Communication – The Key to Successful Mergers & Acquisitions?

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Summary of

“Communication - The Key to Successful Mergers & Acquisitions?”

With the purpose of examining; *how management can communicate in an M&A situation in order to establish the right prerequisites for a successful outcome*, this report takes it point of departure as a literature review. Following, the purpose of the literature review is to provide valid and useful recommendations and suggestions as to how management engaging in a M&A situation, can approach such a challenge. Due to predetermined limitations and the scope of the report, the source material for the studying of the topic, has been carefully selected and evaluated to determine its relevance considering the topic and objective.

Beginning with an introduction of the topic and a presentation of the issues related, along with a justification of its relevance in a modern business environment, the reader is provided with a brief overview of what issues and areas the report will touch upon. Leading on to a problem statement and research question, a concrete objective for the report has been established and presented. Subsequently, the theoretical framework and foundation for the report is presented, accounting for various theorists, fields, and concepts and how these will contribute to an achievement of the reports main objective. Representing the foundation of the theoretical framework, *Organizational Communication* by Katherine Miller will be frequently applied and referred to, as her work spans over a wide range of topics and fields, all being relevant to the report. Aside from this main source of theoretical resources, a wide range of theorist, academics, practitioner, and business professionals will be included in order to ensure that every related subject will be covered. With the overall topic being management communication, three subcategories are proposed in order to provide structure and overview of the comprehensive topic.

Since any M&A activity can be characterised as an organisational change, theory within *change communication* will be examined, with various objectives. Firstly, the work of T. E. Zorn, D. J. Page, & G. Cheney will be studied to find out how change should be communicated, and thereafter Katherine Miller will assist in establishing the reasons for planning change. The work of Phillip G. Clampitt, Robert J. DeKoch, & Thomas Cashman will provide an overview of relevant communication strategies during M&As, while Marie H. Kavanagh & Neal M. Ashkanasy will explain the concept of framing. Finally, John E. Gutknecht & J. B. Keys’ ideas on managerial listening sessions will add to the investigation of change, while supported by Laura Peet’s ideas on the importance of communication.

Because some people may regard an M&A activity as a representing a profound conflict, resource material within this *conflict communication* will be examined as well. L. L. Putnam & Poole will help understanding and defining the concept of conflict, while the five phases of organisational conflicts will be explained by Louis R. Pondy. Afterwards, conflict management styles will be accounted for by K. W. Thomas and the work of Katherine Miller will be applied to understand how perception and conflict are related. Finally, the concept of tribalism will be studied through the material of Ann McGee-Cooper.

The third subcategory considers *corporate culture* and its relevance in M&A situations, and beginning with obtaining an overview and understanding of the concept and its development though the work of Rupert J.
Baumgartner, Sadri Golnaz & Brian Lee’s findings on management and perception of corporate culture will continue the theoretical examination. The concept of cultural types, fit, and management – provided by Susan Cartwright & Cary L. Cooper - will be taken into consideration, while the work of Charles Conrad & Marshal Scott Poole will conclude the theoretical study, by presenting the process in which people learn and adapt to corporate cultures, along with the benefits of unobtrusive forms of control.

Subsequently to the theoretical investigation of the related resource material just mentioned, an evaluation of these findings will occur. This evaluation will take its point of departure within an M&A context and therefore explain how each theory or model is of relevance to the answering of the problem statement and achievement of the main objectives of the report.

Having evaluated and considered the theoretical resources, while applying it in an M&A context, concrete recommendations and suggestions as to how management should communicate and approach such a challenge, will be provided – supported by a four-stepped guideline provided by Anne Houlihan.

Finally, an evaluation of the entire report, including all its phases and findings will lead to a conclusion, answering the research question posed in the problem statement.

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1. Introduction & Background

When observing the field of business from a historic and global point of view, with a special focus on the past thirty years, it is evident that many things have changed and at what seems to be at an even faster pace than earlier. One of the first things that spring to mind is how the world has become significantly smaller, in the sense that people’s perception of space, human capabilities, and what is actually achievable has changed. Rather than regarding distances and differences as obstacles and hindrances, today these are often considered as a presenting possibilities and opportunities. Globalism has clearly influenced the business environment throughout the world. In stead of being active in “only” one or few markets, organisations of today often operate on a global scale in various businesses considering the entire world as their home market. This development has led to an extensive increase in competition, which further has called for a change in organisational structure.

In order to keep up with competitors and differentiate themselves, many organisations throughout the world apply various tools for reaching this objective. Outsourcing, value chain optimisation, and corporate venturing are just some examples of such tools. However, it seems that within the past twenty years, one tendency have spread faster and wider than all of the others.

Considering the development of Mergers & Acquisitions since the 1980s it is evident that this strategy is one of the most applied ones. Amounting for “only” $1.4 trillion during the 1980s and moving to a stunning $11 trillion during the 1990s, with another $7.6 trillion in 2003/2004 – all adding up to a combined total of $20 trillion - M&As is clearly a popular choice in the today’s business environment (Milton-Kelly, 2006). Exxon-Mobil, Sony-Ericsson, and Time Warner-AOL are examples of the many companies who have decided to seek business opportunities, growth and success through corporate collaborations and considering the engaging parties’ underlying motives, it is recognisable how factors like; synergy, economies of scale, market expansion etc. is appealing and thus cause them to undertake this form of organisational behaviour. However, despite the amount of companies engaging in M&A activities, several surveys reveal that far from every M&A turns out successful. According to a study performed by Deloitte & Touche (2002) where 540 companies were surveyed only 1 out of 3 companies, could say that they were successful (Milton-Kelly, 2006). Furthermore, studies indicate that the overall reason for the relatively high failure rate of M&A activities is the lack of one very important, however often forgotten, factor – communication. More specifically, it is management’s lack of open, clear, and unambiguous communication that creates the issue and too often causes organisations to “break up” and thus leave the merger unsuccessfully (Valant, 2008).

With all this information being available to managers around the world, why is it that the success rate of M&A activities is still poor, and furthermore, how does managers apply this knowledge and start harvesting the benefits related to successful M&As?

Evidently, these questions call for a thorough analysis of this poor development of M&As and the influence of effective communication, so managers can approach such a situation in the right manner and thus become successful. These questions along with the fact that M&As is the most common choice of high-level

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1 Mergers & Acquisitions will be referred to as M&As through the report.
transaction-specific investment, have jointly generated the motivation and interest for the preparation of this paper.

1.1 Problem Statement
With the poor results of M&A in mind, the overall purpose of this report is to find out; in an M&A situation, how could management communicate in order to establish the right prerequisites for a successful outcome? By answering this question it is possible to reach a better overview and a deeper understanding of the issue and to provide qualified suggestions and recommendations as to how managers could approach such a challenge.

1.2 Theoretical Framework
With the purpose of briefly introducing the relevant theoretical fields and authors of management communication in M&As, this section will provide an overview of the concepts that will be touched upon in the report. Including mainly articles and books, the source material drawn upon for the making of this report, will include the work of several academics, practitioners, and business professionals. However, due to its extensive research and exceptional relevance to the topics of this report, Organisational Communication by Katherine Miller (2006) will represent the theoretical foundation and framework. The publication date of the selected source material will span from the late 1960s up until 2009, only with the purpose of obtaining a broad overview of how the perception of each topic has developed within the past fifty years (if available). Furthermore, since the field of management communication in M&As is rather broad, the theoretical material will be divided into three subcategories all being highly relevant to obtain an understanding of the elements and underlying motives involved.

1.2.1 Change Communication
To find out how management should communicate change the work of T. E. Zorn, D. J. Page, & G. Cheney will be examined, while the reasons for planning change will we emphasised by including Katherine Miller.

