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Organizational culture and its implications on post-acquisition integration

A case study of a merger between two
entrepreneurial firms

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Företagskultur och dess påverkan på en fusion av två entreprenöriella bolag

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Sammanfattning

Expansion genom fusioner och förvärv (eng. Mergers and Acquisitions, M&A) är ett vanligt förekommande komplement till organisk tillväxt. Förvärvsprocesser leder till omedelbar tillväxt, varför M&A blivit en naturlig del i många bolags tillväxt- och expansionsstrategi. Många bolagsfusioner misslyckas dock med att uppnå förväntad värdeökning, vilket har lett till ett starkt intresse för att utreda varför så många fusioner misslyckas. En vanlig orsak till varför förväntade synergier inte lyckas realiseras är kulturella skillnader mellan parterna. En bolagssammanslagning innebär även en sammanslagning av kulturer, och en lyckad integrering av företagskulturerna har visat sig kritiskt för att fusionen ska ta hem uppsatta mål. Företagskultur och dess påverkan på fusionsprocessen är därför ett väl utforskat område.

Skalbarhet, en exponentiell ökning av intäkter men endast en inkrementell ökning av kostnader, är en ofta sökt synergieffekt till M&A-processer, då bolagens värde och värdegenererandekapacitet anses öka efter en sammanslagning än var för sig. Det verkar dock saknas riktlinjer grundade i forskning om hur bolag ska övervinna kulturella utmaningar under fusionsprocessen, när målet är att nå skalbarhet. Denna uppsats syftar till att utforska skärningspunkten mellan fusionsprocessen, skalbarhet och företagskultur.

Studien är på en fallstudie av två entreprenöriella, mindre bolag under en pågående internationell fusionsprocess. Ramverket *Competing Values Framework* (CVF) applicerades som ett medel för att identifiera likheter och diskrepanser mellan bolagen. En kombination av forskningsmetoder användes; semistrukturerade intervjuer och enkäter i enighet med CVF, intervjuer med experter inom M&A samt workshops och observationer på plats hos köpande bolag under integrationsprocessen.

Resultaten visar på stora kulturella skillnader företagen sinsemellan, och en viss diskrepans mellan de anställda och ledningsgruppens uppfattning om kulturen. Det visade sig också att de

anställda hade väldigt olika uppfattning om den pågående bolagsintegrationen, där anställda från det ena företaget var märkbart mer negativt inställda. En viktig slutsats är att företagsledare måste ta sig an rollen som kulturbärare under förändringsprocessen och att företagskulturen måste gå i linje med såväl strategi som extern miljö för att främja framgång. Vidare visar resultaten på vikten av att anpassa kommunikation och budskap efter rådande kultur och att det påverkar de anställdas villighet att stödja förändring.

Studien presenterar förslag på hur företagsledare, ledningsgrupper, styrelser och investerare bör adressera kulturella aspekter i en pågående bolagssammanslagning när skalbarhet också ska beaktas. Dessutom kunde troliga bevis presenteras på att ramverket CVF kan appliceras som verktyg för att adressera kultur under en pågående bolagsintegration.



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Abstract

Mergers and acquisitions (M&A) is an important economic phenomenon, utilized by companies to expand their market share and achieve rapid growth. However, studies imply that a majority of M&As fail to deliver anticipated value, which has led to a vast amount of research investigating why. Failing to integrate the cultures of the merging firms has been identified as a common cause to unsuccessful deals.

Achieving scalability, namely adding revenue exponentially while only increasing costs incrementally, places high demands on an organization, including the culture. Achieving scale is a commonly sought synergy effect of horizontal merger integrations. There is however a lack of research-based advice on how to overcome cultural challenges when pursuing cross-border merger integrations, with the objective to scale.

This study was conducted with a Swedish SaaS firm as the commissioning body. The firm was, at the time of the initiation of this thesis project, about to commence the post-acquisition integration with an acquired German competitor, which invited to an interesting research setting. While organizational culture is an area covered by vast research, the combination of scalability and M&A integration is not. This thesis aims to explore the intersection between M&A integration, business scalability and organizational culture.

