Acquisitions & mergers

Approaches and methods in organizational culture integration

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ABSTRACT

The human factor plays a major role in acquisitions and mergers, and problems related to uncertainty, distrust, and cultural differences can have a great impact on whether they become successful or not. Acquisitions and mergers have been popular for a long time, even though most of them fail to achieve their goals and desired outcome. The reasons for the high failure rate have been a common research topic over the years and several studies have come up with frameworks and recommendations for a successful approach regarding this subject. However, despite increasing knowledge regarding problems and obstacles companies face in acquisitions and mergers, the failure rate is still quite high. The purpose of this research is to examine the approaches and methods used when integrating different organizational cultures following mergers and acquisitions. To do so, eight people who have experienced mergers as consultants and project managers were interviewed. The results show that different kinds of methods are being used but they are based on similar ideas. Further, the results indicate that a combination of change management and project management is needed to ensure the best results

Keywords: Acquisitions and mergers, integration, organizational culture

1. INTRODUCTION

Acquisitions and mergers (A&M) have been known for a long time in the business world as a way for companies to increase or maintain market share, achieve optimization, and create a diversity of products and services (Kavanagh & Ashkanasy, 2006; Sapkota et al., 2019). Despite being considered one of the riskiest way companies choose their strategic options, A&M are very common and have been for many years (Abdulai & Ibrahim, 2016). Since the year 2010, over 500.000 A&M deals have taken place worldwide with the year of 2021 ranking on the top with around 63.000 A&M deals, an increase of 24% from the year before (*Number of M&A Deals Globally 2010-2021*, n.d.). Despite this popularity, it's surprising to know how many A&M deals fail and don't meet the required objectives and desired expectations. Several studies for the past years have shown that the A&M failure rate is between 50-85%, depending on what research is relied on (Koi-Akrofi, 2016).

Organizational change like A&M is a complex and challenging phenomenon that involves the integration of functions and activities of the relevant companies. (Seo & Hill, 2005). The integration includes many factors that can influence whether it becomes successful or not, but ultimately, one of the biggest and the most important ones is the human factor. (Kavanagh & Ashkanasy, 2006; Succeeding with Organizational Change 2015). Research indicates that about 67% of all mergers fail to achieve the expected results mainly because employees' reactions and interests are ignored (Koi-Akrofi, 2016). Employees experience uncertainty and insecurity, which can have negative consequences if not addressed right from the beginning. Successfully merging two different organizational

cultures is one of the most challenging factors in every merger. Culture mismatch following a merger can cause key managers and employees to resign, can have a negative effect on performance, and increase absenteeism among the staff. In addition, top managers often fail to communicate efficiently with employees, do not share information, and neglect to explain the purpose of the merger.

Companies often don't spend enough time on creating an accurate and well-defined integration plan, which should be a priority because the more time spent on planning and the quality of the integration plan, the higher the probability of success in mergers (Nguyen & Kleiner, 2003). Researchers have come up with some frameworks and suggestions over the years as a guide for companies, regarding mergers and the integration phase, based on their reviews of previous studies and their own. But what about the people who actually are working in the middle of projects like acquisitions and mergers and are facing these problems firsthand? People like business consultants, change managers, and project managers. What methods do they use to help companies to overcome the common obstacles and succeed in acquisition and mergers?

The interest in this subject arose when the author of this paper, went through an acquisition of another company as an owner and an employee. The complication and difficulties that followed taking on staff that came from a completely different environment and culture was something that wasn't assumed. Therefore, the integration of the two cultures did not go as well as planned. Ever since the author has been interested to know what kind of approach and methods are used to help companies to achieve their desired goals following a merger and to integrate organizational cultures in a successful way.

The research question is as follow: What approaches, and methods are used in the integration of organizational cultures in acquisitions and mergers? Furthermore, the aim is to see whether the methods used are standardized or follow each case individually. Additionally, to see whether and to what extent, the methods and methodology being used can be linked to the project management methodology. Finally, to know what the most important factor is to have in mind when making an organizational culture integration successful.

