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What drives integration teams to achieve high integration process performance in absorption acquisitions? A configurational analysis

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A B S T R A C T

Integration process performance, capturing the extent to which integration teams realize their integration milestones, is significant in absorption acquisitions, because it constitutes an important intermediate step towards eventual M&A performance. Still, we know little about the conditions that motivate and enable integration teams to attain the goals of the post-acquisition integration process. Based on goal-setting theory, we suggest that integration process performance in absorption acquisitions depends on the fit among the ambitiousness of the cost and growth goals with which an integration team is tasked, the ampleness of integration team staffing, and the extent to which target firm employees are involved in integration planning. Fuzzy-set Comparative Analyses of 199 integration teams in 23 absorption acquisitions reveal three distinct configurations of these conditions that can engender high integration process performance. The results of this study extend research on post-acquisition integration by offering theory and fine-grained empirical evidence at the task-level of the integration process and provide helpful guidelines for managerial practice in acquisition integration in absorption acquisitions. We further outline the potential of configurational reasoning for the analysis of mergers and acquisitions, as a way to methodologically rejuvenate the field.

1. Introduction

The value an absorption acquisition creates for shareholders and stakeholders depends on the acquiring firm's ability to integrate the target firm in a way that leverages synergies between target and acquirer (Haspeslagh and Jemison, 1991; Zollo and Meier, 2008). Yet despite many years of research, the specific mechanisms that make post-acquisition integration successful or not are still not fully understood, offering a potential explanation for why many acquisitions still produce disappointing results (Graebner et al., 2017; King et al., 2004; Larsson and Finkelstein, 1999; Steigenberger, 2017; Teerikangas and Thanos, 2018). Research has shown how various characteristics of the post-acquisition integration process set the stage for whether firms actually realize the performance gains they seek to achieve (King et al., 2021; Larsson and Finkelstein, 1999). We know for example that a dedicated M&A function, the speed of integration, integration depth, the effective management of cultural distance, as well as procedural and informational justice importantly influence M&A performance (Ellis et al., 2009; Feldman and Hernandez, 2021; Haleblian et al., 2009; Homburg and Bucerius, 2005; Schweiger and Very, 2003; Teerikangas and Joseph, 2012; Trichterborn et al., 2016). We do, however, still know little about the integration teams who actually conduct the integration and thus enable, or not, the realization of synergies in post-acquisition integration and thus affect eventual M&A performance (Diduc, 2022; Graebner et al., 2017; Steigenberger, 2017). This is surprising because in the end it is not structures and conditions that integrate firms, but the employees tasked with the integration.

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The present study contributes to the nascent research on operational post-acquisition integration work (Birollo and Teerikangas, 2022; Diduc, 2022; Maire and Collerette, 2011; Sniazhko, 2021; Teerikangas and Birollo, 2018; Teerikangas et al., 2011). While this research has so far predominantly focused on the role and actions of integration managers, we extend it by focusing on the integration teams that are tasked with realizing the integration and its goals. Specifically, we theorize and empirically test which setup of conditions allows these teams to produce high integration process performance. We focus on absorption acquisitions, where the target firm loses autonomy and strategic interdependence. In absorption acquisitions, integration process performance is especially important for their success, as absorption acquisitions require the comparatively highest level of integration between target and acquirer (Haspeslagh and Jemison, 1991).

Integration process performance refers to the immediate outcome of the post-acquisition integration process as measured by a novel indicator we introduce: the extent to which integration teams realize their integration milestones. Integration milestones denote specific, operational goals that integration teams are tasked to achieve by the end of their assignment, for instance the reduction of IT personnel by 15% at one specific site, or the integration of the target firm's products into a specific line of the acquirer's marketing materials. Integration process performance is relevant, because it is an intermediate goal on the path to M&A performance (Cording et al., 2008; Teerikangas and Thanos, 2018; Zollo and Meier, 2008). We suggest that integration milestones provide a powerful measure for integration process performance, as they measure directly the degree to which integration teams achieve their operational integration tasks aimed at realizing the benefits of the acquisition (Cording et al., 2008; Teerikangas and Thanos, 2018; Zollo et al., 2018).

To gain a better understanding of when integration teams deliver high integration process performance in absorption acquisitions, we apply goal-setting theory (Locke and Latham, 2002; Locke et al., 1981). Goal-setting theory has shown that the performance of teams crucially depends on the ambitiousness of the goals set for the team, the acceptance of these goals by team members, and the resources the team has at their disposal to reach those goals (Kleingeld et al., 2011; Locke and Latham, 2006). We theorize that the ability of post-acquisition integration teams to achieve high integration process performance depends on the fit between the ambitiousness of the cost and growth synergy goals the integration is tasked to achieve, the personnel resources (measured as full-time equivalents) an integration team has available relative to their task-load, and the extent to which target firm employees are involved in the planning of the integration work, that is the planning taking place between deal closing and the start of the operational integration work. Ample personnel resources of integration teams and target firm involvement in integration planning can, however, also carry conflicts into the integration and be detrimental to teamwork and work effectiveness (Karau and Williams, 1993; LePine et al., 2008; Pelled et al., 1999; Yuan and van Knippenberg, 2022). We thus expect that it might depend on the configuration of conditions which staffing decisions lead to high integration process performance.

We test our hypotheses, specifying conditions that jointly lead to high integration process performance, based on data from 199 integration teams in 23 absorption acquisitions. As we hypothesize that high integration process performance depends on the fit among multiple conditions, we employ Fuzzy-set Qualitative Comparative Analysis (fsQCA) (Ragin, 2008) for our analysis. This method is particularly appropriate for our purposes, as it is designed to identify complex configurations of multiple, interdependent conditions that jointly engender a particular outcome (Campbell et al., 2016; Fiss et al., 2013; Misangyi et al., 2017). The method allows us to determine how ambitious or not-ambitious goal-setting with regard to cost and/or growth goals combine with specific patterns of the involvement of target firm employees and personnel resources devoted to acquisition integration to produce high integration process performance. We identify three distinct pathways managers can choose when seeking to steer post-acquisition integration teams towards high integration process performance.

The present study extends the post-acquisition integration literature (Chen et al., 2010; Graebner et al., 2017; Steigenberger, 2017), specifically literature on integration work (Maire and Collerette, 2011; Sniazhko, 2021; Teerikangas et al., 2011). Bringing into focus the contribution of integration teams to realizing the intermediate goals of acquisition performance, this paper highlights how managerial decisions on goal-setting and integration team staffing jointly drive integration process performance. Specifically, this study identifies distinct configurations of synergy goals and integration team staffing that lead to high post-acquisition integration process performance in absorption acquisitions. We thus are among the first to show when and why the work of integration teams leads to high post-merger integration performance, and when not. Thereby, our study also offers insights for the management of post-acquisition integration work. We moreover contribute to the methodological toolbox of post-acquisition integration research in two main ways: by demonstrating benefits of configurational theorizing and analysis and by introducing a novel and widely applicable measure for intermediate goals at the operational level of post-acquisition integration (Cording et al., 2008; Zollo and Meier, 2008). Finally, by suggesting configurational theorizing for questions of when and how goal setting drives team performance, we also offer a contribution to goal-setting theory (Locke & Latham, 2002, 2006; Locke et al., 1981).

2. Theory and hypothesis development

2.1. Integration teams in post-acquisition integration

Post-acquisition integration refers to "the degree of interaction and coordination of the two firms involved in a merger or acquisition" (Larsson and Finkelstein, 1999: 6). It is an organizational change process that is conducted and executed by a discrete number of employees over a defined period of time (Shrivastava, 1986). Integrations in absorption acquisitions are complex endeavors that involve many informal means of communication and cooperation between employees of acquirer and target (Birollo and Teerikangas, 2019; Ellis et al., 2009). In particular middle managers of acquirer and target and their willingness to cooperate influence how successful an integration can be (Birollo and Teerikangas, 2019; King et al., 2020). Operationally, integrations are typically set up in the

form of a dedicated project organization, led by one or more integration managers, conducted by integration teams that are responsible for a clearly defined part of the integration work, such as accounting integration, IT integration, R&D integration, or the integration of marketing and sales (Sniazhko, 2021), and guided by integration planning that might involve employees from the acquirer, the target, or both (Schuler and Jackson, 2001; Sniazhko, 2021; Teerikangas et al., 2011). Case-study based research implies that integration managers are successful if they can break down the complex tasks in an integration into measurable, smaller milestones and control tightly whether and to which degree their teams meet these milestones (see Epstein, 2004; Maire and Collerette, 2011). These milestones thus represent intermediate goals that connect the strategic goals of an acquisition with acquisition performance (Cording et al., 2008; Zollo and Meier, 2008).