In relation, the method of choosing the right communication strategy for the job will be studied through the work of Phillip G. Clampilitt, Robert J. DeKoch, & Thomas Cashman, whereupon the concept of framing will be examined by applying Marie H. Kavanagh & Neal M. Ashkanasy’s ideas on the method.

Finally John E. Gutknecht & J. B. Keys’ work on managerial listening sessions will contribute further to the theoretical investigation, while all being supported by Laura Peet’s clarification of the importance of communication.

1.2.2 Conflict Communication
L. L. Putnam & Poole will contribute to the understanding and defining of the concept conflict, while Louis R. Pondy’s work on the five phases of organisational conflicts will contribute with valuable knowledge.

Following, K. W. Thomas will be included to discover the essence of conflict management styles and Katherine Miller will be applied for discussing how the concepts of perception and conflict are related.

Ann McGee-Cooper will also be studied in this section, as she has carried out some highly interesting and relevant studying of tribalism in the organisational environment.
1.2.3 Corporate Culture
In this section on corporate culture, Rupert J. Baumgartner will assist in obtaining an overview of the historical development along with touching upon the aspects of management and perception, all supported by Sadri Golnaz & Brian Lee’s findings on related issues.

Subsequently, Susan Cartwright & Cary L. Cooper’s extensive work on cultural types, fit, and management will be studied in order to get an understanding of the influence it has on organisational life and behaviour.

Charles Conrad & Marshall Scott Poole’s work will finish this section of, by investigating the process of how people learn and adapt to cultures and why unobtrusive forms of control can be highly beneficial.

1.3 Methodology & Structure
Before being able to answer how managers could communicate, in an M&A situation, with the purpose of establishing the right prerequisites for a successful outcome, a clear structure of the report is crucial.

In section 2, the report will take its point of departure as a literature review, starting out with reading and examining relevant and extensive source material within the three subcategories, carefully selected for the purpose. Following, this same material will be evaluated and discussed with the purpose of investigating the opinions of academics and practitioners, and to see if there is some degree of consensus present or if their opinions and suggestions are more fragmented.

When the evaluation of the theoretical framework has been carried out, section 3 will hold the recommendations and suggestions, all based on the findings produced in section 2. Firstly, these recommendations will take their point of departure in each of the three subcategories i.e. change, conflict, and corporate culture, while collectively coming together in the end for an overall general set of recommendations as to how management could communicate in an M&A in order to establish the right prerequisites for a successful outcome. Besides these recommendations based on the theoretical material presented in section two, a final theoretical input will be included in the sense of a suggested guideline for the entire M&A process.

In section 4, the report and findings will be concluded with the main purpose of answering the research question posed in the beginning of the report.

In section 5, references will be noted, while section 6 will contain appendices including enlarged printings of the illustrations and graphic material applied throughout the report.

1.4 Delimitation
The topic of management communication in M&A situations invites for several analysis and points of departure, however due to predetermined regulations on scope and length, the focus of the report will be on the internal communication flow between management and organisational members2 in an M&A situation, based on source material within the three subcategories previously mentioned.

2 In stead of the term “employees”, “organisational members” will be consistently applied throughout the report, as it has a broader definition and describes every employee from “the bottom” of the hierarchy to just below top management.
2. Communicational Issues in M&A Situations

In this section, the most important aspects of M&As will be evaluated with the purpose of determining the communicational issues and pitfalls management is likely to encounter when engaging in any M&A activity. Due to their significant influence, the concepts of change, conflict and corporate culture will be in focus.

2.1 Communication and the Management of Organisational Change

Despite being exposed to it every day, not many people give much thought to the concept of “change” and for what seems to be a good reason. Change is constant, inevitable and will in one way or another occur and affect people’s lives. Some people are reluctant and sometimes even afraid of change whereas others welcome it with a positive mind and open arms, curious and interested in what it may bring. One of the factors that for many people cause the negative conception of the concept is that change not always can be controlled or planned, which leaves them with a feeling of uncertainty and anxiety (K. Miller, 2006:222-223). Considering change in a business context, it is known that management possesses the authority and power to make decisions and carry out changes, e.g. agreeing on an M&A deal. Majority of times, these decisions will in some way influence organisational members, and for exactly that reason organisational members are often concerned about how these changes may affect their future career. If this uncertainty is not dealt with by management, it may in worst case scenario generate a vicious circle of poor behaviour and lack of commitment, as they do not feel comfortable with the situation. In the long run, this will evidently affect the organisations bottom-line, which only supports why management should focused on how to manage and communicate change. But how does management approach this challenge, in order to ensure that organisational members feel comfortable and remain able to perform their best?

2.1.1 Change Management

Communicating change is a comprehensive challenge for any manager and just as rewarding it can be if done successfully, just as damaging can it be if it is not regarded as a high-priority task. The reason why any manager should even consider devoting energy and time in communicating change is first of all because change will occur, and if not communicated successful, it is likely to have fatal consequences for the business, since the business environment then will be tense and uncomfortable. Secondly, organisations must organise for continuous change, to become a flexible organisation that can adapt quickly to environmental changes. These ideas only emphasises that learning to communicate change is a must for every organisation that wishes to succeed in the fast paced business environment, where flexibility plays a bigger role than ever before (Zorn, Page, & Cheney, 2000).

Having said that change often has a negative conception among the people who are likely to be affected by it, it is important to keep in mind that change also can be for the better. In accordance with the claim that organisations should strive for flexibility, changes are sometimes needed in order to reach that goal (Zorn, Page, & Cheney, 2000). However, before being able to benefit from it, it must be planned by management. According to K. Miller (2006:220), planned change is well prepared, thought through, and has a deeper meaning to it and rather than just letting the “organisational life cycle” take its course, organisations should strive to manage change. As an example, an organisation may find themselves in a highly competitive environment where change is needed in order to maintain a differentiation strategy and keep competitors at a healthy distance, or perhaps an opportunity has presented itself in the form of minimised production costs by moving production facilities to Asia. The examples are many, however while being anything but straightforward, planned changes not carried out over night - rather it is likely that they become long term
processes, which not only calls superior managing skills but also a comprehensive skill set of communication and presentation. The reason why such processes needs to be well planned and should not be underestimated by managers is because the change itself occurs in every single unit and part of the organisation and thus will affect everyone. Business processes, strategies, culture, individual behaviour etc. are all factors that are likely to change, so even though the objective may be clear for the board, it is imperative keep in mind who and how the change will influence (K. Miller, 2006:220).

One of the main problems often identified in change processes is the lack of rich and open communication (K. Miller, 2006:221). This need for effective communication primarily derives from the previously mentioned state of mind organisational members may find themselves in, characterised by uncertainty and anxiety. Because of the unknown factors present in a change process, and to avoid organisational members feeling lost or forgotten, management must maintain a rich communication flow to keep members informed. This is further supported by the fact that organisational members actually prefer negative information than no information (K. Miller, 2006:223).

Several considerations should be made by management when deciding how to communicate a given change process, however most importantly is it that the right communication strategy is selected for the purpose. Based on several observations and evaluations of numerous communication systems, Clampitt, DeKoch, and Cashman (2000) agreed on five specific top-down communication strategies typically applied in such situations. As visualised in figure 2.1.1 it is clear which of the strategies that are most beneficial. The Underscore & Explore strategy seems to be the best communication strategy management can undertake in a change process, since it represents a high level of communication effectiveness and a decent amount of information transmitted to organisational members. The essence of this strategy, which is also its strongest attribute, is that managers consider all the issues that are most likely to be linked to the success of the organisation. Thus, while allowing members to explore and evaluate the ideas proposed, management regards communication as being incomplete until they have received feedback from organisational members. Furthermore, aside from being interested in the content of the feedback, management listens attentively in order to avoid potential misunderstandings that may occur (Clampitt, DeKoch, & Cashman, 2000).