Using a mixed methods approach by combining semi-structured interviews and surveys, the Competing Values Framework (CVF) was applied to diagnose the two firms' corporate cultures. Additional data was gathered from external subject-matter experts in the field of M&A to increase reliability and validity of the results.

The results showed discrepancies between the organizational cultures of the studied companies, as well as between management and employees. What also became evident was the employees' different opinions of the ongoing merger, with acquired firm being noticeably more negative

towards it. One key finding from the study was the importance of employee buy-in when integrating two companies, both to keep momentum and to avoid employee churn. When integrating two cultures, different motivational approaches might be needed to achieve commitment from different culture types. The study further showed positive signs towards the CVF being fruitfully applied on an ongoing integration, making it a possible management tool to assess and approach cultural discrepancies in an efficient and timely manner.

FOREWORD

This Master Thesis is written by Niklas Vinge and Hanna Thorwid during the spring 2020, as the final project of the master program Innovation Management and Product Development at the Royal Institute of Technology in Stockholm. The study was performed in collaboration with a Swedish software firm, who will remain anonymous for the purposes of this report.

We would like to thank several people who have in various ways contributed to our work and made this thesis project possible. First of all, our industrial supervisor who provided us with this unique opportunity of being part of the project. Thank you for your trust and support throughout the entire process.

Thank you, Professor Mats Magnusson, our academic supervisor. Your insights and indispensable advice have been truly helpful.

We would also like to thank Thomas Kessler at IntegrationSuccess and Michael Holm at Global PMI Partners for sharing important knowledge and insights after years of experience in realm of M&A integration, as well as one subject-matter expert who wished to remain anonymous.

Finally, we would like to thank everyone else who have participated in this study. Thank you for your time, for sharing your honest opinions and showing interest in our work.

Niklas Vinge and Hanna Thorwid

Stockholm, June 2020

NOMENCLATURE

Abbreviations

<i>CDD</i>	Cultural Due Diligence
<i>CCO</i>	Chief Commercial Officer
<i>CEO</i>	Chief Executive Officer
<i>CFO</i>	Chief Financial Officer
<i>CMO</i>	Chief Marketing Officer
<i>COO</i>	Chief Operations Officer
<i>CPO</i>	Chief Product Officer
<i>CTO</i>	Chief Technology Officer
<i>CVF</i>	Competing Values Framework
<i>FTE</i>	Full-time equivalent
<i>HR</i>	Human Resources
<i>M&A</i>	Merger and Acquisition
<i>OCAI</i>	Organizational Culture Assessment Instrument
<i>ROI</i>	Return on Investment
<i>SaaS</i>	Software-as-a-Service
<i>SME</i>	Small and Medium-sized Enterprises
<i>KPI</i>	Key Performance Indicator
<i>PMI</i>	Post-Merger Integration

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1 INTRODUCTION

This chapter introduces the study by presenting its background and problem description, followed by the purpose of this thesis. Lastly, the delimitations are presented.

1.1 Background

Mergers and acquisitions (M&As) have become an important strategic imperative to improve organizational performance, achieve rapid growth and market expansion (e.g. Cloodt, Hagedoorn, & Van Kranenburg, 2006; Khan, Soundararajan, & Shoham, 2020). Companies are using M&As to transform their business by entering new markets, eliminate competition or attain valuable resources and assets (Bergamin & Braun, 2018). Despite it being one of the most important phenomena of modern economies with thousands of deals being made every year (Appelbaum, Lefrancois, Tonna, & Shapiro, 2007), research implies that the majority of all M&As fail to deliver their expected value (e.g. Gates & Very, 2003; Schraeder & Self, 2003). As many as 70% of M&A-deals fail during the integration phase (Jacobs, Van Witteloostuijn, & Christe-Zeyse, 2013). This rather contradictory nature of M&A as a business strategy has opened up for vast research investigating why M&As often fail, in regards of not improving the market value of the firm (Galpin & Herndon, 2007; Hitt et al., 2009).

