certain phenomena in a real life setting (Yin, 1981).

The case study method presents the opportunity to the researcher to analyse certain situations and circumstances in a case in-depth. During this in-depth research different unit of analysis can be covered such as persons, teams, organizations and other social units. In this research a case study design is adopted to investigate what the influences of combination potential, management style similarity and employee resistance are on the potential synergy realization during the post-merger integration process at the merger between two business units of FrieslandCampina.

3.2 Case Study Design

The case study permits the how, what and why questions to be answered. This will enable the researcher to understand complex phenomena (Yin, 2003).

The “What” question, which was addressed in chapter 1 as our research question, can therefore be answered by this case study method.

Different types of case study research exist. Yin (2003) separates two types of case studies, namely single- and multiple-case studies. A single case logically focuses on only one case and multiple case studies investigate more cases. Within these typologies another distinction can be made between exploratory, descriptive and explanatory research. Exploratory research is conducted to discover new research questions. Descriptive research permits a certain phenomenon to be described. Finally,

explanatory research answers the question how certain phenomena occur, based on the intertwined nature of the constructs (Yin, 2003).

In our research we use a single case study with an explanatory distinction because we only use one case, the merger of both business units at FrieslandCampina, trying to explain how the potential synergy realization is influenced by combination potential, employee resistance and management style similarity.

Stake (1995) distinguishes 3 forms of case studies:

1. *Intrinsic Case Study*: research is conducted to achieve understanding about the different aspects belonging to the case.
2. *Instrumental Case Study*: this research crosses the boundaries of the cases.
3. *Collective Case Study*: different cases are studied and subsequently compared in the research.

In this thesis the intrinsic case study, is used. In this research we are studying the merger of the BU's Fresh and Benelux at FrieslandCampina with an intrinsic interest in this particular case as such.

3.3 Unit of analysis

The primary unit of analysis are all the employees, including management, of both merged business units of FrieslandCampina, Fresh and Benelux. Including management. Because this is the unit that has truly experienced the integration process and is familiar with the former organizational situation.

3.4 Data Analysis & Data collection

We used a survey to collect our data. By plotting a questionnaire in the employee satisfaction survey, we reached 273 employees of the newly formed business unit Branded Netherlands.

Before the questionnaire was plotted we pilot-tested the survey questions on 5 employees, all five employees unanimous understood the questions en found the questionnaire clearly.

30 out of the 273 respondents worked for the Fresh business unit and 217 respondents worked for the Benelux business unit, prior to the integration. 43 respondents have a managerial position. The questionnaire has been plotted for more than four weeks (from July the 1st until July the 24th); by plotting it for more than four weeks everyone is given the opportunity to fill out the questionnaire even if they were on vacation.

The benefit of using the internal employee satisfaction survey was that the entire unit of analysis was reached and by analysing the results, a holistic understanding of the potential synergy realization and its relation to combination potential, management style similarity and employee resistance can be given. The original questionnaire (Appendix 1) was in Dutch, the native language of the respondents.

3.5 Validity and Reliability

According to Bryman & Bell (2011) validity and reliability of research are the criteria for judging the quality of research design. Validity refers to the issue of whether or not an indicator (or set of indicators) that is devised to gauge a concept really measures that concept. And reliability refers to the consistency of the measure of a concept. To be reliable, a study must demonstrate that the operations of that study can be repeated, with the same results (Yin, 2009).

3.5.1 Internal validity

The internal validity is secured by first exploring the data on normal-non normal distribution by making use of Skewness, Kurtosis, Kolmogorov-Smirnov and Shapiro-Wilk tests.

Afterwards we made use of Non-Parametric test such as Spearman's Rho correlation and parametric tests such as Multiple Regression. These analyses can be found in chapter 4.

3.5.2 External validity

External validity is characterized as establishing the domain to which a study's findings can be generalized (Yin, 2003). External validity thus describes to what extent the findings of one study are applicable and therefore generalizable to other cases. Lack of generalizability is one of the most prominent critiques on case studies. However, Yin

(2003) argues that those critiques arise when comparing case study research to survey research. While surveys rely on statistical generalization, case study research relies on analytical generalization; the researcher's aspiration is to generalize a particular set of results to some broader theory (Yin, 2003). A case study can rely on analytical and theoretical generalizations, although no statistical generalization can be made. Yin (2003) states that in case of single-case study it is necessary to apply theory and consequently test it to assure external validity.