In contrary the Spray & Pray and Withhold & Uphold strategy are least beneficial, since these only represent a low degree of communication effectiveness. With the Spray & Pray strategy management basically “showers” organisational members with information - relevant and irrelevant - hoping that members themselves are able to sort significant from insignificant. The idea itself seems effective; however in a real business context this approach is rarely possible since organisational members possess individual perceptions and opinions of what is relevant and significant (Clampitt, DeKoch, & Cashman, 2000). Containing the same low degree of communicative effectiveness, the Withhold & Uphold strategy is another bad choice. With this approach, rather than letting information flow freely, all information is

![Figure 2.1.1](image-url)
Communication – The Key to Successful Mergers & Acquisitions?

retained by management for as long as possible. Secrecy and control are the keywords of this strategy and it hardly induces a comfortable environment (Clampitt, DeKoch, & Cashman, 2000). Common for both of these strategies is that none of them value or understand the importance of constructive and open communication, nor are they able to see its benefits and advantages. Thus, the Underscore & Explore strategy is a better choice as it takes many more factors into consideration with the purpose of establishing a healthy and positive environment and relationship between management and organisational members.

With the Tell & Sell and Identify & Reply strategy there are positive aspects as well as negative ones, however since these only represent the “average solution”, these will not be described.

2.1.2 Strategies for Communicating Change in an M&A Situation
When considering the ideas on change management in an M&A context it is clear that many of the same observations and statements apply. Regardless if a person considers a given M&A situation from a positive or negative perspective; it is safe to say that any M&A can be characterised as a “change” and therefore underlies the previous discussed suggestions opinions on communicating during change processes. Evaluating the suggestions and recommendations provided by academics, theorist, and practitioners, as to how managers should communicate during a change processes, it is evident that some of advices appear more frequently than others, while seeming to reflect some degree of agreement among the contributors.

The first of these jointly created suggestions is for management to communicate openly and direct, while being transparent, honest and sincere (Peet, 1997). Due to the state of mind organisational members are likely to be in during an M&A activity, the main objective for managers should be to make members feel comfortable and to some extent secure. Additionally, to support this action management should (to some degree) involve organisational members at all levels in the decision making process and to undertake related tasks, as it would make them feel valued and important (Kavanagh & Ashkanasy, 2006). Still, honesty and sincerity are imperative elements in any change process and these should therefore be in accordance with the degree of involvement. In relation, management should continuously provide organisational members with realistic assessments of M&A and its potential results. It is vital in order to establish a relationship of honesty and reliability, that management show organisational members that they are on their side and thus seeks to reach a solution in the best interest of both parties. Moreover, to support a code of fairness and honesty during the M&A management must deliver negative information as well as the positive, keeping in mind that sensitiveness and understanding is likely be valued (Messmer, 2006). Also, management should strive to apply the Underscore & Explore communication strategy as this represents the best approach to a healthy communication flow, while considering the other important elements explained throughout this section (Clampitt et al., 2000).

Another greatly appreciated strategy for managers to communicate in an M&A situation is the concept of “framing”. Framing takes it point of departure in leadership skills and is therefore not something which every organisation masters. However, if a manager should possess framing abilities it is likely to be a highly valuable asset for the organisation, as it can be considered a highly beneficial advantage towards organisations without such abilities. In its core essence framing is a way of managing meaning in which one or more aspects of a given situation are valued above others and thereby presented in a manner which emphasises and advocates those valued aspects (K. Miller, 2006:230). Framing is therefore a very useful tool in any M&A situation, as managers can, if applied successfully, make organisational members focus on the positive aspects of the situation, rather than negative ones. If management presents the advantages
related to the M&A, e.g. an improved physical environment, better pension plans or greater job opportunities to mention a few, and leaves out the negative aspects involved, the organisation has a chance of creating positive energy, synergy, and a positive environment for organisational members, since framing strategies tend to affect the cognitive acceptance of organisational change especially among members of the organisation (Kavanagh & Ashkanasy, 2006).

A final suggestion as to how managers can improve the communication flow during an M&A situation is by incorporating managerial listening session. With the purpose of establishing a healthy relationship between management and organisational members, these sessions will allow members to speak their mind and share their concerns, simultaneously by providing management with an overview of how organisational members evaluate the M&A (Gutknecht & Keys, 1993). So while encouraging feedback by applying open and transparent communication these group meetings advocates the concept of planned change but also the fact that employer satisfaction is a valuable asset to any organisation.

2.2 Communication and the Management of Organisational Conflict

In continuation of the discussion of management of change and its relevance to organisational success, especially in an M&A situation, the concept of “conflict” touches upon many of the same scenarios and dilemmas, hence its relevance. Like with change, conflict is a rather intangible dilemma for organisations to deal with. Since conflict is rarely planned and organised and due to its abrupt nature, a conflict situation always calls for managers to perform supreme in order to handle the conflict. Despite it often being difficult to foresee, organisations would disservice themselves if they do not expect or at least are prepared for the sudden situation of an organisational conflict. However, before even beginning to consider what may trigger a conflict and how it is managed most beneficially, the concept needs to be defined. A conflict can be characterised as being the interaction of interdependent people who perceive opposition of goals, aims, and values, and who see the other party as potentially interfering with the realisation of these goals (Jablin, Putnam, Roberts, & Porter, 1987). Indeed, while being rather broad, this definition covers all the aspects that in some way present a conflict. Regardless of the context and environment, this definition falls into place, while highlighting the “three I’s” of conflict – Incompatible goals, Interdependence, and Interaction (K. Miller, 2006:194).

Considering the definition and nature of change, it can be argued that conflicts merely are results of change (majority of times). Depending on how people perceive any given change it may either be regarded as something positive or something negative, which then may evolve into a profound conflict. Further, depending on how the conflict is then received it can either be destructive or productive, and through communication organisational members work their way through these conflicts either in a functional or dysfunctional manner – it all depends on how management approaches this organisational challenge (K. Miller, 2006:193). Since, conflicts constantly arise in organisational environments, and because of the extensive influence they may have on the parties involved, widespread research have already been conducted on the issues related (K. Miller, 2006:205). However, since M&A situations in some scenarios are regarded as profound conflicts or crisis, it is extremely relevant for this report to consider how managers could communicate and manage such tense situations in order to evade the detrimental consequences they may cause. Before beginning to reach into conflict management in M&As, it is important to have a general overview of what exactly managers are facing when an organisational conflict arises and what tools they may apply to deal with it.
2.2.1 Conflict Management

Considering the nature of conflicts in a business environment it is essential to keep in mind, that difference and incompatibilities themselves are not equal to a conflict. Rather, it is the process of interaction and expression which establishes the prerequisites for a potential conflict, so once again communication is what holds the key to success or failure (K. Miller, 2006:194).

In order to obtain a further understanding of the concept of conflict, Pondy (1967) proposes that organisational conflicts can be characterised by five different phases. However, before observing these various phases it should be noted that the phases are not necessarily interconnected and that one can occur without the other even having been present. A latent conflict presents the earliest phase and has the potential of becoming a conflict since parties interact and their incompatibility therefore is “exposed” to one another. The next phase, perceived conflict occurs when the engaging and interacting parties become aware that incompatibility and interdependence is present, and a potential conflict therefore is existent. Thirdly, in the phase of felt conflict the parties are now fully aware of the conflict and therefore begin to formulate strategies as to how they can deal with the conflict, while considering possible outcomes and results. Thereafter, the conflict is manifested in the sense that the before mentioned strategies are being put into action through communication and direct interaction. Finally, the conflict aftermath describes how such conflicts, short-term of long-term, can influence the personality of the individuals and their relationship (Pondy, 1967). Having observed how a conflict may undergo different stages - prior, during, and after – it is now of great relevance to find out how managers can deal with these stages.