2. LITERATURE REVIEW

The terms, acquisitions, and mergers, are commonly used with each other and often abbreviated as A&M or M&A. However, there is a significant difference between the terms. A merger is defined as the combination of two things, or in this context when two or more companies integrate their operations to create a stronger competitive advantage (Abdulai & Ibrahim, 2016). An acquisition is, however, used when a company purchases the assets of another company or its stocks and takes control of it. In this case, no new company is formed (Gaughan, 2010; Koi-Akrofi, 2016). A&M is usually divided into two processes: pre- and post-acquisition or merger. The previous stage represents everything that happens before the transaction is completed and signed. The second stage in the process consists of every activity that takes place after the deal is done and the company has been merged or acquired (Abdulai & Ibrahim, 2016).

Acquisitions and mergers have been a popular research topic throughout the years, and that doesn't seem to be changing soon. The research focus has however shifted from emphasizing mainly the strategic and financial aspects of A&Ms to the psychological and behavioral effects, as increased knowledge of the human factor and its importance in A&M has developed significantly (Seo & Hill, 2005). In research that examined the failure rate in A&M and the perspectives on what contributes to failures, the most frequent causes of problems related to the human factor (Koi-Akrofi, 2016). Many studies have been published in which researchers seek to find what psychological factors emerge among employees, the reasons for them, how they affect the success of the integration, and how companies can prevent them or reduce the chances of problems related.

According to Doug Ross, a managing director of a consulting firm, one of the most critical things for managers to keep in mind when merging companies is addressing the "me" issues which usually appear in the early stages of integration. These are the employee's concerns about their job, benefits, their pension plans, whether they must move, and speculations about what it will be like working for another company (Ross, n.d.). Moreover, Steger and Kummer point out that confidence is something that matters a great deal in mergers, and that is something that employees' behavior and attitudes below the top-level management imply is not present, rather the opposite, distrust. According to them, one reason for this lack of confidence among employees is the uncertainty about the future, which correlates with the "me" issue that Doug Ross talks about. Uncertainty among employees and managers is inevitable in mergers and that is why communication and information sharing are vital (Steger et al., n.d.). As soon as possible, employees should be informed about the purpose of the merger, their new roles, and anything that will change or affect their work environment and position in the new company (Kansal & Chandani, 2014). It is essential to consider how and when to inform employees about the merger as rumors tend to spread rapidly within companies. It can cause insecurity and uncertainty among the employees if it's not done as fast as possible and harm the merger's success (Steger et al., n.d.). Uncertainty can also have a negative effect on the service and customers, as employees are busy worrying about the future. One thing that managers should keep in mind is the length of the integration process, the integration must not take too long, because then uncertainty and insecurity can increase. Managers should also avoid delaying the start of it and the end (Ross, n.d.).

Some researchers have presented recommendations and frameworks on how companies can be more successful when facing problems related to the human factor, like cultural differences. An example of this is a study from 2019, where researchers provide recommendations for companies on how they can achieve better results when merging. These recommendations are based on a case from 2018 where two large companies merged in the USA. The companies had two different cultures, one being more conservative where decisions flew top-down, and the other known for its innovation, where decisions making was down-up. Other things like different leadership styles between the managers in the companies and lack of respect between employees were also present. Several things went wrong in this merger as the company leaders did not put enough emphasis on minimizing the psychological impact the merger had on the staff. The communication between leaders and employees was not sufficient, the leaders did not explain the purpose of the merger well enough, its timeline, and how it would affect employees. This led to many employees resigning due to fear, uncertainty, and concerns about their job security. According to the authors, a key factor in making a merger successful is to engage all employees in the process and focus on honest and open communication all the way to the lower levels of the company. Leaders should have one-on-one conversations with their employees regularly where they can discuss their concerns. In addition, the authors say it's important to understand and accept the variety of organizational cultures and make sure that employees experience trust and support in the new culture (Sapkota et al., 2019).

Organizational culture is a concept that has been researched alot over the years and is difficult to define in a simple way. The concept describes both visible factors like behavior, rules, and customers, and intangible factors such as feelings, values, and communication (Ingason & Jónasson, 2019). As can be seen in the study mentioned earlier, the difference in cultures can be a great challenge and the integration of organizational culture is one of the most important factors in successful acquisition. (Abdulai & Ibrahim, 2016). No organizational culture is the same, some cultures are for example called tight cultures, they follow strict rules and accurate processes where consistency and routine are highly valued. Other cultures can be loose, where employees are encouraged to be innovative and creative, and the environment is more fluid and agile (*Merging Cultures Through M&A*, n.d.) When explaining problems in the A&M process, Seo and Hill identified six theories. One of them, the *Acculturation Theory* deals with a phenomenon called *Culture Clash* (Seo & Hill, 2005). This is when the philosophy, values, missions, and styles of each

