

[Lucia Garcia-Lorenzo](#), Sevasti-Melissa Nolas

## Post-merger concerns: cultural integration in a multinational corporation

Article (Published version)  
(Refereed)

**Original citation:**

Garcia-Lorenzo, Lucia and Nolas, M. (2005) *Post-merger concerns: cultural integration in a multinational corporation*. [International journal of knowledge, culture and change management](#), 4. pp. 289-298. ISSN 1447-9524

© 2005 [Common Ground](#)

This version available at: <http://eprints.lse.ac.uk/15326/>

Available in LSE Research Online: January 2014

LSE has developed LSE Research Online so that users may access research output of the School. Copyright © and Moral Rights for the papers on this site are retained by the individual authors and/or other copyright owners. Users may download and/or print one copy of any article(s) in LSE Research Online to facilitate their private study or for non-commercial research. You may not engage in further distribution of the material or use it for any profit-making activities or any commercial gain. You may freely distribute the URL (<http://eprints.lse.ac.uk>) of the LSE Research Online website.

# International Journal of Knowledge, Culture and Change Management

Volume 4

Article: MC04-0033-2004

## Post-Merger Concerns

### Cultural Integration in a Multinational Corporation

Lucia Garcia-Lorenzo, Lecturer in Organisational Psychology, Social Psychology Department, London School of Economics, London, UK.

Sevasti-Melissa Nolas, Research Officer, Complexity Research Group, Social Psychology Department, London School of Economics, London, UK.



**'Knowledge' and 'Culture': Organisational Intangibles and their Tangible Value**  
Proceedings from the Management Conference 2004



# International Journal of Knowledge, Culture and Change Management

Volume 4



[www.ManagementConference.com](http://www.ManagementConference.com)



COMMON  
GROUND

[www.CommonGroundGroup.com](http://www.CommonGroundGroup.com)

This journal and individual papers published at [www.Management-Journal.com](http://www.Management-Journal.com)  
a series imprint of theUniversityPress.com

First published in Australia in 2004/2005 by Common Ground Publishing Pty Ltd at  
[www.Management-Journal.com/](http://www.Management-Journal.com/)

Selection and editorial matter copyright © Common Ground 2004/2005  
Individual papers copyright © individual contributors 2004/2005

All rights reserved. Apart from fair dealing for the purposes of study, research, criticism or review as permitted under the Copyright Act, no part of this book may be reproduced by any process without written permission from the publisher.

ISSN: 1447-9524 (Print)  
ISSN: 1447-9575 (Online)

Cover design by Common Ground

The International Journal of Knowledge, Culture and Change Management is a peer-refereed journal published annually. Full papers submitted for publication are refereed by the Associate Editors through an anonymous referee process.

Papers presented at the Fourth International Conference on Knowledge, Culture and Change in Organisations, University of Greenwich in London, United Kingdom, 3-6 August 2004.

## **Editors**

**Mary Kalantzis**, Innovation Professor, RMIT University, Melbourne, Australia.

**Bill Cope**, Common Ground and Visiting Fellow, Globalism Institute, RMIT University, Australia.

## **Editorial Advisory Board**

**Chryssi Vitsilakis-Soroniatis**, University of the Aegean, Rhodes, Greece.

**Eleni Karantzola**, University of the Aegean, Rhodes, Greece.

**Gerasimos Kouzelis**, University of Athens, Greece.

**Leslie Johnson**, University of Greenwich, UK.

**Bruce Cronin**, University of Greenwich, UK.

**Martyn Laycock**, University of Greenwich and managing transitions.net, UK.

**Dave Snowden**, Cynefin Centre for Organisational Complexity, UK.

**David Lyon**, Queens University, Ontario, Canada.

**Krishan Kumar**, University of Virginia, USA.

**Claudia Schmitz**, Cenandu Learning Agency, Germany.

**Bill Martin**, RMIT University, Melbourne, Australia.

**Paul James**, RMIT University, Melbourne.

**Rob Brooks**, RMIT University, Melbourne, Australia.

**Margaret Jackson**, RMIT University, Melbourne, Australia.

**David Hakken**, University of Indiana, Bloomington, Indiana, USA.

**Zainal Ariffin**, Universiti Sains Malaysia, Penang, Malaysia.

**David Gurteen**, Gurteen Knoweldge, UK.

**Verna Allee**, Verna Allee Associates, California, USA.

**Rod Dillnutt**, William Bethway and Associates, Melbourne, Australia.

**Judith Ellis**, Enterprise Knowledge, Melbourne, Australia.

**Kirpal Singh**, Singapore Management University, Singapore.



# Post-Merger Concerns

## Cultural Integration in a Multinational Corporation

**Lucia Garcia-Lorenzo**, Lecturer in Organisational Psychology, Social Psychology Department, London School of Economics, London, UK.

**Sevasti-Melissa Nolas**, Research Officer, Complexity Research Group, Social Psychology Department, London School of Economics, London, UK.