When encountering a conflict in any of its stages, management can apply different management styles depending on their personality, leadership style and the nature of the conflict. In an attempt to design a tool for analysing conflict management styles, Thomas (1976) applied Blake & Mouton’s Managerial Grid (1964) and adapted it to conflict situations, while reconceptualising the two dimensions i.e. concern for self and concern for others instead of concern for people and concern for production, present in Blake & Mouton’s original model (Dunette, 1976). As visualised in figure 2.2.1 the model includes five approaches as to how a person can approach a conflict.

Avoidance is often not a favourable way of approaching a conflict, as it represents a low degree of concern for others and for self. Competition is a strategy which is applied by a person who possess a high degree of concern for oneself, however a low degree of concern for others. This approach is often characterised as being a rather selfish strategy which may entail a poor reputation among co-workers. However, this strategy also reflects a person who is goal oriented, which in many situations is a valuable asset for any organisation. Accommodation is a strategy where a person has high concern for others and low concern for the self. This approach is often well-liked in the organisational environment because it means that a person often is willing to sacrifice oneself in favour of the well-being of the organisation. Conversely, this approach reflects a person who has a low need for self-actualisation which in a somewhat stereotypical manner can be translated into a low level of motivation, drive and enthusiasm.
Compromise is an agreement between the interacting parties in which they strive to meet each other’s needs, while to a certain extent sacrificing their own. The people applying such a strategy have a medium degree of concern for themselves and others. Finally, Collaboration is applied by a person who has high degree concern for others and the self. This approach is often a well-liked and an effective way to manage a conflict as it reflects a person with high concern for everyone, including the organisation and its wellbeing. In most cases, willingness and diligence are highly valued assets, so a collaboration strategy is often popular choice (K. Miller, 2006:198).

2.2.2 Strategies for Communicating Conflict in an M&A Situation
Considering the concept of conflict in an M&A context it all comes down to one thing – perception. Naturally, the attitude among organisational members towards the M&A situation is highly dependent on what type of M&A they are being exposed to. If the organisation is being acquired it is likely that members of the acquired organisation have a negative mind-set towards the acquiring organisation, compared to if the two parties simply were joining forces equally as in a Joint Venture.

The importance of perception and attitude can furthermore be seen if observing the development within conflict management processes from a historic perspective. Considering the basic ideas of the Classical theorists, conflict would be regarded as the result of communication breakdown, which the classical manager would strive to eliminate. Further, from a Human Relations approach conflict still has a negative perception and while reflecting an organisation with poor relationships, the manager would also try to eliminate the conflict. Conversely, the Human Resources manager would regard a conflict as an opportunity for change and encourage for managing the conflict rather than ignoring it. For the Systems approach, a conflict would be considered being part of the organisational cycle and therefore inevitable and something the organisation needs to deal with in order to improve and stay competitive. To the cultural approach any conflict would be seen as a result of incompatibility of values and norms and therefore also inevitable. Furthermore, a conflict would not be perceived as a profound bad thing, instead it would encourage managers to focus on the process of minimising the gap between the cultures and in that manner improve the efficiency of the organisation. Finally, and completely opposite of the first mentioned approaches, the Critical manager would see a conflict as a reflection of deeper rooted conflicts based on various differences.

Due to the rather critical nature of this approach, further conflict would be encouraged by the critical theorist as this would be a pathway to the emancipation of oppressed organisational groups and individuals (K. Miller, 2006:213).

Clearly, the historical development within the field reveals how people and leaders have moved from a somewhat narrow-minded point of view towards a more holistic view considering organisational behaviour as a result of underlying motives, that all needs to be accepted and, if possible, understood to improve organisational performance. Especially in an M&A situation an open mind among organisational members is crucial, due to the unknown factors it holds. If members of the organisation are not ready and prepared for this, the outcome of the M&A is destined to become unsuccessful, hence the need for the broad-mindedness of the human resources, systems, and cultural approach.

If observing Pondy’s (1967) before mentioned ideas on phases of organisational conflict and applying it to an M&A situation, it is clear how organisational members would experience the incompatibility of values and norms already from the very beginning of the alliance. Since any M&A activity would be (hopefully) heavily communicated throughout the engaging organisations, members will from day one know that they
are likely to encounter people with opposing values. Even though they would not experience these differences right away, one can argue how the phase of a latent conflict will be extremely short, if present at all. In stead, the stage of perceived and felt conflict will potentially occur from the beginning of the M&A process, thus the need for management to prepare their organisation for the encounter. Soon thereafter, the manifested conflict will occur, due to the focus from management encouraging organisational members to work through these conflicts in the most beneficial manner. The aftermath of these conflicts has the potential of becoming a long-term process due the fact that any M&A activity is a comprehensive process and therefore is highly likely to carry along several conflicts and obstacles. Thus, it will take long before management are able to evaluate the outcome. What is most important though is that the organisational members are aware, and willing to accept, that conflicts will arise and that they should be dealt with a serious, but positive and open minded manner.

In order to obtain this goal, it is imperative that management approach this situation in the right way, while undertaking a conflict management style which encourages willingness and due diligence among organisational members. By promoting the use of a collaboration strategy prior, during, and after the M&A, management reflects a positive attitude which only facilitates the process. Also a compromising and accommodation strategy and attitude would be appreciated as these too reflect drive and passion, which to a certain degree also goes for a competitive strategy.

Lastly but not least, especially during M&As management should be extremely aware of the behaviours of organisational members. When people feel anxious and fearful about the future and the unknown, they often tend to bond against the “enemy”, whether this is management, new technology, or even a new partner as in the case of an M&A activity. An “us versus them” atmosphere is a common response to the unknown, however since this will not facilitate the process this atmosphere should be avoided (McGee-Cooper, 2005). Furthermore, due to globalism and the thereby increased diversity in organisational environments, an artificial sense of tribalism seems to become an increasing threat to organisations worldwide. This tendency must be stopped and by promoting the spirit of turning conflicts into opportunities, and to perceive differences as new perspectives rather than shortcomings, this is indeed obtainable (McGee-Cooper, 2005).

2.3 Communication and the Management of Corporate Culture

Emerging in the early 1980s and developing ever since, the concept of corporate culture is today a highly-discussed topic. Due to its increasing popularity and relevance within the global business environment, corporate culture is applied in several contexts, while being investigated and analysed by scholars, academics, theorists and professionals with the purpose of gaining further knowledge of the concept and how it influences its surroundings (Baumgartner, 2009). Considering the many contributors to this analytical process, it is clear that these all have added to people’s perception of the concept today, however if observing the development and history of corporate culture a few people have been additionally enthusiastic about the concept. Schein, Deal & Kennedy, and Peters & Waterman are some of those few academics who have facilitated a promotion of the concept of culture in the business arena across the globe, and despite this only being twenty years ago, the development of corporate culture has been immense while bringing along great recognition among practitioners and professionals (Baumgartner, 2009). Considering this development, it becomes evident that these ideas and theories on assumptions and patterns of organisational behaviour - flourishing the 1980s - aligns perfectly with the at that time
commencing change in organisational perception, in which academics, theorists, and business professionals started to move towards a more holistic point of departure regarding organisations as complex business arenas rather than simple institutions (K. Miller, 2006:96).