This research studies the merger of two BU's at FrieslandCampina with an intrinsic interest in the case as such. Therefore generalization is not the purpose of this research.

3.5.3 Internal reliability

A commonly used test to measure internal reliability of multiple-items is the Cronbach' Alpha test (Cronbach, 1951), Cronbach's Alpha essentially calculates the average of all possible split-half reliability coefficients; with other words it measures the degree of coherence of the respondents answers (Bryman&Bell, 2011). In figure 4 the results of this test are displayed.

Figure 4: Cronbach's Alpha

Variable	N	Cronbach's Alpha	N of items
Combination potential	237	,80	2
Management Style Similarity	231	,30	2
Employee Resistance	259	,75	4
Potential Synergy Realization	237	,74	2

The internal reliability of the items, used for the combination potential variable, Employee Resistance and Potential Synergy realization are considered to be efficient, the internal reliability of the items, used for the management style variable, are considered to be not efficient. This is taken into account in interpreting the research findings.

4. Results

4.1 Introduction

Out of the total potential sample size of 280 respondents we scored an N of 273, which is a response rate of 97,5%. From the 273 respondents 30 respondents were prior to the integration working for the BU Fresh and 217 worked for BU Benelux. This is a response rate of respectively 75% and 90%. Out of the 272 respondents 43 had a managerial position, 200 didn't have a managerial position and four respondents did not fill out this question.

4.1.1 First results

When we focus on the main variables of our conceptual model we can observe the following results of respectively N, Average, Standard deviation and Minimum and Maximum of the used questionnaire scales. These results are displayed in figure 5.

All of the respondents seem to be quite positive towards the combination potential of the merger. Management style similarity appears to be recognized by the respondents. There also seems to be less resistance against the merger and the respondents are quite positive about the potential synergy realization from this merger.

Figure 5: N, Average, Standard Deviation, Minimum and Maximum

Valid Cases = 273; cases with missing value(s) = 67

Variable	Type	N	Mean	Std Dev	Minimum	Maximum
Combination Potential	Independent	237	3,82	,74	1,00	5,00
Management Style Similarity	Independent	231	3,37	,72	1,00	5,00
Employee Resistance	Independent	259	3,54	,62	1,00	5,00
Potential Synergy Realization	Dependent	237	3,56	,80	1,00	5,00
Management/Non Management	Control	269	1,16	,37	1,00	2,00
Benelux/Fresh	Control	247	1,12	,33	1,00	2,00

4.2 Exploring Data

Before testing the data we first started with exploring the data to check some basic assumptions and determine what kind of analyses fit our data set best. Figure 6 contains the results of our explorative tests. We looked for Skewness and Kurtosis to make sure our data was distributed normal and finally we double-checked this with a Kolmogorov-Smirnov and Shapiro-Wilk test.

What we found when we analysed the results from the above-mentioned tests was that the distribution of our data is non-normal. The values of skewness and kurtosis should be zero in a normal distribution (Andy Field, 2005). If we look at our data we see that all the values of Skewness and Kurtosis aren't zero. They are non-normal. Most of the values of Skewness are negative so they indicate a pile up on the right side of the distribution and most of our Kurtosis values are positive which indicates a pointy distribution (Andy Field, 2005).

The Skewness and Kurtosis values tell us a bit about deviation from normality, but they each deal with only one aspect of non-normality. Another way of determining the normality of our data is to see whether the distribution as whole deviates from a comparable normal distribution. The Kolmogorov-Smirnov test does just this (Andy Field, 2005). If we look at our test results we see that all of the values are significant, which means the distribution in question is significantly different from a normal distribution again it is non-normal.

Figure 6: Skewness, Kurtosis, kolmogorov-Smirnov, Shapiro-Wilk

Variables		Skewness	Kurtosis	Kolmogorov-Smirnov	Shapiro-Wilk
Potential Synergy Realization (DV)	Consolidated Marketing	-.387	.114	.247**	.873**
	Consolidated Administration	-.255	-.139	.212**	.888**
Combination Potential (IV)	Marketing Similarity	-.575	.552	.278**	.854**
	Marketing Complementary	-.627	.547	.306**	.838**
Management Style Similarity (IV)	Management style sim. 1	-.477	-.172	.232**	.889**
	Management style sim.2	-1.024	1.250	.324**	.811**
Employee Resistance (IV)	Organizational commitment 1	-1.308	2.334	.363**	.757**
	Organizational commitment 2	-1.172	3.126	.366**	.749**
	Organizational commitment 3	-.747	.522	.280**	.851**
	Organizational commitment 4	-.958	3.360	.326**	.768**

** p<0,001

4.3 Correlation of the variables

Because of the fact the distribution of our data was non-normal, we used a non-parametric test to look for correlations between the variables. In figure 7 a Spearman's Rho analysis is displayed.

