

STOCKHOLM SCHOOL OF ECONOMICS

Master of Science in Business & Economics

Specialization in Management

Master Thesis, 30 ECTS

Spring 2012

The performance implications of integration process and
integration in the context of restructuring
A case study at a Swedish multinational corporation

May 12, 2012

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ABSTRACT

Existing research has mainly focused on the value creating role of integration in mergers and acquisitions. Surprisingly, little work has been devoted to the relationship between integration process, integration, and performance. The aim of this thesis is to fill this gap by studying five case units in a large multinational corporation having recently undergone a major change in organizational structure. We find that the integration process positively affects integration, and that integration positively affects performance: communication and leadership in the integration process are crucial for employee commitment and positively affect integration; where integration is high, employees cooperate and interact better and consequently have higher performance. We contribute to academic literature by synthesizing existing research and providing empirical support for the positive relation between integration process, integration, and performance. Our findings offer managers guidance on design and execution of integration processes under performance aspects.

Key words: integration process, integration, performance, organizational change, organizational structure

ACKNOWLEDGEMENTS

We would like to thank our supervisor, Anders Richtnér, for his valuable support and encouragement in the progress of this thesis, always motivating us to strive for the best possible results.

Further, we would like to thank EnergyCompany for providing us with excellent conditions and a stimulating environment to conduct this study. Without the help and guidance of our sponsors in the in-house consulting unit, and the participation and honest responses of all interviewees, this thesis would not have been possible.

Stockholm, May 12, 2012



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ABBREVIATIONS

ADF	Anonymized division F
BD	Business division
BU	Business unit
COM	Communications
EC	EnergyCompany
HI	Human integration
HR	Human resources
ICR	Inter-coder reliability
IHC	In-house consulting
PD	Production
PMO	Project management office
TI	Task integration

DEFINITIONS OF KEY TERMS

Human integration	The degree to which positive effects of integration for the members of the organization have been realized.
Integration	The cooperation and interaction of different units in an organization striving as a unified whole to reach the organization's goals.
Integration process	The process including all undertakings related to and leading to integration.
Task integration	The degree to which positive effects of integration on operations of the corporation have been realized.

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1 INTRODUCTION

Companies continuously change the way they are doing business. While many of these changes are smaller and some may even go unnoticed, others are larger and may require a change in strategy in order to meet the new requirements of the business. One theme unites all these changes: they follow the objective of improvement. However, the road to improved performance is bumpy and not all change efforts live up to managers' expectations (Kotter, 1995; Beer and Nohria, 2000).

In adjusting to such changes, many companies seek to realign their structure to better fit the new strategic direction. Academic research supports this reasoning, arguing for the importance of structural adjustment to the refashioned needs of the organization (Chandler, 1962; Ansoff, 1965). While there are many good reasons for restructuring, not all restructuring projects are based on a thorough foundation. Like many other fields of managerial practice, restructuring is prone to the influences of fads and fashions (Abrahamson, 1996), which Mintzberg (1979) exemplifies in his work on corporate structure: "the swings between centralization and decentralization [...] have resembled the movements of women's hemlines".

While we do not want to argue for or against restructuring itself, it is hardly a magic bullet but much rather opens up a whole new problem: how can managers ensure that employees get along with the new structure and, eventually, live up to the performance expectations they have of restructuring projects?

Integration addresses exactly this issue: it is the key for making cooperation and interaction of previously discrete units work (Haspeslagh and Jemison, 1991). The importance of integration has long been acknowledged in literature on mergers and acquisitions and, thus, integration has become a subject of research in its own right (e.g. Lawrence and Lorsch, 1967; Haspeslagh and Jemison, 1991; Birkinshaw et al., 2000). Lawrence and Lorsch (1967, p. 4) describe the concept of integration as the "unity of effort among the various subsystems in the accomplishment of the organization's task". Despite the concentration of research on integration in the process of mergers and acquisitions, integration is important for all structural changes where unity of effort among previously separated subsystems must be achieved.

As managers have begun to realize the importance of integration, the “demand for integration of the subunits of large, multi-business unit firms has increased significantly in recent years” (Larson et al., 2012). Despite this tremendous demand for integration exemplified by Larson et al. (2012) and the continuously growing scope and scale of integration endeavors (Barki and Pinsonneault, 2005), past research on integration has mainly concentrated on explaining integration in the context of mergers and acquisitions, neglecting its importance in other restructuring endeavors as for instance within one company. Birkinshaw et al. (2000) build upon and extend the work of Lawrence and Lorsch (1967) and Haspeslagh and Jemison (1991) in categorizing integration in two fields, human integration and task integration, which they define by their focus on the structural side respectively the human side of integration. They argue that managerial efforts should not only be focused on structural and strategic issues but also on how people cooperate and communicate with each other, in order to reach a high level of integration.

However, the dissemination of the managerial implications of this research to managerial practice is to our knowledge rather limited and managers struggle with prioritizing efforts after restructuring (cf. Birkinshaw, 1999). Managers still tend to overly focus their attention during the integration process on designing structures and systems, neglecting the importance of the human side of the integration process (Yu et al., 2005). Their preoccupation with structures and systems lets managers lose sight of the actual purpose of integration: value creation (ibid.).

While integration has been acknowledged as the value creating stage of the merger and acquisition process (Haspeslagh and Jemison, 1991; Larsson and Finkelstein, 1999), researchers have only in the recent years begun to investigate how exactly integration leads to corporate performance (e.g. Birkinshaw et al., 2000; Barki and Pinsonneault, 2005). Birkinshaw et al. (2000) were to our knowledge the first to establish the relationship of how task integration and human integration lead to performance. Barki and Pinsonneault (2005) took their research a step further and created a theoretical model of the integration process, integration, and its implications on performance.

In explaining precisely how the integration process leads to integration, and how integration leads to performance, we perceive the three aforementioned studies as insufficient on their own, as they partly disregard the stage of reaching performance

through integration or focus only on a specific function in their case research. We therefore appreciate Birkinshaw et al.'s (2000) and Barki and Pinsonneault's (2005) call for further research on how the integration process leads to integration and how integration leads to performance, and strive to close this gap in literature through our research. Therefore, we have chosen to study the effect of the integration process on integration, and the effect of integration on corporate performance through explanatory research in different business units of a company recently having undergone a large restructuring project.

1.1 Purpose

It is important for managers to understand how the change of structure in an organization affects people and ultimately performance. As restructuring itself does not lead to performance but only the integration following a restructuring project does, this stage is of highest importance for increasing organizational performance. If managers do not understand how to design and execute the integration process in order to achieve high integration and further do not understand how integration leads to performance, they will be flying blind in this crucial stage of organizational development.

Therefore, the purpose of this thesis is to investigate how the integration process leads to integration, and how integration leads to performance.

1.2 Disposition

Chapter 2: Theoretical framework

The introduction will be followed by the theoretical framework presenting relevant theories on the need for integration and on integration in practice.

Chapter 3: Methodology

In the third chapter, the research methodology will be described. This section covers research approach, case selection, operationalization of theoretical findings, and method of data collection and analysis.

Chapter 4: Analytical findings

This chapter contains the analytical findings of the case research. The results of the different steps of our analysis will be presented and put in relation to each other.

Chapter 5: Discussion

In the fifth chapter, the analytical findings will be connected to the studied theory and general implications will be discussed.

Chapter 6: Conclusion

The thesis ends with a conclusion of the results, the presentation of theoretical and managerial implications of our work, and an outlook to further research on integration.

2 THEORETICAL FRAMEWORK

In the following chapter, we present the theoretical framework of our study. In the first part, we give a short introduction into strategy literature and the particular case of change in strategy. This change in strategy, we argue, causes a change in the structure of a firm. The structural change then creates a need for integration. In the second part, the concept of integration is defined and put in context, which leads us to our research questions. The framework is summarized in Figure 1.

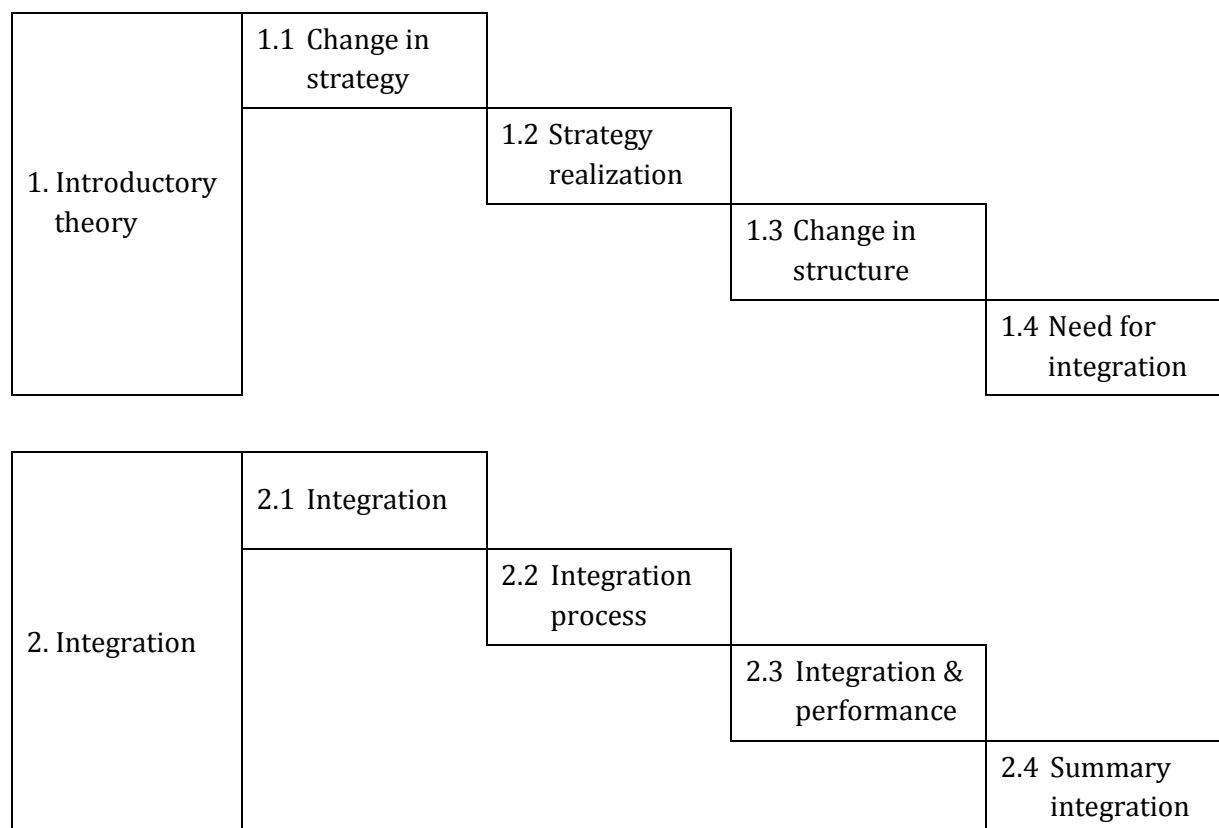


Figure 1 - Theoretical framework

2.1 Introductory theory

The reason to include the change in strategy and strategy realization in our theoretical introduction is to give a conclusive overview on where the need for restructuring, and consequently integration originates. At the beginning of our argumentation stands the change in strategy that is discussed in the following section.

2.1.1 Change in strategy

A change in strategy has been described as the realignment of a firm's selection of product and market domains and the allocation among them (Ansoff, 1965; Ginsberg,

1988). We acknowledge that a large part of the literature assumes that changes in strategy are caused by changes in the environment (Mintzberg, 1973; Smith and Grimm, 1987; Zajac and Shortell, 1989). However, in this study, we will not intensify the argumentation about why a change in strategy occurs. Instead, we want to focus on the effects of such a strategy change.

Zajac et al. (2000) suggest that companies benefit from adjusting their strategy. They find that the internal and external environment determine the desirability of strategic change, which leads to better strategic fit and improved organizational performance (ibid.). One of their assumptions is that firms which disrespect this relationship will suffer from declining performance. The results of their study show that adherence to their model has positive performance consequences (ibid.). Other researchers, likewise, have found strategic planning processes to be positively associated with the economic performance of a firm (Miller and Cardinal, 1994; Andersen, 2004). Porter (1987, p. 43) argues for the importance of strategy and states that “corporate strategy [...] makes the corporate whole add up to more than the sum of its business unit parts”.

Focusing on multinational corporations in particular, Roth and Kostova (2003, p. 896) argue that those corporations face the dilemma of having to decide between “worldwide integration of activities and local responsiveness in different markets”. Teece et al. (1997, p. 515) claim that “winners in the global marketplace have been firms that can demonstrate timely responsiveness and rapid and flexible product innovation, coupled with the management capability to effectively coordinate and redeploy internal and external competences”. The importance of strategy and the ability to change it can therefore be seen as given from prior research.

2.1.2 Strategy realization

Once the decision to change strategy has been made, what effects does it have on an organization? According to Chandler (1962, p. 15), a new strategy requires a “new or at least refashioned structure”. A lack of structural adjustment will otherwise lead to economic inefficiencies (ibid.). Ansoff (1965) argues that strategy imposes operating requirements and, in turn, the administrative structure must provide the climate for meeting them. Similarly, Andrews (1971) states that corporate strategy should dominate the design of the organizational structure. Other scholars also confirmed

Chandler's proposition and extended it to non-US markets (e.g. Donaldson, 1987; Hamilton and Shergill, 1992).

However, the theory that structure follows strategy has not been without criticism. Indeed, some researchers argue that the choice of structure can be based on as little grounds as management fashions (Mintzberg, 1979; Abrahamson, 1996). Addressing more concrete reasons for restructuring, numerous researchers find environmental changes to directly cause a change in structure (Child, 1972; Keats and Hitt, 1988; Katz, 1989; Laughlin, 1991). Sadler and Barry (1970, p. 58) even claim that “an organisation [sic] cannot evolve or develop in ways which merely reflect the goals, motives or needs of its members or of its leadership, since it must always bow to the constraints imposed on it by the nature of its relationship with the environment”. We acknowledge the existence of other streams of research that disagree with Chandler's proposition, yet we argue in the tradition of Chandler (1962) that their influence occurs earlier and causes the initiation of a strategy change before it leads to a change in structure.

Despite the different views, none of the streams of literature answers the question how exactly a change in strategy translates into a new structure. In order to achieve the necessary adaptation of structure to the new strategy, the firm is forced to realign its resources (Karim, 2006). While a lot of extant research focuses on restructuring following a wave of mergers or acquisitions (e.g. Barkema and Schijven, 2008), we find those theories equally applicable to structural changes in general.

The concept of restructuring will be described and presented in more detail in the following section.

2.1.3 Change in structure

Hoskisson and Johnson (1992, p. 625) define corporate restructuring as “a period of multiple divestitures for larger multiproduct firms where at least 10 percent of the asset base of such firms was divested”. According to Bowman and Singh (1993, p. 6), “organizational restructuring is intended to increase the efficiency and effectiveness of management teams through significant changes in organizational structure, often accompanied by downsizing”. Brickley and van Duren (1990) argue similarly and state that changes in the scale of investment have implications on the optimal structure. Reducing investment might close or alter existing units (ibid.). According to the

previously mentioned researchers, restructuring is connected to divestitures since it often follows the strategic decision to change the scope of investment. While we acknowledge this, we want to focus on what Bowman and Singh describe as “significant changes in organizational structure” (Bowman and Singh, 1993, p. 6) and gain a deeper understanding of the effects restructuring has on an organization.

Karim (2006) contends that changes in organizational structure are executed through the recombination of resources of different units. The realignment of the company's resources results in a strong need for integration as previously unconnected units have to start cooperating in a more efficient way in order to justify the effort of structural change. In order to make a change in structure work meticulous attention to integration is essential.

2.1.4 Need for integration

Integration takes a key role in the process of strategy change and restructuring and the literature on mergers and acquisition has acknowledged its importance for a long time. For example, Shrivastava (1986) argues that the key to a successful merger is the effective integration of merged companies into a single unit. A lack of integration, on the other hand, has made many mergers unsuccessful (ibid.).

Chandler's (1962) theory of structure following strategy also has performance implications. Child (1972) finds that the failure to adapt the organizational structure to the context will result in the loss of opportunities and higher costs. Gupta and Govindarajan (1986, p. 695) focus on synergy realization in restructuring and contend that “because 2 plus 2 can add up to 3 rather than the hoped-for 5, it would seem to be extremely important for managers to know when to pursue synergy, how to pursue it, and what effect this pursuit might have on the actors involved”. Larsson and Finkelstein (1999, p. 16) similarly find that “of all the determinants of synergy realization studied, organizational integration was the strongest predictor [... and] the greater the degree of interaction and coordination between combining firms, the greater the degree of synergy realization”. Harrison et al. (2001) conclude that while mergers have potential for synergies, integration plays a determining role in reaching them. We argue that, just like two merged entities, any new combination of organizational units requires similar effort.

Nevertheless, integration entails further implications for business performance than mere synergy realization. Birkinshaw et al. (1995) study the connection of global integration of business units and business performance and find a positive correlation. In a later study, Birkinshaw et al. (2000) investigate the connection of integration and performance in mergers and acquisitions and argue that higher integration leads to higher performance.

As outlined in the previous sections, a change in strategy triggers a change in structure. The success of such a process strongly depends on the achieved degree of integration. With integration being such a central and important concept, the following sections will serve to put this concept into context and develop our research question.

2.2 Theoretical research on integration

Barki and Pinsonneault (2005, p. 166) address the difficulty of clearly defining integration which results from the fact that “over the years, integration has been diversely understood and conceptualized across disciplines”. Most prominently, the term integration has been employed within the fields of strategy and organization (e.g. Lawrence and Lorsch, 1967; Cray, 1984; Mintzberg and Glouberman, 2001), systems (e.g. Dearden, 1972) and operations (e.g. Griffin and Hauser, 1996; Hill et al., 2000).

For the purpose of our study, we focus on integration within strategy and organization. In this field numerous studies have been conducted on integration as a concept, the integration process and the link between integration and performance. In Table 1 we provide a short overview of relevant literature within these categories.¹

Topic	Researchers	Main findings
Integration	Lawrence and Lorsch (1967)	Integration as “unity of effort among various subsystems”, “towards a common task”
	Cray (1998)	Global integration as the coordination and control of business operations across borders
	Larsson and Finkelstein (1999)	Integration as the degree of interaction

¹ The employed categorization by topic does not allow for a clear-cut separation of research but seeks to give a broad overview over the academic literature on integration.

	Mintzberg and Glouberman (2001)	Integration through “collective cultures and enhanced communication”
	Larson et al. (2012)	Integration is the “extent to which [...] organizational components constitute a unified whole”
Integration process	Haspeslagh and Jemison (1991)	“Integration as [...] process in which individuals [...] learn to work together”
Integration and performance	Haspeslagh and Jemison (1991)	Integration as value-creating process in mergers and acquisitions
	Birkinshaw et al. (2000)	Human integration and task integration together lead to performance
	Barki and Pinsonneault (2005)	Relationship between organizational integration, implementation effort, and organizational performance

Table 1 - Literature overview on integration

In the following, we present the concept of integration, the integration process, and how integration leads to performance (cf. Figure 2).