Integration managers and integration teams not only manage structural integration, such as merging IT or accounting systems, they also play an important role in employee integration as mitigators and negotiators, communicating with the different stakeholders in the integration process, managing expectations and selling issues (Harwood and Chapman, 2009; Hubbard and Purcell, 2001). They have to make sure that synergies are realized (task integration) without damaging employee motivation and planned employee retention (human integration) (Birkinshaw et al., 2000). Failure to successfully manage task integration leads to unrealized synergy potential and operational problems. Failure to successfully manage human integration can lead to loss of important employees, depriving the integrated firm of valuable skills, competences, and networks required for realizing synergy potential (Kiessling and Harvey, 2006; Puranam et al., 2009; Steigenberger and Mirc, 2020). Integration managers and their teams thus have a central role in post-acquisition integration.

While research has begun to analyze the role of integration managers in post-acquisition integration (Birollo and Teerikangas, 2019; Sniazhko, 2021; Teerikangas et al., 2011), we still know little about the conditions that drive integration teams' integration process performance. To better understand when post-acquisition integration teams contribute to high integration process performance, we draw on goal-setting theory, a foundational theory for understanding team task performance (Locke & Latham, 2002, 2006; Locke et al., 1981). Goal-setting theory argues that specific, challenging goals motivate those asked to achieve the goals and thus lead to higher task performance. The theory highlights three conditions under which challenging goals lead to high task performance: actors need to accept the challenging goals, possess the resources necessary for goal achievement, and receive regular feedback on goal attainment (Locke and Latham, 2006; Sitkin et al., 2011). Regular feedback on goal attainment is typically a given in post-acquisition integration, because the project management of post-acquisition integration processes commonly involves frequent review and feedback sessions, guided by milestone plans, with management overseeing the integration process (Meckl, 2004; Sniazhko, 2021). Yet synergy goals can be more or less ambitious across acquisitions, and staffing of the teams shouldering the integration process can vary in terms of the amount and source of staffing, rendering the teams more or less well-equipped to accept and achieve ambitious goals.

The size of integration teams relative to their task load is a powerful predictor of team performance (Weiss and Hoegl, 2015). The size of integration teams is relevant when applying goal-setting theory, because it affects integration teams' perception of having the necessary resources for achieving their tasks and will influence goal acceptance, and thus the teams' ability to achieve the milestones with which they are tasked. Regarding the source of staffing, we focus on the involvement of target firm employees in integration planning, because in planning teams target firm employees can exert influence on the integration strategy and the specific integration measures (Diduc, 2022). Integration teams are then tasked with executing these plans. We suggest that the extent of involvement of target firm employees in integration planning affects the acceptance of ambitious synergy goals as well as the target-related resources that are available for achieving the synergy goals and thus furthers and/or constrains integration process performance. In sum, based on goal-setting theory, we thus propose and examine how distinct configurations of ambitious, or not, cost and growth synergy goals and integration process staffing in the dimensions of ample, or not, available personnel resources and the intense, or not, involvement of target firm employees in integration planning jointly affect integration process performance.

2.2. Synergy goals

Acquisitions create value by realizing synergies between acquirer and target (Bai et al., 2021; Brush, 1996; Larsson and Finkelstein, 1999). Research has discussed a range of different sources through which acquisitions can create synergies. For example, value can stem from asset recombination, divestment of duplicate assets and structures, increased market power, better asset utilization, or extended reach of networks (Feldman and Hernandez, 2021; Schweiger and Very, 2003). These synergies affect the cost structure positively, for example when an integration renders a duplicate administrative unit redundant. Or an integration might focus on growth potential, for example when the acquisition aims at opportunities to sell the products of target or acquirer to customers of the respective other firm (Capron, 1999; Feldman and Hernandez, 2021). We accordingly follow previous research (Graebner et al., 2017; Shaver, 2006; Zollo and Meier, 2008) and subsume the synergies for which acquirers strive under the labels "cost synergies" and "growth synergies" (called "revenue synergies" by Graebner et al., 2017).

Synergy goals for an acquisition are measurable depictions of the acquirer's ambition and are set and communicated at the outset, or even before an acquisition takes place (Barkema and Schijven, 2008). These goals are handed down to integration teams, who through their efforts in the integration process must make sure that the goals are achieved with the resources the teams have available (Teerikangas and Birollo, 2018).

Synergy goals can be more or less ambitious. Ambitious goals are challenging and focus actors' attention on what to achieve (Locke and Latham, 1990). They motivate greater effort and persistence. Goal-setting theory has found that ambitious goals can improve motivation, induce more creative and explorative thinking, initiative-taking and, in consequence, can lead to higher task performance, yet only when actors accept the goals and regard them as achievable (Locke and Latham, 2002; Locke et al., 1981; Sitkin et al., 2011). In the following, we hypothesize how different configurations of the ambitiousness, or not, of cost and/or growth synergy goals induce

high integration process performance, depending on ample, or not, integration team staffing and the intense, or not, involvement of target firm employees in integration planning.

Ambitious cost synergy goals and not-ambitious growth synergy goals. Acquisitions that primarily aim at achieving ambitious cost synergy goals regularly undertake deep organizational changes in target firm functions that free assets for divestiture, standardize processes, and realize job cuts (Schoenberg and Bowman, 2010). This frequently involves the need to overcome resistance among employees who anticipate organizational redesigns and associated job modifications or job cuts and oppose them (Bellou, 2006; Searle and Ball, 2004). In addition, ambitious cost synergy goals may necessitate intense and potentially difficult negotiations, not only inside the firm but also with suppliers, in order to realize cost benefits that stem from, for example, pooling the purchasing functions of the acquirer and target firm, and overcoming trust issues that might endanger the relationship between the newly integrated firm and its suppliers (Kato and Schoenberg, 2014).

All these activities require human resources. To overcome employee resistance, intense communication is important. Contract re-negotiations are also complex and work-intensive endeavors. Integration teams with ample personnel resources are thus in a good position to meet ambitious cost goals. They benefit from specialization and learning advantages that come with a greater variety of skills and capabilities in a team (Inkpen et al., 2000), which help them overcome the challenges posed by ambitious cost synergy goals. This implies that ample personnel resources not only help with the workload (Weiss and Hoegl, 2015), they should also increase the perception that ambitious cost synergy goals are challenging, but achievable. According to research on goal setting (Locke and Latham, 1990), this increases motivation, effort, and creativity in the integration team.

Absorption acquisitions that concentrate on cost cuts typically threaten the material and psychological well-being of the target firm employees much more than that of employees at the acquiring firm (Dick et al., 2006; Shin et al., 2012; Shleifer and Summers, 1988). This is because absorption acquisitions result in the dissolution of the acquired firm (Haspeslagh and Jemison, 1991). Target firm employees involved in the integration might thus find it hard to accept ambitious cost synergy goals, as they fear that the company they are representing will bear the brunt of cost savings, often in form of job loss (Larsson and Finkelstein, 1999; Pache and Santos, 2010). Intense involvement of target firm employees in integration planning will thus likely lead to greater conflict over integration measures and milestones, more compromising and bartering (Harwood and Chapman, 2009), as compared to when target firm employees are not intensely involved. This can result in increased in-fighting and less well-aligned goals, which will reduce the integration teams' acceptance of these goals. Goal-setting theory (Locke & Latham, 1990, 2006) argues that lower motivation and goal acceptance will result in reduced performance. This outcome would likely not occur without intense involvement of target firm employees on the planning team (Harwood and Chapman, 2009; Rees and Edwards, 2009). These considerations imply that the following configuration of conditions may lead to high integration performance.

Hypothesis 1. Integration teams realize high integration process performance when cost synergy goals are ambitious, growth synergy goals are not ambitious, an integration team has ample personnel resources at its disposal, and target firm employees are not intensely involved in integration planning.

In Boolean notation, this hypothesis can be expressed as follows[1]:

CG*~GG*ITR*~TEI → IPP

Ambitious growth synergy goals and not-ambitious cost synergy goals. Growth synergy goals involve the re-combination of assets and the leveraging of cross-firm synergy potential through knowledge exchange and mutual learning that fuel innovation and growth (Cefis and Marsili, 2015). Acquisitions that primarily aim at ambitious growth synergies leverage the technological knowhow, complementary product program, and/or market access of the acquired firm to increase market share or gain access to novel product markets (Rabier, 2017).

Because the achievement of ambitious growth goals benefits employees of both the acquiring and the target firm, for instance through enhanced job security and career prospects in a growing firm, ambitious growth synergy goals will find greater acceptance also among target firm employees (Teerikangas, 2012). The intense involvement of target firm employees in integration planning should therefore not lead to increased conflicts, bartering, and ill-aligned integration goals and milestones, as in case of the primary pursuit of ambitious cost synergy goals. Rather, it might increase the acceptance of ambitious growth synergy goals and the perception that they are achievable, thus fostering integration process performance.