company create conflict. People tend to defend their way of doing things while attacking others because they believe their way is superior to others. A culture clash can cause a turnover, decreased performance, low morale, and more absences. To prevent or minimize the probability of a culture clash, an analysis of the potential for a culture clash is recommended. Cultural due diligence can be used to see the difference between two organizational cultures, such as companies' values, structure, and procedures. The merger of Daimler-Benz and Chrysler in 1998 is often named as an example of a merger where differences in organizational culture caused serious problems and were largely blamed for its failure. The formal and more structured management style of the German company against the more relaxed management style at Chrysler led to a cultural clash in the integration process (Nguyen & Kleiner, 2003; Seo & Hill, 2005). When two companies decide to merge, a culture clash can be the most dangerous factor in the process. (Nguyen & Kleiner, 2003).

Seo & Hill provided a framework as a guide to help managers during the integration phase in mergers. They identified six theories explaining psychological and behavioral reactions among employees in acquisitions and mergers, after reviewing more than a hundred books and articles. The six theories they identified were *anxiety theory*, *social identity theory*, *acculturation theory*, *role conflict theory*, *job characteristics,* and finally the *organizational justice theory*. In each theory, the authors explain common problems, their sources, what effect they can have on employees, and suggests ways to prevent them. They divided the integration process into four stages: *premerger*, *initial planning and formal combination*, *operational combination,* and *stabilization*. The framework shows how much effect different sources of problems can have in different integration stages and what theory it relates to. According to the framework, uncertainty is for example at its maximum in the earlier stages of A&M, that is in the *premerger stage* and in the *initial planning and formal combination stage.* The theory associated with uncertainty is the *Anxiety theory* and according to the authors, one of the most common suggestions to reduce anxiety and stress among employees is top-down communication, where employees are informed about their jobs and the company's future early in the process. Other suggestions are for example to allow employees to take part in the decision-making during the integration process and after. Mangers are also encouraged to be visible and interact more with the staff. By using the framework, integration leaders know what they are expecting and can prevent or reduce the probability of negative effects on the process with appropriate action (Seo & Hill, 2005).

Acquisitions and mergers are about changes and resistance to change is a common problem that companies face. People generally have difficulty with changes, they feel good in their comfort zone and the attitude "this is how we have always done it" is dominant. This can happen when employees lack faith in the management, they are not convinced about the purpose of the changes, and sometimes they don't have the right understanding of them. According to Chandani and Kansal, change management is necessary to use in changes like acquisitions and mergers as it affects all the employees, not just a few. In their paper, they suggest certain strategies to manage change during A&M. One of them is about having a clear vision and creating goals, values, and policies for the new company. This must be communicated clearly to all employees on all levels. Another one is to understand cultural differences as cultural conflicts can play a huge role in the failure of acquisitions and mergers as mentioned before. Like described in Seos' and Hills' framwork, they also talk about the importance of leaders to be in constant contact with their staff by talking to them, spending time with them, and finding out what concerns them. Doing so, helps employees to adjust to the new culture and accept it. Managers must encourage their employees to share their knowledge and participate in the integration process is something that the authors believe can help build trust between employees from each company, which is a good foundation for collaboration in the future (Kansal & Chandani, 2014).

Ignoring the importance of using project management in A&M is one of the biggest mistakes a company can do (Ross, n.d.). Integration work falls under the definition of a *project*, and it is therefore important that companies treat them as such to ensure success

(Patel, 2012). The only way to create a plan, follow it, monitor, and measure progress to achieve desirable goals is to use project management (Ross, n.d.). However, companies have failed to achieve their expectations because their integration process was not well defined and accurate (Patel, 2012). A good integration plan must address all the intangible factors additional to the business and operational matters, factors like negativity and possible resignation of employees.

3. REASEARCH METHOD

The research method for this study was qualitative, which is a research method based on descriptive data, what people say, write, or their visible behavior. In this study, only one type of qualitative method was used, which was in-depth interviews. Before the study began, the possibility of also applying a quantitative research method was considered, using a questionnaire. However, as the goal of the study was primarily to get an insight into how business consultants approach acquisitions and mergers, based on their experience and ideals, the qualitative method was considered most suitable as it would help the researcher gain a better and deeper understanding of the topics being examined. A questionnaire would, however, have added a different angle to the study and very likely an interesting one, and would no doubt be exciting to use in further research on this subject.