### Abstract

*Most research on mergers and acquisition processes has traditionally focused on 'post-merger cultural integration'; suggesting that efforts need to be concentrated in achieving the successful post-merger 'acculturation'. However, the main focus is always the economic, financial and management characteristics of the companies, glossing over the more cultural aspects of the integration process it claims to study. It is this area in the study of M&A, that this paper seeks to address.*

*In the paper we conceptualise culture as intrinsically social, generated and shared through social interactions in daily working practices. We consider organisational reality as socially constructed and composed of collective interpretations of meanings and rules of interpretation – culture - that help people orient themselves in their everyday lives. Mergers, however, challenge existing organizational forms, practices and cultures in very fundamental ways. The tension that this creates is then reflected in the way people (re)produce the organisation -and themselves within it- through the stories and narratives they share.*

*The particular organisation on which our analysis focuses is a traditional UK based British engineering company that in 1999 bought a collective of family-run businesses, scattered across Scandinavia. This paper draws on the findings from a research project carried out with the newly created company during the post-merger period. The paper focuses on the effects of the M&A processes in the way people reconstruct the new organisation and their role as employees through the stories they tell.*

*The analysis of these stories shows how despite differences in both national culture and ways of working, employees from both companies share a 'narrative of progress' that guides -and therefore constrains- their reconstruction of the current change process. This narrative is used to both make sense and challenge the current working conditions and the emerging cultural order in the new organisation. However, this dialectic between commonalities and differences among employees of both companies creates a space where a new narrative can emerge. This emergent narrative begins to articulate a common organisational future that can be capitalised upon when dealing with integration problems.*

**Keywords:** Mergers and Acquisitions, cultural transitions in organisations, qualitative methodology, stories.

### Introduction

In any organizational change process, the people affected usually have to confront: i) the possibility change offers for improvement, exploration and learning and ii) the threat it implies of having to negotiate and redefine the boundaries that demarcate their daily working life. Nowadays, this is a familiar and constant tension in many organizations all over the world, specially in connection with M&A. As we will see in this paper this tension is expressed and reflected in the way we (re)produce stories and narratives in our everyday life using both personal experiences and the cultural symbols that surround us. Usually when these processes occur, the ways of thinking and acting that might not have been questioned before are stirred up. Indeed, people do not question the boundaries that define their cultural identity when they think of themselves as belonging to a whole.

In general, M&A are different from more traditional processes of organisational change. Allen *et al* (2002) contrast organic growth with mergers and suggest that “mergers [...] challenge organization form and culture in a very fundamental way. It is this transformation of structures that presents serious management problems.” In the context of M&As however, the dominant view is that the entities involved in the process need to ‘integrate’ or ‘assimilate’ after the merger is ‘completed’ (Hunt, 1998; Schneider and Dunbar, 1992). Even cultural research has focused on achieving ‘acculturation’ through ‘social controls’ (e.g. Larsson and Lubatkin, 2001:1573). In this paper, we suggest that an alternative way of reducing the tensions associated with a M&A process lies in the new organization’s ability to identify the emergent properties of the new ‘combination’ and to enable those properties. This identification, we argue, can start by looking for





tensions in the stories people tell about the change process they are going through.

The paper is structured as follows. The first section briefly reviews current culture and narrative research in organisational studies and highlights some of its characteristics. Section two presents the details of the research methodology and introduces an overview of the case study. This is followed by a description and analysis of the main tensions expressed by members of the two companies in the stories they tell and the narrative that frames them. The final section draws some conclusions regarding a narrative approach to studying and intervening in organisations going through a change process.

### **Exploring Cultural Change in Organisations through Narratives**

There is a growing movement within the social sciences that emphasises the importance of language practices, interpretation and meaning as basis for analysing, understanding and intervening in organisations. As part of and contribution to that effort this paper will focus on the collective interpretations of meanings and rules of interpretation – culture - that help people to orient themselves in their everyday lives especially during a change process (Trice & Beyer, 1993; Alvesson & Berg, 1992; Gagliardi, 1992). We consider that this focus is needed especially when two companies come together and the interpretations and rules of interpretation of what they do and how they do it are different. Thus, when they need to overcome a ‘semantic boundary’<sup>1</sup>.

And yet, most research focuses on the ‘cultural integration’ needed after a M&A process. The stress of this research is usually on the creation, measurement and manipulation of the cultural and symbolic aspects of the organization in order to achieve or enhance organizational performance. The assumption is that the culture of the merged companies needs to be ‘managed’ so that the new organization can be ‘defended’ against possible negative or unprofitable cultures that can be an obstacle to achieve the economically profitable plans essential for the survival of the whole system. It is implied that an ineffective organization can be made effective and enhance its profit margin if an unhealthy culture can be supplanted with a healthy one (Lynn Meek, 1992).

The underlying assumption is that systems are in balance and therefore culture is given an integrative

and harmonizing function. This can easily lead one to place too much emphasis on the monolithic nature of organizations and to see consensus as belonging to their special character (Wilkins & Ouchi, 1983; Sathe, 1985). We know however that organizations are not well integrated and harmonic mechanisms and, therefore, there is no reason to suppose that when brought together they should be informed by a single, homogeneous or consensual culture (Martin & Meyerson, 1988; and Martin, 1992). The advantage of conceptualising culture in a more systemic way, with less bounded and fixed attributes (Schultz, 1995), is that we can provide possibilities for the local creation of meaning within different organizational units and/or contexts.

