

# Chapter 1

## The Issue of Post–Merger Integration Boundary Management: A Sociomaterial Perspective

**Dragos Vieru**  
Teluq University, Canada

### ABSTRACT

*This study analyzes the interactions among individuals engaged in two information system development (ISD) projects aimed to support an organization created by the merger of previously independent entities. The literature on post-merger integration (PMI) suggests that new information systems (IS) that would span the boundaries of the previously independent firms need to be implemented to facilitate a specific level of integration. Yet, there is a lack of studies on the issue of post-merger boundary management during ISD projects. The authors draw on a sociomaterial perspective to analyze two ISD projects in a PMI context of a merger of three hospitals. In both projects, the final IS-enabled practices differed from the post-merger practices that had been planned by the new hospital management. The analysis suggests that post-merger practices were the result of dialectic processes of resistance to, and negotiation of, the two systems reconfiguration after their implementation.*

### INTRODUCTION

Merging with, or acquiring, other companies is an important component of the growth strategies of many organizations in recent decades (Hitt, Harrison, & Ireland, 2001; Vieru & Rivard, 2014). In 2017 worldwide mergers and acquisitions (M&A) activity totalled 49,447 deals valued at US\$3.6 trillion and for the fourth consecutive year had surpassed \$3 trillion (Thompson Reuters, 2017). However, both academic and practitioner literatures show that historically, many of these organizations have struggled to realize the business benefits that justified this strategy (Graebner, Heimeriks, Huy, & Vaara, 2017).

DOI: 10.4018/978-1-5225-8933-4.ch001

The literature identifies three phases of a merger: courtship or pre-merger, merger decision and post-merger integration (Ellis, 2004). The first two phases comprise the strategic and financial analyses that determine the potential benefits or synergies; post-merger integration (PMI) constitutes the process of actual value-creation (Haspeslagh & Jemison, 1991). Post-merger<sup>1</sup> integration represents the process of strategic and structural combination of merging parties (Faulkner, Teerikangas, & Joseph, 2012) and during which actual value creation will hopefully occur (Haspeslagh & Jemison, 1991). The literature stresses the importance of the choice of integration approach as being one of the most important strategic decisions to make in mergers and represents a critical determinant of the post-merger outcomes (Zollo & Singh, 2004; Reus, Lamont, & Ellis, 2016). All mergers do not imply the same degree of integration among the merging parties or the same degree of autonomy retained by each (Marks & Mirvis, 2001; Zollo & Reuer, 2010).

Research on PMI reveals that when organizations try to manage differences among the merging parties, they face the conundrum of integration versus autonomy (Haspeslagh & Jemison, 1991). A number of researchers have addressed this issue by proposing four ideal-types of integration approaches based on strategic and organizational dimensions (Ellis, 2004). At one extreme, the status quo is preserved in each organization. At the other extreme, one party requires the others to adopt its practices, norms and culture. It may also happen that organizations are gradually combined by enforcing operational interdependence and a common culture, or that an organizational structure and work practices are implemented that are new to all parties. There exist four ideal-type PMI approaches (Haspeslagh & Jemison, 1991; Marks & Mirvis, 2001). Preservation refers to a situation where the demarcation lines between the merging organizations remain intact. Absorption occurs when one party imposes its work practices, norms and culture on the other parties. Symbiosis is the approach in which the merging parties gradually blend together by becoming increasingly interdependent and retaining the best aspects of each party. *Transformation* reflects the situation in which organizations are integrated by developing totally new work practices and a common organizational identity.

Depending on the PMI approach adopted, new corporate structures, rules and processes may need to be created and business functions may need to be reorganized (Wijnhoven, Stegwee, & Fa, 2006; Vieru & Rivard, 2015). It may even happen that the entire business, from product to market, will require reorganization (Vaara, 2002). Given the scale of the changes that employees from merging organizations sometimes have to experience, mergers are often beset by problems such as high levels of stress, job dissatisfaction, and resistance (Vaara & Monin, 2010). These problems have been associated with the difficult task of transforming sometimes significantly different norms, values and practices into a common set (Larsson & Finkelstein, 1999).

Among the structures and processes that need to be integrated, information technology (IT) resources - infrastructures, applications, data and management practices (Tanriverdi & Uysal, 2011; Henningsson, Yetton, & Wynne, 2018) - have been claimed to have important impacts on merger outcomes (Vieru & Rivard, 2014). For instance, a study done in 2011 by McKinsey, a global management consulting firm, found that between 40% and 60% of the expected value from a merger is dependent on post-merger IT function integration especially the software applications and data (Sarrazin & West, 2011). This often involves the implementation of new ISs to span the boundaries of the previously independent organizations (Henningsson et al., 2018). The main purpose of these systems is to facilitate the implementation of new organizational practices. At one extreme, they may be mere “bridges” across existing functionalities. At the other extreme, they may be deployed to enable completely new business processes (Wijnhoven et al., 2006). Modern large organizations usually choose to implement off-the-shelf software applications

19 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

[www.igi-global.com/chapter/the-issue-of-post-merger-integration-boundary-management/234533](http://www.igi-global.com/chapter/the-issue-of-post-merger-integration-boundary-management/234533)

## Related Content

---

### Investigating the Information Perception Value (IPV) Model in Maintaining the Information Security: Bruneian Perspective

Sharul Tajuddin, Afzaal H. Seyal, Norfarrah Binti Muhamad Masdiand Nor Zainah H. Siau (2020). *Handbook of Research on Social and Organizational Dynamics in the Digital Era* (pp. 499-524).

[www.irma-international.org/chapter/investigating-the-information-perception-value-ipv-model-in-maintaining-the-information-security/234556](http://www.irma-international.org/chapter/investigating-the-information-perception-value-ipv-model-in-maintaining-the-information-security/234556)

### Fault-Tolerant and Fail-Safe Design based on Reconfiguration

Hana Kubatovaand Pavel Kubalik (2013). *Small and Medium Enterprises: Concepts, Methodologies, Tools, and Applications* (pp. 695-714).

[www.irma-international.org/chapter/fault-tolerant-fail-safe-design/75989](http://www.irma-international.org/chapter/fault-tolerant-fail-safe-design/75989)

### Unlocking the Potential: Exploring the Synergy Between Tourism and SMEs for Sustainable Economic Growth

Bindu Aggarwal, Ranjeet Vermaand Pawan Kumar (2024). *Drivers of SME Growth and Sustainability in Emerging Markets* (pp. 183-204).

[www.irma-international.org/chapter/unlocking-the-potential/342507](http://www.irma-international.org/chapter/unlocking-the-potential/342507)

### Web Presence Hosting

Stephen Burgess, Carmine Carmine Sellittoand Stan Karanasios (2009). *Effective Web Presence Solutions for Small Businesses: Strategies for Successful Implementation* (pp. 141-167).

[www.irma-international.org/chapter/web-presence-hosting/9244](http://www.irma-international.org/chapter/web-presence-hosting/9244)

### Knowledge Sharing Relation to Competence, Emotional Intelligence, and Social Media Regarding Generations

Nora Obermayer, Anikó Csepregiand Edit Kvári (2017). *Knowledge Management Initiatives and Strategies in Small and Medium Enterprises* (pp. 269-290).

[www.irma-international.org/chapter/knowledge-sharing-relation-to-competence-emotional-intelligence-and-social-media-regarding-generations/167265](http://www.irma-international.org/chapter/knowledge-sharing-relation-to-competence-emotional-intelligence-and-social-media-regarding-generations/167265)