3.1 Participants

A group of people who share a great deal of experience in change management were contacted through e-mail and asked if they had ever been involved in acquisitions and mergers, as a consultant or a project manager and if they were willing to take part in the study by providing an interview. Eventually, eight people agreed to take part, five women and three men. All the participants except one, have worked or are working as a business consultant. The one participant that has not worked as a consulter has worked as a project manager. To make sure to get diverse answers from different points of view, it was considered important to try to get participants from different companies, otherwise, the answers could have been too similar, especially if consultants are required to follow the same methodology in the same company. That almost succeeded as the eight participants are working for seven different companies. Most of the participants are working in a consulting firm, or five of them, and the other three work for companies in other fields. Each of the participants has many years of experience as a consultant or as a project manager in all kinds of organizational changing projects. They all have in common to have been involved in acquisitions and mergers, either as a consultant or as a project manager, and therefor well suited for the research. Additionally, some of them had experienced acquisitions and mergers as an employee in a company being merged and could therefore also share their experiences from that perspective.

3.2 Procedure

After the participants had agreed to give an interview, each participant was sent a declaration of consent for signature by e-mail, before the interview took place. On the consent form was the title and description of the study, its purpose, and how the interviews were to be conducted. Participants were also informed that the interviews would be recorded and after the research, all recordings would be deleted. It was also stated that the interviews would be anonymous, and data would be untraceable. The participants were asked to sign the declaration and send it back by e-mail. They were invited to meet face to face for the interview or use a web conferencing system like Microsoft Teams, depending on each person's wishes. All the interviews took place through Microsoft Teams except two, one was in person and the other one was conducted by phone. The interviews took place during the period of April 19th to April 27th and the duration of the interviews varied between 30 to 45 minutes. The interviews were recorded in Microsoft Teams or a voice recorder app

and saved in a file in the same software and for security, stored in Dropbox, a file system web service.

In the interviews, the participants were asked specific questions related to the topics, but additional supplementary questions were added in some cases for more detailed information. The participants were therefore given the freedom to talk about their ideas and views on certain matters. The questions asked in the interview were a total of twelve, as shown in Appendix 1, two questions were closed, and ten questions were open. The questions focused mainly on the integration of organizational culture and what kind of method and approach the participants used when they were hired to consult or take part in acquisitions and mergers. The questionnaire also included questions that aimed to obtain information on what the consultants considered the most important factor in achieving successful integration between organizational cultures, and what factor they thought might be the main cause of problems in the integration.

3.3 Data analyze

The interviews, which had all been recorded as previously stated, were transcribed verbatim into Microsoft Word. A *thematic analysis* was used to analyze the data, which is a method used to identify, analyze and report trends in data. (Braun & Clarke, 2006). The data review was done in two steps, first, the entire data was read through to get a better idea of the content and to identify potential patterns and themes. Then, the data was read again, and initial codes were generated manually. When analyzing the data, no predetermined codes were used, instead, the codes and themes later, developed as the data was reviewed. Codes and themes were therefore identified in an inductive way, which is a data-driven form of thematic analysis (Braun & Clarke, 2006).

3.4 Limitations

The limitations of this study are as follow: as this is a qualitative study using interviews which is a time-consuming way to collect data, the participants are few which means less data and therefore harder to transfer the results to a larger group. As the gender ratio of the participants is uneven, it's not possible to reflect the results from the gender view, which would also have added more value to the study. In some cases, it became a challenge to get the requested answers, as the participants were given the freedom to talk as they wanted about their ideas and experience, and therefore the discussion sometimes went in different ways. It can also be a limitation when interviews take place through a conferencing system like Teams instead of in person, as it can affect the dynamic, trust, and flow of the conversation. Finally, the inexperience of the researcher regarding research work and interviewing is a limitation in this study.