When doing research on organisational culture, the task of the researcher therefore, becomes therefore twofold. On the one hand, if we agree that there are different ways of interpreting and defining an organization and that people attach different meanings to their actions and experiences within it, then we need to provide explanations for the differences in creation of local meanings within different organizational units and hence for the possible existence of different, inconsistent interpretations within each organization. This clearly contests the idea of culture being of a monolithic nature with fixed attributes. Accordingly, most of the cultural studies on M&A have drawn attention to the cultural differences in the organisations involved, as a major cause of organisational problems (Vaara, 2002). However, if on the other hand we acknowledge that there is conflict and ambiguity in organizational life, especially in connection to M&A and that they can have a fragmenting effect in the new organisation, our task is then to explain how coordinated action becomes possible. In doing so we have to consider both the change and the stability of certain cultural forms like narratives and their common and relatively permanent nature.

What this paper addresses is precisely that continuum that exists among continuity and change in social experience. The traditional way of approaching this problem has been to look for constants amid the change, or the ‘essential’ behind the empirical, to look for structures and patterns while discarding the accidental. A different way to comprehend the problem has been tried when denying the privilege of the ‘essential’ over the accidental and the historical (Foucault, 1995). It is within this last tradition that the study of organisational stories and narratives is situated.

Within organisational studies narrative research takes various forms (Czarniawska, 1998); but most of the studies stress the process of storytelling as the never-ending construction of meaning in organisations (Weick, 1995). Organisational stories, when constantly recounted, can contribute to the reinforcement of basic ideas and institutionalised

---

<sup>1</sup> Every situation can be understood and acted upon in a variety of ways depending on the cultural framework used to interpret it. The term ‘semantic boundary’ refers therefore to the divide created by the different cultural frameworks developed and used by the employees in the two merged companies for making sense and acting upon their particular working environments. Mutual understanding and ‘translation’ of each other’s culture become required processes to overcome it.

story lines. However, their role goes beyond being passive instruments for reinforcing those pre-existing stories.

Narratives are told along two co-ordinates, the chronological and the non-chronological (Ricoeur, 1980). The former refers to the narratives as a sequence of episodes, that is, a beginning, a middle and an end. It is the non-chronological dimension of narratives however, that deals with the plot of the story; and thus, with the structure of relationships by which the events contained in the narrative are endowed with meaning. This is because narration is not only the recounting of events but rather the instrument by which the conflicting claims of the imaginary and the real are mediated, arbitrated, or resolved in a discourse (White, 1980). People's explanations and interpretations of organisational events are usually grounded in attempts to establish a connection between the exceptional and the ordinary (Brunner, 1990). In everyday stories the ordinary, the usual and the expected acquires legitimacy and authority, whereas everything that may appear as out of routine can be given a familiar configuration. It is through the construction of narratives that people talk about traditions and therefore maintain and transmit permanence. Yet they are also the medium in which the new, the unexpected and uncertain can be incorporated within the register of the possible. And it is usually during a process of organizational change that people find the space to talk about the concerns of the present based on what the present owes to the past and the hopes they have for the future.

## Background and Methodology

The particular organisation on which our analysis focuses is the marine business – henceforth the *acquirer business* (AB) – of a UK based international engineering company – henceforth (IEC). Our research is based on the collaboration with AB following an international acquisition of a collective of Scandinavian companies<sup>2</sup>, henceforth the *Collective* - in 1999.

Originally a partnership, the IEC has, in the past 120 years, built up a world renowned reputation associated with engineering excellence. The company is a major player in the aero propulsion industry and the gas turbine, its signature product, plays a fundamental role in shaping the company's ways of working. Out of the company's four businesses, the main one is an 'aerospace' business making the IEC high risk in terms of security and engineering integrity. As such, working procedures, processes and standards are rigorous and closely controlled.

Prior to the 1999 acquisition AB, the marine business of the IEC, catered solely for the defence marine market in the UK. The acquisition of the Collective launched AB into the, until then, unfamiliar territory of the commercial market, and doubled its capabilities and remit almost over night. The acquisition thrust AB into uncharted territory. The Collective on the other hand, was historically smaller, a number of family run businesses, operating in a commercial context. In the commercial marine market, time horizons are much shorter than in the military defence market previously familiar to the AB, making the acquired companies more flexible and entrepreneurial. Prior to the current merger, the Collective had undergone a series of previous acquisitions. As such the acquisition described in this paper was the second in a line of acquisitions. In September 1999 AB acquired the Collective in a 'hostile take-over'. However, a number of changes a year later - change of HR management, a new president for the AB, etc - helped to create a more positive atmosphere. What follows is the story that developed after these events.