When we analyse the data we find significant positive correlations amongst all of the variables including significant positive correlations between the independent variables versus the dependent variable. This means that the results from our literature review seem to correspond with the data derived from our questionnaire. Although these correlation results only prove the relationship of the variables and not the causality (Andy Field, 2005), it is interesting to know that all the variables have positive relationships with each other.

Figure 7: Spearman's Rho

Variable	1	2	3	4	5
1 Potential Synergy Realization					
2 Combination Potential	.355**				
3 Management Style Similarity	.128*	.238**			
4 Employee Resistance	.156*	.359**	.442**		
5 BU Fresh/BU Benelux	.072	.091	.125*	-.053	
6 Management/Non-Management	-.065	.120*	.021	.421*	-.056

**Correlation is significant at 0.01 level (1-Tailed).

*Correlation is significant at the 0,05 level (1-Tailed).

4.4 Multiple Regression analysis

Although the distribution of our data was found non-normal, we also analysed the data by multiple regression analysis, a parametric test. In figure 8 this multiple regression analysis is displayed.

Model I only consist the control variables and has a predictive value (adjusted R square) of 0,09%. Then subsequently in models II, III, IV, the control variables were supplemented with one of the independent variables. Model II has the most positive predictive value (15,9%). In model V all the variables were supplemented, which leads to a predictive value of 15,8%. Model VI shows the best possible combination of variables, with the omission of the Employee resistance variable the predictive value reaches 17,1%. Finally we used all the independent values and left out the control variables in model VII that leads to a predictive value of 14%. In model VIII the dependent variable changed to Employee Resistance and is supplemented with the control variables, the predictive value of model VIII is 1,6%. Model IX contains the same variables as model VIII but is supplemented with management style Similarity and has a predictive value of 20,2%.

To check the models for multicollinearity, the Variance Inflation Factor (VIF) and tolerances are analysed. As a rule of thumb, it is generally assumed that a VIF value greater than 5, or a value for the tolerance lower than 0.2 is an indication that multicollinearity may be present (Van Dalen and De Leede, 2009). The boundary values of tolerance (all > .25) and the VIF (all < 4.2) are achieved in none of the models. Therefore no multicollinearity in models I, II, III, IV, V, VI, VII, VIII, IX was found.

Figure 8: Multiple regression analysis

<i>Dependent Variable Potential Synergy Realization</i>							
	I	II	III	IV	V	VI	VII
<i>Control Variables</i>							
Management/Non-management	-.063	-.112	-.068	-.073	-.100	-.114 [^]	
BU fresh/BU Benelux	.112 [^]	.078	.111	.123 [^]	.096	.096	
<i>Independent Variables</i>							
Combination Potential		.393 ^{**}			.364 ^{**}	.363 ^{**}	.355 ^{**}
Management Style Similarity			.188 [*]		.116	.106	.134 [^]
Employee Resistance				.184 [*]	-.030		-.054
Adjusted R square	.009	.159	.046	.036	.158	.171	.140
F-value	2.045	15.133 ^{**}	4.449 [*]	3.830 [*]	8.561 ^{**}	11.573 ^{**}	12.135 ^{**}
<i>Dependent Variable Employee Resistance</i>							
	VIII	IX					
<i>Control Variables</i>							
Management/Non-management	.142 [*]	.123 [*]					
BU fresh/BU Benelux	-.056	-.110					
<i>Independent Variable</i>							
Management Style Similarity		.444 ^{**}					
Adjusted R square	.016	.202					
F-value	3.116	19.734 ^{**}					

** p<0,001, * p</= 0,006, ^p<0,1

4.5 Hypothesis

4.5.1 Hypothesis 1

The first hypothesis, H1, suggest that the greater the combination potential, the greater the potential synergy realization will be. As we can see in figure 7 there is a significant positive correlation (.355**) between combination potential and potential synergy realization. This indicates that there is a positive relationship between combination potential and potential synergy realization but this doesn't give an indication of the direction of causality. Therefore, we need to take a look at the regression results of model II in figure 8. With a significant .393** value and a predictive value (Adjusted R Square) of 15,9%, we can conclude that there is a positive causality between combination potential and potential synergy realization with a predictive value of 15,9%. Even when all the variables are supplemented in model V there is still a significant positive causality (.364**) between both variables. H1 is therefore supported.