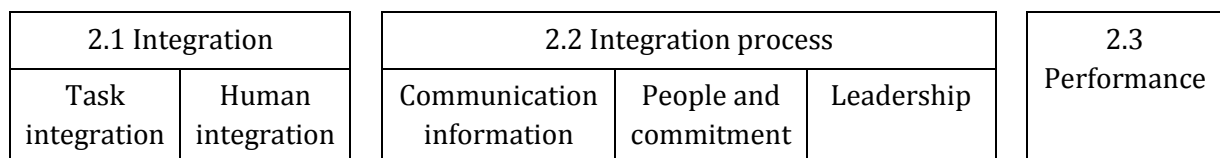


Figure 2 - Theoretical framework for integration

2.2.1 Integration

We build upon existing concepts of integration from prior research, addressing two of its main aspects: the cooperation between different units and their degree of interaction.

Concerning cooperation, Lawrence and Lorsch (1967, p. 4) define integration as “the process of achieving unity of effort among the various subsystems in the accomplishment of the organization’s task”. In their work they build on early research from Fayol (1949) on cooperation and coordination. Mintzberg and Glouberman (2001, p. 72) take this argument further towards “stronger collective cultures and enhanced communication among the key actors”. Larson et al. (2012) argue similarly that “integration occurs when multiple subunits act in a concerted fashion to achieve a common task” (Larson et al., 2012, p. 13). Barki and Pinsonneault (2005) speak of organizational integration and define it as the extent to which distinct and

interdependent organizational components constitute a unified whole. They also note that “integration is [...] seen as reflecting how harmoniously the different departments of an organization work together and how tightly coordinated their activities are” (Barki and Pinsonneault, p. 166). Finally, to give an international dimension to this cooperation, Cray (1984) describes global integration as the coordination and control of business operations across borders (Cray, 1984; also: Kim et al., 2003). However, cooperation is only one dimension of integration. Larsson and Finkelstein (1999) use the term organizational integration and divide this concept into the degree of interaction and the extent of coordinative effort to improve that interaction.

Combining these aspects from previous literature, we employ a definition of integration as the *degree of cooperation and interaction of different units in an organization striving as a unified whole to reach the organization’s goals*.

In concretizing this abstract concept of integration, we build upon the work of Birkinshaw et al. dividing integration in *task integration*, “the identification and realization of operational synergies”, and *human integration*, “the creation of positive attitudes towards the integration among employees” (Birkinshaw et al., 2000, p. 400). Employing this differentiation, measures for the degree of integration from other researchers can be classified by their nature under these two categories.

2.2.1.1 Task integration

Task integration describes the degree to which positive effects of integration on operations of the corporation have been realized. Previous research can be categorized into three sub categories of task integration: *corporate structure, coordination and communication*, and *goal orientation*.

Corporate structure. Lawrence and Lorsch (1967), Katz (1989) and Birkinshaw et al. (2000) agree that the degree of structure and hierarchy as well as their clarity are essential for task integration. They develop concrete measurements for this factor such as the degree of formalized structure, the clarity of subgroup boundaries, the task-specialization of units, the number of tasks claimed by more than one group, and the task-specialization of groups. Cohen and Levinthal (1990) support this view and stress the importance of cross-functional interfaces in the corporate structure for value creation through linking previously unconnected knowledge sources.

Coordination and communication. In measuring coordination and communication, Katz (1989) and Birkinshaw et al. (2000) rely on the notion of integration mechanisms which are used in a corporation as enablers of these factors. Lawrence and Lorsch (1967), Galbraith and Nathanson (1978), Birkinshaw et al. (2000), Hill et al. (2000) and Jansen et al. (2009) give numerous examples for these mechanisms as for example voluntary activities, joint staff meetings, seminars, mixed task forces or teams, personnel rotation, and coordinating committees. Moenaert et al. (2000, p. 386) also name the firm's organizational climate besides these formal integration mechanisms as "means for achieving normative integration".

Goal orientation. Lawrence and Lorsch (1967) introduce the aspect of goal orientation of members as a measure for integration. They propose to measure this by evaluating the importance of different organizational goals per group and comparing the level of foreign goal orientation among groups. Katz (1989, p. 192) takes this aspect further by introducing the measure of "level of goals that employees accept".

2.2.1.2 Human integration

Human integration describes the degree of positive effects of integration realized for the members of the organization. According to previous research, this mainly includes the *attitude of members towards each other, cultural factors, and members' personal situations.*

Attitude towards each other. Lawrence and Lorsch (1967) propose the measure of orientation of members towards each other as an important aspect of integration. For them this comprises all interpersonal relationships in the organization. Katz (1989) concretizes this by introducing the measure of intra-staff conflict. Birkinshaw et al.'s (2000) measure of the respect for each other between integrated groups complements the understanding of attitude towards each other.

Culture. Haspeslagh and Jemison (1991) see corporate culture as one of the main pillars of an atmosphere allowing for integration. While they highlight the importance of reciprocal understanding of cultures and do not see the need that "one firm is coopted into the other's [...] culture" (Haspeslagh and Jemison, 1991, p. 111), other researchers specifically stress the importance of cultural adaptation. Nahavandi and Malekzadeh (1988) find the degree of congruence between merged units, which they define as

acculturation, to be an especially important facilitator of integration. Birkinshaw et al. (2000) build upon this theory and employ cultural convergence as one measure of human integration.

Personal situation. Haspeslagh and Jemison (1991) find that the willingness to work together, which is largely dependent on employees' peace of mind, is another elementary pillar for integration. Birkinshaw et al. (2000) extend this view by studying the change in organizational members' personal situations with regards to salary, work satisfaction and perceived job security.

2.2.2 Integration process

From an apparent need for integration, the demand for theoretical research on how to achieve integration emerges. Especially Haspeslagh and Jemison (1991) focus on the integration process as the value-creating activity in mergers and acquisitions. They define the integration process as "a process of interactions that creates an atmosphere conducive to transferring capabilities to achieve the acquisitions purpose" (Haspeslagh and Jemison, 1991, p. 121). We appreciate Haspeslagh and Jemison's (1991) process view but want to lift integration out of the narrow context of acquisitions they employ. While Haspeslagh and Jemison (1991) see the integration process itself as value creating, we argue that its value lies in achieving integration, which is the real source of value creation.

We therefore understand the integration process as the all-embracing process of achieving integration and define it as the *process including all undertakings related to and leading to integration*.

Haspeslagh and Jemison (1991) describe three main problems in integration processes: Determinism, value destruction and leadership vacuum. For them determinism means "the tendency to cling on to the original justification in the face of a different or changing reality" (Haspeslagh and Jemison, 1991, p. 122). This is supported for example by Bower (2001) who describes employees' resistance to change in post-merger situations. Further, Haspeslagh and Jemison (1991) see value destruction as the negative impact on individual managers and employees. Bower (2001) and Larson (2012) argue in favor of this by mentioning constraints that limit flexibility or responsiveness stemming from integration. Haspeslagh and Jemison (1991) further see

a risk for integration in leadership vacuum, the potential lack of appropriate leadership. Datta (1991) and Bower (2001) add the importance of management styles and cultural differences to this view. Based on these findings, we identified three main factors in prior literature that focus on offsetting these challenges, *communication and information, leadership, and people and commitment*.

Communication and information. Haspeslagh and Jemison (1991) describe developing mutual understanding as one of the most important aspects in the integration process. They characterize the ideal way of communicating as “honestly, clearly, and frequently” (Haspeslagh and Jemison, 1991, p. 203) with a clear focus on promoting achievements and establishing a sense of urgency for important next tasks. Tackling the strong uncertainty prevalent in such extensive changes (Bastien, 1987), the need for constant and thorough communication with reliable information also was a main point named in a CEO roundtable on making mergers succeed (Carey, 2000). Brown and Eisenhardt (1995) especially address the role of gatekeepers, i.e. high-performing individuals who also communicate more often overall and with people outside their specialty (Allen, 1971), as facilitators of communication and information dispersion.

Leadership. Prior research has shown that integration processes must be supported by strong leadership. Lawrence and Lorsch (1967, p. 12) point out that coordination for the achievement of integration “is undoubtedly an important part of the top manager’s job”. In their studies of mergers and acquisitions, Datta (1991) and Larsson and Finkelstein (1999) find that management style helps to increase organizational fit and to reduce employee resistance to change. Haspeslagh and Jemison (1991) and Birkinshaw et al. (2000) further refer to the positive impact of visible and consistent leadership on the integration process as it gives a new sense of purpose through mission statements and clear goals. Andersen (2004) adds to this by highlighting the importance of distributing the decision authority to lower-level managers.

People and commitment. Not only is it important to secure the participation and help of top-management but especially that of employees in the organization. Larsson and Finkelstein (1999) see employee commitment, and therewith lack of employee resistance, as a main success factor for integration. Haspeslagh and Jemison (1991) support this argument in describing employee commitment as central for establishing

the right atmosphere for integration. Lawrence and Lorsch (1967) and Haspeslagh and Jemison (1991) identify communication and leadership as very important in committing employees to the integration. They recommend making use of gatekeepers, as well as integrative teams and departments to build credibility and involve employees stronger in the process.

2.2.3 Integration and performance

Past research has generally argued for a positive relationship between integration and performance (cf. Barki and Pinsonneault, 2005). Haspeslagh and Jemison (1991) studied the integration process in seven acquisitions or mergers among twelve firms employing a qualitative field method with longitudinal processual design. Similarly, Birkinshaw et al. (2000) conducted explanatory research through case studies on the integration of research and development (R&D) operations after mergers and acquisitions in three Swedish multinational corporations. In two research phases four years apart from each other, they followed the research approach of interviewing key employees and collecting data through questionnaires (Birkinshaw et al., 2000). Barki and Pinsonneault (2005) theoretically modeled the interrelation between integration, implementation effort, and performance.

Studying the relationship between integration and organizational performance, a major pitfall is the difficulty to measure these two abstract concepts. As outlined previously, researchers have found ways to gauge integration but struggle with finding adequate measures to connect it to performance, which, as for example Seashore et al. (1960) and Harris and Ruefli (2000) point out, is a common difficulty. To counter this challenge not only for the means of academic research but even more for management practice, Busco et al. (2008) argue for the importance of performance measuring systems within processes of integration. Empirical research which positively stands out in establishing a connection between integration and performance includes the works of Haspeslagh and Jemison (1991) and Birkinshaw et al. (2000). The former identify certain patterns in integration processes which lead to performance. The latter find a positive correlation between human integration, task integration and performance which they employ to gauge the success of acquisitions. Their findings in the fields of mergers and acquisitions are supported by Larsson and Finkelstein (1999), who claim integration to be the strongest predictor for synergy realization in mergers and acquisitions.

2.2.4 Summary of research on integration

From previous research we have gained a thorough understanding of the integration process, the concept of integration, and found first indications for the positive effect of integration on performance.

We build our research on the integration process upon the findings of Haspeslagh and Jemison (1991) who introduce the concept of the integration process as interactions that lead to value creation in acquisitions. Connecting their findings to integration and how integration drives performance, we see the integration process as the process including all undertakings related to and leading to integration.

Based on the work of scholars such as Larsson and Finkelstein (1999), we understand integration as a state rather than a process. For our thesis, we define integration as the degree of cooperation and interaction of different units in an organization striving as a unified whole to reach the organization's goals.

Employing Birkinshaw et al.'s (2000) two dimensions of integration, we define task integration as the degree to which positive effects of integration on operations of the corporation have been realized and human integration as the degree to which positive effects of integration for the members of the organization have been realized. We categorized measures for integration suggested by different scholars into these categories to reach a holistic understanding of integration.

Finally, we learned that integration is expected to positively affect performance.

2.3 Literature gap

Especially Haspeslagh and Jemison (1991), and Birkinshaw et al. (2000) show a positive relationship between integration and performance in their works. However, we perceive them as focusing too strongly on the processual aspect of integration and disregarding the state of integration (Haspeslagh and Jemison, 1991), and too narrow in studying only one functional entity (i.e. R&D departments in Birkinshaw et al., 2000). Barki and Pinsonneault (2005) take a more holistic approach in their research and explicitly address the integration process, the state of integration, and performance. However, they base their findings solely on previous research without supporting it with empirical proof for their theory. Hence, we find an apparent lack of empirical

research in academic literature of more than one functional unit on how the integration process affects integration, and how integration affects performance.

We therefore appreciate the call for further research from Birkinshaw et al. (2000) and Barki and Pinsonneault (2005) encouraging further studies on this topic to extend the body of knowledge and contribute to the generalizability of this concept. We strive to follow this call and add to the understanding of the relationship between integration process, integration and performance with our research.

2.4 Research question

The previously mentioned gap in literature leads us to our overarching question:

How are integration process, integration, and performance related?

In order to study this general question we formulate two concrete questions which we aim to answer with our research.

Past research indicates the importance of the integration process in order to lay the foundation for integration. We want to study the effect of the integration process on integration and formulate therefore a first research question.

Research question 1: How and why does the integration process lead to integration?

We further aim to study the relationship between integration to performance which leads us to our second research question.

Research question 2: How and why does integration lead to performance?

This will be studied in two sub-questions, with the help of Birkinshaw et al.'s (2000) two dimensions of integration, task integration and human integration.

Research question 2a: How and why does task integration lead to performance?

Research question 2b: How and why does human integration lead to performance?

In the next chapter, we will describe the methodology of our research to answer these questions.

3 METHODOLOGY

In this chapter, we outline our research methodology. We begin with explaining our research approach, followed by a description of the case selection. Thereafter, the operationalization of our theoretical findings is presented. Finally, we describe the data collection and analysis. By request of our case company all names and details are kept anonymous. Because of that the research context, company background and company-specific sources have been anonymized and are only illustrated in a limited way.

3.1 Research approach

We conducted explanatory research with an inductive approach in evaluating the relation between integration process, integration and performance.

Similar research has been devoted to the integration process (Haspeslagh and Jemison, 1991; Birkinshaw et al., 2000) and its performance implications. Only Barki and Pinsonneault (2005) take a more holistic approach comprising the process of integration, the state of integration and performance in their research. However, empirical studies are scarce and fail to address the relation between all three factors.

Given this apparent lack in explaining the relationship between integration process, integration, and performance, we have performed explanatory research through case studies, which, as Barratt et al. (2011) suggest, is a useful instrument to close such a gap in literature. As unit of analysis, we chose business units within a corporation striving for integration after restructuring. As suggested by Eisenhardt (1989), McCutcheon and Meredith (1993), Voss et al. (2002), and Barratt et al. (2011, p. 330), we thoroughly scrutinized existing literature to serve as “a priori construct to help shape the initial design” of our research. For a detailed description of our literature search methodology, see Appendix A.

3.2 Case selection

In order to ensure sufficient access, we decided to focus on a single firm, but to involve a number of different units as our cases. Several researchers (Yin, 1994; Voss et al., 2002) deem this approach of studying cases within one firm suitable for case research. In selecting our case company, we applied three criteria to find suitable companies.

First, we limited possible targets to multinational corporations in Sweden. Before going into lists of companies with the highest market capitalization or number of employees, we decided to further constrain our search.

Second, an important selection criterion was to find a company that had recently undergone a major strategic change. This change should be so extensive that it included a change in structure, as for example caused by a large acquisition or other types of restructuring. A time frame of two years since the restructuring was chosen so that the company is still dealing with its aftermath, giving us the opportunity to study how successful their change had been.

Finally, one of the biggest challenges in conducting case research, especially in the context of a master thesis, is to gain sufficient access to organizations. However, for our study it would be essential to have access to a wide range of entities within the case company, including even higher levels in the hierarchy.

Having in mind these three criteria, we began by capitalizing on our professional networks and contacted four large Swedish multinational corporations with the help of personal contacts (ApplianceCompany, DefenseCompany, EnergyCompany and NetworkCompany). Studying their annual reports of 2009 and 2010 gave us first insights on their strategic direction. All these companies would have been interesting cases to study. We chose EnergyCompany because it met our criteria best and was the firm most open for cooperation.

Since we aimed for conducting our research in several parts of EnergyCompany, we contacted the in-house consulting unit which provides consulting services to the entire corporation and thus possesses good connections to the different parts of the organization. The consulting unit agreed to take us on as thesis students and provided us with help and support in finding and selecting suitable business units as samples for our study.

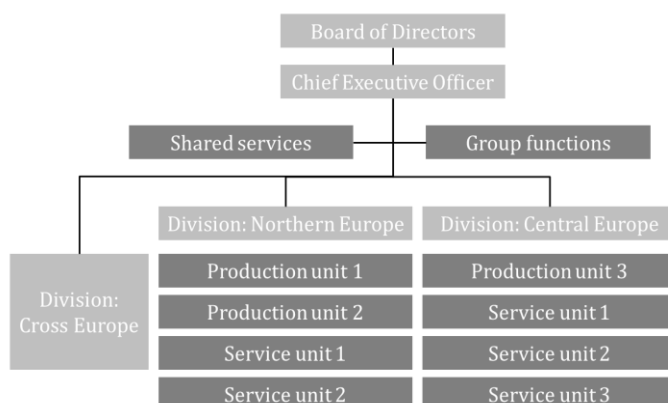
3.2.1 Research context

EnergyCompany did not only meet our criteria for a case study but exceeded them, making it an excellent platform to study our research question in a practical context.

Before 2011, EnergyCompany had conducted business across Europe in a regional organizational structure, which had emerged throughout the history of market-expansions. In 2010, top-management decided to concentrate business on the company's three core markets and to divest business in the remaining European markets. This was one of the most crucial changes in strategy in the company's history.

With only three remaining markets, the previous regional organizational structure became unsuitable to EnergyCompany's new business. Therefore, the decision was made to implement a new structure which would, instead of dividing responsibility by regions, organize business units by functions and integrate previously separated country-based units into international units (cf. Figure 3). For practically all business units within EnergyCompany, this resulted in newly defined roles and responsibilities as well as cooperation with and management of new colleagues from different countries in new units.

Organizational structure 2010



Organizational structure 2011

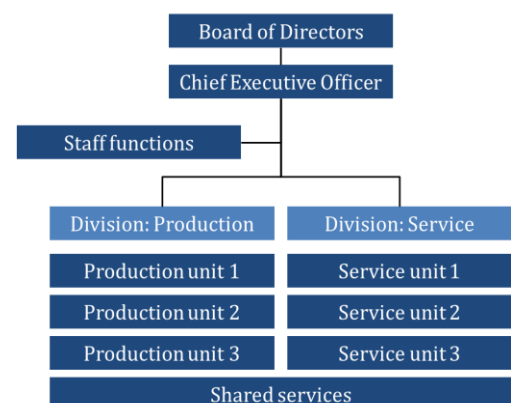


Figure 3 - Organizational structure of EnergyCompany 2010 and 2011

As shown in the illustration of the organizational charts from 2010 and 2011, the company was previously organized in a matrix structure of regional business divisions and a cross-country business division whereas now, business units are ordered by functions. For a service function like sales, which could for example be represented by "Service unit 1" in the organizational chart, this meant that that there previously had been one sales unit in each market reporting to the respective regional business division as well as the Cross Europe business division. In the new organizational structure, these different sales units have been integrated in one global business unit

with a single line of command to one business division. Sales employees from all markets were thus integrated to work together on international sales activities under one international sales manager.

3.2.2 Time frame

Voss et al. (2002) discuss the consideration of the case time frame, presenting two alternatives: longitudinal and retrospective case studies. Since the process of integration can take many years (Haspeslagh and Jemison, 1991), the restricted time frame of our thesis prevented us from conducting a longitudinal study. However, we aimed to gain understanding of both the restructuring process itself and its effects.

Therefore, we investigated the process retrospectively, determining through our analysis how the new organization had been implemented. Since the integration process occurred only 1.5 years ago, i.e. from the end of 2010 to 2011, memories would be sufficiently fresh, allowing for data collection through interviews. The effects of the restructuring were analyzed by studying the current situation in the spring of 2012. Wherever possible we sought to enrich this real-time data collection with retrospective data through interviews and external sources.