Apart from more obvious integration activities that arise when two enterprises are to combine their resources and assets, such as legal and financial issues, forming joint strategies and integrating IT systems, M&A integration also involves the integration of both businesses' human resources and organizational cultures. Creating a common organizational culture is complex and must not be ignored when merging two companies (e.g. Buono, Bowditch, & Lewis, 1985; Carroll & Harrison, 2002; Durand, 2016; Schraeder & Self, 2003). The fact that cultural differences between the acquirer and target cause difficulties and might inhibit value creation has received increasing attention, both within the industry and academia (e.g. Carroll & Harrison, 2002; Durand, 2016). Infamous M&A integrations like the Daimler-Chrysler deal has shed light on cultural differences between merging firms as one possible explanation of M&A failure (Carroll & Harrison, 2002). One could, therefore, argue that more accessible managerial advice on how to address organizational culture in general, and the effects of it on the merger integration process in particular, is needed.

As stated by Fralicx and Bolster (1997, p. 50); "Culture can be a make-or-break factor in the merger equation". Having the capability to bridge the cultural gap between merging parties and engage in cultural change can thus be essential to unlocking all potential value when conducting M&As (Warter & Warter, 2015). Especially in cross-border deals, cultural difference is of particular importance since it is not only two distinct corporate cultures but also national cultures, which ought to be unified. Organizations might well have similar cultures, in theory, considering the industry in which they act, nationality, age, business models and other apparent characteristics. However, according to the theories of Schein (2004), there are more layers of culture than the instantly observable, and thus, there might be large cultural discrepancies that cannot be immediately noticed but nevertheless needs to be dealt with.

The objective of many M&A deals is not purely to achieve immediate growth but also to achieve scale, namely adding revenue at an exponential rate while only increasing costs at an

incremental rate. Benefits of scale are one of the synergies many business leaders seek, but often fail to tap into, when engaging in M&As (Gaughan, 2013). While there is a vast amount of research in how organizational culture affects the output value from M&As and how cultural differences, both organizational and national, might cause social conflict during cross-border acquisitions, there is less written on cultural implications on scalability. How to scale successfully has been researched from a business model perspective (Björkdahl & Holmén, 2013; Stampfl, Prügl, & Osterloh, 2013), but existing research appears to fall short on how organizational culture affect scalability.

Culture as a promoter of scale and competitive advantage is a hot topic in Silicon Valley and among tech entrepreneurs. There seems, however, to be little academic research that reinforces the anecdotal findings, like the statement by venture capitalist and LinkedIn co-founder Reid Hoffman (2017); “I believe that a strong culture is critical to companies that hope to scale”. Empirical evidence for what constitutes significant cultural characteristics of firms that successfully scale is a gap in existing research. Furthermore, there is a lack of research-based advice on how to overcome cultural challenges when pursuing cross-border acquisition integrations, with the objective to scale.

1.2 Purpose

This thesis project was conducted with a Swedish Software-as-a-Service (SaaS) firm as the commissioning body. The firm was, at the time of the initiation of this thesis project, about to commence the post-acquisition integration* with an acquired German competitor. The challenge of merging the companies in regards to resources and assets, as well as their distinct cultures, then arose. Being a cross-border integration, both differences in national culture and organizational culture ought to be considered. The practical aspect of this thesis was thus to partake in and observe an ongoing international merger of two entrepreneurial SMEs.

How a firm manages its organizational culture could be a crucial factor for M&A success. Organizational culture is furthermore allegedly, by industry practitioners, important when aiming for scalability. The intersection between M&A integration, business scalability and organizational culture invites further exploration.

The purpose of this study is twofold; it aims to explore the implications of organizational culture on business scalability during a PMI. The additional goal is to provide the commissioning firm with managerial implications including how the firm should consider the discrepancies in culture with their acquired part as well as recommendations on how to continue work with their organizational culture as a strategic imperative.

* Henceforth, abbreviated as PMI for post-merger integration, a term used for the process of combining and rearranging businesses following a merger or acquisition. For readability purposes, post-acquisition and post-merger integration is thus used interchangeably.