4.5.2 Hypothesis 2

The second hypothesis, H2, suggest that the greater the employee resistance, the less potential synergy realization will be reached. As we can see in figure 7 there is a significant positive correlation .156* between employee resistance and the potential synergy realization. The hypothesis suggests a negative relationship between both variables, but if we look at figure 5 we see an average score of 3.54 on the employee resistance variable, which indicates that there is less employee resistance. This indicates that there is a relationship, that could be consistent with H2, between employee resistance and potential synergy realization but this doesn't give an indication of the direction of causality therefore we need to take a look at the regression results of model IV in figure 8. With a significant value of .184* there is a positive causality but with a predictive value of 3,6% and a non- significant value of -.030 in model V. Weighted against each other we still find that the hypothesis can be reasonably expected. H2 is therefore supported.

4.5.3 Hypothesis 3

The third hypothesis, H3, suggest that the greater the management style similarity, the less employee resistance there will be. As we can see in figure 7 there is a significant positive correlation (.442**) between management style similarity and employee

resistance. If we take a look at figure 5 their average score of 3.37 for management style similarity and 3,54 with employee resistance, this could indicate that there is less employee resistance, an average of 3,54 indicates less employee resistance, and that a high management style similarity causes this. This proven relationship doesn't give an indication of the direction of causality therefore we need to take a look at the regression results of model IX in figure 8. With a significant value of .444** and a predictive value of 20,2%, we can conclude there is a positive causality between management style similarity and employee resistance. If we keep in mind the explanation of the average scores and positive correlations, H3 can also be supported.

4.6 Summary

After exploring the data with Skewness and Kurtosis, kolmogorov-Smirnov and Shapiro-Wilk tests (figure 6), we concluded that our data set was non-normal distributed and therefore primarily non-parametric tests, such as the Spearman's Rho test, were used (figure 7). Afterwards, the results of a multiple Regression analysis (figure 8), which is a parametric test, showed to be consistent with the non-parametric test and therefore the results were supplemented. In summary the above-mentioned tests and analyses provided the following results:

- Hypothesis 1: *The greater the combination potential, the greater the potential synergy realization.* Strong support for a positive relationship between greater combination potential and greater potential synergy realization was found.
- Hypothesis 2: *The greater the employee resistance, the less potential Synergy realization.* Strong support for a positive relationship between less employee resistance and greater potential synergy realization was found.
- Hypothesis 3: *The greater the management style similarity, the less employee resistance.* Strong support for a positive relationship between greater management style similarity and less employee resistance was found.

5. Discussions and Implications

5.1 Introduction

Much literature can be found about M&A's; the last decades many scholars have researched this subject based on their own paradigms of theoretical backgrounds like: HRM, Finance, Economics and strategic perspective (Chatterjee, Lubatkin, Schweiger and Weber, 1992), (Haspeslagh and Jemison, 1991) and (Schweiger and Walsh, 1990). Although the streams of research are not mutually exclusive, they have been only marginally informed by one another.

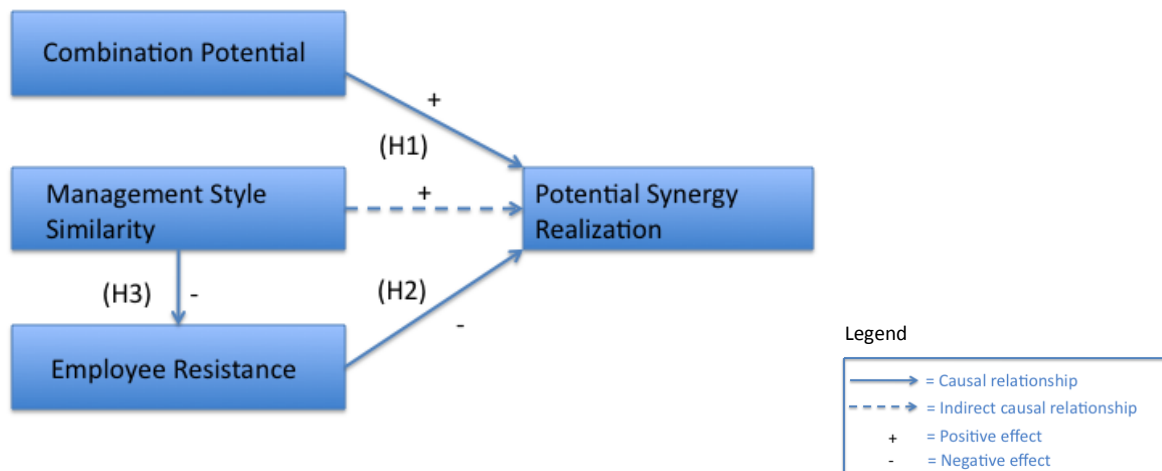
After an extensive literature study we found that the integrative framework Larsson & Finkelstein (1999) developed (supplemented with findings from our literature review) suited our research topic, the merger between BU Fresh and Benelux at FrieslandCampina, and research question, *“What’s the influence of combination potential, management style similarity and employee resistance on the potential synergy realization during the post-merger integration process of FrieslandCampina’s business unit’s merger?”*, best.