3.2.3 Sample selection

Researchers such as Eisenhardt (1989) and Yin (1994) state that sample selection in case research is done according to specific criteria as opposed to a random selection from a population (Voss et al., 2002).

We sought to study two business units within EnergyCompany in depth to gain a good understanding for their change towards integration. Our goal was to identify polar type cases that possess sharply contrasting characteristics (Voss et al., 2002) to serve as our core cases. We decided to include one unit which is situated within the value creation process of the company, and another unit with a support function. To further stress their difference, we aimed for units that had undergone a different type of journey with respect to the magnitude of changes. With the help of the in-house consulting unit we were able to identify units meeting these criteria.

Considering the number of cases, Eisenhardt (1989) suggests studying four to ten cases and finds it difficult to generate theory with much complexity using less than four cases.

We therefore decided to include three control cases, both to gain a better understanding of the situation in the corporation as a whole as well as to put our results on a broader base and improve generalizability. We intended to include control cases that could give further insights on our core cases.

With the help of our contacts at EnergyCompany we identified and selected the following units of analysis.

3.2.3.1 Core cases

The two core cases we chose matched our aforementioned criteria for polar type cases very well. Not only are they situated in very different functions of the company, but they also underwent different journeys in the restructuring.

*ADF.*² Our first core case is a business-near division which to a certain extent had worked internationally even before the restructuring. Our assumption was therefore that the unit had experienced the process as rather smooth.

Communications (COM). The second core case is a staff function, a type of unit that had experienced substantial changes and international integration during the restructuring. Therefore, we assumed that many obstacles had to be overcome in this unit.

3.2.3.2 Control cases

The control cases were chosen to contribute to the generalizability of our findings. We therefore focused on business units with a high degree of interaction with other units or, as in one case, a unit at EnergyCompany's core of value creation.

Human resources (HR). Due to the immense effects of the integration process on employees, we felt a special need to include the staff function HR as a control case to gain a better understanding of what had been done to facilitate the integration.

In-house consulting (IHC). The in-house consulting unit was chosen as second control case in order to broaden our understanding for the integration processes throughout the company. Having strong interaction with many other units regarding their strategic

² The name of the division was changed to preserve the anonymity of EnergyCompany.

development, interviewees within IHC would provide valuable information on how they perceived the change in the organization.

Production (PD). Our third control case was the largest business division of the corporation situated at the core of the value chain. Including the business division production in the study was particularly valuable as it allowed us to gain insight into this central part of the corporation.

Additionally, we conducted one interview with the manager responsible for the integration process on corporate level as head of the project management office (PMO).

3.3 Operationalization

The operationalization of our research was done in two main stages (cf. Figure 4). In the first stage we generated initial findings on the integration at EnergyCompany by performing an analysis of the company's background using external information both from within the company as well as from external sources. In the second stage of the research we developed the question catalogue for the interviews building mainly upon existing research in the fields of integration and performance and our findings from the company analysis. During the interviews we adapted and enhanced this set of questions with emerging aspects from empirical findings. In the following section we describe this process in more detail.

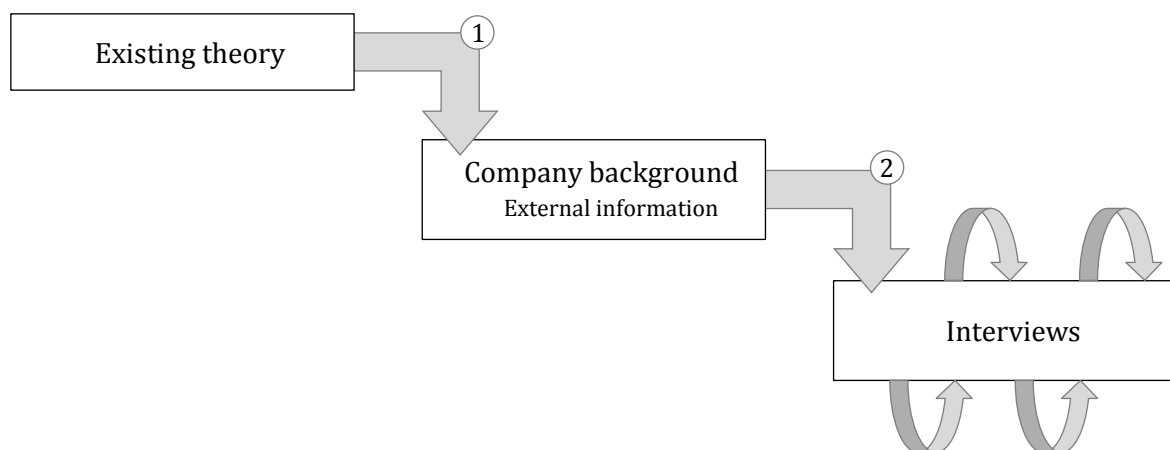


Figure 4 - Operationalization of research

3.3.1 Company background

Having identified important aspects of integration and performance through our theoretical research, the goal of this step was to compare these to information on the company itself in order to generate first concrete insights into the integration at EnergyCompany. Therefore, we scrutinized both internal as well as publicly available information on EnergyCompany. With the help of internal data we were able to gain background knowledge on the restructuring process and generate an understanding on how the new structure and integration are perceived within the company. Extending this to publicly available information and coverage on the company gave us an impression of how the company is perceived from the outside. This raised interesting aspects to investigate in more depth in our interviews.

3.3.2 Interview operationalization

Comparing our theoretical research to the insights from the company analysis showed the need for a more detailed analysis of the situation. Using qualitative interviews, we sought to establish a thorough understanding of the integration process, integration, and performance, as well as how they are linked to each other.

Similar to Birkinshaw et al.'s (2000) approach, we worked with well-defined constructs from prior theory to develop measures for the integration process, integration and performance. These were enhanced with more emergent constructs during the course of the investigation (c.f. Birkinshaw et al., 2000).

Measures of the integration process and integration were extracted and developed further from research on integration conducted by Lawrence and Lorsch (1967), Katz (1989), Birkinshaw et al. (2000), and Hill et al. (2000). Performance measures were partly adapted from Birkinshaw et al. (2000) but followed mainly the empirical findings from our case studies and the given preconditions for performance measurement at EnergyCompany. We compiled these measures to a structured research protocol to ensure reliability and comparability (cf. Yin, 1994; Voss et al., 2002).

3.3.2.1 Integration process, integration and performance measures

The difficulty of measuring integration is apparent in prior research where studies of integration often relied on self-assessment of employees on their perceived degree of

integration (e.g. Kim et al., 2003). Other researchers developed and employed more complex frameworks to measure integration (e.g. Katz, 1989; Birkinshaw et al., 2000). In developing measurable factors for integration, we built upon the work of Birkinshaw et al. (2000), dividing integration in *task integration* and *human integration*. In line with these categories of integration, we developed questions to facilitate data-collection from our cases. In order to study the effects of the actual integration process on integration and performance, we introduced a distinct integration process category.

Integration process

For the purpose of our study, we defined the integration process as *the process including all undertakings related to and leading to integration*. We studied the process with questions in the following five sub-categories.

General perception. In order to gain a first understanding how interviewees felt about the integration process in general, we formulated questions on the subjective perception of the process.

Communication. Questions in this part addressed the clarity and frequency of communication during the integration process. This also included how well the reasoning for the process was communicated and understood.

Leadership. To study the effects of leadership during the process, we incorporated process-related leadership questions. We asked interviewees to describe their perceptions of immediate as well as top-level leadership.

Commitment. In order to analyze the effects of leadership and communication, we included questions about the interviewees' commitment in the integration process.

Problems. Finally, interviewees were asked to specify the problems they experienced during the process and judge their severity, giving us an understanding of the major obstacles.

Task integration

We defined task integration as *the degree to which positive effects of integration on operations of the corporation have been realized*. This category was divided into two sub-categories, each of which determined a specific dimension of task integration.

1) *Corporate structure.* In order to understand the influence of the new structure on integration we studied three issues concerning corporate structure.

Perception of the new structure. First, we asked interviewees how they perceive the new structure in general and in terms of flexibility and preconditions for cooperation.

Clarity of responsibility. Second, we investigated how clearly responsibility is defined in the new organizational set-up by asking questions about the clarity of subgroup boundaries, reporting structures and task-specialization within and among different units.

Inter-unit cooperation. Lastly, in order to include an analysis of the cooperation with other units of the company we asked interviewees to evaluate inter-unit cooperation.

2) *Coordination and communication.* We used four sub-categories to determine the effects of integration on coordination and communication.

Intra-unit communication. First, we formulated questions to gauge the quality of communication within the interviewees' unit in terms of type, ease, and frequency of communication.

Inter-unit communication. Second, we investigated how communication with other units is perceived. Similar to intra-unit communication this included questions on type, ease, and frequency of communication with other units.

Autonomy. Third, interviewees were asked to judge their autonomy from corporate control. As centralization of decision making was a desired outcome defined by EnergyCompany, a low degree of autonomy was interpreted positively.

Integration mechanisms. Lastly, we asked interviewees if and to which degree integration mechanisms were applied in their unit to facilitate coordination and communication.

We sought to include questions on the perceived importance of personal, unit and corporate goals to judge *goal orientation* of respondents. However, our sponsors at EnergyCompany have strongly advised us to refrain from asking these questions in order to avoid problems with workers unions since individuals' goals are connected to compensation and unions forbid analysis thereof.

Human integration

We defined human integration as *the degree to which positive effects of integration for the members of the organization have been realized*. Three sub-categories were developed to capture the different dimensions of human integration.

Attitude towards each other. In order to get a clear understanding of the interviewees' attitude towards colleagues we asked questions about how they perceive the work climate at EnergyCompany. This comprises potential for conflict and cooperation within the own team. Additionally, we included a question about how their picture of the company as a whole has changed with the integration process.

Culture. We studied two different types of culture: national culture (in the following referred to as "culture") and corporate culture (referred to as "corporate culture"). Investigating national culture, we aimed to study the effect of cultural differences in understanding the dynamics of cooperation between employees of different national origin. Corporate culture focused on how the integration process affected the corporate culture at EnergyCompany as a whole.

Personal situation. With questions concerning individuals' personal situations with regard to job satisfaction and career development, we sought to study the effects of integration on an individual level. We also sought to include job security and compensation in the analysis. As outlined above these are, however, very sensitive topics which led us to decide against asking this question to avoid conflicts with workers unions.

With this set of categories and sub-categories, we felt confident to be able to study the different aspects of task and human integration.

Performance measures

Among many others, Seashore et al. (1960) indicate that it is difficult to measure organizational performance. This is especially true for the scope of our research as EnergyCompany is very restrictive in terms of performance measurement and a corporate and personal performance measurement instrument has just recently (i.e. in 2012) been introduced. More than that, the large scale of the corporate change in terms of organizational structure made an analysis of differences in performance on business unit level very difficult. As current business units comprise different assets and

responsibilities than before the restructuring, they cannot reliably be matched to past business units. This situation meets the two conditions for the use of subjective performance indicators presented by Dess and Robinson (1984, p. 271): “(1) accurate objective measures are unavailable, and (2) the alternative is to remove the consideration of performance from the research design”.

In operationalizing performance measures for our interviews, we therefore designed the questions very open in order to encourage interviewees to describe their own perceptions of performance and add to our research with their ideas and feedback. Initially, we decided to analyze three performance dimensions.

Perceived performance. Interviewees were asked to evaluate how they perceive performance to have changed after the restructuring.

Administrative effort. This measure aimed to find out how administrative effort was affected by the change. A higher amount of such work would serve as a negative performance indicator.

Synergies. Finally, interviewees were asked to evaluate if synergies have been realized in their units.

Building upon and enhancing previous academic research on the integration process, task and human integration, and performance, we created a conclusive set of questions to analyze the different aspects of integration within our case company. For the detailed question catalogue, see Appendix B.

3.3.2.2 Research protocol

Yin (1994) mentions that the reliability and viability of case research will be enhanced by a well-designed research protocol. Such a document collects the questions to be asked during interviews, provides an overview of what will be studied, and what type of data is required (Voss et al., 2002). Furthermore, “a well-designed protocol is particularly important in multi-case research” (Voss et al., 2002, p. 205).

For our research, the result of the operationalization, i.e. the question catalogue, was used to serve this purpose.

3.4 Data collection and analysis

In this section, the method of data collection, data processing and data analysis as well as quality aspects of the data as such and the method as a whole are presented.

3.4.1 Data collection

We collected data from different sources in order to increase reliability (Leonard-Barton, 1990; Boyer and McDermott, 1999; Hyer et al., 1999). Using different types of data strengthened the constructs and propositions (Benbasat et al., 1987; Eisenhardt, 1989; Voss et al., 2002; Barrat et al., 2011). As the collection of data varied strongly according to its differing nature, we present this aspect separately for both forms of data, company data and interviews.

3.4.1.1 Company data

To retrieve internal data, we were provided with full access to the company's intranet. This gave us the possibility to assess all available information such as for example the corporate newsletter, newspaper, and executive summaries of the company's annual employee survey.

This employee survey is conducted once a year and includes all employees of all hierarchical levels. It comprises employees' views on EnergyCompany, their work environment, and EnergyCompany's different areas of business. Upon request we received more detailed results of the survey on a corporate per-question level for both 2010 and 2011, ideal to analyze changes due to the restructuring.

We further requested the results of a top-management survey performed by the project management office responsible for the restructuring and integration process. This survey was conducted a few months after the restructuring, in the beginning of 2011, and covers results and problems of the process from a top-management perspective.

Externally, we collected the company's annual and quarterly reports for the years 2008 to 2012 and performed a short press-research on the company. The latter revealed, for example, a recently published article about the leadership style of the CEO.

All data was retrieved digitally, stored and sorted into relevant categories, as for example task or human integration.

3.4.1.2 Interviews

We conducted interviews with employees and managers in the selected business units. These interviews were based on the previously discussed research protocol incorporating our interview questions. We decided to follow Voss et al.'s (2002) advice to send out a summary of our topics to the interviewees in advance in order to prepare them for the meeting. The interviews then followed a semi-structured protocol to allow for deviations in order to capture unexpected findings.

As suggested by Eisenhardt (1989), whenever possible, interviews were conducted in two person teams, one researcher asking and leading the interviews and the other one recording notes and observations. We also kept in mind the interviewing skills advocated by Yin (1994, p. 56): "to ask good questions, to be a good listener, to be adaptive and flexible, to have a firm grasp of the issues being studied, and to be unbiased by preconceived notions". In order to minimize the problem of interviewees portraying their situation too favorable or unfavorable they were made aware of the importance of giving truthful answers and assured full anonymity on per-person level.

For our two in-depth cases, ADF and COM, we interviewed eight, respectively six persons per unit. Additionally, in our control cases, we conducted seven interviews in IHC, five in HR and three in PD.³ Together with the interview of the head of the PMO this amounted to 29 interviews with 30 people.³ The complete list of interviews is presented in Appendix C.

3.4.2 Data documentation and coding

Our interviews were documented in multiple ways. They were recorded using the voice recording function of mobile phones and computers in order to be able to store the files digitally. Additionally, notes were taken during the interviews, often from both investigators, and stored either digitally or in writing. As suggested by Voss et al. (2002), we refrained from transcribing all recordings after the interviews, as it is very time consuming, but did so where necessary as for instance in the process of establishing inter-coder reliability (cf. chapter 3.4.2.2).

³ In PD we interviewed two respondents together in one interview upon their request.

An important step in case research is the coding of information (Voss et al., 2002). In order to categorize the combined data, we related the data from the interviews back to our operationalized structure. In order to analyze the respondents' statements we used an evaluation sheet consisting of our standard question catalogue and space for quotes and additional information. We used the recorded audio files as well as our interview notes to fill in the evaluation sheet with answers and exemplary quotes from the interviews. This resulted in a conclusive document describing how the interviewees have experienced the process.

Most interviews were conducted in a chronological order including answers to most of the questions facilitating the write-up into the evaluation sheet. However, some interviews had more of a narrative character and answers to questions often included statements that matched better with other points of our interrogation. In such cases these statements were allocated to the appropriate question. An example for this is the response of one interviewee regarding the perception of leadership during the integration process. The response not only considered leadership but also included aspects about the quality of communication which was grouped under the respective question.

3.4.2.1 Quantification of responses

The next step in coding the responses was to quantify the answers of every question. Even though we had considered the possibility to let interviewees rank their answers as positive or negative, we decided to conduct the evaluation ourselves. Being able to compare all interviews with each other allowed us to quantify answers more objectively than the interviewees could have themselves.

This step included setting scores for each question with sufficient information. The scores range from -2.00 to +2.00 and were set in intervals of 1.00. In some cases, 0.50 intervals were allowed. To illustrate this process, Table 2 presents an exemplary evaluation of five answers to the question "How do you perceive the new structure?". The first answer includes strongly positive words such as "very" and "clearly" leading to the highest score of +2.00 while the second answer mentions besides "right structure" some "absurd effects" and thus only receives a score of +1.00. The third answer includes positive and negative aspects of corresponding strength, adding up to an indifferent

score of 0.00. The fourth answer has a negative connotation and therefore receives a score of -1.00. Finally, one answer even denied the new structure to exist in reality, which resulted in the lowest score of -2.00.

Question	Answer	Score	Reasoning
How do you perceive the new structure?	“very positive, clearly an advantage”	+2.00	The wording of the interviewee is strongly positive resulting in the highest score.
	“right structure, but some absurd effects”	+1.00	While the interviewee has a positive attitude towards the new structure, “side effects” are mentioned resulting in a lower positive score.
	“positive: the connection to business unit F; negative: the new distance to production unit PD-X”	0.00	The interviewee mentions both positive and negative aspects of seemingly equal strength adding up to an indifferent score.
	“things have become more complicated with the added BD layer”	-1.00	The wording carries a negative connotation, but is not drastic enough to qualify for the lowest score.
	“the new structure still doesn’t work and only exists on PowerPoint slides”	-2.00	The interviewee shows a clearly negative view on the structure and goes so far as to say that the new structure does not exist in reality.

Table 2 - Example 1 for quantification of responses

To further clarify this process, another example is presented in Table 3 where five different answers to the question “How has the integration affected your personal situation?” are quantified exemplarily. The first answer receives a score of +2.00 showing a clearly positive attitude. While the second answer has a positive connotation, it only describes “a step towards” but not complete satisfaction resulting in a score of +1.00. Where no change in personal situation occurred, as for instance in answer three, an indifferent score of 0.00 is set. Answer four is negative. The interviewee describes having been demoted several career steps. However, this very negative impact is somewhat offset by the positive comment “broader scope of work” about the new position yielding a total score of -1.00. Finally, the fifth response is clearly negative, using strong wording such as “much higher workload” and “very unsatisfied” resulting in a score of -2.00.

Question	Answer	Score	Reasoning
How has the integration affected your personal situation?	“more happy than before”	+2.00	The interviewee shows a clearly positive attitude.
	“a step towards satisfaction”	+1.00	While being positive, this response mentions only a “step towards” not complete satisfaction.
	“no change”	0.00	The personal situation of this employee has not changed – an indifferent answer.
	“three steps down in career, but a broader scope of work and good cooperation”	-1.00	While the interviewee has suffered from a career setback, positive aspects about the current situation are mentioned.
	“exorbitant traveling, much higher workload, I am very unsatisfied”	-2.00	This response summarizes several negative aspects with strongly negative wording.