1.3 Delimitations

A prerequisite for scaling a business is a scalable business model. In later chapters, we do elaborate on the difference between scaling and growth and what firms need to consider in order to scale successfully. However, the purpose of this thesis is to explore organizational culture and its implications on scalability when employing M&A as part of the growth strategy. Business model scalability, despite inarguably a cornerstone to achieve scale, is therefore not part of the thesis scope due to delimitation reasons.

This study was conducted over a period of 20 weeks during the spring of 2020. Time-constraints and the 2020 Covid-19 outbreak in Europe did cause limitations to the work, such as workshops and interviews conducted from March 2020 and onwards were done remotely online. However, the employee interviews that constitute the largest data set were done during February on-site in Sweden and Germany respectively.

Due to confidentiality reasons, data that can identify the commissioning firm, the firm which they acquired, or individual respondents have been removed. Due to the same reason, financial statements have also been withheld. Similarly, interviews held with subject-matter experts have also been anonymized. Both authors are of the firm belief that the anonymity helped interviewees and respondents speak more openly and contribute with their honest opinions.

2 THEORETICAL EXPOSITION

This chapter describes the theoretical reference for this study; it presents the concept of organizational culture, business scalability, and merger and acquisition integration. Further, it presents the Competing Values Framework which acts as the analytical framework for the study. Lastly, the problem description and research questions are presented.

2.1 Culture in business

Culture is a complex phenomenon and a term difficult to define (Spencer-Oatey, 2012). There are many ways of defining the word, but the perhaps most widespread is by late social psychologist Hofstede: “[Culture] is the collective programming of the mind which distinguishes the members of one group or category of people from another” (Hofstede, Hofstede, & Minkov, 2010, p.6). Schein (2004, p.8) describes it as “culture is to group what personality or character is to an individual”. A more in-depth definition is provided by Spencer-Oatey (2008), which is the definition chosen for the purpose of this thesis:

Culture is a fuzzy set of basic assumptions and values, orientations to life, beliefs, policies, procedures and behavioural conventions that are shared by a group of people, and that influence (but do not determine) each member’s behaviour and his/her interpretations of the ‘meaning’ of other people’s behaviour. (Spencer-Oatey, 2008, p.3)

Trompenaars and Hampden-Turner (1998) reason that culture in business is evident on three levels; national or regional, organizational or corporate, and professional, see Figure 1. The levels of culture affect each other, as illustrated in the figure. The arrows in figure the represents the cultural exchange that inevitably takes place between the levels – national culture influences organizational culture, which influences sub-cultures within the organization. At the same time, the sub-cultures have an effect on the main organizational culture, hence the bi-dimensional arrows.



Figure 1. Three layers of culture which affect the business context.

The highest level, national culture, is the shared culture of members of a national or regional society. The middle layer refers to culture on the organizational level. The last level refers to professional culture or other sub-cultures evident in a business context. Trompenaars and Hampden-Turner (1998) argue that people belonging to certain functions, professions or teams within an organization “tend to share certain professional and ethical orientations” (p.7). Namely that people in for example marketing, research and development and HR will shape their respective sub-cultures in a firm.

2.1.1 National Culture

National culture can be seen as the shared characteristics of people belonging to the same geographical or national region (Schein, 2004). Through history and still today, humans have organized themselves in order to survive. Depending on their external environment, the solutions to their problems have differed. Trompenaars and Hampden-Turner (1998, p.23) explain that the word ‘culture’ derives from the verb ‘to cultivate’ and is thus connected to the meaning “the way people act upon nature”. Depending on geography and demography, distinct national cultures have developed, and these are, in one way or another, affecting how we as human beings act and behave. Evidently, our national culture will affect how we behave in business. An understanding of culture at the national level is essential to comprehend, and in turn solve, intergroup conflict (Schein, 2004).

Previous research suggests that understanding national culture is of importance in cross-border merger integrations (Angwin, 2001). Research also implies that firms with more disparate national cultures perform better post-integration (Chakrabarti, Gupta-Mukherjee, & Jayaraman, 2009) and cause less social conflict during the integration process (Vaara, Sarala, Stahl, & Björkman, 2012). There are also the arguments of scholars like Very et al., (1997), who while analyzing cross-border acquisitions did not find any correlation between cultural issues and cross-border acquisitions when compared to deals made within the same country, downplaying the importance of separating national and organizational culture.