The research collaboration aimed to understand some of the organisational challenges being faced by the company after the M&A process. We have followed a qualitative approach to data gathering and analysis<sup>3</sup>. Our analysis draws from a set of 15 semi-structured interviews with members from both companies and working at different departments and is further supported, by discussion groups and workshops with members of the AB and Collective. The semi-structured interviews ran for an hour and a half, they were tape recorded and then transcribed verbatim. The aim of the interview was to allow interviewees to express their views and experiences about the merger event. We also conducted a series of 'brainstorming' and 'reflect-back workshops' and discussion groups with the interviewees to validate and extend on the interpretation of our findings.

The use of different methods of data gathering corresponds with the attempt to use different viewpoints to gain a greater understanding of the phenomena being studied adding rigor, breadth and depth to our investigation. The different methods can also facilitate and legitimate the diverse chorus of voices, interests and perspectives that exist within and across organisations (Alvesson, 1995). In the following section, we present the analysis of the data from which the employees' stories have been extracted.

<sup>2</sup> The Collective of Scandinavian companies are scattered across Norway, Sweden and Finland.

<sup>3</sup> This approach implies essentially an emphasis on processes and meanings rather than on an examination or measurement in terms of quantity, amount, intensity or frequency.

## Post-Merger Concerns: The Process of ‘Integrating’ Cultures

### The Narrative of Progress

One of the key tenants of the narrative approach is the ability to describe organizational change in different ways, revealing multiple interpretations of the post-merger situation and ensuing change (Vaara, 2002:217). The analysis of the data revealed that employees in both organisations positioned themselves differently with regard to four different but interrelated areas of concern: the effects of the merger on each company’s reputation and brand name; the autonomy that the acquired firm would have in light of tendencies towards centralisation of the acquirer company; the type of organisational form that the new joint organisation will have and how to make use of the human richness and variety that the merger had brought about. These themes, and the stories they inform, underline key concerns and unresolved anxieties that employees of both companies had. Surprisingly, those tensions were expressed in a similar way regardless of company or country of origin. These themes constitute what we have called a ‘narrative of progress’ that shaped the employees understanding of the change process and reinforced the semantic boundary between the two organisations.

This ‘narrative of progress’ helps employees of both organisations to make sense of their

experiences as well as serving as a guideline for future actions. Prior to the merger AB had been clear about what they wanted to do, how to do it and why they wanted to do it. They were also clear about their future direction: expansion and growth. AB specifically brought the Collective because they were leaders in their field. However, having accomplished that expansion, the planned future seemed to present problems when the company’s identity and ways of working were challenged by their association with the Collective.

Indeed, when people get involved with other stories and cultural beings they tend to reach what Hill calls a level of ‘historical consciousness’ (Hill, 1988:7) that presupposes the notion of ‘the other’. That is, any definition of a cultural self always involves a distinction of the values, characteristics and ways of life of others. This definition does not usually arise in situations of relative isolation, prosperity and stability. A period of instability and crisis, a threat to the old established ways, seems to be required, especially if this happens in the presence of, or in relation to, other cultural formations. It is when something assumed to be fixed, coherent and stable is displaced by the experience of doubt and uncertainty that challenges to the established cultural order occur. Table 1 summaries the common themes, underlying tensions and key challenges brought about by the merger situation for the employees of both organisations.

Table 1

### Common Discussed Themes, Expressed Tensions and Key Concerns

Key Challenges	Underlying Tensions	Common discussed themes
<b>What</b> do we do: working practices	Homogeneity vs. variety	Challenges of working together
<b>How</b> do we do it: organisational structure	Hierarchy vs. networks	The different ways of organising
<b>Who</b> does it: power	Centralisation vs. autonomy	Decision-making and ownership
<b>Why</b> do we do it: business focus.	Product vs. customer	The organization’s reputation

### What Do We Do

The main concern employees from both companies had in relation to the new situation was how to work together. The idea that the AB and the Collective, with their various national cultures (UK and Scandinavian), need to assimilate is pervasive in the interviewee accounts.

Indeed, one of AB’s self-imposed tasks after the merger was to deal with the ‘cultural difference’ by raising awareness among all employees through seminars and workshops. However, they explained *business* cultural differences through *national* cultural difference. Whereas this had been good first step in dealing with the post-merger situation, two years later, the feeling was that national cultural idiosyncrasies could no longer be held responsible for the continued challenge of working together:

“The national cultural variances is one thing, you can’t do much about that except for, of course, be aware of it. But there is I think there is more company cultural variations from one place to another...” (VP Business Division; Collective –Norway; Commercial; Customer Unit; 6:30)

Attributing difficulties of integration to difference in national culture, resulted in obscuring the tension regarding the different ways of working at market/industry level. Whereas AB is designed to cater for both the naval and commercial markets the two markets are however driven by different requirements and values. For example, the commercial market is driven by short lead times and large customer base, whereas the naval industry works with much longer lead times and fewer

customers. Extensive reporting procedures, both financial and technical, overshadow the purpose of the commercial organization, in particular their relationships with the customer. For AB however, the bureaucratic processes and procedures are necessary since constant checks make the products safe and secure and therefore safeguard the organization's reputation in the market.