As in nearly any other field, it is the discussion of theorists that generate the development of the topic. For corporate culture one of the earliest crossroads presented itself in the discussion of the concepts core nature – “what is culture?” Some argued that culture was a thing an organisation acquires, whereas others believed that culture is what makes up an organisation. Basically, the latter approach represents the perception of today’s scholars, in which culture is viewed as the emerging and sometimes fragmented values, practices, narratives, and artefacts that make a particular organisation what it is, whereas the first mentioned approach represents the earliest practitioners, who believed that culture was a thing that could and should be managed (K. Miller, 2006:99). Additionally, due to the many factors that influence the way in which culture plays out and can be observed, the concept holds many definitions and perceptions - the environment and industry in which the culture is present in, being one of the most important and dominant ones, as it incorporates everything from personality of organisational members, and geographic location, to patterns of social interaction, and development etc. (Golnaz & Lees, 2001). Also, it is noticeable how globalisation has influenced the notion of corporate culture. Since members in today’s global organisations come from a variety of ethnic backgrounds and cultural heritages, with various historical backgrounds and history, the gap between common grounds appear to be wider, which often invites for cultural clashes or disagreements - hence the harder the job for managers striving to establish a strong uniform corporate culture (Golnaz & Lees, 2001). With the global development it is understandable how corporate culture has become a crucial and important topic on managers’ agenda worldwide, and while still being a somewhat intangible concept, it clearly plays an important role in today’s business environment. While a uniform corporate culture in itself not is a determinant for success or failure, there is no doubt that a clear corporate culture can prove to be a significant competitive advantage, during an M&A (Golnaz & Lees, 2001).

2.3.1 Corporate Culture

Before moving further in the observation and evaluation of the affect corporate culture has in a M&A situation, it should be noticed that when engaging in M&A activities not only issues related to corporate culture may emerge but also issues related to national and geographical culture may prove themselves to become serious problems. However, due to the scope of this report the focus will be on corporate culture solely.

Despite that surveys, investigations, and reports continuously reveal that the majority of M&As turn out unsuccessful and fail to meet financial expectations and objectives, the amount of M&A agreements engaged on a yearly basis are still anything but decreasing (Cartwright & Cooper, 1993). Additionally, it is claimed by some estimates that 85 percent of failed M&As are attributed to mismanagement of cultural issues (R. Miller, 2000). Considering a possible answer for this question, a likely explanation is that the companies that consider engaging in such activities are simply blinded by the benefits and financial outcomes awaiting them if the M&A turns out successful and as a result hereof they do not consider the prerequisites needed for obtaining such results. With the purpose of locating and establishing the main reasons for M&A failure, the before mentioned surveys all seem to reach a somewhat uniform conclusion in the sense that they all consider correct management of culture as one the most important prerequisites
for a successful M&A (Cartwright & Cooper, 1993). Cultural compatibility and fit is a factor which it has taken practitioners long time to comprehend and understand the importance of - mainly due to its intangible and often underestimated nature. Among others, Cartwright & Cooper (1993) argues how during an M&A situation a cultural fit between the engaging parties is a must in order to obtain a successful outcome and while comparing an M&A situation with a civil marriage of two people, it becomes evident that if the engaging organisations possess opposing values, norms and objectives the “marriage” will fail.

So how does an organisation determine what a good cultural fit is and how does it find the right partner? Basically, there are two very important and crucial factors that either establish or preclude the prerequisites for a successful M&A; (1) what type of culture does the engaging parties possess and how does these fit together, and (2) what type of M&A activity is being undertaken (Cartwright & Cooper, 1993).

Considering the culture type of the engaging partners, according to Roger Harrison there are four types of corporate cultures with significant characteristics, all visualised in figure 2.3.1 (Cartwright & Cooper, 1993). It should be noted that even though Harrison’s typologies are widely accepted among professionals as being a valid method of assessing corporate cultures in M&A situations, these four variations present the “ideal” and for that reason not every organisation will conform to them. Furthermore, there is no one “best” culture for successfully fitting the culture of two organisations, rather each type of culture have advantages and disadvantages and while each type of culture generates different psychological environments for managers and organisational members, some induce greater commitment and satisfaction than others (Cartwright & Cooper, 1993). Like in the case of a civil marriage, the outcome of an M&A situation is not fully determined by what culture each party possesses, rather it is determined by how well these two types of culture fit and compliment each other. To reach a better understanding of how these four culture types may influence each other, an overview of the possible outcomes is provided figure 2.3.2

<table>
<thead>
<tr>
<th>Type of Culture</th>
<th>Main Characteristics</th>
</tr>
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<tbody>
<tr>
<td>Power</td>
<td>Centralisation of power and authority advocating autocracy</td>
</tr>
<tr>
<td></td>
<td>Focus on individual development and decision making that group interacts</td>
</tr>
<tr>
<td></td>
<td>Tend to function on implicit rather than explicit rules</td>
</tr>
<tr>
<td></td>
<td>The quality of customer service is geared to reflect the status and prestige of the customers</td>
</tr>
<tr>
<td></td>
<td>Members of the culture are motivated by a sense of personal loyalty/fear to/ of the leader – exercising authority/power</td>
</tr>
<tr>
<td>Role</td>
<td>Bureaucratic and hierarchical environment</td>
</tr>
<tr>
<td></td>
<td>Focus on rules, regulations and procedures concerning how work is to be conducted</td>
</tr>
<tr>
<td></td>
<td>Clearly defined requirements and boundaries of control</td>
</tr>
<tr>
<td></td>
<td>Impersonal and highly predictable</td>
</tr>
<tr>
<td>Task/Achievement</td>
<td>Values fast, efficient, and standardised customer service</td>
</tr>
<tr>
<td></td>
<td>Due to the clearly defined patterns of roles and responsibility, that all serve to preserve the best interest of the organisational goals and objectives, members are like to feel dispensable because organisational goals are more valued than the member striving to reach them</td>
</tr>
<tr>
<td>Person/Support</td>
<td>Focus on teamwork, team dynamics, and commitment while having a jealous belief in the mission of the organisation</td>
</tr>
<tr>
<td></td>
<td>Work structure is based and determined by task requirements</td>
</tr>
<tr>
<td></td>
<td>Tend to offer customer tailored products or solutions</td>
</tr>
<tr>
<td></td>
<td>High level of flexibility, worker autonomy and independence</td>
</tr>
<tr>
<td></td>
<td>A potentially satisfying and creative environment for members, but also potentially exhausting</td>
</tr>
<tr>
<td></td>
<td>Focus on egalitarianism and equality</td>
</tr>
<tr>
<td></td>
<td>Exists and functions with the main purpose of nurturing personal growth and development among members, hence no focus on profits and financial health of the organisation</td>
</tr>
<tr>
<td></td>
<td>Often found in communities and for instance relief organisations rather than profit making businesses</td>
</tr>
</tbody>
</table>

Adapted from Cartwright, S., & Cooper, C. L. (1993). The role of culture compatibility in successful organisational marriage. Academy of Management Executive, 7(2), 57-70. Figure 2.3.1
The other important factor of determining a cultural fit between two organisational cultures regards the type of M&A which is being undertaken. Whether the parties have agreed (or not) on a; Extension Merger, Collaborative Merger, Redesign Merger, or Acquisitions, it is clear that it will influence organisational members, management and everyone involved and they will behave accordingly. If for instance one of the parties was being acquired or was to engage in a Redesign Merger, it is highly likely that the morale of the people within the acquired company would be low and that members would display a somewhat resisting behaviour towards the acquiring organisation. Conversely, it is likely that if engaging in an Extension Merger or Collaborative Merger, organisational members would display goodwill, enthusiasm and open mindedness towards their new partner (Cartwright & Cooper, 1993).