By intensely involving target firm employees, the acquirer gains access to the target firm's valuable knowledge and resources (Birollo and Teerikangas, 2019; Graebner, 2004). Target firm employee involvement in integration planning can thus reduce uncertainty regarding specific target-related integration challenges (Piske, 2002). Moreover, the intense involvement of target firm employees in integration planning signals that principles of distributional, informational and procedural justice will be upheld in the integration process (Ellis et al., 2009; Monin et al., 2013). This can contribute to preventing the departure of employees of the target firm who possess knowledge and networks that are valuable for realizing growth potential (Cannella and Hambrick, 1993).

[1] "*" indicates logical AND, "~" logical NOT, and the arrow is the logical implication sign. IPP indicates high integration process performance, ~IPP indicates not-high integration process performance. CG indicates ambitious cost synergy goals, ~CG indicates not-ambitious cost synergy goals. GG indicates ambitious growth synergy goals, ~GG indicating not-ambitious growth synergy goals. ITR indicates ample personnel resources in the integration team, ~ITR indicates not-ample personnel resources in the integration team. TEI indicates intense involvement of target firm employees in integration planning, ~TEI indicating not intense involvement of target firm employees in integration planning. We outline the cutoff points between high and low for all conditions in the methods section.

Conversely, we expect that when target firm employees are not intensely involved in integration planning, the acceptance of ambitious growth goals will suffer and valuable resource inputs required for the attainment of ambitious growth goals will not be available. In such a constellation, integration process performance should be lower.

Given that the intense involvement of target firm employees in integration planning will strengthen the integration teams' acceptance of ambitious growth goals as well as their perception that the resources necessary for achieving these goals are available, we posit that integration teams do not require ample personnel resources to achieve high integration process performance when growth goals are ambitious yet cost goals are non-ambitious. As ambitious growth goals serve the interest of employees of both the acquirer and the target firm, and as integration goals and milestones will reflect this joint interest, there will be less conflict, in-fighting, politicking and compromising in integration teams compared to the primary pursuit of ambitious cost synergy goals and target firm employees might even be motivated to contribute when cost synergy goals are not ambitious while growth synergy goals are ambitious (Teerikangas, 2012). This implies that integration teams will require fewer personnel resources for dealing with conflictual issues. Moreover, as the involvement of target firm employees in integration planning will reduce uncertainties related to the target firm's contribution to ambitious growth goals, integration planning will deliver integration plans that take into consideration and overcome possible target-related stumbling blocks in the integration process (Piske, 2002). In contrast, ample personnel resources may under these conditions well impede integration teams' motivation and ability to perform. This is because there is a tendency for members of large teams to become disengaged (Karau and Williams, 1993). Moreover, effective communication and coordination have been shown to be more challenging for larger teams (Yuan and van Knippenberg, 2022). We accordingly propose.

Hypothesis 2. Integration teams realize high integration process performance when growth synergy goals are ambitious, cost synergy goals are not ambitious, an integration team does not have ample personnel resources at its disposal, and target firm employees are intensely involved in integration planning.

In Boolean notation, this hypothesis can be expressed as follows (see footnote [1] for the notation):

~CG*GG*~ITR*TEI → IPP

Ambitious cost and ambitious growth synergy goals. Absorption acquisitions can also formulate both ambitious cost and ambitious growth synergy goals (Rabier, 2017). Goal-setting theory indicates, as outlined above, that ambitious goals can increase motivation and, subsequently, performance. Yet as we theorized, the measures firms implement to achieve cost synergies in an integration, for instance layoffs and cutbacks in investment (Devos et al., 2009), may conflict with measures aimed at realizing growth potential, such as the extension of R&D and innovation capabilities or the expansion of the acquirer's product market coverage by product market segments covered by the target (Porter, 1996). The potential for goal conflicts and ambiguities in priorities and overall orientation, when cost cutting and growth are both in focus, is therefore greater and goal acceptance likely lower than when the acquisition primarily aims at growth synergy goals.

The intense involvement of target firm employees in integration planning and ample personnel resources on the integration teams might both exacerbate these goal conflicts. When target firm employees are intensely involved, they increase the conflict of interest with regard to the achievement of cost goals, as acquiring and target firm employees represent and pursue partially different interests, compared to a constellation where target firm employees would be not involved. This will exacerbate task conflicts arising from tensions between ambitious cost and growth synergy goals (Thatcher and Patel, 2011), for example when cost cuts are made at the expense of the target firm while the growth potential benefits both or predominantly the acquirer, and will thus compromise the alignment and acceptance of integration measures and milestones. By not involving target firm employees, these negative implications should be reduced.

In the integration process, integration teams will wrestle with prioritizations and struggle to reconcile partially conflicting integration measures and milestones. This might require personnel resources. Moreover, when target firm employees are not intensely involved in integration planning, target-related integration challenges and opportunities will be less reflected in integration planning, introducing more uncertainty into the integration process. This will increase the likelihood that unforeseen integration problems emerge and also increase the need for personnel resources. However, social loafing increases with team size (Karau and Williams, 1993). Furthermore, larger teams are not necessarily better at resolving conflict and dealing with uncertainty, a matter particularly salient when potentially conflicting goal ambitions characterize a team's task (Weiss and Hoegl, 2015). Instead, larger teams tend to experience greater task conflict, and that greater task conflict leads to lower team performance (Pelled et al., 1999). While the conflicts over ambitious cost and growth synergy goals will not go away when integration teams do not have ample personnel resources available, they may be easier to resolve in teams that do not have ample personnel resources available. In sum, it remains unclear whether high integration process performance would require integration teams with ample or not-ample personnel resources available under conditions of ambitious cost and growth synergy goals and not-intense involvement of target firm employees in integration planning. We therefore propose.

Hypothesis 3. Integration teams realize high integration process performance when cost and growth synergy goals are ambitious, and target firm employees are not intensely involved in integration planning.

In Boolean notation, this hypothesis can be expressed as follows (see footnote [1] for the notation):

CG*GG*~TEI → IPP

Absence of ambitious synergy goals. A core notion of goal-setting theory states that goals that are not ambitious lack motivational

force, leading to low effort and, subsequently, low task performance (Locke & Latham, 1990, 2002). We submit that integration teams that are not subject to ambitious goals can nevertheless perform well if they have to reach these goals with limited personnel resources. For integration teams that do not possess ample personnel resources, even modest goals can be challenging, leading to high motivation and subsequently strong performance. Research has backed this notion, showing that moderately understaffed teams may gain better performance because employees tend to experience higher motivation and work more efficiently (Ganster and Dwyer, 1995; Weiss and Hoegl, 2015).

As we argued, the intense involvement of target firm employees in integration planning will hinder the achievement of ambitious cost synergy goals yet provides needed expertise and resources for achieving ambitious growth synergy goals. In absorption acquisitions task conflicts will remain important, even in the absence of ambitious cost goals. Absorption acquisitions imply that the target loses structural autonomy (Larsson and Finkelstein, 1999) and potentially also its independent identity (Steigenberger and Mirc, 2020). Ambitious growth goals could contribute to a positive agenda in an integration (Teerikangas, 2012). Yet in the absence of ambitious growth goals, target firm employees will have reasons to oppose, leading to more conflict when target firm employees are part of integration planning. At the same time the positive contribution of target firm employee involvement to integration process performance (Birollo and Teerikangas, 2019; Graebner, 2004) will be less critical when the growth goals are not ambitious. In sum, we expect that the negative performance implications resulting from conflicts of interest that are introduced by intensely involving target firm employees in the integration team will likely be greater than the positive performance implications of added expertise and resources. We therefore propose.

Hypothesis 4. Integration teams realize high integration process performance when cost and growth synergy goals are not ambitious, the integration team does not have ample personnel resources at its disposal, and target firm employees are not intensely involved in integration planning.