Both organisations attribute the failure (slowness) to find an 'integrative' definition of what the new company's focus is going to be, to not having the 'right people'. AB wants to find the right people to rectify this situation. The Collective considers that they are the right people: they have been successful in the commercial market for years and were brought for this reason. They are therefore the most appropriate people for the job:

"Having the right people on board. Because there is so many things come with people, their ability to communicate their willingness to change, their ambitions, willingness to be successful and so a lot of things come with people. People is really the key to success. Competent people." (*VP Business Division; Collective -Sweden; Commercial; Operation Unit; 4:61*)

In terms of future directions both organisations assume that 'assimilation' is the way to deal with the challenge of the M&A. AB is in fact aggressively promoting it whereas the Collective assumes it will happen and it is defensive about it.

### How Do We Do It

In attempts to move away from the 'sole-product' (gas turbine) way of working, AB adopted a matrix structure separating its functions from the rest of the IEC businesses and reorganised itself internally into two main segments: the operational/production business units and the customer interface business units. The segments were intended to focus on different markets and customers needs. However, the tradition of one-product (gas turbine) one-market (defence) business restricted this move.

As such, one of the main challenges that both organisations faced after the merger was to assess their different ways of organising. Whereas AB was described as a 'hybrid matrix', inward-facing and shaped by their technology; the Collective describe themselves more as a network, outward-facing and working in partnerships with customers to respond swiftly to customer demands. AB on the other hand is used to 'internal' customer relationships and defence industry contracts which run on a long-term basis and provide on-going security. This tension was especially felt by the Collective:

"our global network is tailor made for supporting the marine business and [the company] is again looking for synergies that doesn't exist and I'm afraid they could end up again destroying the business by looking for non-

existent synergies." (*Executive VP Business Division; Collective-Norway; Commercial; Customer Unit; 1:17*)

When the managers from both organisations refer to the structure and configuration of AB, they talk about its 'segmentation' at several levels and the problems this causes. The label conveys the 'complicated' or 'messy' structure of AB. Segmentation also has implications for the 'space' in which innovation and creativity can take place as well as for limited or partial information sharing. The over-emphasis on each 'segment', and the need to manage and control them (i.e. function, business, production and customer interface units), focuses our attention on each separate 'segment' and its efficient functioning rather than on the relationships between segments and how they work together within the overall organization. Connectivity is further hindered by the absence of integrated information systems (e.g. databases and email). Maintaining connections across the organization, and therefore relationships is important for future action:

"If this is to work, there has to be an extremely good link between market segment and operations and after market... Someone, and this is a quite challenging role for the top management to lift themselves up and understand what's going on, because they are talking about huge organisation, and ... someone has to understand what is going on as a whole for the future ..."  
(*Site Manager Factory; Collective - Norway; Commercial; Operation Unit; 2:46*)

### Who Does It?

The acquisition, and subsequent encounter with the 'other' –the Collective–, surfaced taken-for-granted assumptions regarding identity, culture, organizational structure and 'power' in both organisations. Although the Collective was acquired by AB they were in fact living AB's proposed future as a 'systems integrator'. Thus, the Collective had in a short space of time gone through the AB's desired development trajectory before being bought up. The Collective are the producers of a variety of products and attend to diverse markets, they are forced to be outward focused, tending to the needs of very different markets and customers, as well as providing 'whole systems solutions' for those markets and customers.

This is why the third common theme expresses the tension between autonomy and control – headquarters vs. periphery– among the two organisations. It correspond with the description of the M&A as a 'hostile take-over':

"...they had to split the cake and decide who is in what and when you have worked for the Company and many, which most of the people have for many years there is a loyalty to them. So, there is an internal war that we are not releasing that information because they are taking

over and what have you..."(VP Business Division; Collective –Norway; Commercial; Customer Unit; 6:5)

The 'empire building mentality' felt by some to be guiding the acquisition, further illustrates this tension. The use of this metaphor by the Collective reflects an increasing frustration with the lack of openness. They also feel devalued as a leading commercial business and therefore under threat. On the other hand, AB insists on the need to develop a common 'standard' based on AB's working practices, across the now 'merged' organizations. The new working standards are perceived as both positive – improved financial management- but also threatening. When the imposed standards impact on customer relationships or management of the world-wide service network of the Collective, then such standardisation is 'centralising and problematic':

"but the basic behind the ways of working, the style of working is quite different but it has to be adopted to our type of business...but you have to actually select what is right for our type of business. You can't turn a marine business into an aircraft business, that's totally different." (Site Manager Factory; Collective – Norway; Commercial; Operation Unit; 2:21)

Centralisation implies a neutralisation of the Collective's decision-making power and expertise value. Participation in the decision-making process of the new company appears to be beyond their reach, despite knowledge, skills and contacts in their particular market.