As can be observed from the two tables (2.3.1 and 2.3.2), the type of culture of the engaging parties and how these fit each other plays a crucial role in establishing a good, strong, and united culture for the “new” organisation. Already prior to the M&A, the engaging parties should undertake comprehensive analysis and evaluations of not only their one culture but also the culture of their possible partner. If findings reveal that these cultures are likely to clash, an annulment of the alliance would be in the best interest of both parties, as it is highly unlikely that the partnership will turn out successful – seen from an organisational perspective as well as from a social and financial.

2.3.2 Strategies for Communicating Corporate Culture in an M&A Situation
Having assured that the prerequisites for a good cultural fit between the engaging parties are present, the parties now need to consider a cultural strategy for facilitating the process of “melting” the two cultures into one new one. However, because the culture of the organisation often is influenced by the individual behaviour and personality of each of the organisational member, this process is significantly more comprehensive than one would think. Furthermore, the process of combining two cultures into one is complex because it deals with people and sociology which often represents a high degree of diversity and variance in opinion, behaviour and values. Therefore management needs to devote a sufficient amount of time and energy in preparing this process and to observe and evaluate the culture of both organisations, while considering employee behaviour.
One of the ways in which management can facilitate the process of establishing a new strong and uniform culture for the new organisation is by approaching the challenge from a sociologic perspective. According to sociologist Peter Berger people undergo a three-stepped process when learning and accepting the core values and beliefs of their society (Conrad & Poole, 2005:158). In the first phase of *externalisation*, people observe the behaviour of others and start to act “as locals” in order to fit in. In a M&A situation, this would mean that prior to the commencement of the alliance, the management of the engaging parties should discuss and agree upon a set of values that they wish to base the “new” organisation on. This is likely to become an exhausting and at times even an uncomfortable (especially for Redesign mergers or Acquisitions) process, however it is crucial that the foundation of the organisational culture has been thought trough and planned in advance in order to obtain a streamlined and uniform business environment. When management has decided upon a set of core values for the “new” culture, it is their job to facilitate, display and encourage these values to organisational members and, thus management is fully responsible for the success or failure of the M&A (Bennigson, 1985). *Objectification* is the second phase and here people perceive the behaviour of other members as being “correct”. Quickly “newcomers” take on an unconscious behaviour which is in accordance with the norms of the society in which they operate in and their organisational behaviour becomes routine (Conrad & Poole, 2005:158). In a M&A context and especially in this phase, it is very important that management are consistent in their display and emphasis of the values, norms, and culture of the organisation, because this stage is where organisational members begin to feel comfortable with their behaviour and act as they have been encouraged to do (consciously and unconsciously). If management fail to maintain a consistent emphasis within this phase, members are likely to perceive the effort of management as half-hearted and poor, which is likely to result in a lack of trust towards management, which needles to say will have a negative influence on the outcome of the M&A. In the third and final phase, *internalisation* describes how members now have completed their integration of the new culture. Members no longer question or pay attention to the behaviour of others; rather, they are now fully focused on themselves and they can contribute to the organisation. Moreover, since the identities of the members are tied to the society in which they find themselves, organisational success equals a feeling of victory among each member and visa versa (Conrad & Poole, 2005:159). Considering this phase in an M&A context, this is the moment of truth for management. If they have succeeded in establishing, communicating, and implementing the pre-determined values of the “new” organisational culture, it will be visible among members of the organisation in the sense that they will strive to meet organisational objectives and display positive behaviour if they succeed.

Evaluating this three-stepped process of how people learn and adapt to a new culture, it is evident why considering culture in an M&A situation is extremely important for the success of the M&A. In short, what management needs to do is to understand the significance or each organisation’s culture, effectively communicate changes as they occur, and successfully implement a transition plan to merge the two cultures into one uniform and fully integrated, new culture (Stanwick, 2000).

Considering the development of corporate culture from the 1980s until today, it is clear that much has happened. Not only people’s interest and knowledge of the topic but also the influence it has on today’s organisations. In contrast to when the term corporate culture was first introduced, the concept today is highly valued, appreciated and respected in nearly any organisation. Mainly due to the extensive amount of research conducted in the field, it finally appears that managers are beginning to believe what has been proclaimed since the 1980s – that corporate culture is the foundation of any organisation and depending
on how it is managed and dealt with, it can mean success or failure for the organisation. The challenge that managers therefore meet is to find out how best to manage this corporate culture. While it is easiest to establish a desirable corporate culture during an organisation’s infancy, practice has shown that culture can be changed and managed for the better, which emphasis why management constantly should keep an eye on their corporate culture and identity (Golnaz & Lees, 2001). In an M&A context however, management can be said to have an advantages over other organisations because of the fact that at this stage culture is easier to establish.

One of the most beneficial ways for management to obtain a good corporate culture is by modelling the behaviour they wish to encourage among organisational members and thereafter reinforcing this desired culture by employing organisational symbolism, for instance through metaphors, storytelling, myths, rites & rituals, ceremonies, organisational heroes etc. By generating employee identification, the organisation improves its chances of establishing a family-like atmosphere in the business environment, which is a state that many managers envy, as it brings along positive energy, synergy, and diligence among organisational members (Conrad & Poole, 2005:162). Furthermore, when organisational members identify with the culture, the work environment tends to more enjoyable, which all things being equal boosts morale, leads to increased levels of teamwork, and openness to new ideas (Goffee & Jones, 1996).

A method for successfully establishing this identification atmosphere in the business environment is through unobtrusive forms of control. Here, organisational members continuously choose to work towards the best interest of the organisation, while perceiving that they are freely choosing to do so (Conrad & Poole, 2005:172). This does not mean that management should deceive members, rather if management insists on constantly illustrating the previously mentioned benefits of a positive corporate culture, members themselves will see how it all contributes to a better organisational (and personal) life.
3. Recommendations for Communication in an M&A Situation

Based on the findings discovered and presented throughout the report, it is now time to provide a brief overview of the most significant and important recommendations and suggestions, as to how management, engaging in an M&A situation, could communicate in order to establish the right prerequisites for a successful M&A activity. As mentioned previously, there are numerous aspects organisations and managements need to consider in relation to any M&A activity, however due to the predetermined limitations of the scope, the focus on this report has been on the communication issues related to M&As.

3.1 Managing Organisational Change in an M&A Situation

Considering the theoretical framework on change examined in section 2, it is evident that one appeal appears ore frequently, namely the appeal for communication. Regardless of the context, a positive and comfortable business environment is on every organisation’s wish list; meanwhile the main source to such an environment is a good organisational relationship including each member. Further, one of the criteria for attaining such an environment is the establishment of trust and honesty, which is best obtained through rich, clear, and transparent communication, while each organisational member should promote loyalty and reliability. Thus, in an M&A situation, where the atmosphere is likely to be slightly tense due the unknown factors characterising the situation, the need for open communication is even bigger (Peet, 1997).

In close connection to the promotion of open communication, during M&As, management needs to plan change. Firstly, due to the comprehensiveness of any M&A, change must be planned in order to exclude as many surprises as possible, while facilitating a smooth transition for the organisation and its members. Secondly, due to the presence of anxiety and uncertainty among members, planning of change will facilitate a more comfortable environment for members, as they know that they can trust management and that they will be honest with them. In short, for a successful planning all change should be carefully planned, managed and communicated to all of the organisation’s members (K. Miller, 2006:220).