In Boolean notation, this hypothesis can be expressed as (see footnote [1] for the notation):

~CG*~GG*~ITR*~TEI → IPP

3. Method

We test our hypotheses with Fuzzy-set Qualitative Comparative Analysis (Ragin, 2008), employing version 3.1b of Ragin's software (Ragin and Davey, 2016). FsQCA is a powerful tool for theory elaboration (Fiss et al., 2013; Furnari et al., 2021; Misangyi et al., 2017), yet has been scarcely used in M&A research (see Steigenberger and Mirc, 2020 for a recent exception). FsQCA is a set-theoretic method that identifies which configurations of conditions (in our case: ambitious cost goals, ambitious growth goals, ample personnel resources, intense target firm involvement, and their inverse) are sufficient or necessary for the outcome of interest to occur (high integration process performance, in our case, and its inverse). Through a combination of Boolean logic and algebra, set-theoretic methods allow researchers to identify and test configurational relationships in medium-sized to large datasets (Furnari et al., 2021). Compared to variance-based methods, fsQCA has a number of advantages (Vis, 2012). Most relevant for our study, the method allows researchers to identify which configurations of multiple influence factors jointly produce the outcome of interest, thus allowing for multiple conjunctural causation (equifinality). Moreover, the method does not assume causal symmetry, that is, it does not assume that, if high values of an influence factor are associated with high values of an outcome, the reverse also holds true. Furthermore, fsQCA is less sensitive to outliers (Pappas and Woodside, 2021). FsQCA and related methods have been suggested in the methods literature in management for some time (Fiss, 2011; Misangyi et al., 2017; Vis, 2012; Woodside, 2013), and recently gained traction in empirical papers published in top management journals (Bell et al., 2014; Dwivedi et al., 2018; Jacqueminet and Durand, 2020; Jiang et al., 2021; Steigenberger and Mirc, 2020; Waldkirch et al., 2021). As we are interested in how different configurations of multiple conditions produce an outcome (i.e., equifinality), fsQCA is an appropriate method to test our hypotheses.

3.1. Data

Comparative qualitative analysis uses purposive case selection (Greckhamer et al., 2013). Cases selected for analysis should be sufficiently homogeneous in some dimensions, in order to define clear scope conditions of the analysis and to be able to limit the number of conditions probed in the comparative analysis. Yet the selected cases should vary in the outcome of interest (in the present case integration process performance) and the theoretically derived conditions (in the present case goal-setting and integration process staffing, derived from goal-setting theory) (Misangyi et al., 2017).

Accordingly, we selected cases for our analysis on the basis of the following criteria, defining the scope conditions for the empirical test of our theorizing. First, we restricted our scope to acquisitions where large acquirers bought mid-to large-sized, well-established target firms that did not belong to the same corporate group prior to the acquisition. Second, we focused on absorption acquisitions, i.e. acquisitions where the target firm would have high strategic interdependence and low organizational autonomy after the integration (Haspeslagh and Jemison, 1991), as in absorption acquisitions post-acquisition integration is both crucial for M&A success and particularly challenging so that one can expect to find heterogeneous outcomes with regard to integration process performance (Brueller et al., 2018). Third, by selecting large acquirers and cases of absorption integration, we increased the likelihood that the acquirers did not apply fundamentally different forms of post-acquisition integration processes in terms of project organization and

management. Fourth, to restrict the influence of heterogeneous national cultures leading to different management styles applied to the integration process (Rottig et al., 2013), we included only acquirers from the same national-cultural background, in our case German acquirers. Through applying these selection criteria, we sought to allow for a systematic comparative approach (Ragin, 1987), as the selected acquisitions represent comparable instances of the phenomenon of interest that would allow us to analyze theoretically important similarities and differences among them.

We started data acquisition with a series of interviews with senior consultants in leading management consultancies active in post-acquisition integration. We used these interviews to deepen our understanding of the operational post-acquisition integration process, which is only rarely covered in contemporary research, and to ascertain the relevance of our theorizing. After the interviews, we asked the consultants whether their firms would be willing to participate in a research project examining project data of completed post-acquisition integrations of absorption acquisitions and, if so, whether they would be able to deliver data of the granularity we expected, that is on the integration team level. In addition, we contacted other management consultancies and large acquirers in Germany, likewise asking for access to data on post-acquisition integration. Four consultancies and one large acquirer agreed to provide data for this research project. All acquisitions had taken place within five years prior to data acquisition.

Our data are derived from integration project documentations, such as planning documents, memos, project controlling documents, and steering committee reports. As these documents contain sensitive information, firms usually keep them strictly confidential. To overcome this issue, we developed the following data acquisition procedure: First, we negotiated and signed confidentiality agreements with the participating organizations (the consulting firms and the large acquirer, respectively). These confidentially agreements implied that we, as researchers, would remain ignorant of the macro-level of the specific acquisitions we would collect data on. Specifically, we would not learn the identity of the target and acquirer, but receive only information on the integration process. We did obtain information, though, on the industry in which target and acquirer were active (based on the ISIC code) and the size of the target and acquirer.

Then we developed a coding protocol, capturing the variables of interest for our study. For each acquisition, we approached the respective lead consultant/manager, who had the project documentation data on his or her laptop computer. Together with this person, we went through our coding protocol, where this person would look up the required information in the data (typically PowerPoint slides they had used in weekly or bi-weekly top-management reports). This procedure took place at the consultant's/manager's office or, in two instances, a hotel, and took between one and 2 h per integration. One consultancy decided to do the coding in-house instead. Here, we provided the full coding tool and consulted the coder frequently via email and telephone whenever doubts arose as to how to code data. To test the robustness of their coding, we had a sub-population of these data coded by an additional person from the same consultancy. Inter-coder agreement was at 96.7%. In this way, we obtained data on a total of 258 integration teams, related to 30 acquisitions, where integration teams would form the cases for our configurational analysis.

As comparable work (Diduc, 2022; Sniazhko, 2021), we found that all integration projects we analyzed were set up as a temporary change management organization (see Karasvirta and Teerikangas, 2022). The operational integration work was split into workstreams, each executed by an integration team, the cases for our fsQCA. These workstreams focused on one aspect of the integration, for example integration by geographic region or firm function. Integration teams had their dedicated staff and were guided by milestone plans, through which their respective goal achievement was controlled. The milestone plans were developed before the integration started, by an integration planning team, and were then used to evaluate the performance of the integration teams. The integrations were led by an integration lead team, which oversaw milestone achievement and connected the different integration teams with the acquiring firm's top management. We excluded these integration lead teams from our subsequent analysis because their role is to coordinate the integration process, not to conduct integration work themselves, making these teams qualitatively different from the other integration teams we study. We further dropped integration teams where information was incomplete. These steps reduced the sample to 199 integration teams in 23 acquisitions, on which the following analysis builds. Table 1 provides an overview over the integrations our integration team data pertains to.

3.2. Measures and calibration

We test our hypotheses employing fsQCA, which proceeds in the following steps (Ragin and Fiss, 2008; Schneider and Wagemann, 2012): The measures that enter the analysis are first transformed from raw data into "sets", where each observation can be "in the set", taking the value 1, or "out of the set", taking the value 0, for binary measures (producing "crisp sets") or have different degrees of set membership, that is be "fully in the set", "more in than out of the set", "more out than in the set" or "fully out of the set", for continuous measures (producing "fuzzy sets"). Measures transformed into fuzzy sets thus take values between 0 and 1, where 0.5 is the transition point that separates cases that are in the set from those that are out of the set. We relied on the direct method of calibration, in which the researcher – based on theoretical or substantive knowledge – specifies the values that correspond to the three above-mentioned points for each causal condition (Ragin, 2008; Rutten, 2020; Schneider and Wagemann, 2012).

We measured our outcome of interest, *integration process performance*, as the percentage of milestones met by an integration team. Integration milestones are derived from synergy goals for the acquisition and integration strategies. They depict measurable deliverables and are intermediate process steps towards achieving overall M&A performance (Cording et al., 2008; Zollo and Meier, 2008). The number of milestones reached is not meaningfully interpretable, as it is a matter of management style how fine-grained the integration team tracks milestones. Therefore, we measured milestone achievement as the percentage of milestones met by each integration team for each workstream. Interviews with senior consultants involved in post-acquisition integration management supported the validity of this operationalization.

As this is a new measure that has not yet entered research and is not publicly shared by firms engaged in M&A, we lack external

information on relevant thresholds to calibrate it for the fsQCA analysis. However, it is evident that when integration teams achieve all of their integration milestones, they fully realize their integration goals. We therefore calibrated 100% goal achievement as fully in the set of high integration process performance. Whereas when integration teams fail to achieve a substantial share of integration milestones, they do not produce high integration process performance. Based on assessments of the consultants we interviewed, we calibrated cases as fully out of the set of high integration process performance when they achieved less than three quarters of their milestones. A lower threshold would not seem credible, as firms seek to set realistic integration goals. Specifically, we used 0.735 as the lower threshold, demarcating the least performing 10% of cases. Given that integration milestones tend to set realistic goals that nevertheless may be missed, we did not choose the half-way point between the fully-in and fully-out set as the crossover point. Rather, it seems sensible to propose that integration teams perform neither highly nor not highly when they miss between 5 and 10 percent of their integration milestones. To determine the specific crossover point within this range, we used the median value of 93,35% of integration milestones achieved. This value is not only field valid in our case, the median is also a threshold commonly used in prior research (e.g. Campbell et al., 2016; Ibarra et al., 2020; Misangyi and Acharya, 2014) and recommended in the methodological paper by Russo and Confente (2019) when external criteria are not available.