Table 3 - Example 2 for quantification of responses

In general, negative answers received negative scores. For some questions, however, we used the technique of favorable scores.

For example, one question was: “To which degree do you feel able to operate autonomously from corporate control?” One interviewee stated a loss of autonomy. Although such an answer has a negative connotation, a positive score was given since a loss of autonomy is seen as a positive sign for integration (cf. Table 4).

Question	Answer	Score	Reasoning
To which degree do you feel able to operate autonomously from corporate control?	“lost autonomy because of the new BD layer”	+1.00	Although the interviewee describes a loss of autonomy, in the context of integration this is evaluated as positive.

Table 4 - Quantification of authority question

The coding process was conducted by both researchers which Miles and Huberman (1994, p. 65) point out “is essential for studies with more than one researcher”. In order to ensure a consistent approach, special attention was dedicated to inter-coder reliability.

3.4.2.2 Inter-coder reliability

Achieving reliability is a key issue in processing qualitative data and the correct quantification of our interviews was a crucial step in our analysis. In order to gain reliability between the two of us, we went through five steps to quantify the data.

1) First, in order to get familiar with the quantification procedure, we conducted an initial round of coding assigning scores for one interview together while listening to the recorded interview and referring to our personal notes. The scores for every question were discussed and aligned. Conducting this process together helped us to sharpen our understanding for how a statement should be evaluated.

2) In the second step, we independently coded two interviews and compared the results on a per question level. We calculated inter-coder reliability (ICR) for every question. Four different scenarios exist in this context: the same value is given, values differ, only one value was coded and no value is coded.

The difference in score values, delta Δ , is calculated straight forward for scenarios one and two (same value and differing value) as the absolute value of the difference of Score 1 and Score 2. The case of only one value being coded is evaluated with a Δ of 4 representing the maximal deviation. If no values are given, neither Δ nor ICR are calculated. Examples for this procedure are given in Table 5.

Scenario	Score 1	Score 2	Delta Δ	Inter-coder reliability (ICR)
Same value	+1.00	+1.00	0.00	$1-(\Delta/4) = 1-(0/4) = 1.00$
Differing value	-1.00	-2.00	+1.00	$1-(\Delta/4) = 1-(1/4) = 0.75$
One value	+1.00	No value	+4.00	$1-(\Delta/4) = 1-(4/4) = 0.00$
No values	No value	No value	No value	No value
Interview ICR	$\Sigma \text{ICR}_{\text{per question}} / \text{Number}_{\text{questions with ICR}} = (1.00 + 0.75 + 0.00) / 3 \cong 0.58$			

Table 5 - Inter-coder reliability procedure

The interview ICR over all questions was calculated as the mean average of the question ICRs as shown in Table 5. For the second round we reached a combined ICR of 76 percent (cf. Table 6). We scrutinized the individual scores in the respective interviews and discussed differing results establishing an even clearer reasoning on how to code specific instances.

	Inter-coder reliability
Interview 2	74 %
Interview 3	78 %
Combined	76 %

Table 6 - Second round results of inter-coder reliability

3) With this even clearer procedure we quantified two more interviews individually which resulted in a combined ICR of 91 percent (cf. Table 7).

	Inter-coder reliability
Interview 4	92 %
Interview 5	90 %
Combined	91 %

Table 7 - Final results of inter-coder reliability

The remaining deviations were mainly caused by differing evaluations of the strength of positive or negative statements, e.g. scoring a positive answer with +1.00 or +2.00. Having crossed the target-value for inter-coder reliability of 90 percent suggested by Miles and Huberman (1994), we were very satisfied with the achieved ICR and decided to proceed coding individually.

4) The remaining 24 interviews were divided evenly and scores were assigned individually.

5) Finally, each of us examined the 12 coded interviews of the other person and reviewed the assigned scores. In rare cases of disagreement, the matter was discussed and a final score was set in agreement.

3.4.2.3 Quantitative data processing

Having coded all interviews, the gathered data had to be processed further. This was done in three steps described in this section.

1. Data reduction on case level (i.e. unit)

In order to prepare the evaluation of interviews on a per-case basis, the first step in the numerical evaluation was to reduce data in form of per-question scores of all individual interviewees to case level. This was achieved by calculating the mean average of individual scores for the respective units. This process is exemplified in Table 8.

	Score IP1.1	Score IP1.2	Score IP1.3
ADF1	+1.00	-1.00	+1.00
ADF2	0.00	-2.00	+2.00
ADF3	+2.00	-1.00	+2.00
Mean average ADF	+1.00	-1.33	+1.67

Table 8 - Example for data reduction on case level

The individual scores for question IP1.1 for example are +1.00 (ADF1), 0.00 (ADF2), and +2.00 (ADF3). Assuming exemplarily that ADF would only include these three respondents, the calculation of the mean average for ADF results in a value of +1.00 for question IP1.1.

2. Aggregation on sub-category level

In the next step the values for every question were aggregated on sub-category level. As Table 9 shows, a sub-category in our interviews is for example the general perception of the integration process (IP1) which comprises four questions (IP1.1, IP1.2, IP1.3, and IP1.4). For all sub-categories the scores of the corresponding questions were averaged (i.e. mean average). The sub-category score for IP1 therefore is the result of the mean average of the values for IP1.1, IP1.2, IP1.3, and IP1.4. For an explanation of how the remaining questions were aggregated, please see Appendix B.1.

Question	Question code	Sub-category code	Main-category code
1. Can you describe the change process in your own words, how did you experience it?	IP1.1	IP1 <i>(general perception of the integration process)</i>	IP <i>(integration process)</i>
a. When and how did you hear of the restructuring for the first time?	IP1.2		
b. What were your initial thoughts/feelings about the restructuring?	IP1.3		
c. How did these feelings change over time?	IP1.4		
2. Did/Do you feel that your team/BU was committed to the change?	IP2.1	IP2	

3. Did/Do you feel that your team/BU stands united behind the change project?	IP2.2		
4. How well-informed did/do you feel about the reasoning for and the implementation of the restructuring during the process?	IPC1.1	IPC1	
5. How did you perceive communication during the process?	IPC1.2		
6. Did/Do you feel that the leadership-team was committed to the change?	IPL1.1	IPL1	
7. Did/Do you feel that the leadership-team stands united behind the change project?	IPL1.2		
8. How satisfied are you with the leadership in the process?	IPL1.3		
9. Did you encounter any problems during the integration progress? How severe did/do you perceive them?	IPP1.1	IPP1	

Table 9 - Example for aggregation on sub-category and category level

3. Aggregation on main-category level

The third step in the evaluation of interviews was to aggregate the scores of all sub-categories to main-category level. A main-category in the interview is for example integration process which consists of a number of sub-categories. For all main-categories the scores of the corresponding sub-categories were averaged (i.e. mean average). In Table 9, this is illustrated for the main-category integration process (IP). The IP score is calculated as the mean average of IP1, IP2, IPC1, IPL1, and IPP1.

Having processed the collected raw-data to usable qualitative and quantitative data, we were able to begin with the data analysis.

3.4.3 Data analysis

The goal of our analysis was to generate insights to help us answer our research questions concerning the relation between integration process, integration and performance. We structured this part in the analysis of external data followed by the analysis of the empirical data from our case research. As Eisenhardt (1989) suggests, we chose to analyze our cases in two steps: within-case analysis and cross-case analysis.

3.4.3.1 Company data analysis

First, internal data was analyzed and a search for patterns was conducted. Beginning with a comparison of executive summaries of the annual employee surveys from 2009 to 2011, we identified first trends and findings. We further compared and validated these findings using the raw-data on per-question level of the 2010 and 2011 surveys. Additionally, the top-management survey was scrutinized; relevant insights were isolated and compared to insights from the employee surveys.

Second, we analyzed our external data sources. Evaluating both annual and quarterly reports from 2008 to 2012, we gained an understanding of the company's financial data and investor information. Researching public coverage of the company, e.g. newspapers and industry reports allowed us to form a picture of the public's view on the company.

3.4.3.2 Within-case analysis

At this point, the goal was to become familiar with each case and allow for case specific patterns to emerge before generalizing across cases (Eisenhardt, 1989). Voss et al. (2002) suggest organizing the data visually to facilitate identification of patterns. They suggest several methods based on the research of Miles and Huberman (1994).

Following Voss et al.'s (2002) suggestions on data visualization, we printed our coded interview results including valuation and quotes for all interviews individually as well as aggregated on case level as large printouts and charts and grouped them on the wall of our office, a visual approach to analysis which has proved very useful in our study. This allowed us to get a good overview over the collected research data. Thus, we were able to visually identify patterns and trends within our cases. Scrutinizing the underlying reasons for these findings in an iterative sense-making process, we finally aligned our reasoning with the original interview recordings.

3.4.3.3 Cross-case analysis

Cross-case analysis is a key step in case research which is "essential for enhancing the generalizability of conclusions drawn from the case" (Voss et al., 2002, p. 214). Miles and Huberman (1994) similarly state that a cross-case analysis can help answering the question whether findings make sense beyond a specific case. The question of generalizability is subject to intense discussion among researchers (Yin, 1994; Meredith, 1998; Bluhm et al., 2011). Gibbert et al. (2008, p. 1468) state that,

“methodologists differentiate between statistical generalization and analytical generalization”. Yin (1994) shapes this discussion and defines analytical generalization as the generalization of a particular set of findings to theory. This indicates that instead of trying to generalize findings directly, one should aim to develop theory from these findings which could then be applied to other situations (Meredith, 1998). Statistical generalizability, however, cannot be conceived from case studies (Yin, 1994).

Eisenhardt (1989) describes how a cross-case analysis mitigates the danger of reaching premature and maybe even false conclusions based on a limited data set of only one case. Having followed Eisenhardt’s (1989) suggestion of including between four and ten cases, a cross-case analysis was crucial to connect our different findings.

We continued with the visual approach to analysis described before which now allowed us to re-group findings from different cases and extract similarities and differences. Relevant issues were analyzed in the four studied categories: integration process, task and human integration, and performance.

3.4.3.4 Triangulation

Our goal in this step was to make our findings from previous analysis more robust and evaluate which of our findings were generalizable to the entity of the case sample.

With smaller samples than traditional surveys, interviews can be prone to low reliability and validity. In order to mitigate these challenges, we used multiple sources of data which we triangulated (cf. Voss et al., 2002). By triangulating our insights from core case studies with control case studies and external information, we were able to validate or reject initial findings from the interviews and ensure their robustness throughout the company (cf. Figure 5).

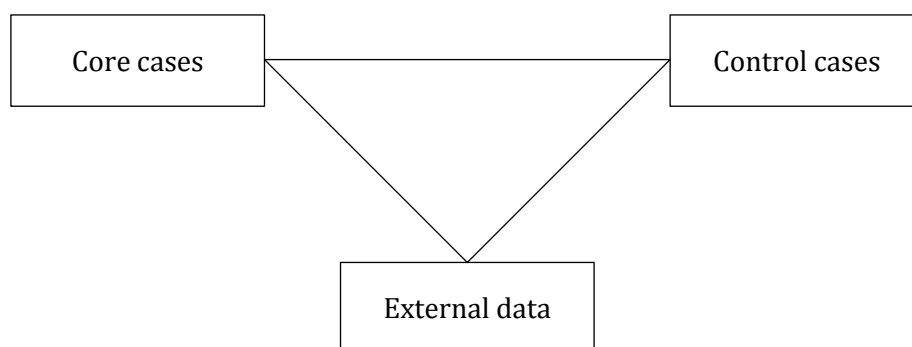


Figure 5 - Triangulation illustration

An example of how we conducted the triangulation in practice is illustrated in Table 10. Having identified a pattern, in this example concerning communication during the integration process, we compared it to our control cases. In this case, our empirical findings proved to be in line across all cases. We then compared these to information from external data sources, as for example the annual employee survey, which confirmed that the employees' perception of communication during change processes is relatively bad.

Finding	Core cases	Control cases	External data
Communication during the integration process was lacking.	<i>Score1: -0.83</i> <i>Score2: -1.50</i> "very secretive climate, not much information" (COM3)	<i>Score3: -0.20</i> <i>Score4: -2.00</i> <i>Score5: -0.25</i> "the communication was very bad" (PD1)	<i>Communication during change processes worsened by 2 points to 40 % favorable score⁴</i> (Employee Survey 2010, 2011)

Table 10 - Example for triangulation

3.4.3.5 Statistical analysis

Using numerical data from the detailed coding of our interviews did not only facilitate our qualitative research but also enabled us to analyze the results on a quantitative level.

For better understanding of the relationship between the integration process, integration and performance, a correlation matrix was constructed. To determine the cause-and-effect relationships between the integration process, the two integration categories and performance, we further analyzed our results by performing regression analyses. We regressed the integration process to integration (human and task integration separately), and human integration as well as task integration to performance. In this step, we also addressed the potential issue of multicollinearity (cf. Wooldridge, 2006) between human integration and task integration by calculating the variance inflation factor (VIF) in the regression.

⁴ To respect EnergyCompany's wish for not revealing internal data, the chosen figures are made up to illustrate the example and do not represent real values from the survey.

3.4.4 Quality aspects

We see two quality aspects relevant for our work: reliability and validity. According to Yin (1994) and Voss et al. (2002) these comprise four dimensions. In the following we present these dimensions and how our method of research strives to offset them.

Construct validity describes to which extent correct operational measures were employed for the studied concepts (Yin, 1994). We have ensured construct validity with measures suggested by Voss et al. (2002) using multiple sources of evidence and triangulating our results. Choosing two very different business units as polar case examples and supporting these with additional control cases, we were able to capture units of analysis which differed significantly in their business scope, progress and success in the process of integration as well as performance. Triangulating the findings from different cases with additional external data further improved construct validity.

Internal validity is the extent to which causal relationships can be established (Yin, 1994). As Yin (1994) describes, this can be a difficult task. In analyzing integration process, integration, and performance with the help of our operationalized concepts and supporting it with statistical analysis, we sought to ensure internal validity.

External validity describes whether the findings can be generalized beyond the immediate case study (Yin, 1994). In order to improve the generalizability of our findings, we included several units of analysis and conducted a cross-case analysis.

Reliability demonstrates the extent to which a study can be repeated with identical results (Yin, 1994). We built our case research heavily on a-priori research to ensure valid relationships in reaching our conclusions. Further addressing the issue of reliability, we made use of a case study protocol and stored all collected data in a result database following the suggestions of Yin (1994). We included extensive explanations on how we collected, coded, and analyzed our data in this work in order to establish a clear chain of evidence from raw data to our conclusions. With this, we aim to increase the understanding for our thought process as well as the robustness of our results.

Having respected Yin's (1994) suggestions on how to address the four dimensions of validity and reliability, we are confident to have responded to the quality challenges and ensured high quality of our results and conclusions.

4 ANALYTICAL FINDINGS

In this chapter, we present our analytical findings in four steps. First, we discuss the main issues revealed by the analysis of company data. Second, we conduct a detailed within-case analysis of one core case and present the results for the other cases in short summaries. Third, we compare the findings from the within-case analyses to each other in a cross-case analysis. Finally, we provide statistical support for the quality of our results.

4.1 Company data analysis

In order to get a first overview over the integration process and important issues related to integration, we performed an analysis of different types of information on the case company. The main sources of information were the annual employee surveys from 2010 and 2011, and the top-management survey. Where appropriate we enriched our findings with information from the corporate magazine, annual reports, and press articles. Due to confidentiality reasons we cannot state figures from the surveys and are not allowed to reveal the names of other sources.

From these sources we identified three key issues: a decreased understanding of company goals and objectives, a lack of communication, and dissatisfaction with top-management.

4.1.1 Revealed key issues

One of the findings of the 2011 employee survey is a *decreased understanding of company goals and objectives* compared to the preceding year (EC Magazine 3/11; EC Employee Survey 2011). In the end of 2010, the company's new core values were established in connection with the new strategic direction, and the employee survey shows that employees struggled with these changes. While the top-management survey shows a high understanding of the core values on top-management level, respondents equally comment on the fact that support measures are needed to "really live the values" and disseminate them to lower levels in hierarchy. A key concern raised by respondents is to "make the change real" (EC Top-Management Survey, 2011). The results of the two surveys suggest that additional work in anchoring the new strategy and values is needed.

Another issue mentioned in the top-management survey is the *lack of communication* during the change process. Many respondents wished for more involvement of managers and more detailed communication especially about the so-called mapping process in which employees were assigned (mapped) to the newly formed units. In general, communication in change projects is similarly perceived as lacking by employees as the results of the employee survey show (EC Employee Survey, 2011).

A summary of the employee survey in the corporate magazine states that respondents are more *dissatisfied with top-management* in 2011 than in 2010 (EC Magazine, 3/11). A recently published article (Leadership Magazine 01/12) analyzing the leadership style of the company's CEO includes testimonials of employees raising a similar issue. Comments attest the CEO a "lack in visibility" and a "very administrative decision making" which causes a feeling of "insecurity" in the organization. More thorough controlling, a side effect of the decision making process, is perceived as "paralyzing" the company (ibid.). Knowing that mistakes could be punished, employees have become very careful and "rather do nothing than taking a risk" (ibid.). However, this negative view on leadership is restricted to top-management; the annual employee survey shows a very good perception of immediate management for 2011 (EC Magazine 3/11).

4.1.2 Further issues raised

The top-management survey raises a number of additional concerns among members of the top-management team. This includes the unclear role of staff functions in the new organizational set-up and an ambiguity in structure resulting from the incompatibility of the new functional structure and a persisting legal structure, especially in one market. These issues were equally touched upon in the aforementioned leadership article. Finally, top-managers would have appreciated more realistic deadlines during the process. Despite their critiques, the majority of the respondents perceived the change overall positively and appreciated the new core values and structure.

Additional findings from the employee survey 2011 include a worse picture of the company as such, decreased cooperation, and increased stress.

4.1.3 Summary company data analysis

The analysis of external data sources revealed key issues in understanding the new strategy and structure as well as in areas such as communication and leadership during the integration process. With respect to the goals of the integration process, i.e. to foster international cooperation and increase the feeling of working for one company, these results are interesting first indicators for a less than optimal degree of integration.

4.2 Within-case analyses

In this section, a detailed analysis of one of the two core cases is presented as well as main findings from the remaining four cases and the PMO interview. The within-case analysis starts with a short description of the respective unit's background. Thereafter, the four main categories, integration process, task integration, human integration, and performance are discussed. These findings are summarized in the beginning of the analysis with the help of an evaluation table. In Appendix D, evaluation tables for the cases not presented in-depth are provided.

4.2.1 ADF

ADF is a business division in the operating segment of the company. Within ADF the main change was the incorporation of a new functional unit (the previously independent unit F was joined to AD) under a new hierarchical level, the business division ADF, which as such had not existed before. It is noteworthy that this division had been working with integrated international units even before the restructuring process and therefore can revert to experience with integration projects and working internationally. In ADF, interviews were conducted with managers and employees on four different hierarchical levels, which are defined by their hierarchical distance to the CEO, described with the acronym "n", where for example "n-2" represents a hierarchical level with one superior manager between the respective person and the CEO.⁵

In the following sections, the integration process, task and human integration, and performance implications for this unit are described. Scores and quotes on the different categories are summarized in Table 11.

⁵ Cf. Appendix E for a more in-depth explanation of hierarchy.