"I think they feel as the owner, I think they have bought this company, they own it, I mean it's not ..... I don't feel that they treat the other, as equals." (Executive VP Business Division; Collective-Norway; Commercial; Customer Unit; 1:40)

This centralized model of decision-making is a central feature of AB's way of organising, despite the official 'matrix' structure. Control is exerted from the top down and from the centre towards the periphery. The Collective view their survival as dependent on the continued ability to be flexible through a distributed and decentralized decision-making model:

"it is a much bigger organisation and for people who've just been working for many years, as I myself actually, in a small organisation you get used to speak with the owners every day and discuss problems coming up and you get a decision there and then..."(Site Manager Factory; Collective – Norway; Commercial; Operation Unit; 2:12)

The autonomy vs. centralisation tension constitutes a first hand experience for both the AB and the Collective. Here, we can actually visualise the 'ongoing battle' where history plays itself out, in an

attempt to shape the organizational culture(s) of the future. The current struggle over ownership of business and market is likely to play a significant role in the future development of business.

### Why Do We Do It

The new company's identity and vision is also challenged by the merger. A way of understanding this challenge is through the technological development and the vision for the company's future. AB is a technological innovator and leading in a particular type of technology, in this case the gas turbine. As previously mentioned this technology shapes the way they work. The technology requires specialised behaviour which is context specific. Sometimes this localised way of working does not transfer easily. This is starting to shape all the work processes of the new company allowing the Collective little autonomy in their field of expertise

The organisation's reputation and self-identity of excellence in the field, both in terms of quality and standards are also being challenged. For instance, one of the main characteristics of IEC is the emphasis placed on 'engineering excellence' and the belief that the key to future successful development lies in continuing this tradition. The IEC is a leader in its field, and interviewees frame their experience of the organization in these terms. However, the other side to this is, that the pride associated with excellence is followed by a certain degree of arrogance:

"...across the whole of [the company] there is a strong pride in the product and the technical excellence of the company." (Programme Director Business Division; AB-UK; Naval; Customer Unit; 10:14)

From the perspective of the Collective, interviewees acknowledge the 'engineering excellence' of AB but also report that the imposition of the associated standards may inhibit new ways of organizing more appropriate for the commercial context. In that context, the success of the business relies on the 'relationship with the customer' and not only on 'engineering excellence'. That is why the possibility of inappropriately transferring a way of working from one context to another, is already perceived as negative in the emerging narrative of a new joint organization:

"I hope that everything we do is connected to the market. Everything we do should be driven from the market and we should organize ourselves from that perspective." (VP Business Division; Collective -Sweden; Commercial; Operation Unit; 4:6)

Brands embody both organisational identity – 'engineering excellence' and 'relationships with customers' – and external relationships. At the time

of the merger AB initiated a process of 'brand co-existence' with all the Collective brands, in order to ensure a degree of continuity with traditional Collective customers. From the perspective of the Collective, the AB brand represents quality and adds to their already strong and reputable brands. However, the AB brand, as an unknown brand in the commercial marine industry, also brings with it price perceptions:

"...the [AB] brand [...] works two ways. It has the quality image attached to it but definitively it also has a price image attached to it. So I'm not so sure whether that, in what way, that has worked for us, to be honest – it could be both ways. But also the brand name is definitively a brand that is easy to join together as our own brand, I think it's something that probably makes staff proud of being a part of the brand name." (Executive VP Business Division; Collective-Norway; Commercial; Customer Unit; 1:12)

If, as we have argued, culture can be understood as a product of historical processes, then it is the case that both organisations – AB and Collective – are sites of embedded knowledge and expertise. Their knowledge and expertise is appropriate for the context in which they operate and defines them both. In a merger process, trying to 'assimilate' can create an asymmetry resulting in the loss of the very knowledge and expertise the new organization would like to preserve as its strength.

The acquisition made by AB was based on a narrative of progress, of development and growth. However, the encounter with the 'other' –the Collective'– has lead employees in both organisations to question certain taken-for-granted elements of that narrative leading to tensions when it comes to think about future directions. We have found within this narrative of progress tensions, a reflection of the challenges to current ways of organising as well as the struggle for emergence of a new narrative.

### Plotting the Future

The narrative that both companies share spans from the one product focus (gas turbine engine) in AB to the segment organisation focus (customer/market) in the current organisation and aims to move both companies towards focusing on being a 'systems integrator' –providing full service and maintenance to consumers- in the future. The way interviewees talk about the new common future organisation – 'systems integration' and 'whole value chain' – provides us with the first insights of a commonly constructed narrative. The analysis shows employees on both companies projecting themselves into a common future. The difference still arises in the role played by each, the *how* to achieve the future vision, between single provider or part(s) of the whole. The terminology used reflects the centralised

and de-centralised ways of working, respectively. In the first instance, one actor does the integration, in this case the organisation: the organisation integrates systems – the systems are dependant on the organisation. The second reflects a more networked way of working (chain) with organisations being integral parts of the chain but with value only deriving from the chain as a whole. AB sees itself as a central agent (provider) of all-incorporating systems for industry, whereas the Collective sees itself as part of a value chain (process) in achieving solutions for industry. The difference is subtle but important and could affect future action. This new organisation would have to, according to interviewees, veer away from the current - cumbersome - organisational form, and would be able to incorporate both AB and the Collective:

"they started as a shipyard but definitively over the years decided to grow into the whole value chain...when it comes to [X], we have always been a system integrator. We don't understand why...I mean [the company] wants to transform the business into being a systems integrator, I definitively agree with that. But we have always been, we are probably the most successful system integrator in the world, where we have delivered huge packages... we have done this for years and years and it's nothing new for us." (Executive VP Business Division; Collective-Norway; Commercial; Customer Unit; 1:21)

Alternative ways to work together were already being suggested by our interviewees. One suggestion involved modifying current ways of organising such as information *sharing*. This would involve the exchange of relevant information in the organization. The lack of exchange at this point is explained as a technical problem related to security issues and to the lack of common IT infrastructure. In the future both companies agree that information should be accessible and more open for all employees to work with.