We measured *cost synergy goals* by dividing the cost savings announced for the integration by the target firm's pre-acquisition sales minus EBIT in the year before the acquisition, to reflect that cost goals pertain to the pre-deal cost structure of the target. We measured *growth synergy goals* following the same logic, by dividing planned sales growth by the target firm's pre-acquisition sales. These measures are consistent with previous research (e.g. Mezias et al., 2002; Washburn and Bromiley, 2012), applied in practice (see e.g. Kengelbach et al., 2013), and were considered field valid by experienced senior consultants.

We calibrated cost synergy goals guided by external criteria provided by a 2013 analysis of 365 M&As conducted by a team from the Boston Consulting Group and the Technical University Munich (TUM) (Kengelbach et al., 2013). This study can serve as a benchmark, because as ours it is based on a set of large M&A deals in a variety of industries. The study found that acquirers strived for cost synergies of between 2% and 10% of the target firm's latest annual sales, with a median of 4.8%. We calibrated cost synergy goals exceeding 10% as fully-in the set of ambitious cost synergy goals (comprising the top quartile of cases) and goals lower than 2% as fully out of the set of ambitious cost synergy goals, comprising roughly the bottom quartile of cases. We set the crossover point at the median value of 5.70% so that we considered those cases that had a value of 5% as more out than in the set of ambitious cost synergy goals.

M&A announcements usually report, if at all, only cost synergies to which the firms aspire; growth synergies are rarely published. As external benchmarks are unavailable, we followed the recommendation in the methodological literature and resorted to percentile thresholds (Pappas and Woodside, 2021; Rubinson et al., 2019; Russo and Confente, 2019). In line with the calibration of ambitious cost synergies, we calibrated the top quartile of cases as being fully in the set of ambitious growth synergy goals by choosing a threshold for ambitious sales growth of 4%. We calibrated firms as fully-out of the set of high growth synergy goals when they did not strive for growth synergies (growth synergy goals <0.01), comprising 39% of the cases. We set the crossover point at the middle value of these two thresholds at 2%. Due to the large number of cases with zero growth goals, use of the median value as the crossover point

Table 1
Overview acquisitions.

Acquisition #	Acquirer Industry	Acquirer Sales (m€)	Target Industry	Target Sales (m€)
1	Travel Agency and Tour Operator Activities	10.381	Travel Agency and Tour Operator Activities	256
2	Wired Telecommunications Activities	1.000	Wired Telecommunications Activities	600
3	Wholesale of Food, Beverages and Tobacco	2.000	Wholesale of Food, Beverages and Tobacco	937
4	Manufacture of Machinery	2.947	Manufacture of Machinery	409
5	Manufacture of Measuring Equipment	1.929	Manufacture of Measuring Equipment	395
6	Manufacture of Chemicals	3.500	Manufacture of Chemicals	1.500
7	Manufacture of Pulp and Paper Products	150	Manufacture of Pulp and Paper Products	150
8	Manufacture of Parts and Accessories for Motor Vehicles	3.500	Manufacture of Parts and Accessories for Motor Vehicles	2.500
9	Manufacture of Air and Spacecraft and Related Machinery	3.000	Manufacture of Air and Spacecraft and Related Machinery	650
10	Manufacture of Consumer Electronics	1.000	Manufacture of Consumer Electronics	1.500
11	Manufacture of Chemicals	52.425	Manufacture of Chemicals	2.574
12	Business Support Activities	15.858	Business Support Activities	1.305
13	Manufacture of Pharmaceuticals, Medicinal Chemical and Botanical Products	7.276	Manufacture of Pharmaceuticals, Medicinal Chemical and Botanical Products	261
14	Information Technology and Computer Service Activities	17.723	Information Technology and Computer Service Activities	932
15	Manufacture of Refined Petroleum Products	6.902	Manufacture of Refined Petroleum Products	858
16	Manufacture of Refined Petroleum Products	305	Manufacture of Refined Petroleum Products	22
17	Monetary Intermediation	28.171	Monetary Intermediation	2.835
18	Manufacture of Pharmaceuticals, Medicinal Chemical and Botanical Products	4.291	Research and Experimental Development on Natural Sciences and Engineering	2.164
19	Monetary Intermediation	10.634	Monetary Intermediation	1.567
20	Telecommunication Activities	41.604	Telecommunication Activities	574
21	Telecommunication Activities	119	Telecommunication Activities	126
22	Telecommunication Activities	13.619	Telecommunication Activities	18.097
23	Manufacture of Chemicals	14.000	Manufacture of Chemicals	2.584

does not seem appropriate.

To measure how many *personnel resources* were devoted to each integration team, we calculated the ratio between the headcount (full-time equivalents, FTE) dedicated to each integration team and the number of employees affected by the integration team's tasks. This measure is consistent with Weiss and Hoegl's (2015) recommendation to focus on relative, rather than absolute, team size in research on team performance. As a greater number of employees immediately affected by the integration will frequently imply a greater number of tasks for the integration team, for example due to communication and coordination requirements, employees affected can serve as an indicator of task load. We defined affected employees as those employees of the target and acquiring firms that

Table 2
Fuzzy set calibration and description of measures.

Measure	Measure	Fuzzy Set Calibrations			Descriptives			
		Fully in 1.0	Crossover 0.5	Fully out 0.0	Mean	SD	Max	Min
Integration process performance	No. of milestones achieved by integration team divided by the no. of milestones set for the integration team	1.0	0.93	0.735	0.5458	0.3549	0.95	0
		100% of milestones achieved	Median of milestones achieved	Less than ¾ of milestones achieved (bottom 10% of cases)				
Cost synergy goals	Announced cost savings/target's pre-acquisition sales - EBIT	0.1	0.57	0.02	0.4639	0.3961	1	0.02
		Ambitious cost synergy goals of 10% or more of pre-acquisition sales minus EBIT, approximately comprising the top quartile of cases.	Median of cost synergy goals. Just below middle value between ambitious and not-ambitious cost synergy goals.	Not-ambitious, less than 2% cost synergy goal with respect to pre-acquisition sales minus EBIT, approximately comprising the bottom quartile of cases.				
Growth synergy goals	Announced sales growth/target's pre-acquisition sales	0.04	0.02	0.00	0.4192	0.4146	1	0.05
		Ambitious sales growth goal of more than 4% of pre-acquisition sales, approximately comprising the top quartile of cases.	Middle value between ambitious and not-ambitious growth synergy goals.	Not-ambitious sales growth goals (0%), comprising the 39% of firms that do not aspire to achieve growth goals by the acquisition.				
Integration team personnel resources	FTE no. of staff on integration team/FTE no. of employees affected by the integration team's tasks	0.01	0.0026	0.0007	0.4766	0.4047	1	0.02
		Integration team has ample personnel resources relative to task load, amounting to more than one FTE per 100 employees affected by its task, approximately comprising the top quartile of cases.	Median of integration team personnel resources.	Integration team does not have ample personnel resources, amounting to less than 1 FTE per about 14,000 employees affected by its task, approximately comprising the bottom quartile of cases.				
Target firm involvement	5-point Likert scale: 1 = no involvement to 5 = target firm is dominant in integration planning team, based on an assessment of both number of target firm employees on the integration planning team in relation to the team's overall headcount (full-time equivalents, FTE) and an assessment of target	5	2.5	1	0.4514	0.3625	0.95	0.05

(*continued on next page*)

Table 2 (*continued*)

Measure	Measure	Fuzzy Set Calibrations			Descriptives			
		Fully in 1.0	Crossover 0.5	Fully out 0.0	Mean	SD	Max	Min
	firm employees' factual influence.	Score of 5 indicates that target firm employees are perceived to be dominant in integration planning, approximately comprising the top 8% of cases.	Mean value of target firm involvement scale is 3. We use 2.5 as the cutoff, such that we consider those cases that display the scale mean as "in the set", because a roughly equal influence of acquiring and target firm employees represents considerable influence of target firm employees.	Score of 1 indicates that target firm employees had no influence in integration planning, approximately comprising the bottom 42% of cases.				

had to change their work substantially due to the integration team's tasks, for example by having to work with different software or having to re-locate. Normalizing by affected employees is also required to account for the differing sizes of the target firms.