Category	Sub-category	Score	Illustrative responses ⁶
Integration process	General perception	-0.56	- “the time schedule was more important than the results”
	Communication	-0.49	- “good general information but no dialogue” - communication was described as “unclear”, “scarce”, “too late and too little”
	Leadership	+0.92	- “new boss started early to work with the department” - leadership was perceived “relatively good”
	Commitment	+1.00	- “personal motivation to deliver good work”
	Problems	-0.83	- “putting in place the new organization before the processes were clear” - “not respecting the problems of legal entities in one market”
	Total score	+0.01	
Task integration	Corporate structure	+0.15	<i>Perception (+0.24)</i> - “right structure”, but “things have become more complicated with the added BD layer” <i>Clarity of responsibility (-0.19)</i> - “clear on paper, but not completely understood by everybody” - “who has decision authority?” <i>Inter-unit cooperation (+0.42)</i> - “conflict potential in the beginning, but by now most of this has resolved” - now: “much more cooperation”
	Coordination and communication	-0.10	<i>Intra-unit communication (+0.08)</i> - Not a big change, “working cross-border even before the restructuring” <i>Inter-unit communication (-0.89)</i> - “a drawback from working internationally is that it takes more time to get to the same results” - “language barriers make communication

⁶ To give a more general impression of responses we decided not to quote interviewees directly in this table. For supporting quotes please refer to Appendix F.

			<p>complicated”</p> <p><i>Autonomy (+1.00)</i></p> <ul style="list-style-type: none"> - “lost autonomy because of the new BD layer” <p><i>Integration mechanisms (-0.59)</i></p> <ul style="list-style-type: none"> - “a planned post-merger integration project was not executed” - “the executive team could not decide on what to do” - “one was left alone without practical help”
	Total score	+0.03	
Human integration	Attitude towards each other	+0.55	<p><i>Work climate (+0.46)</i></p> <ul style="list-style-type: none"> - “in general a positive atmosphere” <p><i>Picture of the company (+0.64)</i></p> <ul style="list-style-type: none"> - “perceived as much more international” - “positive”
	Personal situation	+0.43	<ul style="list-style-type: none"> - “a step towards satisfaction”, “the scope of the work has changed and one can work with more interesting issues”
	Culture	-0.37	<p><i>Culture (-0.80)</i></p> <ul style="list-style-type: none"> - “the Swedish culture is so different” - “big cultural differences” <p><i>Corporate culture (-0.06)</i></p> <ul style="list-style-type: none"> - <i>Positive</i>: “working cultures have aligned a bit, one has more understanding for others” - <i>Negative</i>: “reporting culture”, “higher pressure on people”
	Total score	+0.20	
Performance	Administrative effort	-1.00	<ul style="list-style-type: none"> - “more administrative work in the business since more reports are demanded” - “much more paperwork”
	Perceived performance	-0.08	<ul style="list-style-type: none"> - “very bad in the beginning but now the light at the end of the tunnel appears”
	Synergy realization	+0.40	<ul style="list-style-type: none"> - “have been reached, without a doubt” - “more transparent processes”
	Total score	-0.17	

Table 11 - Within-case analysis ADF

4.2.1.2 Integration process

Despite an overall neutral evaluation of the integration process, perceptions of different sub-categories of the process vary. Even though the general perception of as well as the communication during the process is seen as negative, good leadership contributes to high commitment of the respondents.

The *general perception* of the integration process is evaluated negatively with a major critique being that, instead of being focused on good results, the time schedule was the main driver of the integration process.

Considering *communication*, one interviewee describes that there was good information but no possibility to engage in a dialogue or give feedback (ADF5). It is interesting that this perception differs on different hierarchical levels: while more superior managers perceive communication as “clear” or at least “good information” (ADF6, ADF5), employees on lower levels give uniformly negative evaluations judging communication as “scarce” and “unclear” (ADF7, ADF8).

Interviewees generally perceive *leadership* as “relatively good” (ADF6). A positive aspect specifically highlighted is that the new head of the division was involved at an early stage and worked intensively to prepare the unit for the change (ADF5).

Individual *commitment* is judged as high despite the aforementioned communication problems. This is mainly influenced by a personal motivation to deliver good work (ADF7).

Problems perceived during the integration process mainly relate to two issues: setting the new organization without having established underlying processes, and “not respecting the problems with legal entities” (ADF3).

4.2.1.3 Task integration

Task integration which comprises corporate structure, and coordination and communication is experienced as relatively unchanged in the division. Corporate structure is perceived as more positive than coordination and communication, mainly because of difficulties in the communication with other units and limited use of integration mechanisms.

Corporate structure

Respondents' positive view on the new corporate structure mainly stems from positive results for their general perception of the structure and high inter-unit cooperation. A main point of critique is the lacking clarity of responsibilities.

Positive views about the *perception of the new structure* come mainly from respondents on higher hierarchical levels. These managers describe the structure as "positive" (ADF2) and "being the right structure" (ADF5) while lower hierarchical levels criticize that "things have become more complicated with the added BD layer" (ADF3).

Similarly, opinions about *clarity of responsibilities* vary with respondents' hierarchical level. On higher levels, the change is perceived as having "made responsibilities clearer" (ADF2) while decision authority is not thoroughly understood on lower levels (ADF5). Across all hierarchical levels the role of staff functions (ADF5) as well as the incompatibility of the new structure to existing legal structures (ADF3, ADF2) are seen as issues impeding clarity.

Inter-unit cooperation is evaluated positively in the new structure. Interviewees mention "much more cooperation" (ADF1, ADF4) and "willingness of employees on all levels to work together towards a common goal" (ADF5). Problems in the cooperation were mainly experienced in the beginning of the process and have strongly decreased since then (ADF3).

Coordination and communication

Coordination and communication is considered as somewhat lacking with only positive values for autonomy keeping it from being judged as even more negative.

Considering *intra-unit communication*, the restructuring did not bring a change to all parts of ADF as the division had partially been working internationally before. This results in very little perceived change in intra-unit communication.

Inter-unit communication, however, is evaluated more negative. Even though parts of the business division had been working internationally before, the extent of international cooperation with other units increased significantly. Where new connections needed to be established communication problems are still apparent. One

interviewee mentions that a “drawback from working internationally [is that it] takes more time to come to the same results” (ADF2) since a lot of time is spent on communication. This is mainly attributed to cultural and language barriers. While management levels are used to international work, employees often struggle with English as a foreign language (ADF7).

Generally, interviewees experience a loss of *autonomy* caused by the added business division layer and stronger centralization of decision making (ADF3). As an indicator of stronger interconnectivity this is seen as favorable to coordination and communication.

Integration mechanisms used to facilitate the implementation are described as lacking by all respondents. Although a post-merger integration project for the division had been planned, it was never executed due to conflicts in the management team (ADF4). Such a project was deemed very important (ADF1) and its lack caused managers as well as employees to feel left alone (ADF6). Few measures, such as language classes or courses in leading international teams are offered, but only as late as over a year after the restructuring (ADF1).

4.2.1.4 Human integration

Human integration in general is considered as good, resulting from positive evaluations of *attitude towards each other* and *personal situation* whereas *culture* is evaluated negatively thus decreasing the overall result.

Attitude towards each other

Although *work climate* overall is seen as having improved, opinions vary across individuals. One interviewee describes an “in general positive atmosphere” and that the special circumstances had positive effects on the work climate since it was “a nice year, nice to build up something” (ADF2). Another respondent experienced a more negative change of climate, since his team had suffered from loss of personnel and bad top-management leadership (ADF8). Overall, however, respondents are positive towards the change in work climate.

Interviewee’s *picture of the corporation* changed with the restructuring as well. Employees generally evaluate the corporation positively and in particular as more

international. One answer even includes another aspect describing the company before the restructuring as “too nice” and as more “questioning and daring” now (ADF4).

Personal situation

The change in the personal situation of the interviewed employees and managers is almost exclusively evaluated as positive. Respondents describe the restructuring as a “step towards satisfaction” (ADF6) and find “the international aspect as quite interesting to add to [the interviewee’s] experiences” (ADF2). A broader scope of work has also positively influenced interviewees who feel they are now working “with more interesting issues” (ADF3).

Culture

In general, *culture* plays a very decisive role in the integration. Differences in national culture are judged as very negative as for example one interviewee describes two markets as being “culturally relatively close” while the third one’s culture is “so much different” (ADF2). According to the respondents, every culture possesses its own characteristics which make cooperation and interaction difficult. Examples for this are, for instance, as how organized, ordered, and hierarchically thinking employees from one market are seen whereas others are perceived as less formal and more straight forward (ADF4).

Corporate culture is evaluated as almost unchanged as interviewees mention both negative and positive changes. While statements such as “I don’t enjoy work that much anymore” (ADF4) and “more reports have created a reporting culture” (ADF5) stand for the negative answers, others perceive the different corporate cultures of the sub-units to have aligned and provide a base for better understanding (ADF3).

4.2.1.5 Performance

In total, *performance* is affected slightly negative by the integration, mainly due to a strong increase in administrative effort.

Respondents describe *administrative work* as having increased drastically (ADF5, ADF7, ADF3). The inflated use of reports has created a lot of proverbial “paperwork” (ADF7).

Nevertheless, *perceived performance* in general is seen as almost unchanged after the restructuring with varying perceptions among interviewees. One statement mentioned by several respondents is that there had been a functioning unit before the restructuring and that it takes time and effort to reach previous levels (ADF2). However, there also are positive comments about having more generalized and aligned processes which are easier to carry out (ADF6).

The *realization of synergies*, one important aspect of performance, is evaluated positively. Exemplary answers on the question whether or not synergies have been reached include “yes, without a doubt” (ADF6) and “processes have become more transparent” (ADF8). One respondent expects that in the future even more synergies will be realized (ADF4).

4.2.1.6 Conclusion ADF

One of the main findings in the core case ADF is a good perception of leadership during the integration process resulting from an early involvement of the new head of ADF. This active leadership has led to high commitment among employees. Concerning communication during the integration process a strong dependency on hierarchical levels is apparent. Higher levels in hierarchy have been better involved in the process and perceived communication as relatively good whereas lower levels describe it as insufficient. Consequently, the new structure is perceived positively especially in higher hierarchical positions while employees in lower positions feel less informed and therefore have a worse understanding of the new structure. A central issue concerning the division of responsibility is the existence of two incompatible structures, especially in one market. Interviewees further have a negative view on cultural differences and the problems they entail. Considering performance, an increase in administrative work is described while at the same time synergies have been realized. Overall the neutral evaluation of the integration process leads to neutral scores on task and human integration which have no significant effect on performance.

After having described the core case ADF in detail, the following sections will present main findings of the other cases.

4.2.2 Communications

The second core-case is the staff function communications (COM). Before the change the unit acted locally in the respective markets. Now, many members have international colleagues and managers, often reporting to and being managed from a distance. Given the specific nature of this business unit, interviews were performed on comparable hierarchical levels. However, due to differing experience and tasks we were able to gain a deep understanding of the unit's journey.

Main findings communications

Main findings for COM include a very negative perception of the integration process stemming mainly from bad communication and time pressure. As a result of these shortcomings in communication the newly established corporate structure is evaluated negatively with the main critique being a lack of clarity in roles and responsibilities. However, COM employees feel that they now are in a stronger position to communicate with other units (COM1) and merely criticize the lack of a top-level integration project to facilitate cross-border communication and cooperation. For many, the restructuring led to a worsening of their personal situation as they experienced the integration process as frustrating. They perceive the corporate culture as less appealing and have a worse picture of the corporation. Without a clear understanding of roles and responsibilities in the new structure, respondents feel that the change caused a strong increase in administrative efforts and a decrease in performance.

4.2.3 Human resources

In an integration process entailing far-reaching effects on employees, the human resources (HR) function takes up a key role. We included interviews with HR on corporate, BD and BU level in order to understand their view on the integration. The interviewees' responsibility varies a lot. While corporate HR respondents conduct more strategic activities on corporate level without actual staff responsibility, HR managers in BUs and BDs can be responsible for up to several thousand employees in different countries.

Main findings human resources

HR interviewees show an overall positive perception of the integration process which can be attributed to the fact that they were informed and involved in the process at an

early stage. However, leadership on corporate level during the integration process is described as insufficient. A recurring issue mentioned by HR is the unclear definition of responsibilities between staff functions, business unit and business division HR managers. One HR manager in a business unit describes that different directions are coming from business division and corporate HR (staff function) and that it is not always clear which direction to follow (HR3). The majority of interviewees criticize the absence of integration mechanisms organized on corporate level. Instead, these were only conducted on own initiative, with one HR manager of a business unit describing an extensive use of measures like personnel rotation programs and joint initiatives.

4.2.4 In-house consulting

The in-house consulting unit (IHC) provides help for other units throughout the corporation in organizational and strategic challenges. We conducted interviews with seven members of this unit representing three different hierarchical levels and gained conclusive insight in how they perceive integration both within the own unit and in other parts of the company.

Main findings in-house consulting

While showing an overall positive evaluation of the integration process, the interviewees of the in-house consulting unit mention two specific points of criticism: a lack of transparency due to late information and an inflated use of reporting mechanisms as for instance excel files which had to be filled out several times, i.e. “management by template” (IHC2). Judging the clarity of responsibility, the incompatibility of legal and functional structure and the prevailing double lines of control in staff functions are seen as major drawbacks of the new organizational set-up. Cultural differences and language barriers, likewise, are perceived negatively. On a personal level, however, a positive view of the company as bigger and more business focused is apparent. Interviewees describe a short-term drop in performance and, additionally, address doubts concerning the possibility to realize synergies in every part of the company.

4.2.5 Production

The BD production (PD) represents the largest division within the company with respect to the number of employees and comprises production sites in different

markets. With production sites and respective staff being local, integration has mainly been pursued on management and division level. We therefore interviewed three members of the BD's controlling unit gaining an overview of the effects of the integration.

Main findings production

Interviewees have a very negative perception of the integration process in general and the communication in particular. A major critique is that such a significant change was pursued without providing sufficient information. Judging the clarity of responsibility, interviewees mention prevailing unresolved issues of responsibility division as well as the incompatibility of legal and functional structures. Considering the picture of the company, respondents describe an alienation of employees and company as well as a loss of identity. Finally, a very negative impact on performance is mentioned which was caused by the forced alignment of controlling systems. While having used a very productive process before, the unit was forced to adapt to the weakest link of the chain.

4.2.6 Project management office

The project management office (PMO) had been responsible for the integration process on corporate level reporting directly to the executive management. The PMO established guidelines and managed the time schedule while business divisions were responsible for their specific integration. We interviewed the person that had been heading this unit in order to gain insight on how the integration process was perceived from an executive perspective.

Main findings project management office

The PMO interviewee addresses the positive aspects of a short time frame for the integration process that limited the time of double work and uncertainty. However, the respondent acknowledges that everybody involved in the process had a hard time due to the tight schedule. This affected in particular managers who had to conduct integration work while simultaneously fulfilling their regular responsibilities. The new structure is perceived as very good although a few areas of improvement remain. The main challenges the interviewee describes are the need to close cultural gaps and that individuals have to get accustomed to the new way of working. Concluding, the interviewee perceives the integration process as well-run in the limited time available.

These findings conclude our within-case analyses. While the results on case levels already provide some indication on the relation between integration and performance, it is only with a cross-case analysis that generalizable implications can be found.

4.3 Cross-case analysis

In this section, we compare findings across both core and control cases. The findings are grouped in the four categories, integration process, task integration, human integration, and performance.

4.3.1 Integration process

The evaluation of the integration process varies across the different cases (cf. Table 12). Scores range from -1.42 to +0.41 with the control cases HR and IHC yielding positive values, ADF staying indifferent, and COM and PD being more negative. The differences between cases stem mainly from their different perceptions of *communication*, *leadership* and *commitment* during the process.

	Integration process					
	General perception	Communication	Leadership	Commitment	Problems	Total
ADF	-0.56	-0.49	+0.92	+1.00	-0.83	+0.01
COM	-0.86	-1.38	-0.76	-0.88	-1.50	-1.07
HR	+0.15	+0.53	+0.53	+1.83	-1.00	+0.41
PD	-1.25	-2.00	-1.00	n/a	n/a	-1.42
IHC	-0.39	+0.63	+0.56	+1.00	-0.33	+0.29

Table 12 - Integration process scores per case

The *general perception* of the integration process across core and control cases is negative with HR as the only exception yielding positive results. One manager from ADF mentions that the “time schedule was important, not results” (ADF5) which is supported by several interviewees from COM who equally perceive the process as “too fast” (COM4, also: COM1). This aspect is also commented on by an interviewee within IHC, who perceives the speed of the process as having been of very high importance, “the motto was to go fast” (IHC1). PD interviewees have an even more negative perception of the process with an additional point of criticism being the lack of clarity

about how the change impacts individuals. Members of ADF also mention this “insecurity” (ADF4, also: ADF8). HR is the only case showing a slightly positive score in this measure. One major difference to the other units is that four out of five interviewees claim to have been informed about the change at an early stage. However, HR respondents also mention that, in retrospect, one should have taken more time for the process since “it has been very structure-focused and the human aspect was clearly left aside” (HR5). Arguably, HR employees’ more positive perception stems to some extent from their own involvement in the integration process.

Interviewees’ impressions of *communication* vary considerably among the different cases. While ADF’s results are less negative than COM’s, they show a diverging evaluation of communication on different hierarchical levels. COM interviewees who all are on the same hierarchical level uniformly rate communication as negative, describing the climate during the process as “secretive” (COM3, also: COM5). Respondents in ADF with positive or neutral comments on communication rank n-3 in hierarchy while employees in COM giving negative comments rank n-4. This suggests a break-off point of communication in the integration process from n-3 to n-4. IHC’s positive score results mainly from the answer of one manager who perceives the communication as very clear (IHC2, n-3) providing further support for this finding. Besides this lacking dissemination of communication to lower levels in the hierarchy one ADF-manager criticizes that communication consisted mainly of top-down information without any possibility for feedback or dialogue (ADF5). In spite of the overall positive evaluation in HR, interviewees’ main critique is equally concerned with the character of communication: “[it was] information but no dialogue” (HR5). The aforementioned issues are also the reasons for PD’s evaluation of the communication as having been “really bad” (PD1).

Leadership equally shows a large variance across our cases. ADF’s positive evaluation of this factor is mainly influenced by the fact that the newly assigned head of ADF worked intensively with the unit right from an early stage in the process (ADF5). Contrarily, COM yields negative results as one quote illustrates particularly well: “[there was] no vision, [but] bad leadership culture” (COM1). Employees further criticize that leadership has not only been bad, but also seldom visible (COM6, COM1). The control case PD shares this negative view, “leadership had its deficits” (PD3), while IHC and HR evaluate leadership positively. These positive evaluations are mainly attributable to good

perceptions of immediate managers. Within HR, for example, one employee mentions: “my immediate manager did a good job, but the PMO was worth nothing” (HR1). This critique of central leadership is supported by another HR manager stating that “there [PMO], it went wrong” (HR3).

Notably, the evaluation of *commitment* roughly follows the same pattern as evaluations of communication and leadership. ADF receives a positive score of +1.00 based on perceptions such as “I have a personal motivation to deliver good work” (ADF7). Contrarily, COM yields a negative score of -0.88. Employees in COM mention having been “demotivated” (COM5) and that lacking transparency of the process and missing leadership have decreased their commitment (COM3, COM6, COM2). Responses from the control cases follow a similar pattern with HR yielding very high commitment with a score of +1.83 after having previously evaluated communication and leadership positively.⁷ One HR employee describes commitment as “high [...] since finally, something is happening” (HR2). This shows how interrelated the different sub-categories of the integration process are with bad performances in communication and leadership translating into lower commitment.