"There is an internal war that we are not releasing that information because they are taking over and what have you. So there is a tense – I think I have experienced from all, have impression from many of the places in different segments or units that they have had and still have problems with that...We may have suffered because they haven't been able to get information for somebody. I'm not saying purposely holding back but it doesn't give us the priority which we would like to have and so on..." (VP Business Division; Collective - Sweden; Commercial; Operation Unit; 4:59)

Agreeing on the need to leave certain aspects of the organizational cultures unchanged, interviewees talked about areas that can be transformed without altering the identity and essential business practices necessary for the continuity and survival in the respective industries:

"I think that we are always going to be separate, mainly because of the customer part, the naval contractual

requirements are always going to be different from the commercial. The fact that the products are different doesn't matter too much apart from the security requirements..." (*Programme Director Business Division; AB-UK; Naval; Customer Unit; 10:12*)

When the communication and emotional state required in order for the new organizational form to emerge are the focus, the positions cease to be opposites. Trust, between AB and the Collective, is recognized as necessary in order to be able to move into the future. But the two organisations are not there yet. There is too much resistance (to the hostile take-over), but yet not enough time (since the merger), and history:

"Again, that's the one thing, the management of face-to-face meetings and the building of trust across the business – it is an issue." (*Head of Business Management; AB Corporate-UK; Function; 8:86*)

## **Conclusions**

The paper has looked into the process of how people make sense - personally and collectively - of organisational change processes through the stories and narratives they share. We have considered these cultural manifestations, as part of the organisational world. The theoretical stance supporting this claim is based on the concept of organisations as cultural creations, and organisational actions as taking place and being reported according to the meanings that the organisational members attach to them. We have considered culture therefore as a process, the product and producer of social practices, that permeates all of organisational life rather than just being a variable of the organisation.

We have conceptualised culture as based on both the shared meanings that provide us the symbolic resources to maintain a way of looking at the world and the possibility of multiple voices that allow us to innovate. The shared meanings come about when the members of the organisation have shared their activities for some time, so that they come to create, through their everyday interactions, a complex understanding of the world that can be expressed through shared narratives. We have seen how these stories helped employees of both companies to create continuity and commonality of reference and hence to legitimate particular ways of organising (Turnbull, 2002).

But the cultural frameworks that the employees use, are not static, they become (re) produced and challenged through everyday interactions especially when a change process occurs. Indeed, the constant

changes in organisations and in the work environment challenge people's efforts to create and maintain a sustained work-narrative or to derive a sense of personal identity from work (Sennett, 2001). That is why stories are being constantly told and recreated. It is through the constant telling of stories that individuals engage in discursive activity and access different discourses to generate new meanings that help –or hinder- the enactment of particular strategies. As Bate (2002:14) puts it stories are "cultural interventions, the mechanisms and processes through which people are able to interrupt, interrogate and ultimately transform their culture".

While the existing literature does an excellent job of illustrating the multiple stories that exist during organisational change processes, it does not generally emphasise the interconnectivity of those narratives or the way in which those stories might impact on co-ordinated action. During change initiatives individuals are usually encouraged to coordinate their thoughts, actions and practices so as to be attentive to the interdependencies of the community (Vaara, 2002). A narrative approach provides a vehicle for understanding how order is achieved within a constantly changing situation (Tsoukas and Chia, 2002) rather than portraying 'success' or 'failure' as if the result were a fated coin toss. Through the collection, handling and analysis of emergent narratives, as the ones explored in this paper, researchers could have a powerful vehicle for gaining insight about how such coordinated outcomes are (not) supported and achieved.

Narratives, as the ones exposed here, can also help practitioners become aware of the historically shaped interpretative codes that are behind working practices in an organisation and how both those codes and practices change over time as result of employees attempting to cope with new experiences (Tsoukas and Chia, 2002). In enabling the development of a shared narrative practitioners can help to bridge gaps and render the discontinuous continuous. Narration helps to bridge particularities and make connections across individual experiences and subjectivities. However, in doing so some stories might come to dominate (Boje, 1991). Keeping narratives open to interpretative flexibility and able to be contested, incomplete, and indeterminate will allow narration to be also a subversive –and supportive- social practice (Turnbull, 2002).

## **Bibliography**

- Allen et al (2002) *Complex Systems and the Merger Process in Technology Analysis & Strategic Management* Vol.14 No.3
- Alvesson, M. & Berg, P. O. 1992. *Corporate culture and organisational symbolism*. New York: Walter de Gruyter.