The pertinent literature does not provide external reference points for the size of integration teams relative to the number of full-time employees affected by acquisitions (Diduc, 2022), and firms do not share publicly their decisions on the composition and size of M&A integration teams. Therefore, we lack external thresholds for calibration and, following Pappas and Woodside (2021), therefore used percentiles to calibrate ample (>75%) and not-ample (<25%) integration team personnel resources. Ample personnel resources amount to more than one FTE per 100 employees affected by an acquisition, whereas we calibrated as not ample those acquisitions with one FTE on the integration for more than 14.000 employees affected by the acquisition. We opted for the median of integration team personnel resources as the crossover point.

We focus on *target firm employee involvement in the integration planning* because integration planning, taking place between the time the deal is signed and the first day of operational integration, is where milestone plans are set and integration teams composed. To capture the extent to which target firm employees were involved in integration planning, we asked the lead consultant/manager to identify the number of target firm employees on the integration planning team in relation to the team's overall headcount (full-time equivalents, FTE). To capture the factual influence of the target firm employees, we then asked the lead consultant/manager to consider both the objective headcount measure and their assessment of target firm employees' factual influence when appraising target firm employee involvement on a five-point scale, ranging from "no target firm involvement" to "target firm dominant". This latter step was important as we had no information on the hierarchical position of the involved employees.

The ordinal scale (target firm involvement) provides clear full-in (5 = target firm employees are dominant) and full-out criteria (1 = target firm employees not involved). We chose a value just below the middle of the scale (2.5) as the crossover point so that cases displaying the middle value of the scale (3) were considered being more in than out of the set of high target firm involvement. This is because, as our initial interviews indicated, acquirers tend to keep target firm employees out of the integration process, such that the

Table 3
Conditions explaining high integration process performance.

Condition	C1	C2	C3
Ambitious cost synergy goals	⊗	●	●
Ambitious growth synergy goals	⊗	●	⊗
Ample personnel resources	⊗	⊗	●
Intense target firm involvement	⊗	⊗	⊗
Consistency	.816	.818	.828
Raw Coverage	.174	.172	.215
Unique coverage	.111	.106	.168
Overall solution consistency	.802		
Overall solution coverage	.452		
Supporting hypothesis	4	3	1

N = 199.

● condition present; ⊗ condition absent.

middle value of the scale already indicates relatively high target firm involvement and should thus be considered more in than out of the set of high target firm involvement.

Table 2 displays how we calibrated the fuzzy sets.

The next step in the fsQCA analysis is to compose a "truth table", depicting all possible combinations of conditions, where each empirical observation is part of exactly one truth table row (see Table A2 in the Appendix). Following common practice and recommendations in the methodological literature (Greckhamer et al., 2013; Rutten, 2020), we set a frequency threshold of >2, which led to a minimum number of cases per row of 5, thus balancing the trade-off between the potential for deductive analysis and inclusion of rare configurations. As fuzzy conditions do not have perfect set memberships and there might be counterfactual cases, a truth table row can be more or less consistent. It is thus necessary to define a consistency threshold, depicting which truth table rows should be accepted for the following logical reduction and how consistent the overall solution needs to be. We followed common recommendations and practice and applied a consistency cutoff of 0.8 for the overall solution consistency (e.g. Dwivedi et al., 2018; Ragin and Fiss, 2008; Rubinson et al., 2019). Truth table rows that pass the sufficiency threshold are then logically reduced, applying Boolean algebra, to a solution showing which combinations of conditions (or absence of conditions) is sufficient for the outcome to occur. To indicate that the data provides sufficient support for the logically derived model, the overall solution consistency is then compared against the overall consistency cutoff point (0.8). If it is sufficiently consistent, we can conclude that the data supports this solution. We also tested for the presence of necessary conditions, as outlined in appendix A.4. Table A1 in the Appendix provides the correlations among the studied raw measures.

4. Results

To test our hypotheses, we calculated which configurations of cost and growth goal ambition, ampleness of personnel resources and intensity of target firm involvement in integration planning led consistently to high integration process performance. The results of this analysis are reported in Table 3 below. The analysis reveals three configurations that lead to high integration process performance. The configurations are consistent at a level above 0.8. The solutions together explain slightly less than half of the cases reaching high integration process performance, which represents a solid overall solution coverage compared to other fsQCA studies (e.g. Misangyi and Acharya, 2014; Park et al., 2020; Wilhelm et al., 2022).

Hypotheses 1 predicts that ambitious cost goals in combination with ample personnel resources lead to high integration process performance when target firm employees are not intensely involved and growth goals are not ambitious. Configuration 3 in Table 3 provides support for this hypothesis.

We do not find the configuration proposed in Hypothesis 2 positing that high integration process performance emerges under the condition of ambitious growth goals, non-ambitious cost goals, target firm involvement in the planning teams and non-ample staffing. Hypothesis 2 is thus not supported.

Hypothesis 3 states that integration teams achieve high integration process performance under conditions of both ambitious cost and growth synergy goals, in the absence of target firm employee involvement, where the hypothesis makes no statement on whether personnel resources need to be ample or not. Configuration 2 is in line with this hypothesis yet specifies that this configuration requires not-ample personnel resources. In developing Hypothesis 3, we offered reasons for why either ample or not-ample personnel resources of integration teams might foster integration process performance when cost and growth goals are ambitious and target firm employees are not intensely involved. Results support the notion that high integration process performance under these conditions only results when the integration team does not have ample personnel resources at its disposal.

Hypothesis 4 posits that integration teams realize high integration process performance when cost and growth synergy goals are not ambitious, the integration team does not have ample personnel resources, and the employees of the target firm are not involved in integration planning. Configuration 1 is in line with this hypothesis.

Table 4
Conditions explaining the absence of high integration process performance.

Condition	C4	C5
Ambitious cost synergy goals	⊗	●
Ambitious growth synergy goals	●	●
Ample personnel resources	●	
High target firm involvement	⊗	●
Consistency	.814	.769
Raw Coverage	.155	.337
Unique coverage	.040	.221
Overall solution consistency	.753	
Overall solution coverage	.377	

N = 199.

● condition present; ⊗ condition absent; an empty cell indicates an irrelevant condition.

Analysis of necessary conditions: Our results suggest that the absence of intense target firm involvement might constitute a necessary condition for high integration team milestone achievement, as it is present in all found configurations. However, the test reported in Appendix 3 reveals that the absence of intense target firm involvement is not a necessary condition for high integration process performance but rather constitutes a sufficient condition. We also find no other conditions that would be necessary for the outcome to occur.

Supplementary analysis: Explaining the absence of high integration process performance.

It is one of the strengths of an fsQCA that it does not assume causal symmetry. This is a strength, because factors that explain the occurrence of an outcome need not necessarily be the same factors that explain the non-occurrence of that outcome (Schneider and Wagemann, 2012). The present study, for instance, found that integration teams tasked with cost and growth goals that are not ambitious, do not have ample personnel resources and do not intensely involve target firm employees realize high integration process performance. Yet the reverse need not be the case and exploring when the outcome of interest does not occur—in our case when integration teams do not achieve high integration process performance—can thus be insightful (Greckhamer et al., 2018). Accordingly, we present the results of that analysis in Table 4 below.

Configuration 5 is in line with our argument above concerning the negative implications of target firm involvement under conditions of ambitious cost and growth synergy goals; however, its consistency is below the usual 0.80 consistency threshold. Moreover, this configuration is consistent with the results on Hypothesis 3: Integration teams do not perform highly when they have ambitious cost and growth goals and target firm employees are intensely involved. Likewise, configuration 4 is in line with our arguments concerning the potentially negative implications of ample personnel resources under conditions of not-ambitious cost goals and not involving target firm employees in integration planning when cost goals are not ambitious yet growth goals are ambitious. It indicates that the combination of not ambitious cost goals and ample personnel resources lead to not high integration process performance when growth goals are ambitious and target firm employees are not intensely involved. Goal-setting theory would explain that under these conditions unproductive work and politicking gain the upper hand, diminishing goal acceptance and thus hampering task performance.

5. Discussion

The present study extends our understanding of acquisition performance in absorption acquisitions by offering a fine-grained analysis of the performance drivers of post-acquisition integration processes, a core determining factor of acquisition performance at the integration team level. By focusing on post-acquisition integration teams and their performance outcomes, we begin to shed light on processes that have largely been neglected by prior research, although they are crucial for implementing and ultimately realizing the synergy goals of acquisitions (Birkinshaw et al., 2000; Larsson and Finkelstein, 1999). This study shows how and why individual managerial decisions on the ambitiousness of synergy goals and integration team staffing can help to explain whether or not integration teams achieve the integration workstream milestones that contribute to realizing the synergies pursued by an acquisition. Our study introduces integration team staffing into the post-merger integration literature, outlining that staffing can have an important impact on integration outcomes, and our study outlines that different configurations of goals require different types of staffing (ample or not-ample). Finally, our study demonstrates the power of configurational theorizing for M&A research.