4. RESEARCH RESULTS

In this chapter, the results of the study will be presented, and the research question will be answered: *What approaches, and methods are used in the integration of organizational cultures in acquisitions and mergers*? To get an even better picture of the approach used, a further aim of the study was also to see if the methods used are standardized or follow each case individually, whether the methods can be linked to the project management methodology, and to see what the most important factor would be when making an organizational culture integration successful. The results will also demonstrate answers to those questions. Based on the analysis of the data from the interviews and the research question of the study, the following themes emerged:

- The Methods
- Project Management

- What happens to me?
- The Manager
- Long-term results

The chapter is divided into subchapters were each subchapter presents each theme and the relevant results are described.

4.1 The methods

In this section, the focus is on how the participants approach organizational culture integration in acquisitions and mergers and what kind of methods and tools they use. The aim was to get the participants to describe their methods and their methodology.

Participants' answers to the questions related to the methods and tools they use when integrating organizational cultures were quite varied. Some of the participants said they used specific methods while others said they never had a predetermined script as the method used depended on each project. Finally, there were participants that said they used a mix of both, their approach was based on a certain method and framework but then they added their own methods or tools depending on the circumstances. However, all the participants talked about the importance of good analysis in the beginning and emphasized the value of good preparation. Assessing the strengths and weaknesses of each company in a holistic way is the first step as one of the participants described it when two companies are considering merging. In that way it's easier to see if the merger is a good idea or not and how to implement the merger and create the vision and goals in the most successful way:

> … "then I would always do an analysis of both companies first, to analyze the operating basis of both companies, to look at these strengths and weaknesses, to analyze them both, and based on that analysis of these two, I would evaluate how they fit together… and get the overall vision and goals of this merged company…"

This same participant had developed his own method based on previous projects and his experience as a consultant. According to him, the method consists of six key aspects of the company being looked at, where each factor is analyzed, and its strength rated on a scale from 0 to 10. One of the aspects is the human resources, and this is for example how the consultant assesses the management team of each company before integrating different cultures together:

> "You need to fully assess how teams you have in both units before you start thinking about the best way to combine the teams, first you need to know, what kind of a team do I need? What does this new company… need considering its goals and its future? What do I have to take from these two units that I'm going to merge?"

Another participant named the *ADKAR* model as a tool to help him to see and understand a certain group of people that he's working with within companies. The model stands for awareness, desire, knowledge, ability, and reinforcement and according to the participant, the goal is to see where employees stand based on these factors. When assessing the organizational culture, one participant talked about a model he used in a recent integration, which consists of six dimensions: culture, symbols, routines, work environment, leadership skills, and human resources. In this case, the participant also used an employee survey to analyze the existing culture and find out the desirable culture for the newly merged company.

All the participants talked about the importance of the company's ideology like strategy, vision, and goals to keep in mind before and at the beginning of the process and emphasized the importance of having these factors very clear from early on. According to

one of the participants, this has always been the key factor in his work as a consultant on A&M projects.

> "The first part is all the philosophy and the policy and the values and everything you are going to try to make happen… if the strategy, the ideology, the goals, and the human resources policy and all that is clear, then you can go ahead and get everyone together. It is possible to fail on so many things if the ideology is not completely clear."

The same participant described his method as four steps, the first being the ideology, the vision, the strategy, and everything that the merged company is going to achieve. The second step is about getting managers and middle managers on board and coaching them to present the new ideology to their staff. The third one is about the employees, providing seminars and keeping them informed and the fourth and last step is about measuring and celebrating small victories.

Several other methods, methodologies, and tools were mentioned like *Kotter's eight step change model*, two of the participants had used this model quite a bit, especially early in their careers, one of them did not use it anymore but the other used it for support alongside with his own methods. Stephen Covey's *The seven habits for success* were also mentioned and especially regarding the employees in mergers, participants who mentioned this also talked about workshops being a part of the method where employees are introduced to new behaviors and attitudes based on the values of the new company. Another participant talked about using the *Implementation Compass* by Robin Speculand which addresses eight key elements that need to be in place to ensure successful implementation and change in an organization. The elements are, for example, the people, you must have the right people with the right skills and knowledge, the culture, you must take care of the culture and information sharing, you must share necessary information with employees, customers, and other stakeholders. *4DX (Four disciplines of execution)* was one of the methods mentioned regarding helping the managers to reach their goals and lead the new company in the right direction towards the new strategy after a merger. Finally, one of the participants used the project management method *Prince 2* in a merger of two companies.

