

How Post-Merger Integration Duration Affects Merger Outcomes

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Overview

Stats

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Abstract and figures

Purpose: This study confirms earlier findings that differences between merger and acquisition (M&A) participant firms are a hurdle for successful mergers, and shows that merger outcomes can also be affected by the post-merger integration duration (PMID). **Design/methodology/approach:** An experimental research on distinct cultures developed within experimental pre-merger subject groups is employed to compare pre- and post-integration performances. **Findings:** This study finds that firm distance (i.e., inherent differences between pre-merger firms) negatively influences merger success; no significant relationship between firm distance and PMID exists; and PMID is positively related to merger success. Specifically, a slower integration minimizes conflicts between merger partners, enhances trust-building, and reduces the disruption of existing resources and processes in both firms, which may benefit M&As. By contrast, a fast integration that shortens the overall integration process may discourage the combined entity from recognizing the intended synergy quickly. **Originality:** While M&As may better facilitate cost-effective expansion of business offerings than building capabilities internally, they can require considerable time, preventing many firms from realizing their intended outcomes. Nevertheless, less attention has been focused on PMID and its influence on M&As. This study is the first to use experimental research to examine the effects of PMID on merger success. **Research implications:** This study has important strategic implications for managers in business firms that intend to acquire external capabilities for business growth.

3	4	5	6	3	4	5	6
20	20	10	13	53.54	38.40	35.12	33.98
20	17	6	12	70.27	35.40	15.69	28.98
				6.73*	(3.00)	(19.44)*	(5.00)
13	14	15	16				
11	20+	12	20	13	14	15	16
9	19	12	20	32.68	33.21	26.96	33.31
				20.02	32.20	17.13	38.13
23	24	25	26	2.65)*	(1.01)	(9.83)*	4.82 (
20+	15	20+	16				
20+	12	20+	15	23	24	25	26