The results from our research provide support for this integrative perspective on the merger between BU Fresh and Benelux of FrieslandCampina. All three of the major antecedents to merger success (Combination Potential, Management Style Similarity and Employee Resistance) were related significantly to potential synergy realization.

5.2 Discussions

In this chapter we will discuss our findings in relation to our hypotheses, which are conceptually presented in figure 9.

Figure 9: Conceptual Model



5.2.1 Combination Potential and Potential Synergy Realization

Hypothesis 1:

The greater the combination potential, the greater the potential synergy realization

Synergistic complementarities -different products, market access, or know how that fit with and enhance one another- have been found to be key success factors in qualitative studies of M&A's (Hitt, Harrison, & Ireland). Hence, synergies can be achieved through both economies of sameness (from accumulating similar operations) an economies of fitness (from combining different, but complementary, operations).

Therefore, Larsson & Finkelstein (1999) conceptualize the *combination potential* of M&A's in terms of both the strategic similarity and the strategic complementarity of operations of the joining firms. The literature indicates that this combination potential has a positive relation towards the success of a merger which is gauged by the degree of synergy realization rather than more removed and potentially ambiguous criteria such as accounting or market returns (Larsson & Finkelstein, 1999).

In contrast to many previous studies on merger relatedness, which highlight the extent to which two merging firms are similar, we argue that strategic differences can create opportunities for synergistic complementarities, by combining different operations to enhance the competitive position of the resulting entity. Assessing combination potential in terms of both similarities and complementarities is considerably more direct than relying on SIC codes of classification schemes that cannot differentiate among potential sources of value creation (Dess et al. 1995).

If looked at the results of our research we find a significant positive correlation (.355**) between Combination Potential and Potential Synergy Realization and can conclude with a significant .393** value and a predictive value (Adjusted R Square) of 15,9% from our regression analysis that there is a positive causality between Combination Potential and Potential Synergy Realization with a predictive value of 15,9%. This shows that our research findings, based on our unit of analysis, are consistent with the relevant literature.

5.2.2 Employee resistance and Potential Synergy realization

Hypothesis 2:

The greater the employee resistance, the less potential Synergy realization

Previous research has generally shown that employees react unfavourably to M&A's, a result often cited to explain why many M&A's are not successful (Blake and Mouton 1985, Hambrick & Cannella 1993, Walter 1985)

Unfortunately, with few exceptions (Chatterjee et al. 1992, Datta 1991), the notion that negative employee reactions help account for unsuccessful M&A's has historically been based on evidence that is more anecdotal than empirical (e.g. Arnold 1984, Searby 1969)

This employee resistance, defined as the individual and collective opposition of employees to the combination and subsequent integration of the joining firms, is associated negatively with M&A performance.

The opposition can be both active (e.g., absenteeism, disobedience, and shirking) and is expected to significantly undermine the actual realization of synergies during the integration process. Again, evidence is more anecdotal than empirical (e.g. Arnold 1984, Searby 1969).