As mentioned earlier, it varied among the participants whether they used a standardized method, that is, always the same method or if the method chosen depended on each project. Five of the participants said they always approached change projects like acquisitions and mergers with the same methods, but none of these methods were identical. Two of the participants said they always had a certain architecture, but it depended on the project and exactly what method was implemented. At last, one of the participants said he never went into a change project with a predetermined method:

> "I make sure I don't have a script, that's one of the things I do, but I have a really big toolbox of all kinds of tools and then I just measure it with the person in question."

The participants described the methods they use more in a holistically way rather than describing a specific method only used when bringing two cultures together and then they outlined what needs to be kept in mind, and what to look out for in cultural integration which will follow in the next sections.

4.2 Project management

One of the aims of the study was to see if the participants used the ideology and methods of project management and then in what way when integrating organizational cultures in acquisitions and mergers. Participants were asked if they viewed the process from a project management perspective and in what way. All the participants said they looked at the integration of organizational cultures in acquisitions and mergers as a project and were all in agreement that good project management is essential when it comes to successful integration:

"…you are integrating a company, whether the project manager is an outsider, working alongside a manager, or if he is working by himself… I have always looked at this… as a big project, where it is broken down into fewer projects, and with an end goal in mind. Always!"

One of the participants described how he uses project management in an acquisition that he is working in:

"… yes, I'm working this on a spreadsheet, …this is broken down into time related goals, so this is completely, what can I say, nailed down as well as possible, …it is very important to think of it this way, and also just for the board and shareholders, to see and get feedback on this, how it is going, so as soon as we see something that goes wrong then we can we deal with it."

Another participant described a case where he worked as a consultant in a merger of two companies recently, there he created several project teams and, in each team, there were specific projects in progress controlled by project managers:

"… we just had a very formal project management plan for this. It was just a status overview… a Gantt chart over all the projects and tasks and then there was a weekly status check of what was on the green, what was on the yellow, and what was on the critical path, we monitored it very well."

Most of the participants mentioned that the process of integration following a merger is not linear like the Waterfall Model depends on, it is much rather the opposite, like Agile. One participant said that the plan will always change as something will happen, and that's why it's important to be flexible and prepared:

"And this is always the case, there are some steps forward and some steps backward. But if you always keep in mind, that this is not a linear process, … and you prepare yourself well. I think that's clever."

Regarding the timeframe one of the participants emphasized the importance of having a clear beginning and end, a merger should not take longer than six months, meaning by that time, all decisions like who will oversee the new company should have been made. After that time has passed, the participant suggested that the process should be about improvements and follow-up, because people get tired of continuous talk about a merger. This participant was the only one who talked about having experience of being in a merger as a general employee and found this to be an important aspect. It was also talked how important it is to make all decisions right away instead of waiting too long. Here the participants were referring to, for example which managing director should be in the newly merged company, which sales manager, which human resource manager and so forth. One participant had experienced a merger where managers waited too long with decisions these:

"We had two CEOs for about two years after the merger which was not good. ... the management team of both units was put together instead of stepping forward immediately and ... although it is painful and difficult to go straight to simplifying the organizational structure... and what that meant... was that those who previously belonged to CEO 1 continued to report to CEO 1 and those who previously belonged to CEO 2 were still reporting to CEO 2".

Finally, the participant talked about the importance of having someone in the merged company as the owner of the integration or someone who manages the process and has the overview. Whether it's the consultant, a project manager, or a manager inside the company. Some of the participants talked about having a steering group, a project management team, or an implementation team.

4.3 What happens to me?

It was very noticeable in the results how much emphasis was placed on communication and a good flow of information as, all the participants talked about this as one of the most important things in the integration of organizational cultures, and one of the common

mistakes that are made. According to several of the participants, it's crucial to answer this question as quickly as possible: "what will happen to me?":

> "Number 1, 2, and 3 is realizing that as soon as someone hears about changes like this, this question arises in everyone, not only in general employees but also in managers: "what will happen to me? … answer this question immediately."

It was also stated that as soon as the merger is announced, people must be informed, even if the information are not what people want to hear, nevertheless it's important as it eliminates uncertainty which is not good to have in a merger.

> "Uncertainty creates resistance and fear. So… information, information, information… everything that can be informed."