Besides carefully planning in order to become successful, management in an M&A situation must decide on an appropriate communication strategy. The Underscore & Explore strategy has a high level of communication effectiveness and decent amount of information transmitted to organisational members, and thus it aligns perfectly with the promotion of two-way communication which encourages valuable feedback (Clampitt et al., 2000).

Another strategy for management to encourage and promote two-way communication and to improve organisational relationships during M&As, is by introducing managerial listening sessions. Since employee satisfaction is highly important for organisational success, these sessions would illustrate to organisational members that their opinions are valued, which in turn is likely to generate further goodwill and loyalty towards management and the organisation (Gutknecht & Keys, 1993).

If capable, management would improve their situation significantly in any organisational setting, by applying the method of framing. By “managing” how a given situation should be perceived by organisational members, the manager can move focus to be positive rather than negative. Especially during an M&A this tool could prove extremely beneficial and valuable, since organisational members may have
negative thoughts about the change, so by affecting the cognitive acceptance among those organisational members, the process is likely to become less stressful (Kavanagh & Ashkanasy, 2006).

3.2 Managing Organisational Conflict in an M&A Situation

Also for theoretical material regarding organisational conflicts, once again rich communication seems to be the number one suggestion for a successful outcome. Aside from the communicational aspect of change, perception is a very important factor discussing this topic. Because organisational members may perceive an M&A activity as a conflict, it is imperative for the success of the organisation and the M&A that they continuously emphasise the opportunities and advantages of the M&A. Management needs to encourage a positive mindset towards this new situation in order for the M&A to become successful, and one of the best ways to promote this atmosphere is for management themselves to display positive behaviour, enthusiasm, and drive.

One of the best strategies for management to encourage such a mindset among organisational members, aside from previously mentioned method of framing, is by displaying a collaborative behaviour. Since organisational members are likely to be confused and anxious as to what this new situation is going to be like and what consequences it will entail, management needs to take the lead and to a certain extent act as “role models”. By advocating due diligence and collaborative, accommodative, and compromising behaviour, management has the opportunity to illustrate the values of the new organisation and where organisational members are willing to help and to go that extra mile for the wellbeing of the organisation (K. Miller, 2006:198).

In accordance with the importance of possessing the right positive mindset towards an M&A situation it would be highly rewarding for the organisation to undertake (if this is not already the case) the approach of a Human Resources, Systems, or Cultural approach. Since these schools of thoughts represent a sense of broad-mindedness and acceptance towards change, they are crucial in any M&A situation because such an activity represents just that. Moreover, the interest in the underlying motives for behaviour, which these approaches all hold, acts like a generator for constant innovation, while seeking ways to improve the organisational environment (K. Miller, 2006:213).

The concept of tribalism is a threatening tendency in any organisational environment and an M&A situation is no exception. However, since an M&A activity represents the beginning of a new organisation, management has the perfect opportunity to exclude such behaviour from entering the new organisation. The presence of an “us versus them” atmosphere would eliminate all possibilities for a successful M&A, since this “melting” of two organisations and cultures is one of the most difficult challenges of any M&A activity. Thus, “tribalistic” behaviour must be avoided, which best can be done by advocating the spirit of turning conflicts into opportunities, and to perceive differences as new perspectives rather than shortcomings (McGee-Cooper, 2005).

3.3 Managing Corporate Culture in an M&A Situation

As just mentioned, one of the biggest challenges management faces in an M&A situation, is the merging of the two corporate cultures. For long, culture was not given much thought in business environments but since the early 1980s organisations has begun to discover the comprehensiveness of the concept and how it in various ways, shapes, and forms influences the behaviour of organisational members. Additionally, due
to the increasing globalism, culture and diversity is becoming even more a challenge that managers face everyday on a global scale (Baumgartner, 2009). An M&A activity is the perfect example of such global behaviour and especially in an M&A situation the ability of managing cultures is more important than anything.

One of the shared main objectives for management when engaging in an M&A activity is to successfully establish a strong uniform culture for the new organisation. It is crucial to know that even though everything else in an M&A situation seems to be merged, an actual merging of two or more cultures is not what actually happens. Rather than combining the two cultures into one, a brand new culture is created which then is likely to contain some of the key elements of the previous cultures of the two organisations. Seeking a uniform culture is not something which is special for an M&A situation, contrary it is something which every organisation strives to establish, as culture in many cases is what makes up an organisation (Golnaz & Lees, 2001).

Before engaging in M&A activities, it is important that management considers numerous aspects, however one factor deserves additional attention. The cultural fit of a potential partner should be closely examined in order to find out if such a partnership would even have potential for a successful outcome. By studying the culture of the potential partner and management’s “own” organisation, with the purpose of determining what type of culture each party possess, management will be able to conclude if the alliance should engage the next step or if the deal should be annulled. If the cultural fit is not present, there is no foundation to base the alliance upon and any investment would be in vain. If, on the other hand, management decides that there is a cultural fit between the two parties and potential for a successful alliance, the next step for management is to prepare each organisational member for the process of learning and adapting to the new culture (Cartwright & Cooper, 1993). As previously emphasised, organisational members will go through; externalisation where they primarily observe behaviour and routines; objectification where members begin to feel comfortable; and finally internalisation where organisational members are now fully integrated (Conrad & Poole, 2005:158).

Finally, with the purpose of shaping this new organisational culture and to incorporate a family-like atmosphere in the organisational environment, management would improve their chances in doing so, by promoting unobtrusive forms of control, since then organisational members would work towards the greater good of the organisation, while feeling good about, as it would add positively to their personal development (Conrad & Poole, 2005:172).

### 3.4 A Process Guideline

Having summarised the main suggestions and recommendations within the three subcategories i.e. communicating change, communicating conflict, and communicating corporate culture, it is now time to consider some general guidelines as to how management could approach an M&A situation most beneficially.

Several theorists have proposed various recommendations for such a process, however Anne Houlihan’s (2007) four-stepped guideline, aligns perfectly with the process of an M&A.

Firstly, it is important that management recognise and allow for the natural reaction of the staff. The importance of letting organisational members express their feelings can not be emphasised enough and
regardless what these feelings may be during an M&A, they must be accepted and dealt with for them to move along. Especially, in this stage of the process communication is essential, as it is important for each organisational member to get a good start in the new organisation, while establishing good relationships and atmosphere.

Secondly, and in connection with the first stage, it is important to have open lines of communication. Especially, during M&As management will have lots of information to give, thus it is imperative that the communication flows optimal and that the appropriate mediums are applied. Moreover, management must communicate in a positive manner while being proactive, motivating, and last but not least honest. Members of the organisation will be more willing to go that extra mile and do what it takes when they know that management is being honest and straightforward with them.

Thirdly, management must allow themselves to receive support from other organisational members. Despite this does not sound as a challenge at first, accepting support as a manager from members of the organisation can be very difficult. However, by delegating responsibility and important tasks to organisational members, during an M&A situation, management will advocate the feeling that everyone is equal, which in turn is likely to entail enthusiastic and responsible behaviour from members.

Fourthly and finally, management must lead their organisation beyond the challenge. Especially in times of change and crisis it is additionally important to keep a cool head and to persistently move forward, in order not to stagnate. In any M&A situation, momentum is vital and by following the previous steps, management and the organisation has a good chance of coming out on the other side successful (Houlihan, 2007). When considering this suggested guideline it becomes evident that these steps only supports and agrees with the recommendations provided throughout the report.
4. Conclusion

Despite the fact that organisations around the world have engaged in M&A activities for years, statistics continue to reveal that the majority of these alliances turn out unsuccessful, and while countless of theorists, academics, practitioners, and business professionals have researched, examined, and evaluated the field from several perspectives and point of departures, no one has yet been able to produce a manual for how to successfully execute an M&A process.