If we look at the findings of our research we can see there is a significant positive correlation .156* between employee resistance and the potential synergy realization, according to our unit of analysis. The literature review suggests a negative relationship between both variables, but if we look at figure 5, we see an average score of 3.54 on the employee resistance variable, which indicates that there is less employee resistance. This indicates that there is a relationship that could be consistent with the literature findings, between employee resistance and potential synergy Realization but this doesn't give a indication of the direction of causality. Therefore, we need to take a look at the regression results of model IV in figure 8. With a significant value of .184*, there is a positive causality but with a predictive value of 3,6% and a non-significant value of -.030 in model V. All this weighted against each other, we still believe that the findings from our research, based on our unit of analysis, in comparison to what can be found in literature is reasonably expected consistent.

These research findings make sense because combining complementary operations, which was positively rated by our unit of analysis as a part of the combination potential variable, is likely to be seen as much less threatening to employees (Walter, 1985). To the extend those suppositions are correct, they provide further support for the idea that complementary mergers can be an effective approach for realizing synergies. Managers may benefit by broadening their view of what combination potential is all about. Complementarities -or economies of fitness- may well be an underappreciated source of value creation in this merger, acting both to boost synergy realization and to ease employee resistance.

5.2.3 Management Style Similarity and Employee Resistance

Hypothesis 3:

The greater the management style similarity, the less employee resistance

Management style may affect synergy realization in two different ways: 1) When management styles are similar across organizations, the level of cooperation is often enhanced and perceptions of the degree of change taking place may be cushioned (Diven 1984, Marks 1982, Buono & Bowditch 1989, Walter 1985). Hence, the extent of employee resistance to an acquisition may be attenuated. 2) Cooperation can increase the likelihood that synergies will be realized because the interaction and coordination necessary for M&A success can proceed with less contentiousness than might otherwise occur (Chatterjee et al. 1992 and Datta 1991).

Our results show that there is a significant positive correlation (.442**) between Management Style Similarity and Employee resistance. If we take a look at figure 5, their average score of 3.37 with Management Style Similarity and 3,54 with Employee Resistance, this could indicate that there is less Employee Resistance, an average of 3,54 indicates less employee resistance, and that this is caused by a high Management Style Similarity. This proven relationship doesn't give an indication of the direction of causality. Therefore, we need to take a look at the regression results of model IX in figure 8. With a significant value of .444** and predictive value of 20,2% we can conclude there is a positive causality between Management Style Similarity and Employee resistance. Based on these results, our research findings, based on our unit of analysis, are shown to be consistent with the findings from the literature review.

This finding is important because it empirically establishes that management style similarity may have its greatest effect on synergy realization through its attenuation of cultural differences between the merged BU's. That employees apparently pay so much attention to such managerial differences is not that surprising given the importance of

symbols and rituals in organizations and the role of an organization's leaders therein (Salancik and Meindl, 1984).

5.2.4 Other findings

Based on the above-mentioned findings, we can also conclude that Management style Similarity has an indirect positive effect on Potential Synergy Realization (figure 12). Because of the shown causal relations between Management Style Similarity and Employee Resistance there can reasonably be assumed that this has a corollary effect to the Potential Synergy realization.

Summarized, this means that based on our research findings, that if there is a great management style similarity between merged BU's this will lead to less Employee resistance towards the merger, which in turn leads to a greater Synergy realization.

5.3 Contributions

5.3.1 Managerial contributions

In all, our findings provide support that the antecedent's combination potential, management style similarity and less employee resistance contribute to the potential synergy realization of the merger of BU fresh and Benelux. These findings indicate that FrieslandCampina managers should consider both strategic and HRM perspectives for this merger's potential success.

5.3.2 Scientific contributions

Our research findings support Larsson & Finkelstein's (1999) international case survey findings, across 61 international mergers and acquisitions.

Our research also found support for organizational commitment as indicator for employee resistance. A strong organizational commitment results in less employee resistance.

It should be taken into account that above mentioned contributions are based on a case study of a merger of two business units at FrieslandCampina and that generalizability was not the purpose.

5.4 Methodological reflections and recommendations for further research

After the discussion of the contributions, this methodological reflection presents the shortcomings and limitations of case study research to put the results of this research into perspective. First the limitations of the research method and research sample are discussed. Finally some important recommendations for future research are discussed.

5.4.1 Limitations of research method

Stake (1995) argues that case study research might result in rich detailed analysis, because of the limited number of cases, which are often analysed in great depth.

Therefore case studies sometimes lack generalizability, because the purpose of these studies is to represent a case and not the whole world. The lack of generalizability is probably one of the most important limitations of our research method.