In accordance with this, participants also talked about how important it was for the companies involved to pay special attention to their key employees. Identify those employees in each company and talk to them, inform them, and let them be a part of the process:

> "And this is often a thing that people overlook, just merge companies and then there are just celebration and beer and snacks… and everybody is happy. Then people go home and what happens in the human mind is that change is something that people do not want. Nobody wants to change even though it is awesome and cool. These changes often look better on paper than in action... and what has happened is that key people have said goodbye."

Based on the results, the purpose of mergers and acquisitions, or the "why," is also an important thing to keep in mind regarding the employees, as most of the participants emphasized this more than once. Examples of questions that participants said needed to be answered are as follow: What is the intention with the newly merged company? What does this new company have that the other two did not have? What are you trying to create beyond what you had before? And finally, why are you merging the companies? Is it to achieve some optimization? Is it to serve the customer better? Is this a merger to advance or is it a defense? According to the participants, mistakes often happen here as managers fail to create enough "why" among the employees and therefore don't succeed in getting them on board as the one participant said:

> "I think sometimes mergers are made without defining why. Maybe some numbers are thrown up, some amount and people are not necessarily super motivated and say yes! we are going to make more money. "

4.4 The manager

The role and importance of the managers in acquisitions and mergers were mentioned in all the interviews but in various ways. Some of the participants talked about the executives and managers in the companies as the fundamental thing before a merger should take place and to increase the chances of success. Meaning their attitude, positions, and views on the proposed merger. As one of the participants stated:

> "…I think this starts and ends kind of at the table of senior executives. To agree on the purpose, to agree on where the values lie, and to unite as ambassadors. Absolutely there, and that is not always so, although the owners have agreed to merge the companies".

As mentioned above, the role of managers was also discussed, and several interviewees talked about the importance of having a strong manager and leader who would lead the changes. Someone who has the passion and will dedicate himself to the process and do everything to make it work as well as possible. The cooperation between the consultant and the manager was also mentioned in this context, but according to several interviewees, it is important for the consultant to have good access to the CEO or managing director in the beginning and during the process. One participant stated that if the integration is to be successful, he would have to work with the relevant manager, someone who has the authority to make decisions:

> "If I want to achieve real results then I work with the manager who influences it all, if I'm not able to do so... then my impact is completely different. ... as a consultant, I can approach the manager... I can speak directly to the relevant administrator. ... But when I do not have that access, it is much harder to work as a consultant".

In following this, the mandate of the consultants, project managers, or those involved was also discussed as something that must be well defined and clear before the work begins. In addition, the interviewees talked about the support that needs to be available from the management to the consultant or the person in question.

> ..." but there is always one thing that stands out and that is the mandate. Where does it lie, it has to be extremely clear from the owner or the board, that the person entering... that there is a mandate to change and a support. ... So, for the project manager to come in, he needs to make sure that he has a true mandate and 100% support, for the project. And that is something that often does not happen".

Based on the participants' answers, managers can also be an obstacle and create difficulties. Three interviewees in the study described similar experiences of difficult managers who had a negative impact on the success of the integration. In one case, a participant experienced his manager being positive towards the integration and changes, but it turned out, that it did not apply to himself or his managing style:

> ..." yes, he was ready for it all, but he did not want to change himself and his methods and that was, what I was going to say, sort of a side project for me, that you know to convince him that this was the way and it worked... but... when I left, certain things went back to the same direction, so you could see completely, ok, this would not have happened if the manager was completely within".

4.5 Long-term success

As consultants are not around in the merged company forever, they were asked how they advised companies to systematically promote greater unity in the long run. Several things were mentioned, one said that it was important never to underestimate the human factors, and another said the trick was to let the managers and middle managers be a part of the process from the beginning to the end. Patience and being aware that changes like these do not happen overnight, rather seeing it as a marathon was one answer. To find a common ground for the employees, let them meet and get to know each other was also mentioned. One participant described how all the employees of the merged company he worked for had a unification symbol which made a huge difference in that case. And finally, a good follow-up was mentioned a few times during the interviews.