5.1. Conditions leading to post-acquisition integration process performance

Departing from the notion that work processes producing or destroying value in an acquisition occur during operational integration (Haspeslagh and Jemison, 1991), it is important to understand what happens on the micro-level of post-acquisition integration, in integration teams that are tasked with integrating the target company. We argue, along with others (Steigenberger, 2017; Teerikangas and Thanos, 2018), that a better understanding of these processes would improve our ability to better explain why some acquisitions reach their goals while others fail to do so. Our study thus answers calls for more fine-grained analyses of integration processes (Graebner et al., 2017; Ranft et al., 2010).

Our study shows that it is not only the decision-making of top managers that shapes acquisition behavior and performance (Meyer-Doyle et al., 2019; Riikka and Sarala, 2014) but also the decisions and actions of lower-level managers who translate firm-level strategic goals into specific milestones for integration teams and lead the operational post-acquisition integration effort. Advancing research on operational post-acquisition integration (Birollo and Teerikangas, 2019; Sniazhko, 2021; Teerikangas et al., 2011), we introduce synergy goal-setting and integration process staffing as so far neglected managerial decisions that importantly impact the performance of post-acquisition integration. Our results show that different pathways can equally lead to high integration process performance and our study depicts these pathways. That different configurations of conditions can lead to positive or negative outcomes is oftentimes lost in both qualitative, in-depth research and quantitative research building on correlational methods (Furnari et al., 2021). Our study thus indicates the relevance of configurational theorizing as a complementary tool in the toolbox of M&A researchers.

Our theorizing, drawing on goal-setting theory (Locke & Latham, 1990, 2006), suggests that each of the pathways is effective, because they, in different ways, utilize the motivational force of ambitious, or not, cost and/or growth synergy goals in conjunction with staffing decisions that influence whether integration teams can achieve these goals. The results of this study thus contribute to a better understanding of how and why the interplay of particular managerial decisions on goal-setting and staffing shape the integration process and contribute, or not, to high integration process performance in absorption integrations.

While the three pathways leading to high integration process performance in the studied cases represent different configurations of ambitious goal-setting and staffing, they all share one condition: target firm employees are not intensely involved in integration planning. Earlier research focusing on the isolated impact of target firm employee involvement has sketched a more positive picture, as it suggested that target firm employees might, for example, allow serendipitous gains in the integration process (Graebner, 2004), lessen uncertainty (Piske, 2002), help connect acquirer and target firm middle and top managers (Birollo and Teerikangas, 2022) and foster perceptions of fairness, which reduce employees' apprehension and resistance and can thus serve to diminish the level of disruption during integration efforts (Ellis et al., 2009). However, involvement also provides leverage for target employees to guard their self-interests (Thibaut and Walker, 1975), which might be particularly relevant in absorption acquisitions, when target firm employees are more likely to engage in conflict and bartering that potentially entail negative performance consequences (Harwood and Chapman, 2009). In absorption acquisitions, it is frequently not in the interest of target firm employees to support the integration, as the integration implies a loss of strategic autonomy, potential job losses and the dissolution of the target firm. The intense involvement of target firm employees under conditions of ambitious synergy goals may therefore well hinder integration process performance, as Configurations C2, C3 and C5 we found suggest, irrespective of whether integration teams have or do not have ample personnel resources at their disposal. This is because ambitious synergy goals frequently require far-reaching redesigns of structures and/or processes, which potentially open up conflicts of interest between employees of the acquirer and the target. Our findings thus underline that in absorption acquisitions specifically, the downsides of involving target firm employees into integration planning seem to outweigh the benefits. This does not detract from previous work that outlined the positive role target firm managers can play in integrations (Graebner, 2004; Teerikangas, 2012), yet cautions us to consider that this positive effect is likely contingent and situational. Excluding target firm employees from integration planning is no prerequisite (i.e., necessary condition) for high integration performance, though. This finding, overall, contextualizes our understanding of when target firm involvement is beneficial vs. detrimental in post-acquisition integration projects.

Our results also shed light on the question of whether or not ambitious cost and growth synergy goals require ample personnel resources on the integration teams in order to produce high integration process performance. While we lack pertinent earlier empirical findings, theoretical considerations suggest partially conflicting answers. On the one hand, it is more likely that larger integration teams possess the human resources, motivation and ability necessary for realizing the wide-ranging redesigns required for achieving ambitious cost and growth synergy goals. Goal-setting theory suggests that these teams then stand a better chance of realizing their goals (Locke et al., 1981). On the other hand, it was shown that with increasing team size team performance may suffer due to social loafing (Karau and Williams, 1993) and more conflict (Pelled et al., 1999). Theoretical considerations have thus highlighted differential implications for the performance effects of larger and smaller team size, depending on specific performance dimensions and contextual conditions (see also Weiss and Hoegl, 2015). Our findings support this contingency view. We find that in case of absorption integrations, the absence of ample personnel resources on the integration teams leads to high integration process performance when synergy goals are ambitious (configuration C2). Whereas under conditions of ambitious synergy goals and high target firm involvement, the relative size of the integration teams has equivocal implications: both ample and not-ample personnel resources can lead to the absence of high integration process performance (configuration C5). Ample personnel resources only foster high integration performance when firms pursue ambitious const synergy goals in the absence of both ambitious growth synergy goals and intense target firm involvement (configuration C3). While our findings thus underscore the importance of relative team size for integration process performance, they at the same time highlight differential performance effects of the relative size of integration teams that depend on goal-setting and target firm employee involvement.

This observation, at the same time, further highlights a benefit of configurational theorizing in the context of post-acquisition integration, and beyond. Rather than focusing on net average effects of one antecedent condition in isolation, for instance target firm employee involvement, configurational theorizing can take into consideration how multiple conditions jointly lead to a particular outcome. Given the complexity of post-acquisition integration, pertinent research could benefit from insights generated on the basis of configurational theorizing and analysis, as have other fields in management research (Furnari et al., 2021; Misangyi et al., 2017).

This study also adds a novel perspective with regard to theorizing the intermediating mechanisms that translate particular conditions of the integration process into process outcomes. While earlier research has emphasized the role of decision-making styles (Uzelac et al., 2016), legitimation claims and responses (Sinha et al., 2015), employees' perceptions of justice (Monin et al., 2013) or sense-making processes (Vaara, 2000; Yu et al., 2005), our theorizing and results suggest that the motivational processes associated with managerial goal-setting and the enabling conditions relating to the amount and sources of integration process staffing importantly contribute to explaining high integration process performance.

5.2. Milestone achievement as a new measure of post-acquisition integration process performance

A further contribution concerns the issue of conceptualizing and measuring post-acquisition integration performance. Previous quantitative research on post-acquisition integration typically measured M&A performance as either stock market reactions, bottom-line figures or a combination of both (Bettinazzi and Zollo, 2017; Cuypers et al., 2017; King et al., 2021; Reus et al., 2016; Zorn et al., 2019) or via subjective assessments (Bauer et al., 2016; Gates and Very, 2003). Other research focused on employee reactions, with the

implication that employee reactions are a mitigating or mediating factor that eventually shapes integration performance (Kroon and Noorderhaven, 2018; Steigenberger and Mirc, 2020).[2]

We propose milestone achievement as a measure for operational integration process performance. Milestone achievement is causally very closely related to operational integration work, capturing the ability of those working on an integration to reach their day-to-day objectives. Milestones thus depict intermediate goals of the integration process, mediating between the strategic goals of an acquisition and acquisition performance (Cording et al., 2008; Zollo and Meier, 2008). This measure displays strong field validity and is fact-based, as it can be directly derived from documents produced during the ongoing integration process. This measure thus allows one to develop theory on drivers and consequences of integration processes and opens paths for future research to better understand the operational work in post-acquisition integration processes.

5.3. Contributions to goal-setting theory

Finally, our data also has implications for goal-setting theory (Locke & Latham, 2002, 2006). Specifically, we introduce a configurational approach into goal-setting theory, which is in line with the core notions of the theory stating that a combination of conditions leads to team outcomes. While prior research has recognized that divergent goal configurations have distinct implications for group performance (Curşeu et al., 2013), it did not substantiate this notion on the basis of configurational analysis.

5.4. Managerial implications

Our study carries several important recommendations for managers setting up integration processes, with a core message: Goal-setting and integration process staffing need to be aligned. At least in our data, this was often not the case. Teams were often over- or understaffed, against the backdrop of the ambitiousness of the cost synergy goals they were tasked to achieve, and realized a type of target firm involvement in the planning that was detrimental to fully achieving integration milestones. By adjusting and balancing these conditions, managers can substantially improve the potential for success in post-acquisition integration efforts.

