

Post-Merger Integration Approach and Execution as Drivers to Improve Synergy Realization

Frank Thole

RWTH Aachen, Germany

Abstract

Mergers and acquisitions (M&A) are of significant practical importance but irritate with low success rates, also in combination with mixed or even contradicting results of empirical research. Between 45% and 60% of all M&A benefits are directly dependent on post-merger integration (PMI). Therefore, the PMI is at the center of this research, as it is essential to improve the synergy realization of M&A transactions. The relevance applies even more given the continuing increase in the number of M&A transactions and corresponding failures. The process perspective school of thought is considered the relevant school of thought in M&A research due to its focus on the integration phase, the corresponding IT, and behavioral operations. Since PMI in banks differs significantly from other industries, dedicated research on the banking industry in a dedicated country was conducted. This quantitative empirical study was based on data from 263 online survey responses on M&A transactions in Germany's banking industry, the country with the largest absolute number and most significant reduction in the number of banks in Europe. This paper reveals that the probability of a successful PMI increases with suitable preparatory measures, a consistent PMI approach, excellence in the implementation of integration projects, and sophistication of the IT management. The study is relevant to the academic world and decision-makers responsible for bank M&A transactions, as it provides new insights and valuable methods to improve M&A success rates. The study illustrates avenues for further research to be carried out in other countries and in specific industries.

Keywords: Acquisitions; Banking consolidation; IT-integration; M&A; PMI