5.4.2 Limitations of research sample

Two main limitations of our research sample can be acknowledged:

1. The fact that the questionnaire had to be answered by the respondents two months after the merger was completed can be seen as a limitation. This limitation can best be described as retrospective sense making (Weick, 1969). The point of retrospection in time affects what people notice and therefore may bias the questionnaire's outcome. For example, respondents could be more positively or negatively two months after the merger was effectuated than they were during the first weeks after the merger or months prior to the merger. This could bias the results of our questionnaire.
2. Another limitation is the fact that the questionnaire was only plotted once, and that it was plotted during the merger's honeymoon stage (Jick, 1979). Jick (1979) describes 5 stages at a merger process: the courtship stage, the marriage stage, the honeymoon stage, the marital allegiance and the interdependence stage. Only by reaching the interdependence stage employees come to recognize that what is past is gone forever and accept that they must face up to the new situation. Plotting our questionnaire in only one of these stages may bias our results. Our questionnaire is a snapshot of the honeymoon stage.

5.4.3 Future research

Three suggestions for future research are suggested:

1. Although generalizability was not the purpose of this research, because of the intrinsic interest in the case as such, future research might benefit from a multiple case study, as a replication of the research within different organizations, even in different industries could improve the generalizability of the findings.
2. Also verifying the results of our survey by more qualitative data collection methods such as interviews can improve or substantiate our findings.
3. And finally reiterating our questionnaire during the marital allegiance and the interdependence stage (Jick, 1979) of the merger integration process moves our efforts forward by verifying our results that were collected during the honeymoon stage.

5.5 Conclusion

FrieslandCampina's initial merger objective was to maximize the *synergy effects* between both business units by becoming more efficient in the back office. These synergy effects should be gained by:

1. Reducing the costs per unit through integrating the sales and marketing organisation of FrieslandCampina BU's Fresh and Benelux.
2. Through a decrease of administration overhead because of the elimination of a duplicated organization.

According to our literature review antecedents like combination potential, management style similarity and organizational commitment (less employee resistance) play an important role in reaching these effects.

Our case study research found support, that in this particular merger, a strong combination potential had a positive causal relationship with the potential synergy realization and that the strong organizational commitment (less employee resistance) also had a positive causal relationship with the potential synergy realization. Furthermore the high management style similarity that was found had a positive causal relationship with organizational commitment (less employee resistance), which shows the positive indirect effect management style similarity has on potential synergy realization.

If we look at the above-mentioned conclusions from our research and combine them with FrieslandCampina's initial merger objective we can conclude that our research findings support this objective in a positive way.

Appendix 1 Initial Questionnaire in Dutch

Geef aan in welke mate je het met onderstaande stellingen eens of oneens bent.

- 1) De integratie van Dagvers en Benelux leidt tot een verbeterde marktwerking, omdat door de integratie gebruik wordt gemaakt van de sterktes van beide Opco's

Sterk mee eens			Sterk mee oneens	
1	2	3	4	5

- 2) De integratie van Dagvers en Benelux leidt tot een verbeterde merkkracht. De producten van Dagvers vullen het imago van de producten van Benelux aan en de producten van Benelux vullen het imago van Dagvers aan

Sterk mee eens			Sterk mee oneens	
1	2	3	4	5

- 3) De stijl van leidinggeven voor en na de integratie zijn vergelijkbaar

Sterk mee eens			Sterk mee oneens	
1	2	3	4	5

- 4) Mijn leidinggevende verstrekt mij de benodigde informatie

Sterk mee eens			Sterk mee oneens	
1	2	3	4	5

- 5) De integratie van Dagvers en Benelux zal leiden tot een verlaging van de kosten als gevolg van de geïntegreerde sales en marketing organisatie.

Sterk mee eens			Sterk mee oneens	
1	2	3	4	5

- 6) De integratie van Dagvers en Benelux leidt tot een verlaging van de administratieve overhead

Sterk mee eens			Sterk mee oneens	
1	2	3	4	5

- 7) Ik voel me vrij om feedback te geven

Sterk mee eens			Sterk mee oneens	
1	2	3	4	5

8) Ik zou FrieslandCampina aanbevelen als werkgever

Sterk mee eens			Sterk mee oneens	
1	2	3	4	5

9) Ik heb mogelijkheden om mij verder te ontwikkelen

Sterk mee eens			Sterk mee oneens	
1	2	3	4	5

10) Ik heb plezier in mijn werk

Sterk mee eens			Sterk mee oneens	
1	2	3	4	5

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