- Alvesson, M. 1995. Management of knowledge-intensive companies. New York: Walter de Gruyter.
- Bate, P. (2002) Towards a new form of politics in organisational change efforts? An anthropological case study of an emerging 'community of practice' within the UK Health Service. Paper presented at the 18th EGOS Colloquium, July 4-6, Barcelona, Spain.
- Boje D. M. (1991) Consulting and change in the story telling organisation. *Journal of Organisational change management* Vol.4,3, 7-17.
- Bruner, J. S. 1990. Acts of meaning. Cambridge: Harvard university press.
- Czarniawska, B. 1998. A Narrative approach to organisation studies. Qualitative research methods series. London: Sage.
- Foucault, M. 1995. Discipline. In: J.D. Faubion, (Ed.) Rethinking the subject: An anthropology of contemporary European social thought. Oxford: Westview Press.
- Gagliardi, P. (Ed.) 1992. Symbols and artefacts: Views of the corporate landscape. New York: Aldine de Gruyter.
- Hill, J. D. 1988 Introduction. In: J. D. Hill. (Ed.) Rethinking history and myth: Indigenous South American perspectives on the past. Urbana and Chicago: University of Illinois press.
- Hunt, J.W. (1998) 'Mergers and acquisitions' in Nigel Nicholson (Ed) Blackwell Encyclopedic Dictionary of Organizational Behaviour Malden, Mass., Oxford Blackwell Business Press
- Larsson, R and Lubatkin, M (2001) 'Achieving acculturation in mergers and acquisitions: An international case study' in *Human Relations* Volume 54 (12) pp. 1573-1607
- Lynn Meek, V. 1992. Organisational culture: Origins and weaknesses. In: C. Salaman, (Ed.), Human resources strategies. London: Sage.
- Martin, J. & Meyerson, D. 1988. Organisational Cultures and the Denial, Channelling and Acknowledgement of Ambiguity. In: L. Pondy, R. Boland, & H. Thomas, (Eds.) Managing ambiguity and change. New York: Willey and Sons.
- Martin, J. 1992. Cultures in organisations: Three perspectives. Oxford: University Press.
- Ricoeur, P. 1980. Narrative time. In W.J.T. Mitchell, (Ed.), On narrative. Chicago: The university of Chicago press.
- Sathe, V. 1985. How to decipher and change organisational culture. In R.H. Killman, M. Saxton, & R. Serpa, Gaining control of the corporate culture. San Francisco: Jossey Bass.
- Schultz, M. 1995. On studying organisational cultures. New York: Walter de Gruyter.
- Schneider, S.C. and Dunbar, R.L.M (1992) 'A Psychoanalytic Reading of Hostile Takeover Events' in *The Academy of Management Review* Volume 17, Issue 3 pp.537-567
- Turnbull, D. (2002) Narrative traditions of space, time and trust in forensic conflict: The Hindmarsh Island bridge controversy. Paper presented at the Law's experts conference at ANU, 23-4th August, 2002 at Australia.
- Trice, H. M. and Beyer, J. M. (1993) The cultures of work organisations. Englewood Cliffs: Prentice-Hall.
- Tsoukas, H. and Chia, R. (2002). On organisational becoming: Rethinking organisational change. *Organization Science* 13(5):567-582.
- Vaara, E (2002) 'On the Discursive Construction of Success/Failure in Narratives of Post-merger Integration in Organization Studies 23/2 pp. 211- 248.
- Weick, K. E. 1995. Sense making in organisations. London: Sage.
- White, H. 1980. The value of narrativity in the representation of reality. In: Mitchell, J. T. On Narrative. Chicago: University of Chicago Press.
- Wilkins, A. L and Ouchi, W. G. 1983. Efficient cultures: Exploring the relationship between culture and organisational performance. *Administrative science quartelary*, 28:468-481.

## Acknowledgements

The LSE Complexity Group's research and the development of the methodology have been enabled by the support of our business partners and by four **EPSRC** (Engineering and Physical Science Research Council) awards, including the current 3-year collaborative action research project ICoSS under the Systems Integration Initiative entitled '*Enabling the Integration of Diverse Socio-cultural and Technical Systems within a Turbulent Social Ecosystem*' (GR/R37753). Details of the LSE Complexity Research Programme and the ICoSS Project can be found at <http://www.lse.ac.uk/complexity>.

## About the Authors

**Lucia Garcia-Lorenzo** is a Lecturer in Organisational Social Psychology at the London School of Economics. Her current research interests are focused on the remaking of the contemporary workspace and the new opportunities that the processes of globalisation, virtualisation and the de-territorialisation of work have open for novel forms of work and institutional involvement. Specific areas of interest include: the crossing of organisational boundaries and network building; organisational knowledge and the diffusion of innovations,



organisational change, culture and new ways of organising; complexity theory and research methods in organisations.

**Sevasti-Melissa Nolas** is a Research Officer at the Complexity Research Group, LSE. Her research interest is in the politics and practice of organizational- and community-level change and change projects. Specific interests include participation in decision-making, research as discursive practice, action research, ethnography and the use of multi-media technology for group work and knowledge generation and dissemination. Melissa is doing her doctoral research in the Department of Social Psychology, LSE.