Problems in the integration process have been experienced by all cases. However, their extent and severity are judged differently as shown by their differing scores. Interviewees across all cases address three major problems: preparation, transparency, and frustration.

1) Preparation: preparation is seen as lacking for example in terms of pre-established processes and systems forcing employees to “find their own ways” (COM6). One interviewee consequently states that “putting in place the new organization before the processes were clear [was] ineffective” (ADF5), an issue that is equally mentioned by an interviewee from the HR function (HR2).

2) Transparency: ADF respondents mainly criticize a “lack of clarity” (ADF7). Similarly, within both COM and IHC the lack of transparency in the process is one major concern (COM3, IHC3). One HR interviewee further mentions that it was very difficult to

⁷ The control cases PD and IHC suffer from an insufficient number of responses in this sub-category and are therefore not included in the analysis.

“prepare for something we didn’t know” (HR2), touching upon the fact that communication was often late and in many cases, new roles were unclear until only several weeks before the new structure was set in place.

3) Frustration: interviewees across all cases mention having experienced frustration during the integration process. One manager within COM even describes “an incredible frustration” from a manager’s perspective, having to handle subordinates’ frustration (COM2). This frustration stems to a large extent from the aforementioned lack of preparation and transparency. Additionally, “management by template” is mentioned by a manager in IHC who describes how frustrated he has been, having to fill out the same excel files “again and again” (IHC2).

Main findings integration process

The main result from the analysis of the integration process is the strong effect of communication and leadership on commitment. Cases with negative perception of communication and leadership report much lower commitment than cases with positive evaluation of both or at least one of these factors. Communication and leadership are also the driving forces behind the general perception of the integration process and directly connected to the most important problems mentioned by respondents, namely lack of preparation, lack of transparency, and frustration among employees. In the studied cases, communication is positively affected by respondents’ hierarchical position pointing to a lack of involvement of immediate managers and employees. While leadership on corporate level is generally perceived as unsatisfying, immediate managers have in some cases positively influenced employees’ commitment and almost offset negative effects from top-management leadership, further stressing the importance of involving these managers better in the process.

4.3.2 Task integration

Task integration is evaluated almost unchanged across all studied cases without major deviations from the mean in any case (cf. Table 13). This result, however, stems to some extent from varying results in the sub-categories *corporate structure* and *coordination and communication*, with their respective scores equaling out each other. Closer scrutinizing of the both categories is therefore indispensable to understand the driving forces within this category.

	Task integration		
	Corporate structure	Communication and coordination	Total
ADF	+0.15	-0.10	+0.03
COM	-0.37	+0.27	-0.05
HR	+0.05	-0.01	-0.15
PD	-0.25	+0.38	+0.06
IHC	-0.42	+0.17	-0.13

Table 13 - Task integration scores per case

Corporate structure

Within the two core cases, ADF yields a higher score for the perception of the new structure than COM. Relating these results to our control cases, we find that with the exception of HR, all control cases support COM's negative perception of the corporate structure (cf. Table 14). The main reasons for this are the clarity of responsibility which is perceived as lacking by all cases and the cooperation between units which is evaluated as negative by all units except for ADF.

	Corporate structure			
	General perception	Clarity of responsibility	Inter-unit cooperation	Total
ADF	+0.24	-0.19	+0.42	+0.15
COM	-0.43	-0.61	-0.07	-0.37
HR	+0.77	+0.05	-0.67	+0.05
PD	-0.25	0.00	-0.50	-0.25
IHC	-0.25	-0.63	-0.38	-0.42

Table 14 - Corporate structure scores per case

The *general perception of the new structure* is varying throughout the studied cases. The quotes of ADF5, "this is the right structure" and COM2, "the new structure only exists in PowerPoint" characterize these differences in the core cases' perceptions very well. One employee in COM further describes the changes in the structure as cosmetically with the main change being, that "instead of islands on national level, you now have islands on business division level" (COM3). IHC and PD likewise express doubts about the new

structure: “the new structure is highly complex and takes a lot to get used to it” (PD1). On the contrary, interviewees in the HR department are unified in their positive view “[the new structure is] a lot better, clearer direction, more teamwork” (HR1).

The *clarity of responsibility* shows a more consistent picture over all cases with scores in this sub-category ranging from -0.63 to +0.05. Almost all interviewees experience the new structure as somewhat unclear in terms of responsibility division because it is “lacking clear guidelines” (ADF7) and suffering from “double lines of command” (COM4). The control cases show the same perception with for example PD1, stating that there “has been a large discussion from the beginning about who is responsible for what, which until now is not resolved”. Managers from PD as well as ADF attribute this problem to the incompatibility of the new functional structure and the prevailing legal structures in the respective countries (ADF3, COM4, HR5, IHC2). For the interviewed staff functions COM and HR double lines of responsibility stem from changed reporting structures where staff function employees are organized centrally and only partly integrated in the business units they are working towards. This obfuscates responsibility, increases potential for conflict about “who you are working for, business unit manager or COM manager” (COM1, also: HR3), and leads to alienation of business units and staff functions. Business units complain about a “lack of support” from the “disappeared staff functions” (HR5). Nevertheless, the structure itself is perceived as clear “on paper” (ADF1) while its understanding within the organization is seen as lacking. Especially employees in lower hierarchical positions are less sure about roles and responsibilities than managers (ADF1, ADF5).

Inter-unit cooperation is evaluated negatively by all units except for ADF where interviewees perceive the new structure to spur “more cooperation” (ADF4). Both COM and the control cases are negative towards the cooperation between units: due to unclear division of responsibilities and cultural differences “there is more conflict with others [because] no-one is used to working internationally” (COM6). This view is supported by the control cases as the description of the cooperation between units given by an employee in the HR department as “messy and chaotic” (HR1) exemplifies.

Coordination and communication

Evaluating coordination and communication, ADF is in almost all respects more negative than COM even though COM experienced more drastic changes during the restructuring. Overall, control cases support COM's perception and are slightly positive towards coordination and communication within the new structure (cf. Table 15).

	Coordination and communication				
	Intra-unit communication	Inter-unit communication	Autonomy	Integration mechanisms	Total
ADF	+0.08	-0.89	+1.00	-0.59	-0.10
COM	+0.05	+0.73	+0.50	-0.20	+0.27
HR	+0.23	-1.50 ⁸	+1.00	+0.22	-0.01
PD	-0.50	+1.00	+1.00	0.00	+0.38
IHC	-1.00	+1.00	n/a	+0.50	+0.17

Table 15 - Coordination and communication scores per case

Intra-unit communication is evaluated slightly positive by ADF and COM as well as HR. One HR interviewee for example characterizes the communication within the own unit as an “open dialogue” (HR2). Yet, all units experience virtual communication as more difficult than personal communication and see language issues and cultural differences as hampering communication (COM3). The control cases PD and IHC give a drastically more negative picture of the communication in their teams which they attribute to the same aforementioned challenges. The head of IHC explains for example, “I think it is difficult to manage colleagues internationally” (IHC2).

Inter-unit communication is perceived as rather positive by all studied cases except for HR and ADF. ADF's negative view stems mainly from language and cultural barriers and limited knowledge about new communication interfaces: “we experience a drawback from working internationally; [it] takes more time to come to the same results” (ADF2). In contrast to that, COM employees feel that the company has become more open and it is now easier to get in touch with other units, a view also supported by PD and IHC, “you communicate a lot more with people; there are more points of contact” (PD1).

⁸ This score stems from only one response and cannot be seen as representative for the entire unit.

Autonomy scores are very aligned between core and control cases with all cases reporting a decrease in autonomy: “before we were more independent; now we take fewer decisions ourselves” (PD1, also: ADF3, COM4, HR4). This is in line with the new corporate strategy to centralize decision making (EC Annual Report 2011, p. 48) and represents a desired outcome on corporate level.

The use of *integration mechanisms* is negatively evaluated by our core cases ADF and COM with both units mentioning a lack of central guidelines or projects on integration mechanisms to be employed in the new integrated working environment. Like the control cases they find that they receive “no practical help” from top-management (ADF6, also: COM6, HR1, IHC2). Even though a post-merger integration project had been discussed and recognized as much needed it was not implemented due to internal decision problems (ADF1). However, especially in COM as well as in our control cases, integration mechanisms are organized by immediate managers themselves without help from top-management leading to more positive scores in these cases (HR1, COM1). Especially in one business unit, HR has cooperated with unit-management to set up an extensive integration process including for example personnel rotation and employee sessions to present and discuss new ideas and shared projects (HR5, IHC4). These measures are perceived as positive by all participants and have even yielded concrete improvements, such as the business unit wide adoption of a successful approach in dealing with customers that had been developed in one market (HR5).

Key findings task integration

For task integration, main points of critique addressed by many of the interviewees are low clarity of responsibility, more difficult intra-unit communication, and lack of centrally-organized integration mechanisms. This negatively affects inter-unit cooperation in spite of better inter-unit communication. How connected these individual sub-categories are becomes clear in the analysis of the interviews. Even though employees perceive the communication with other units as easier than before, cooperation is hampered for example by lack of clarity in responsibility and integration mechanisms, preventing them to make use of the newly established potential for communication.

4.3.3 Human integration

Human integration varies relatively little across the studied cases (cf. Table 16). However, there are stronger variations in the sub-categories *attitude towards each other*, *personal situation*, and *culture*. Especially ADF and HR yield positive results on human integration based on their positive evaluations of *attitude towards each other* and *personal situation*.

	Human integration			
	Attitude towards each other	Personal situation	Culture	Total
ADF	+0.55	+0.43	-0.37	+0.20
COM	-0.37	-0.42	-0.65	-0.48
HR	+0.73	+0.33	-0.60	+0.15
PD	0.00	-0.50	-1.00	-0.50
IHC	+0.25	-0.33	-0.36	-0.15

Table 16 - Human integration scores per case

Attitude towards each other

The attitude towards each other is determined by *work climate* and *picture of company*. With the exception of IHC, all units evaluate *work climate* positively whereas the results for *picture of the company* vary stronger across cases (cf. Table 17).

	Attitude towards each other		
	Work climate	Picture of the company	Total
ADF	+0.46	+0.64	+0.55
COM	+0.06	-0.80	-0.37
HR	+0.71	+0.75	+0.73
PD	n/a	0.00	0.00
IHC	-0.50	+1.00	+0.25

Table 17 - Attitude towards each other scores per case

Work climate is perceived positively in ADF where interviewees comment on their “fantastic teams” (ADF4, ADF5) and describe a “positive atmosphere” during “a nice year, [during which it was] nice to build up something” (ADF2), a view that is also supported by HR (HR2). COM has an almost neutral perception of work climate which reflects that besides positive comments such as “[it is a] great experience, [I am] learning a lot from other team members” (COM3), negative aspects are mentioned. These include mainly problems in understanding each other and overcoming cultural differences (COM5, COM4). The analysis of PD and IHC is omitted in this measure due to insufficient numbers of responses.

Picture of the company. Similar to the results for work climate, ADF and HR have a positive picture of the company. Especially the more international scale of work is evaluated positively (ADF6, HR3). One recurring comment from interviewees in ADF, PD, and IHC is that the company has become more business and result oriented (ADF4, PD3, IHC2). In the comparison across cases, COM’s negative results are standing out. One COM interviewee mentions that the company now feels “tired and slow” (COM2) and previously existing feelings of “security” and “family” have been replaced by a stronger focus on performance (COM2). An interviewee within PD also describes a loss of identification with the company (PD1).

Personal situation

Within ADF, the majority of respondents state that their personal situation improved with the integration. Exemplary quotes include “[I have] more interesting things to work with” (ADF3) and “the international aspect is quite interesting to add to my experiences” (ADF2). An HR interviewee describes a positive attitude specifically towards international cooperation, stating “I like working in an international environment” (HR3). However, one drawback from working more internationally mentioned throughout all cases is a significant increase in workload as well as travelling time, affecting especially employees and managers with families (PD1, HR3, COM4, ADF2, IHC4). Within COM, the change in the employees’ personal situation is evaluated negatively. This results mainly from several interviewees having been demoted in the restructuring process, as exemplified by one quote “[I have gone] three steps down in career” (COM6).

Culture

For the cultural aspect, respondents throughout all cases describe the change through the restructuring as negative. ADF and IHC yield the least negative scores based mainly on positive evaluations of the change in corporate culture (cf. Table 18).

	Culture		
	Culture in general	Corporate culture	Total
ADF	-0.80	+0.06	-0.37
COM	-0.80	-0.50	-0.65
HR	-0.90	-0.30	-0.60
PD	-1.00	-1.00	-1.00
IHC	-0.60	-0.13	-0.36

Table 18 - Culture scores per case

Culture in general describes how culture, i.e. national culture, affects individuals' daily work and is evaluated negative by all interviewees without exception. Cultural differences are perceived as disruptive throughout all cases, for example in international meetings and international decision making (HR5, PD3, IHC5, PM01).

Corporate culture is evaluated similarly negative with ADF being the only exception. Interviewees for example describe that a "colder, harder climate" has taken over in the organization (COM2, also: HR2). In a "control culture without trust for one another" (COM2) employees perceive that there are "no margins to try something new and maybe fail" (COM2). Consequently, employees enjoy coming to work less than before, "you don't enjoy work as much anymore" (ADF4, also: COM1). However, this challenging climate is not without positive effects. Within ADF, team spirit and mutual understanding have increased as the team has held together in "harder times" as shown by the following quote "the team spirit improved in the insecurity" (ADF8, also: ADF3).

Main findings human integration

The analysis shows that human integration is influenced mainly by positive perceptions of the attitude towards each other and positive changes in personal situation, despite negative developments in terms of corporate culture. Especially the work climate in the own unit is generally seen as very positive while the increased business and

performance focus provokes critical responses. Culture is seen as more negative than before resulting mainly from difficulties in overcoming cultural and language barriers. Changes in the personal situation of respondents emerge as an important factor of how integration process, integration, and performance as a whole are evaluated.

4.3.4 Performance

Overall, performance is experienced as having declined in all cases without exception (cf. Table 19). The main driver of this negative result is an increase of *administrative effort* leading to lower *perceived performance*. The *realization of synergies* is positively evaluated improving the overall result.

	Performance				
	Administrative effort	Perceived performance	Synergy realization	Other performance	Total
ADF	-1.00	-0.08	+0.40	0.00	-0.17
COM	-1.00	-0.40	n/a	n/a	-0.70
HR	-1.00	0.00	+1.00	n/a	0.00
PD	n/a	-1.25	+1.00	n/a	-0.13
IHC	n/a	-1.00	0.00	-1.00	-0.67

Table 19 - Performance scores per case

Administrative effort is perceived as having increased significantly which both core cases as well as the HR control case agree upon. The reasons they see for this effect are stricter requirements to align with others (ADF6, COM2, HR1) resulting in increased effort for writing reports: “paper work has increased significantly” (ADF7, also: ADF5, IHC2), and redundant work (COM2). In general, employees perceive that “many things have become more complicated” (ADF3, also: COM6).

Perceived performance is reported as lower or at best unchanged across all cases. However, it is obvious that the situation is better for ADF than for COM. Some ADF employees even experience performance as higher than before as work has become more aligned (ADF6) and point out that compared to other market-players only EnergyCompany’s ADF unit performed well in 2011 (ADF5). Nevertheless, they agree with interviewees from other cases that the structure “rather brought more complexity than increasing efficiency” (ADF7). This increase in complexity and lacking clarity for

example in terms of roles and responsibilities are also main concerns mentioned in COM and the control cases. It is seen as one of the reasons for lower performance (HR3). Especially within PD but also in other cases (e.g. ADF), one important issue perceived as lowering performance is the introduction of new systems, for instance in controlling (PD1, HR2). As systems have been aligned after the restructuring, controllers within PD feel that they have been “dragged down to the performance of the weakest link in the chain” (PD1, also: ADF2). This could have been avoided by addressing alignment of systems before the integration (HR2).

Synergy realization has been one main goal of the integration set from top-management (EC Annual Report 2010, p. 9). Interviewees of all cases evaluate this point positive and believe that synergies have already been realized, for example through the restructuring of IT (ADF5), flattening of hierarchies (HR5), or an increased transparency in processes (ADF8). While some expect future synergies (ADF4), others doubt that further synergies can be realized by integrating all previously region-based units and wonder if some units would not be better off being kept regional (IHC4).

Main findings performance

Respondents in all studied units feel that administrative effort increased drastically with an increased need for alignment and control exerted by the corporation. Performance is perceived to have decreased not only because of this administrative effort but also due to shortcomings in structural clarity and cooperation. Even though first synergies have been realized, many think of the year following the restructuring process, i.e. 2011, as a “lost year” (PD1, also: COM1, HR3).

4.4 Summary of the analyses

Across all cases, we find that units who have experienced the integration process more positively achieve higher values of human integration and task integration. These units have a more positive view on the new structure and understand better how roles and responsibilities are organized. They further perceive the attitude towards each other and organizational culture as better than others. Units with higher task integration and human integration in turn perceive their performance as better than those with lower task integration and human integration. Especially human integration has a large impact on how employees evaluate their performance.

4.5 Quality of results

The results of our statistical analysis support our qualitative findings about the relation between integration process, task integration, human integration, and performance.

We found significant correlations in spite of the relatively small sample size (cf. Appendix G.1). These correlations support our qualitative findings that the integration process is positively related to human integration and task integration, and that task integration and human integration are both positively related to performance.

Furthermore, the regression supports our finding that the integration process positively affects task integration and human integration (cf. Appendix G.2, G.3). It further provides support for our finding that both task integration and human integration positively affect performance with the latter having a slightly stronger impact (cf. Appendix G.4). We found these results to be robust against multicollinearity.

With both triangulation of the qualitative analysis and statistical significance we are confident to have generated robust results.

The results of our analysis presented here will be put in theoretical context in the next chapter.

5 DISCUSSION

In this chapter, we discuss the key findings from our analysis and their implications. First, we present the results for the integration process, task and human integration, and performance. Then, we round off our discussion with the general implications and relationship between these factors.

5.1 Integration process

The integration process is the most important factor for achieving integration. We identified two key issues for a successful integration process: communication and leadership. Working intensively with communication and ensuring dissemination of information throughout all hierarchical levels is crucial for ensuring employee commitment. As a leader, allowing for an open dialogue with employees and engaging them in the change further strengthens this commitment and leads to high task and human integration.

Haspeslagh and Jemison (1991) describe that it is important to communicate “honestly, clearly, and frequently”. The findings from our case studies support this view showing how strongly commitment and overall perception of the integration process vary with the perceived quality of communication. Especially among employees in lower hierarchical positions the uncertainty about how one’s working situation is going to change proved to be a major source of frustration lowering commitment. Unarguably, communication and dissemination of information throughout all hierarchical layers are some of the biggest challenges and at the same time the most important responsibilities of top-management during the integration process.

Many researchers address the importance of leaders in change processes (e.g., Kotter, 1996; Beer and Nohria, 2000). Haspeslagh and Jemison (1991) find the same to hold true for the integration process; the leaders’ responsibility is not only to set a clear vision and give direction, but also to commit employees by engaging them and providing them with a possibility to express themselves in a dialogue. Our study confirms these findings showing that units with a more positive perception of their leaders generally have significantly higher commitment than others. Most interestingly, the perception of leadership in general varies strongly with the perception of immediate managers. While the apex of leaders on corporate level is often evaluated negatively,

immediate managers that worked intensively with their unit in providing guidance and information during the process are able to offset negative effects of shortcomings in top-management leadership. This supports Andersen's (2004) findings on the importance of distributing the decision authority to lower-level managers. The best managers are able to take on a double role not only as leaders but also as gatekeepers involving their employees in the process wherever possible and fostering commitment from the entire team. While Haspeslagh and Jemison (1991) encourage actively working with these kinds of gatekeepers to drive forward integration, this was in our case an unplanned scheme emerging from high commitment of some individuals. Nevertheless, our findings support previous theory that gatekeepers are important facilitators in the integration process.