5. DISCUSSION

According to the results, the methods being used by the participants in the integration of organizational cultures are quite varied, as no one decribed identical methods. However, although the methods are not exactly the same, most of them are based on similar ideas and factors. The participants described certain change management models like the *eight step change model* by Kotter, the *ADKAR model*, Stephen Covey's *The seven habits for success,* and the *Implementation Compass* by Robin Speculand. Some of the participants had developed their own model and methods based on their experience and others talked about analysis tools rather than change management tools. They all, however, placed a great emphasis on good preparation and thorough analysis, which is in accordance with what the literature and research in this field has suggested. When participants were asked if they used standardized methods, or if their choice of method depended on each project, the majority, or five out of eight, said they approached change projects like mergers and integration with the same methods. It is therefore quite clear that there is no golden rule when it comes to integration in mergers, and projects of this kind can be approached in

different ways. As this research was not about measuring the success of methods, it is not possible to say which method is best suited and whether it is better to always use the same ones. The results of the study however provide a good insight into how consultants approach projects like acquisitions and mergers and show that consultants work in a variety of ways.

It was, noticeable how often participants talked about similar things, like the importance of clear vision, goals, and strategy from the beginning of the process, the uncertainty among employees, and the importance of communication and information sharing. All these factors are seen in previous research when describing problems regarding the human factor in mergers and what actions are suggested to handle them.

Project management is obviously an important part of the participant's approach and methodology in the integration process following a merger, as they all talked about looking at it from a project management perspective. This is quite interesting and indicates that when taking on a big and complex change project like acquisitions and mergers, change management and project management is the combination needed to ensure the best results. The literature confirms this as planning, following it through, monitoring, and measuring are the way companies are encouraged to use to achieve desirable goals. Another interesting thing is that most of the participant talked about the integration not being a linear process, rather an agile on. This makes sence as a merger and aquisition is for the most part a human change project with all sorts of intangibles involved, and therefore unrealistic to expect the tasks to flow in sequence after each other without having to revisit the previous tasks. The timeframe was also discussed, as one of the participant talked about the importance of having the integration not too long as pople get tired of continous talk about merger. None of the other participant talked about the timeframe of the integration in this way, but in the literature reviewed for this paper, it is not recommended to let the integration take too long as it can further increase insecurity and uncertainty.

Finally the role and the importance of managers and leaders in acquisitions and mergers was mentioned as something that can have a great impact on the succsess of the project, in a positive way and a negative way. Their attitudes, how they view the merger and their behaviour is vital, as organizational changes like acquisitions and mergers need someone strong who can lead by an example. This is something that is probably hard to control as a consultant, as according to the answers the managers can be an obsticle in the process.

6. CONCLUSIONS

It's clear that acquisition and merger is a complex and challenging project which is not completed with one stroke of the pen. Mergers are usually based on figures on a paper but whether they will be successful or not, seems to rest at large on the human factor. Given the number of studies and articles that have been written about this phenomenon, you would think that the failure rate in mergers had decreased in recent years with increased knowledge but that does not seem to be the case. The good thing though is how much is known about employees' psychological effects following a merger, and therefore it should at least be easy to figure out what to expect when merging and integrating two companies. This research gives a good and interesting insight into how business consultants approach cultural integration and what methods they use and gives a good idea of what to expect when taking on a project like this.

7. ACKNOWLEDGEMENT

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Appendix 1

Questions for interviews

1. Can you tell me a little bit about yourself, where you work, your education?

2. How long have you been working as a consultant?

3. What is your experience as a consultant when it comes to projects that revolve around change and change management?

4. What is your experience as consultant when it comes to projects involving acquisition and mergers of companies?

5. When you, as a consultant, have entered acquisition and mergers, where two different organizational cultures need to be integrated – do you use standard methods, or does it depend on each case?

6. Can you describe the methodology you have used as a consultant in integration of organizational cultures acquisition and mergers?

7. When integrating two organizational cultures, what would you, as a consultant, say is the most important thing to keep in mind so the acquisition or mergers can be successful?

8. When it comes to integrating two different corporate cultures, what factors can cause the integration to fail?

9. It can take a long time for two different organizational cultures to come together, how do you as a consultant advise merged companies in the long run so that managers can systematically promote greater unity within the company?

10. As a consultant have you experienced the managers and / or owners of the companies involved as obstacle in the integration of organizational culture? If yes, can you describe it in more detail?

11. In the literature of change management, the importance of the leader is often mentioned when it comes to the integration of organizational culture. As a consultant, have you approach this in any way? For example, put together a team or had a cultural manager?

12. As a consultant, have you been involved in change management in both the public and private sectors? If so, is there any difference in how you as a consultant approach / would approach the integration of organizational culture following acquisition or mergers of public companies' vs private companies?