

**TO INTEGRATE OR NOT TO INTEGRATE?
COMPLEMENTARITY, SIMILARITY, AND
ACQUISITION VALUE CREATION**

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VALUE CREATION

Abstract

Relatedness is often associated with acquisition value creation, without distinguishing between three underlying sources of synergy: business similarity, product complementarity, and geographic complementarity. We argue that realizing value in acquisitions requires matching the type of relatedness with the appropriate degree of integration; specifically, high integration for business similarity, medium integration for product-complementarity, and low integration for geographic complementarity. Empirical validation, broadly supporting our hypotheses, comes from 88 M&As.