5.2 Task integration

Within task integration, key findings are revealed in the sub-categories clarity of responsibility and integration mechanisms. We find that task integration leads to performance and, in return, its lack affects performance negatively. The implications of these findings will be discussed in the following section.

5.2.1 Clarity of responsibility

One issue mentioned across cases in almost every interview as well as in external data is the lacking clarity of responsibility. This is a major problem as parallel structures and unclear definitions of roles and reporting structures lead to double lines of command. Theoretical findings indicate how central the clarity of responsibility is for effective task integration (Lawrence and Lorsch, 1967; Katz, 1989; Birkinshaw et al., 2000). Insights from our study confirm and nuance this importance. Without clarity of responsibility employees and managers struggle with their tasks. Two exemplary situations are mentioned in our cases: the incompatibility of the new functional and prevailing legal structure in one market and the unclear definition of responsibility for staff functions.

The ambiguity inherent in two parallel structures causes trouble and prevents individuals from efficiently conducting their work. While ideally functional managers with corporate mandate would also possess legal authority in order to run the organization, parallel structures are hampering efficient cooperation. This lacking clarity of responsibility has a very negative influence on task integration. There is,

simply said, no integration in units with these issues. The implications of the legal structure have been underestimated and we suggest that with a more thorough preparation of the restructuring project and awareness of possible side-effects, this problem could have been revealed and dealt with in a more appropriate manner.

The second issue related to the clarity of responsibility is the ambiguous role of staff functions in the company. While staff functions are situated both on corporate and business level, many interviewees describe the responsibility between these two units, for example HR on corporate level and HR within a business unit, as not clearly defined. This frustrates employees on all levels and causes stress and conflicts. On corporate level managers might struggle with subordinate units not accepting directions. On business unit level lines of command are inexplicit and employees are unsure which orders to follow: those from the corporate staff functions or those from their respective business unit managers. According to Katz (1989, p. 191), “the organizational process model requires clear subgroup boundaries”. Such boundaries, in our case for instance between staff functions on corporate level and staff functions on business unit level, are not clearly defined and, consequently, lead to the described problems. This proves how important Katz’ (1989) claim is for successful task integration and serves as an explanation for why the staff function COM shows a negative impact on performance.

Both issues exemplified above, the existence of parallel structures and the ambiguous role of staff functions, show the negative effects of lacking clarity of responsibility. This confirms and concretizes the theoretical findings presented before: without satisfactory clarity, task integration cannot develop its full effect.

5.2.2 Integration mechanisms

Many researchers describe the critical role of integration mechanisms as means to achieve integration (Katz, 1989; Birkinshaw et al., 2000; Moenaert et al., 2000). Examples for such mechanisms include for instance voluntary activities, joint staff meetings, seminars, mixed task forces or teams, personnel rotation and coordinating committees (Lawrence and Lorsch, 1967; Ettlie and Reza, 1992; Birkinshaw et al., 2000; Hill et al., 2000; and Jansen et al., 2009).

Despite their importance mentioned in the literature, our analysis reveals that integration mechanisms are only sparsely applied at EnergyCompany. Consequently, a

major point of criticism throughout the different cases is that no such measures have been planned or executed from corporate level and that managers on lower ranks have been on their own with this matter. Employees and managers across cases mention the importance of such coordinating activities, especially in the context of increased international cooperation. Their absence results in frustration and a feeling of being left alone. Integration, in particular on an international level as it was pursued in our cases, cannot be achieved without effort. Neglecting integration mechanisms has negative effects on integration and reduces the opportunity to achieve synergies and ultimately increased performance.

The importance of such measures is further underlined by the experience of one business unit where unit management initiated many of the described mechanisms, as for instance personnel rotation, workshops, and joint initiatives. These actions were well-accepted by the participants and resulted in concrete improvements. Consequently, we conclude that close attention to integration mechanisms results in better task integration which confirms the theoretical findings about their importance.

5.3 Human integration

Within human integration, key findings are revealed in three sub-categories. It becomes apparent that human integration is largely affected by how individuals perceive their work climate, their personal situation, and the corporate culture.

5.3.1 Work climate

Previous researchers studied the orientation of members towards and their respect for each other (Lawrence and Lorsch, 1967; Birkinshaw et al., 2000). We analyze these factors under the notion work climate and find varying results in our cases. Where a good work climate exists and individuals respect each other, preconditions for performance in cooperation are given. Interestingly, our analysis shows that a positive work climate can exist independently of the circumstances: a positive atmosphere is reported from employees who have built up a new unit and even from some who have experienced conflicts and insecurity during the process. The positive effects of work climate confirm theoretical findings proving the importance of this factor for human integration.

5.3.2 Personal situation

Birkinshaw et al. (2000) have measured the change in organizational members' personal situation with regards to, amongst others, work satisfaction and perceived job security. We also apply this measure and find individuals' perceptions of integration to be very dependent on changes in personal situation. For example, HR interviewees perceive their situation as better than before which results in a positive evaluation of human integration and performance. This positive change can be attributed to a better standing in the organization since the staff function HR has been strengthened with the restructuring (EC Strategic Direction).

5.3.3 Culture

Haspeslagh and Jemison (1991) as well as Birkinshaw et al. (2000) describe culture and its convergence as main enablers of integration. Our analytical findings confirm this importance of culture but also address the difficulties connected to culture. Throughout our investigation, culture is mentioned as one of the most severe problems in international cooperation. Uniformly, cultural differences are perceived negatively, causing misunderstandings and ambiguity. Language barriers likewise have negative effects on communication and complicate cooperation and interaction. These results are particularly interesting in the light of more and more researchers promoting cultural divergence as enabler of creativity and performance (Cox and Blake, 1991; Richard, 2000; and Ely and Thomas, 2001), a view that we could not confirm with our study.

5.4 Performance

In explaining the difficult relationship between the integration process, integration, and performance, our findings support previous research and give deeper insights into the most critical points for driving performance through integration.

Previous theory predicts that performance and synergy realization will be higher in units that are more integrated than in those with low integration (cf. Larsson and Finkelstein, 1999; Birkinshaw et al., 2000). Our findings do not show the strong connection between integration and realization of synergies Larsson and Finkelstein (1999) find, but confirm Birkinshaw et al.'s (2000) theory of increased performance through integration. In our study, all cases describe that synergies have been realized, unrelated to their level of integration. This can be attributed to very clearly set goals for

synergy realization from top-management and a very strong focus on streamlining the corporation's efforts (EC Strategic Direction). Structural clarity and cooperation, central aspects to Birkinshaw et al.'s (2000) task integration and human integration, are the main drivers of performance. Most interestingly, all cases experience a significantly higher administrative effort resulting from the integration, a scheme previous research does not address. At the same time, our study reveals that lower performance is seen as a temporary state in the difficult journey towards more integration and consequently higher performance.

5.5 General implications

Research question 1 addresses how and why the integration process leads to integration. Our findings show that there is a variety of ways in which a well-defined and well-executed integration process contributes to integration. From the first part of the discussion we learned that a good integration process stands on three main pillars: good communication, good leadership, and high commitment throughout all hierarchical levels. As commitment is central for overcoming peoples' resistance to change (Kotter, 1996; Coetsee, 1999) it facilitates integration by increasing the willingness to cooperate and interact. Good communication and good leadership are very important enablers of commitment (ibid.) and therefore contribute indirectly to integration. Nevertheless, communication and leadership also have a direct effect on integration. Our findings show that good communication directly contributes to clarity of roles and responsibilities, a factor essential for achieving high task integration. It enables every member of the organization to not only comprehend the reasons and objectives behind the integration process but also to work with a thorough understanding of the new structure. Good leadership contributes to human integration by engaging employees actively in the integration process and allowing for an open dialogue with decision makers. Where leadership embodies this respect for employees' opinions and needs it creates a productive working climate facilitating integration.

Concerning research question 2, how and why integration leads to performance, we study the effects of task integration and human integration on performance separately. Our findings regarding research question 2a, how and why task integration leads to performance, show that task integration is essential for performance as it provides guidance and enables people to work together. We find that especially the clarity of

roles and responsibilities and integration mechanisms play a dominant role for performance. Understanding both the own responsibilities and knowing whom to address for which issues is vital for making people work together effectively. At the same time, cooperation can only exist if colleagues are able to communicate with each other. In providing mechanisms for integration, task integration additionally enables communication and cooperation and contributes to performance.

Our findings regarding research question 2b, how and why human integration leads to performance, show that human integration contributes strongly to performance in providing a positive work climate and culture and improving individuals' personal situations. By establishing a work climate where colleagues respect each other, the potential for conflict is drastically reduced and cooperation fostered. The same holds true for a strong work culture which enables people to work together towards the company's goals. These two key factors are completed by consideration of the individuals' personal situation. Together, they drive performance as personal situation gives employees the peace of mind to grow to their full potential in a positive climate and culture and, eventually, deliver high performance to the company (Haspeslagh and Jemison, 1991).

6 CONCLUSION

The purpose of this thesis was to investigate the relation between integration process, integration, and performance in the context of a restructuring process. We therefore addressed the overarching question “How are integration process, integration, and performance related?” in a company that had recently undergone restructuring and integration, offering us an excellent environment to study the implications of such processes.

Our results suggest a positive relation between the three factors. We find the integration process to positively affect integration. We further find a positive relation between integration, which we studied as task integration and human integration, and performance. The results of our study indicate that deficiencies in the integration process and, consequently, the degree of integration have led to a negative overall performance at EnergyCompany (cf. Table 20).

	Integration process	Task integration	Human integration	Performance
EnergyCompany	-0.36	-0.10	-0.15	-0.27

Table 20 – EnergyCompany aggregated scores

In more detail, our study shows the importance of communication and leadership for the commitment of employees during an integration process. Considering task integration, the lack of clarity of responsibility is a central issue hampering integration. Integration mechanisms are seen as vital for success, supporting our assumption of a link from task integration to performance. Regarding human integration, a strong dependency on personal situation and work climate is found. Employees with positive changes in their personal situation and a positive work climate have a better perception of integration. Cultural differences and language barriers are described as major obstacles to integration. Furthermore, our study suggests an increase in administrative work and a short-term drop in performance related to integration. However, we find that synergies are realized and interviewees expect long-term performance improvement.

6.1 Theoretical implications

Our study contributes to the management literature with explanatory research on the relationship between integration process, integration, and performance.

We extend the work of Haspeslagh and Jemison (1991) and Birkinshaw et al. (2000) in focusing not only on integration process and performance by specifically addressing the state of integration. Taking this holistic view on integration and studying the three stages, integration process, integration, and performance, in different units of a case company, we nuance and offer empirical support for the studies of Birkinshaw et al. (2000) and Barki and Pinsonneault (2005). We further synthesize previous research on integration in designing and operationalizing our question catalogue used in the investigation. We believe that this improves existing models on how to assess the success of an integration process and can serve as a base for future research in this field.

6.2 Managerial implications

Our findings offer guidance for any company pursuing integration endeavors.

First of all, we want to stress the importance of open communication and leadership during the integration process. Communication ensures the dissemination of information throughout all hierarchical levels and creates possibilities for employees to provide feedback. Only where employees feel well-informed and respected they will be committed to the goals of the organization. Especially immediate managers and gatekeepers have proven central for ensuring this commitment. They should therefore be involved extensively in the process fostering employee commitment for the integration.

Second, to achieve a high degree of integration it is crucial for managers to focus not exclusively on the structural and systems side of integration (i.e. task integration) but also to address the human side of integration. For successful task integration managers should, most importantly, ensure clarity of responsibility by first designing and then communicating the structure as clearly as possible. They should further make sure to implement integration mechanisms facilitating cooperation and interaction of employees. On the human side of integration managers have to pay special attention to the work climate and their employees' personal situations in order to guarantee commitment of all members of the organization.

Respecting all of these factors will, consequently, lead to the desired performance improvements. Neglecting any of the abovementioned areas can, however, cause substantial problems in the organization.

6.3 Limitations

Unavoidable in the restricted scope of a master thesis our study has limitations. We have identified three major areas: the time frame of our study, the selection of cases, and shortcomings in measuring performance.

First, with a time frame of four months we could only analyze the effects of integration in a limited way. As we conducted our research one year after the restructuring at the case company, it has not yet become apparent if all desired synergies can be realized and which ultimate effects on performance the integration will have.

Second, having studied only selected units of one single organization in the context of restructuring, we cannot ensure generalizability of our results for all companies undergoing integration endeavors. We can only compare our findings to those of other researchers as for example Birkinshaw et al. (2000) as we were not able to include other companies in this study. Within our case company the number of interviews could have been increased to better cover different hierarchies and, ideally, to include other parts of the company in more depth.

Finally, we were not able to employ concrete measurements of performance at our case company. Since performance measures at EnergyCompany are scarce and the company is heavily influenced by market developments it was not possible to isolate and attribute concrete economic effects to the integration. We focused instead on perceived performance and applied more qualitative measures to capture the changes.

6.4 Further research

Having mentioned the limitations of our study, we see several opportunities for further research.

First, the long-term effect of integration on performance should be studied in more detail. Even though first effects have become apparent in our case it is not yet foreseeable how performance will develop over the next years. In order to fully understand long-term effects of integration, a longitudinal study of such a process

should be undertaken including the whole time span from the decision to integrate to the established integrated operations in order to study both process and effects in more detail. Ideally, concrete performance data of the time before, during, and after the integration process would be collected for a pre to post comparison.

Second, to extend the body of knowledge on integration and strengthen its generalizability in contexts beyond restructuring further studies should focus on more companies in different settings.

Finally, having mentioned the difficulty of measuring performance in the context of integration, measures that are applicable throughout an entire organization should be developed and tested more thoroughly across several companies. We see our performance measure of increased administrative effort as a first step into this direction.

Consequently, we want to encourage longitudinal studies in previously disregarded companies and contexts and highlight the importance of concrete performance measures.

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APPENDICES

Appendix A Literature search methodology

A review of extant literature was executed. Journals of interest were determined with the help of the ABS Academic Journal Quality Guide (Harvey et al., 2010). We chose only grade four journals as they publish the “most original and best executed research” (Harvey et al., 2010, p. 5). The initial search focused on 13 journals of four categories (general management, organization studies, strategic management, and international business and area studies), which included the following publications: *Academy of Management Review*, *Academy of Management Journal*, *Administrative Science Quarterly*, *Journal of Management*, *Journal of Management Studies*, *Harvard Business Review*, *British Journal of Management*, *Organization Science*, *Organization Studies*, *Leadership Quarterly*, *Human Relations*, *Strategic Management Journal*, and *Journal of International Business Studies*. The reason for this wide range of research was that we believed to find studies of our issue in a variety of fields such as strategy, organizations, and operations.

The search for articles was conducted using the keyword “integration” with the added terms “mechanism”, “organizational”, “process”, and “global”. Additionally, “restructuring” and “performance” with the connected terms “organizational” and “corporate” were used to refine the search. In our initial round of literature research we found 3373 articles in 13 grade four journals. Relevant articles were then determined by studying title and abstract. In an iterative process we determined further sources, for example by looking at studies quoted in the found articles. We tried to restrict ourselves to grade four journals of other categories. However, we did not strictly follow this restriction in the interest of including all relevant theories. Throughout the search we did not limit ourselves to a certain time frame. In this process we thoroughly studied 177 articles as well as eleven books. Out of these we employed 83 as sources in this paper.

Appendix B Question catalogue

Question	Question code	Sub-category code	Main-category code
1. Can you describe the change process in your own words, how did you experience it?	IP1.1	IP1	IP
a. When and how did you hear of the restructuring for the first time?	IP1.2		
b. What were your initial thoughts/feelings about the restructuring?	IP1.3		
c. How did these feelings change over time?	IP1.4		
2. Did/Do you feel that your team/BU was committed to the change?	IP2.1	IP2	
3. Did/Do you feel that your team/BU stands united behind the change project?	IP2.2		
4. How well-informed did/do you feel about the reasoning for and the implementation of the restructuring during the process?	IPC1.1	IPC1	
5. How did you perceive communication during the process?	IPC1.2		
6. Did/Do you feel that the leadership-team was committed to the change?	IPL1.1	IPL1	
7. Did/Do you feel that the leadership-team stands united behind the change project?	IPL1.2		
8. How satisfied are you with the leadership in the process?	IPL1.3		
9. Did you encounter any problems during the integration progress? How severe did/do you perceive them?	IPP1.1	IPP1	
10. How would you describe the work climate in your team/ unit?	HIAT1.1	HIAT1	HI
a. How high do you perceive the potential for conflict in your team/ unit?	HIAT1.2		
b. How satisfied are you with the cooperation within your team/ unit?	HIAT1.3		
11. In which way has the integration changed your picture of EnergyCompany as corporation?	HIAT2.1	HIAT2	
12. Which role have you experienced different (working) cultures to play in your cooperation with other units?	HIC1.1	HIC1	
13. In which way has the integration changed the corporate culture? Are units now culturally closer <.....> more apart?	HIC2.1	HIC2	
14. How has the integration affected the working environment?	HIC2.2		
15. How has the integration affected your personal situation (i.e. Responsibilities, work satisfaction, salary, job security)	HIPS1.1	HIPS1	
16. How difficult/easy do you perceive communication within your team/ unit?	TICC1.1	TICC1	TI
a. How do you communicate with your unit members?	TICC1.2		
b. How often do you communicate with your unit members?	TICC1.3		
c. How would you compare this to before the integration?	TICC1.4		
17. To which degree do you feel you are able to operate autonomously of corporate considerations?	TICC2.1	TICC2	
18. How difficult/easy do you perceive communication with other units to be compared to before the integration?	TICC3.1	TICC3	
a. How accessible do you perceive colleagues from different departments to be, how comfortable are you contacting them if the need arises?	TICC3.2		
b. How do you communicate with other units?	TICC3.3		
c. How often do you communicate with other units?	TICC3.4		
d. How would you compare this to before the integration?	TICC3.5		
19. How prepared did you feel for the integration?	TICC4.1	TICC4	
20. To which degree are you applying interdepartmental cooperation/communication measures?	TICC4.2		
a. Staff meetings, seminars, mixed project teams, personnel rotation, ...	TICC4.3		