Evidently, M&As are complex, comprehensive and anything but straightforward, yet this fact does not discourage business people all over the world to take on the challenge and test their managerial skill-set in a tense and hectic environment. The primary explanation for the poor success rate of M&A, is because the process and its scope is underestimated. Organisations considering engaging in M&A activities rarely regard such activities as processes rather than events, and moreover they ignore the fact that any M&A is a highly complicated strategic move, in which the entire organisation is at risk. Moreover, organisations are blinded by the wealth, success, and organisational advantages and opportunities awaiting them if the M&A turns out successful. Being easier said than done, immense amounts of research, studies, and experience shows that in order for any M&A activity to become successful, the engaging parties must as a minimum master the phenomenon of effective communication. Moreover, the organisation must possess management skills within; change communication, conflict communication, and cultural communication.

Communication being a rather broad concept, there are concrete recommendations and demands as to how management should communicate during an M&A activity in order to establish the right prerequisites for an successful outcome.

Before even commencing the M&A activity, there are several aspects which management must consider and evaluate. By observing the organisational culture of the potential partner(s), including the organisations own, and determining values and characteristics, management is able to conclude whether there is basis for a cultural fit between the parties, which is a must in any M&A activity. If a cultural fit is present, management of the engaging parties needs to carefully plan the process from the beginning to the end, incorporating every single unit of the organisation, and taken every possible scenario into account. Additionally, they should design a set of values, norms, and characteristic, which they wish to carry on to the new organisation. Being realistic and honest throughout the entire process is essential for a successful outcome, and while having produced a thought-through plan for the process, management subsequently needs to prepare each organisational member for the transition. Besides displaying honesty, transparency, enthusiasm, and positivity, management should carefully communicate and inform organisational members of the changes the M&A will entail and how it will influence them. In any M&A activity, preparation will naturally flow into, and overlap, the actual transition phase, as new changes and challenges constantly will occur. For that reason, it is imperative that management are consistent in providing and communicating information and support to each organisational member, as they are likely to through several groups of thoughts and feelings, spanning from uncertainty and anxiety to joy and satisfaction. To advocate a comfortable and creative environment for the new organisation, while establishing and shaping relationships, management should encourage organisational members to perceive the new situation with an open mind and positive behaviour, for instance by applying framing techniques. By integrating two-way communication and valuing feedback, along with encouraging and displaying unity, solidarity, and
teamwork, management furthermore minimize the threat of tribalism and discords among organisational members, which is one of the greatest threats to M&As.

While not being impossible, it is clear that it requires supreme managerial and communicational skills from management to establish the right prerequisites for an M&A to turn out successful.
5. References


Pondy, L. R. (1967). *Organizational conflict: Concepts and models*


6. Appendices

Figure 2.1.1

Figure 2.2.1

Figure 2.3.1

<table>
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<td>Focus on individual development and decision making than group interests</td>
</tr>
<tr>
<td></td>
<td>Tend to function on implicit rather than explicit rules</td>
</tr>
<tr>
<td></td>
<td>The quality of customer service is tiered to reflect the status and prestige of the customers</td>
</tr>
<tr>
<td></td>
<td>Members of the culture are motivated by a sense of personal loyalty/fear to/of the leader – exercising patriarchal power</td>
</tr>
<tr>
<td><strong>Role</strong></td>
<td>Bureaucratic and hierarchical environment</td>
</tr>
<tr>
<td></td>
<td>Focus on rules, regulations and procedures cornering how work is to be conducted</td>
</tr>
<tr>
<td></td>
<td>Clearly defined requirements and boundaries of control</td>
</tr>
<tr>
<td></td>
<td>Impersonal and highly predictable</td>
</tr>
<tr>
<td></td>
<td>Values fast, efficient, and standardised customer service</td>
</tr>
<tr>
<td></td>
<td>Due to the clearly defined patterns of roles and responsibility, that all serves to preserve the best interest of the organisational goals and objectives, members are like to feel dispensable because organisational goals are more valued than the members striving to reach them</td>
</tr>
<tr>
<td><strong>Task/Achievement</strong></td>
<td>Focus on teamwork, team dynamics, and commitment while having a zealous belief in the mission of the organisation</td>
</tr>
<tr>
<td></td>
<td>Work structure is based and determined by task requirements</td>
</tr>
<tr>
<td></td>
<td>Tend to offer customer tailor made products or solutions</td>
</tr>
<tr>
<td></td>
<td>High level of flexibility, worker autonomy and independence</td>
</tr>
<tr>
<td></td>
<td>A potentially satisfying and creative environment for members, but also potentially exhausting</td>
</tr>
<tr>
<td><strong>Person/Support</strong></td>
<td>Focus on egalitarianism and equality</td>
</tr>
<tr>
<td></td>
<td>Exists and functions with the main purpose of nurturing personal growth and development among members, hence no focus on profits and financial health of the organisation</td>
</tr>
<tr>
<td></td>
<td>Often found in communities and for instance relief organisations rather than profit-making businesses</td>
</tr>
</tbody>
</table>

### Figure 2.3.2

<table>
<thead>
<tr>
<th>Culture of the Acquirer/Dominant Merger Partner</th>
<th>Culture of the Acquired/Other Merger Partner</th>
<th>Likely Outcome</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power</td>
<td>Power</td>
<td>Problematic</td>
<td>In such a scenario the outcome is likely to become a turf war and mudslinging between the two organizations/leaders/cultures since both parties would insist on having the final say. Such a solution is not in the best interest of the alliance.</td>
</tr>
<tr>
<td>Power</td>
<td>Role</td>
<td>All potentially disastrous</td>
<td>Regardless of the culture of the acquired/other merger partner this solution is destined to become unsuccessful. Due to the rather aggressive nature of the acquirer/dominant merger partner and the to some degree submissive attitude of the other cultural types, there will be no equality in the alliance, which is essential for success.</td>
</tr>
<tr>
<td>Role</td>
<td>Person/Support</td>
<td>Potentially good</td>
<td>Due to the rather “friendly” nature of the acquirer/dominant merger partner this business is likely to be “accepted” by the acquired/other merger partner.</td>
</tr>
<tr>
<td>Role</td>
<td>Role</td>
<td>Potentially good</td>
<td>Since both parties have a conscientiously approach towards the alliance and organizational behavior and life in general, the parties are likely to get along and reach agreement in the majority of issues.</td>
</tr>
<tr>
<td>Role</td>
<td>Task/Achievement</td>
<td>Potentially problematic</td>
<td>Compared to task/achievement culture, the role culture is somewhat more aggressive, which is likely to have a negative perception among the acquired/other merger partner, in that the bureaucratic tendencies of the role culture are unpopular.</td>
</tr>
<tr>
<td>Role</td>
<td>Person/Support</td>
<td>Potentially disastrous</td>
<td>Due to the significant difference existing between these two types of culture, the outcome of such a scenario would be potentially disastrous. Especially because the goals, objectives and expectations towards the alliance, of each partner, would be opposite each other (the role culture seeking financial growth, organisational dedication etc. and the person/support culture seeking personal development and possibilities etc.) results are likely to be impossible to reach.</td>
</tr>
<tr>
<td>Task/Achievement</td>
<td>Power</td>
<td>Potentially good</td>
<td>Especially for the role and task/achievement culture there is a good cultural fit to the acquirer/dominant merger partner since these cultures have the same level of expectations and approach towards the outcome of the alliance. With the task/achievement culture’s nature embracing teamwork, diligence, and flexibility regardless of the culture of the acquired/other merger partner, the outcome is</td>
</tr>
</tbody>
</table>