Our study can guide these managerial decisions by outlining three alternative pathways that managers can choose to steer integration teams towards achieving integration milestones in absorption integrations. Depending on the nature of the synergy goals that the acquisition should achieve, managers can derive implications for their staffing decisions in post-acquisition integration processes. Moreover, the configurations highlighted in Table 4 help managers to identify configurations they should rather avoid if they seek to realize high integration process performance. Specifically, integrations with ambitious cost goals require ample personnel resources and should avoid target firm involvement, while integration that pose not-ambitious cost goals need to be aware that they might damage, instead of improve, their integration teams' performance with ample personnel resources.

5.5. Limitations and directions for future research

This study faces some limitations that need to be taken into consideration. First, the collection of data on the fine-grained level we needed for our study required us to be pragmatic, though purposive, in our choice of cases. As all comparative case studies (Marx et al., 2013), the results of our study should be interpreted in light of the scope conditions that guided case selection (absorption integrations, integration project organization with integration teams as units of analysis, limited cultural heterogeneity by focusing on German acquirers). Accordingly, we do not and cannot claim any generalizability beyond the acquisitions studied. However, the homogeneity of the studied cases in some dimensions, and their heterogeneity in the outcome of interest and the theoretically derived conditions explaining the outcome, allowed us to derive theoretical inferences that future research might test in more heterogeneous samples (Ragin, 2000). Nevertheless, given that our analysis focused on identifying integration team-related antecedent conditions leading to high integration process performance, we have to leave it to future in-depth case studies to provide a more detailed account of the mediating processes linking antecedent conditions to the performance outcome. Moreover, future research could test our theorizing in different conditions in order to probe boundary conditions, for instance by studying post-acquisition integration in other cultural settings or for other types of integration. We expect, for example, that target firm involvement in integration planning will have a more positive effect in symbiotic integrations and the relative size of the integration teams could be less relevant in preservation integrations.

As the present study is among the first to focus on how characteristics of integration teams affect integration process performance, we only focus on specific characteristics of integration teams that seem relevant in the theoretical context of our study, goal-setting theory. Accordingly, our measure of staffing of the post-acquisition integration team (size of the integration team in relation to the number of employees affected by the integration) is limited, as it does not reflect quality dimensions of team composition, such as demographic diversity, the hierarchical levels represented in the team, and the skills, qualifications and acquisition experience of team members. Future research could thus fruitfully explore how these and other acquisition integration team attributes possibly influence integration process performance.

Our empirical results imply that future research on the conditions that shape an integration team's ability to reach its milestones is

[2] For reviews on M&A performance measurement, see also Meglio, O., & Risberg, A. 2011. The (mis)measurement of M&A performance—A systematic narrative literature review. ***Scandinavian Journal of Management***, 27(4): 418–433, Zollo, M., & Meier, D. 2008. What Is M&A performance? ***Academy of Management Perspectives***, 22(3): 55–77.

needed. Although the empirical coverage of the configurations we unearthed is good, they still cover—typical for an fsQCA analysis—only a subsection of integration teams' performance drivers in our sample. This indicates that further conditions might shape whether integration teams are capable of reaching their milestones, beyond the four conditions that we studied. Therefore, we invite future research to explore how integration teams contribute to integration process performance, as our knowledge of the operational side of post-acquisition integration is still incomplete and much more remains to be done.

6. Conclusion

Research on acquisition performance has remained largely inconclusive with regard to which factors may account for the fact that many acquisitions do not meet their goals (Christensen et al., 2011; Devos et al., 2009; King et al., 2004). The present study suggests that a more detailed look at post-acquisition integration teams and their operational performance may provide additional insights into acquisition performance and has outlined configurations of conditions that, in our data, explain integration process performance. We invite future research to develop along these lines, as there is still a lot of ground to cover to extend our understanding of operational integration work.

Author statement

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Data curation: NoS.
Formal analysis: ME.
Funding acquisition: ME.
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Project administration: NoS with external support
Resources, Software: our universities
Supervision: no formal supervision relationship involved.
Validation: ME, NoS, Visualization: No visualization involved.
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Declaration of competing interest

None.

Data availability

The data that has been used is confidential.

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Appendix

A1. Correlation Table for Raw Data.

	Min	Max	Aver.	Std. Dev.	Integration process performance	Cost synergy goals	Growth synergy goals	Personnel resources
Integration process performance	.2	1.0	.896	.130	–			
Cost synergy goals	0	.215	.069	.066	.018 *(.794)*			
Growth synergy goals	0	.660	.041	.104	−.171 *(.012)*	.375 *(<.001)*		
Personnel resources	0.000	.128	.007	.013	.070 *(.309)*	.128 *(.063)*	−0.003 *(.963)*	
Target firm involvement	1	5	2.490	1.403	−.045 *(0.525)*	−.173 *(.013)*	.124 *(.076)*	−.250 *(<.001)*

Pearson correlations *(significance level); N=199.*

Truth tables

Table A2 presents the truth table for high integration process performance. Following the recommendation by Ragin (2008) and prior research (e.g. Hock-Doepgen et al., 2021; Ibarra et al., 2020), we set the minimum acceptable number of cases at two, resulting in the following truth table. Results of the configurational analysis remain identical when we set the minimum number of cases at 5.

Table A2
Truth Table for High Integration Process Performance.

Cost synergy goals	Growth synergy goals	Personnel resources	Target firm involvement	Number of cases	Integration process performance	raw consist.	PRI consist.	SYM consist.
1	0	1	0	22	1	0.828279	0.756986	0.790928
1	1	0	0	10	1	0.818182	0.578094	0.581633
0	0	0	0	5	1	0.816423	0.626421	0.626422
1	1	1	0	8	0	0.799299	0.580202	0.621197
0	1	0	1	8	0	0.799146	0.498546	0.533195
0	0	1	1	2	0	0.790511	0.457467	0.457467
0	1	1	0	5	0	0.764672	0.441379	0.441379
0	1	1	1	2	0	0.752584	0.332787	0.332787
1	1	0	1	20	0	0.741866	0.421394	0.421736
1	0	1	1	1	0	0.713137	0.244706	0.244706
0	0	0	1	33	0	0.698618	0.537386	0.575710
1	1	1	1	20	0	0.684685	0.354569	0.371705
0	0	1	0	43	0	0.669988	0.502441	0.553579
1	0	0	1	12	0	0.646499	0.361180	0.372152

Table A3 presents the truth table for the absence of high integration process performance. Again, the minimum acceptable number of cases was set at two.

Table A3
Truth Table for Absence of High Integration Process Performance.

Cost synergy goals	Growth synergy goals	Personnel resources	Target firm involvement	Number of cases	Integration process performance	raw consist.	PRI consist.	SYM consist.
0	1	1	0	5	1	0.814062	0.558621	0.558621
1	1	0	1	20	1	0.811641	0.577796	0.578264
1	1	1	1	20	1	0.804259	0.599330	0.628295
1	0	0	1	12	0	0.78382	0.609336	0.627848
0	1	0	1	8	0	0.774281	0.436469	0.466805
1	1	0	0	10	0	0.748251	0.415821	0.418367
0	0	0	0	5	0	0.692176	0.373578	0.373578
1	1	1	0	8	0	0.691061	0.353804	0.378803
0	0	0	1	33	0	0.606537	0.396045	0.424290
0	0	1	0	43	0	0.605480	0.405182	0.446421
1	0	1	0	22	0	0.434767	0.200100	0.209072

Analysis of Necessary Conditions

Table 3 in the body of the paper indicates the possibility that the absence of high target firm involvement might constitute a necessary condition for high integration milestone achievement, as it is present in all found configurations. Table A4 shows the results of necessary conditions tests for all conditions. For the identification of necessary conditions Ragin (2008) and Schneider and Wagemann (2012) recommend a consistency benchmark of at least 0.9 and a high coverage measure, indicating that the necessary condition is relevant. As the following Table A4 shows, none of the explanatory conditions meets these benchmarks. In fact, all consistency measures are below 0.70. We thus conclude that no condition is necessary for realizing high integration milestone achievement.

Table A4
Analysis of Necessary Conditions for Integration Milestone Achievement.

Condition	Consistency	Coverage
Ambitious cost synergy goals	0.522704	0.656678
Ambitious growth synergy goals	0.428951	0.566033

(*continued on next page*)

Table A4 (*continued*)

Condition	Consistency	Coverage
Ample personnel resources	0.589854	0.642807
Intense target firm involvement	0.479772	0.594453
Absence of ambitious cost synergy goals	0.632419	0.614274
Absence of ambitious growth synergy goals	0.672599	0.629952
Absence of ample personnel resources	0.539033	0.593715
Absence of intense target firm involvement	0.697275	0.684652

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