21. How do you perceive the new structure?	TICS1.1	TICS1	P
a. How would you judge its flexibility/ preconditions for cooperation etc.?	TICS1.2		
22. How and where are responsibilities for tasks and processes specified?	TICS2.1	TICS2	
23. Considering the organizational structure of your BU, which person is higher in hierarchy? Who reports to whom?	TICS2.2		
24. Do you feel that managers of your unit are sure about the span of control they are responsible for?	TICS2.3		
25. How good is the responsibility-division? Has it happened that the same tasks were claimed by multiple individuals?	TICS2.4		
26. Do you feel that managers of your cooperating units are sure about the span of control they are responsible for?	TICS2.5		
27. Has it happened that the same tasks were claimed by multiple units?	TICS2.6		
28. How would you describe your relations to other units?	TICS3.1	TICS3	
a. How high do you perceive the potential for conflict with other units?	TICS3.2		
b. How satisfied are you with the cooperation with other units?	TICS3.3		
c. How satisfied are you with the performance of your cooperating units?	TICS3.4		
29. Which importance do you ascribe to the following goal categories regarding your daily work?	TIG01.1	TIG01	
a. Personal Goals	TIG01.2		
b. Business Unit Goals	TIG01.3		
c. Corporate Goals	TIG01.4		
30. To which degree is your compensation tied to these goals?	TIG01.5		
31. What fraction of your work-time do you spend on administrative/organizational issues compared to the fraction of your work time that you spend on value-creating activities?	P1.1	P1	
32. Do you perceive your BU to perform better or worse after the restructuring?	P2.1	P2	
33. Have Synergies been realized?	P3.1	P3	
34. How and in what way is performance measured in your BU?	P4.1	P4	
a. If so, in what dimension?	P4.2		
35. Has the financial performance of your BU improved after the restructuring?	P4.3		
36. Have the performance measures changed with the restructuring? Why?	P4.4		
37. What other possible performance measures could you imagine to be applicable in your BU?	P4.5		

Appendix B.1 Categorization of questions

Main-category	Sub-category		Sub-category code
Integration process (IP)	n/a	General perception	IP1
		Communication	IPC
		Leadership	IPL
		Commitment	IP2
		Problems	IPP
Task integration (TI)	Corporate structure	Perception of the new structure	TICS1
		Clarity of responsibility	TICS2
		Inter-unit cooperation	TICS3
	Coordination and communication	Intra-unit communication	TICC1
		Inter-unit communication	TICC2
		Autonomy	TICC3
		Integration mechanisms	TICC4
	Goal orientation	Goal orientation	TIGO1
Human integration (HI)	Attitude towards each other	Work climate	HIAT1
		Picture of the company	HIAT2
	Personal situation	Personal situation	HIPS1
	Culture	Culture (national)	HIC1
		Corporate culture	HIC2
Performance (P)	n/a	Administrative effort	P1
		Perceived performance	P2
		Synergies	P3
		Others	P4

Appendix C List of interviews

Unit	Name	Characteristic	Hierarchy
ADF	ADF1	Employee	n-4
ADF	ADF2	Manager	n-3
ADF	ADF3	Employee	n-5
ADF	ADF4	Manager	n-2
ADF	ADF5	Manager	n-3
ADF	ADF6	Manager	n-4
ADF	ADF7	Employee	n-5
ADF	ADF8	Employee	n-5
COM	COM1	Employee	n-4
COM	COM2	Employee	n-4
COM	COM3	Employee	n-4
COM	COM4	Employee	n-4
COM	COM5	Employee	n-4
COM	COM6	Employee	n-4
HR	HR1	Employee	n-3
HR	HR2	Employee	n-3
HR	HR3	Manager	n-3
HR	HR4	Manager	n-2
HR	HR5	Manager	n-3
IHC	IHC1	Employee	n-5
IHC	IHC2	Manager	n-3
IHC	IHC3	Employee	n-5
IHC	IHC4	Employee	n-5
IHC	IHC5	Employee	n-5
IHC	IHC6	Employee	n-5
IHC	IHC7	Manager	n-4
PD	PD1	Manager	n-4
PD	PD2	Manager	n-4
PD	PD3	Employee	n-4
PMO	PMO1	Manager	n-2

Appendix D Within-case analyses

Appendix D.1 Communications

Category	Sub-category	Score	Quotes ¹²
Integration process	General perception	-0.86	- "chaos", "very fast", "frustration"
	Communication	-1.38	- "very secretive climate" - "unclear, not transparent"
	Leadership	-0.76	- "no vision, bad leadership-culture"
	Commitment	-0.88	- "demotivated", "unsure"
	Problems	-1.50	- "information and transparency" - "legal structures in one market"
	Total score	-1.07	
Task integration	Corporate structure	-0.39	<i>Perception (-0.43)</i> - "instead of island on national level, you now have islands on BD level" <i>Clarity of responsibility (-0.61)</i> - "unclear who decides what" - "conflicts with managers: whom do you actually work for?" <i>Inter-unit cooperation (-0.07)</i> - "conflicts: which responsibilities belong to whom" - "quite good, solving problems together"
	Coordination and communication	+0.27	<i>Intra-unit communication (+0.05)</i> - "language issues and cultural differences" <i>Inter-unit communication (+0.73)</i> - "communication with other units not a problem, but larger organizational distance" <i>Autonomy (+0.50)</i> - "no autonomy, strong control from management" <i>Integration mechanisms (-0.20)</i> - Integration mechanisms not organized from

¹² To give a more general impression of responses we decided not to quote interviewees directly in this table.

			corporate, but on manager-level - “mixed project teams, social things, workshops”
	Total score	-0.05	
Human integration	Attitude towards each other	-0.37	<i>Work climate (-0.06)</i> - “cultural problems” - “great experience, learning a lot from team members” <i>Picture of the company (-0.80)</i> - “tired and slow” - “security and family-feeling are gone”
	Personal situation	-0.42	- “three steps down in career” - “broader scope of work – more fun to work”
	Culture	-0.65	- “stricter, colder culture – no margins to try something new and maybe fail” - “control culture, no trust for one another”
	Total score	-0.48	
Performance	Administrative effort	-1.00	- “more meetings to align work, more parallel (redundant) work”
	Perceived performance	-0.40	- “less strategic, more volume-driven”
	Synergy realization	n/a	
	Total score	-0.70	

Table 21 - Within-case analysis table, COM

Appendix D.2 Human resources

Category	Sub-category	Score	Illustrative statements ¹³
Integration process	General perception	+0.15	<ul style="list-style-type: none"> - "information at an early stage" - "it has been very structure-focused and the human aspect was clearly left aside"
	Communication	+0.53	<ul style="list-style-type: none"> - "good flow of information" - "information no dialogue"
	Leadership	+0.53	<ul style="list-style-type: none"> - "immediate managers knew what to do" - "my HR manager did a good job, but the PMO was worth nothing"
	Commitment	+1.83	<ul style="list-style-type: none"> - "high commitment - finally, something is happening"
	Problems	-1.00	<ul style="list-style-type: none"> - "it had been easier to establish systems and processes first" - "legal structures in one market" - "prepare for something we didn't know, was frustrating"
	Total score	+0.41	
Task integration	Corporate structure	+0.05	<p><i>Perception (+0.77)</i></p> <ul style="list-style-type: none"> - "a lot better, clearer direction, more teamwork" - "makes sense" <p><i>Clarity of responsibility (+0.05)</i></p> <ul style="list-style-type: none"> - "to a large extent clear" - "legal vs. functional structure" - "the staff functions disappeared" - "who does what – unclear on BU/BD level" <p><i>Inter-unit cooperation (-0.67)</i></p> <ul style="list-style-type: none"> - "messy and chaotic" - "works to an increasing extent"
	Coordination and communication	-0.01	<p><i>Intra-unit communication (+0.23)</i></p> <ul style="list-style-type: none"> - "open dialogue" <p><i>Inter-unit communication (-1.50)</i></p> <ul style="list-style-type: none"> - "networks were destroyed"

¹³ To give a more general impression of responses we decided not to quote interviewees directly in this table.

			<ul style="list-style-type: none"> - “no channels on high levels” <i>Autonomy (+1.00)</i> <ul style="list-style-type: none"> - “less autonomy” <i>Integration mechanisms (+0.22)</i> <ul style="list-style-type: none"> - Integration mechanisms not organized from corporation, but on manager-level - “rotation programs, workshops, joint initiatives”
	Total score	-0.15	
Human integration	Attitude towards each other	+0.73	<i>Work climate (+0.71)</i> <ul style="list-style-type: none"> - “proud of having built up something” - “good team spirit” <i>Picture of the company (+0.75)</i> <ul style="list-style-type: none"> - “has become more international” - “more uniform, more international”
	Personal situation	+0.33	<ul style="list-style-type: none"> - “a lot more travelling” - “I have more responsibility now”
	Culture	-0.60	<i>Culture in general (-0.90)</i> <ul style="list-style-type: none"> - “different approaches to decision making” - “misunderstandings” <i>Corporate culture (-0.30)</i> <ul style="list-style-type: none"> - “more goal steered, cold” - “a lot of pressure”
	Total score	+0.15	
Performance	Administrative effort	-1.00	<ul style="list-style-type: none"> - “more reporting and guidelines”
	Perceived performance	0.00	<ul style="list-style-type: none"> - “it has not become clear that one performs better, too much organizing” - “2011 was a lost year”
	Synergy realization	+1.00	<ul style="list-style-type: none"> - “hierarchies were flattened”
	Total score	0.00	

Table 22 - Within-case analysis table, HR

Appendix D.3 In-house consulting

Category	Sub-category	Score	Illustrative statements ¹⁴
Integration process	General perception	-0.39	<ul style="list-style-type: none"> - "the motto was to go fast" - "comparably ok"
	Communication	+0.63	<ul style="list-style-type: none"> - "very clear communication"
	Leadership	+0.56	<ul style="list-style-type: none"> - "immediate managers were good"
	Commitment	+1.00	<ul style="list-style-type: none"> - n/a
	Problems	-0.33	<ul style="list-style-type: none"> - "management by template", "fill out same files over and over again" - "underestimation of legal vs functional structures" - "transparency", "late information"
	Total score	+0.29	
Task integration	Corporate structure	-0.42	<p><i>Perception (-0.25)</i></p> <ul style="list-style-type: none"> - "better, focus on the big goal" - "not completely right" - "slower, more people needed in processes" <p><i>Clarity of responsibility (-0.63)</i></p> <ul style="list-style-type: none"> - "legal vs functional structure" - "unclear, many dotted lines" <p><i>Inter-unit cooperation (-0.38)</i></p> <ul style="list-style-type: none"> - "not a big change for us" - "more formal, a bigger challenge"
	Coordination and communication	+0.17	<p><i>Intra-unit communication (-1.00)</i></p> <ul style="list-style-type: none"> - "culture and language barriers" - "video conferences do not always work well" <p><i>Inter-unit communication (+1.00)</i></p> <ul style="list-style-type: none"> - "easier to contact others" <p><i>Autonomy (n/a)</i></p> <p><i>Integration mechanisms (+0.50)</i></p> <ul style="list-style-type: none"> - "no help from top-management, or too late initiatives" - "really good for one of our clients"

¹⁴ To give a more general impression of responses we decided not to quote interviewees directly in this table.

	Total score	-0.13	
Human integration	Attitude towards each other	+0.25	<i>Work climate (-0.50)</i> <ul style="list-style-type: none"> - “new colleagues” - “more difficult to steer, jealousy” <i>Picture of the company (+1.00)</i> <ul style="list-style-type: none"> - “more business focused” - “the company feels bigger”
	Personal situation	-0.33	<ul style="list-style-type: none"> - “a lot more travelling, difficult for families” - “more fun to work in other countries”
	Culture	-0.36	<i>Culture in general (-0.60)</i> <ul style="list-style-type: none"> - “problematic”, “language barriers” - “a big issue” <i>Corporate culture (-0.13)</i> <ul style="list-style-type: none"> - “an ongoing change” - “higher workload”
	Total score	-0.15	
Performance	Administrative effort	n/a	- n/a
	Perceived performance	-1.00	- “short-term inefficiency, but it should be better in the long run”
	Synergy realization	0.00	<ul style="list-style-type: none"> - “I do not think that synergies are realizable everywhere” - “cost savings”
	Total score	-0.67	

Table 23 - Within-case analysis table, IHC

Appendix D.4 Production

Category	Sub-category	Score	Illustrative statements ¹⁵
Integration process	General perception	-1.25	<ul style="list-style-type: none"> - "a lot of insecurity" - "big changes without enough information"
	Communication	-2.00	<ul style="list-style-type: none"> - "really bad", "unclear"
	Leadership	-1.00	<ul style="list-style-type: none"> - "leadership on higher levels had its shortcomings"
	Commitment	n/a	<ul style="list-style-type: none"> - n/a
	Problems	n/a	<ul style="list-style-type: none"> - n/a
	Total score	-1.42	
Task integration	Corporate structure	-0.25	<p><i>Perception (-0.25)</i></p> <ul style="list-style-type: none"> - "the new structure is highly complex and takes a lot to get used to it" <p><i>Clarity of responsibility (0.00)</i></p> <ul style="list-style-type: none"> - "there had been a large discussion from the beginning about who is responsible for what, which until now is not resolved" - "legal structure in one market was neglected" <p><i>Inter-unit cooperation (-0.50)</i></p> <ul style="list-style-type: none"> - "potential for conflict"
	Coordination and communication	+0.38	<p><i>Intra-unit communication (-0.50)</i></p> <ul style="list-style-type: none"> - "culture and language barriers" <p><i>Inter-unit communication (+1.00)</i></p> <ul style="list-style-type: none"> - "you communicate a lot more with people; there are more points of contact" <p><i>Autonomy (+1.00)</i></p> <ul style="list-style-type: none"> - "before we were more independent; now we take less decisions ourselves" <p><i>Integration mechanisms (0.00)</i></p> <ul style="list-style-type: none"> - "no help for this project" - "technical preconditions exist [e.g. video conference systems]"
	Total score	+0.06	
Human	Attitude towards each	0.00	<i>Work climate (n/a)</i>

¹⁵ To give a more general impression of responses we decided not to quote interviewees directly in this table.

integration	other		<i>Picture of the company (0.00)</i> - “alienation, loss of identification” - “the company has become focused, more business oriented”
	Personal situation	-0.50	- “a lot more time spent on travelling”
	Culture	-1.00	<i>Culture in general (-1.00)</i> - “problematic”, “language barriers” - “different ways of working” <i>Corporate culture (-1.00)</i> - “worse atmosphere” - “many think that the higher demands are stressful”
	Total score	-0.50	
Performance	Administrative effort	n/a	- n/a
	Perceived performance	-1.25	- “working system before, then one had to align to the corporate level” - “dragged down to the performance of the weakest link in the chain”
	Synergy realization	+1.00	- “more harmonization”
	Total score	-0.13	

Table 24 - Within-case analysis table, Production

Appendix E Explanation of hierarchy

In our case company, hierarchy levels are described in the following way: the highest individual in the hierarchy is the CEO, represented by the acronym “n”. A manager, one level below the CEO would possess the hierarchy position “n-1” respectively. An example in Figure 6 is the head of the business division “Service” who has the level “n-1”. The head of the underlying business unit “Service unit 1”, accordingly, is ranked with “n-2”. Similarly, this applies to the staff functions. The head of “HR”, for example, would have the level “n-1”.

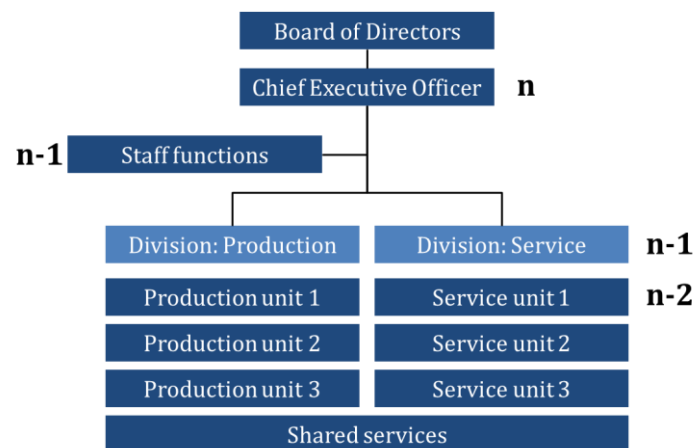


Figure 6 - Illustration of hierarchical levels

Appendix F Additional quotes within-case analysis

Appendix F.1 Quotes on inter-unit cooperation

- “good cooperation, that has improved” (ADF8)
- “people you meet are result-oriented and willing to cooperate” (ADF5)
- however, conflicts in the beginning:
 - “interface in one market with BU H, PD and ADF, that is awkward” (ADF2)
 - “set-up from beginning not consequently implemented” (ADF2)

Appendix F.2 Quotes on inter-unit communication

- inter-unit communication has become more difficult
 - "drawback from working internationally, takes more time to come to the same results" (ADF2)
 - “English documents with technical terms are problematic. There are problems in understanding each other due to the language barriers” (ADF7)
 - “language barriers” (ADF3)
 - “more time goes into communication than before” (ADF2)
 - “English is new to me, which makes it particularly difficult” (ADF7)

Appendix G Quality of research

Appendix G.1 Correlation table

		Hierarchy	Integration Process	Task Integration	Human Integration	Personal Situation	Perceived Performance	Performance (Total)
Hierarchy	Pearson Correlation	1	.398*	.120	.240	.316	.224	.270
	Sig. (2-tailed)		.044	.542	.228	.152	.372	.250
	N	29	26	28	27	22	18	20
Integration Process	Pearson Correlation	.398*	1	.402*	.597**	.718**	.571*	.472*
	Sig. (2-tailed)	.044		.046	.002	.000	.013	.035
	N	26	26	25	25	22	18	20
Task Integration	Pearson Correlation	.120	.402*	1	.505**	.265	.519*	.512*
	Sig. (2-tailed)	.542	.046		.007	.234	.027	.021
	N	28	25	28	27	22	18	20
Human Integration	Pearson Correlation	.240	.597**	.505**	1	.879**	.671**	.614**
	Sig. (2-tailed)	.228	.002	.007		.000	.002	.004
	N	27	25	27	27	22	18	20
Personal Situation	Pearson Correlation	.316	.718**	.265	.879**	1	.721**	.641**
	Sig. (2-tailed)	.152	.000	.234	.000		.002	.004
	N	22	22	22	22	22	16	18
Perceived Performance	Pearson Correlation	.224	.571*	.519*	.671**	.721**	1	.904**
	Sig. (2-tailed)	.372	.013	.027	.002	.002		.000
	N	18	18	18	18	16	18	18
Performance (Total)	Pearson Correlation	.270	.472*	.512*	.614**	.641**	.904**	1
	Sig. (2-tailed)	.250	.035	.021	.004	.004	.000	
	N	20	20	20	20	18	18	20

*. Significant at the 0.05 level (2-tailed).

**. Significant at the 0.01 level (2-tailed).

Table 25 - Correlation table

Appendix G.2 Regression – integration process to human integration

Model Summary

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate
1	.597 ^a	.356	.328	.492830334972

a. Predictors: (Constant), Integration Process

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.043	.103		.418	.680
	Integration Process	.371**	.104	.597	3.567	.002

a. Dependent Variable: Human Integration

*. Significant at the 0.05 level (2-tailed).

**. Significant at the 0.01 level (2-tailed).

Table 26 - Regression of integration process on human integration

Appendix G.3 Regression – integration process to task integration

Model Summary

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate
1	.402 ^a	.162	.125	.490080925192

a. Predictors: (Constant), Integration Process

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.036	.102		.349	.730
	Integration Process	.218*	.103	.402	2.107	.046

a. Dependent Variable: Task Integration

*. Significant at the 0.05 level (2-tailed).

**. Significant at the 0.01 level (2-tailed).

Table 27 - Regression of integration process to task integration

Appendix G.4 Regression – human and task integration to performance

Model Summary

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate
1	.714 ^a	.510	.452	.68586051297

a. Predictors: (Constant), Human Integration, Task Integration

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.114	.158		-.722	.480		
	Task Integration	.649*	.303	.377	2.143	.047	.931	1.074
	Human Integration	.790**	.270	.515	2.927	.009	.931	1.074

a. Dependent Variable: Performance (total)

*. Significant at the 0.05 level (2-tailed).

**. Significant at the 0.01 level (2-tailed).

Table 28 - Regression of task and human integration to performance