There are plenty of scholars trying to understand cultural differences and similarities based on nationality, where Hofstede is one of the most cited. Hofstede was able to study interview data from more than 10 000 managers in 50 countries within IBM during the 1970s. The large amount of data from across the globe, but still within the same organization, meant that he could observe similarities and differences between the countries to form the first version of his *cultural dimensions* (Hofstede, 1980). The cultural dimensions can be used to gain a view of how business is conducted in different cultures.

Hofstede’s studies are ambitious, and often times lauded as cornerstones when discussing organizational culture. However, no study is without critics, and some of Hofstede’s critics are McSweeney (2002) and Gerhart and Fang (2005). Both McSweeney and Gerhart and Fang are particularly criticizing Hofstede’s usage and analysis of empirical data and argue that his (mis)interpretations have led to an overly generalized model of national culture and its implications. Gerhart and Fang (2005), who revisited the same dataset used by Hofstede, found that, while in some cases important, national culture was generally not considered a make-or-break factor for successful organizational integration, which organizational culture was.

2.1.2 Organizational Culture

Similar to national culture, organizational culture can be defined by thinking of it in evolutionary terms - what an organization has learned and done to adapt and overcome challenges relating to organizing and dealing with the external environment (Schein, 2004). Quinn and Cameron (2006, p.16) define organizational culture as “the taken-for-granted values, underlying assumptions, expectations, collective memories, and definitions present in an organization. It represents “how things are around here”.” When comparing organizational *culture* and organizational *climate*, two seemingly similar or even interchangeable terminologies, culture can be considered to be both more all-encompassing, deeply embedded and abstract compared to climate (Kuenzi & Schminke, 2009). We will hereon after strictly use culture.

Schein (2004) further describes organizational culture as something deeply rooted and hard to change, and discusses it on three different levels, based on visibility to an external observer. Observable artifacts, beliefs and values, and underlying assumptions form the three levels, from most to least visible. See an adaptation of Schein’s Levels of Culture in Figure 2 below.

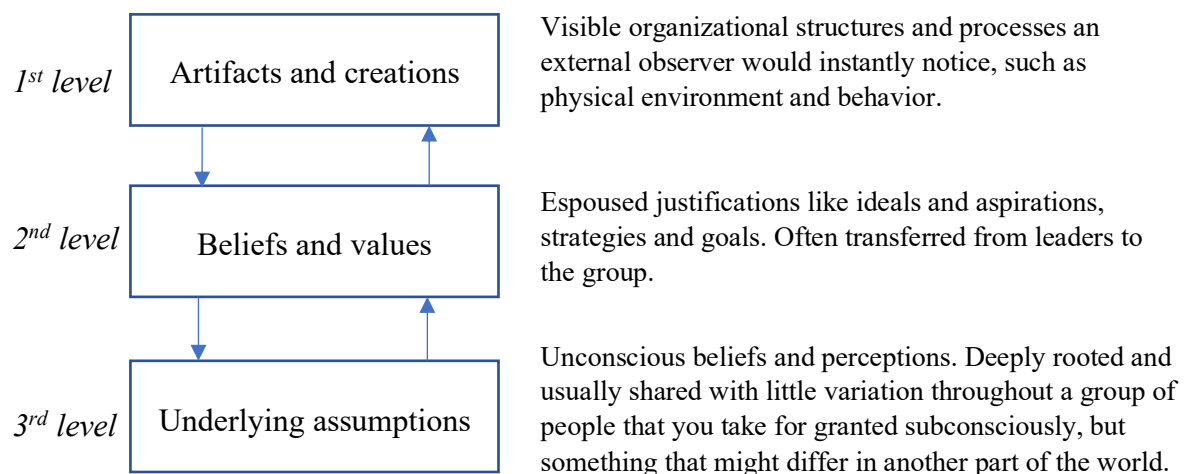


Figure 2. Adaptation of Schein's (2004) Levels of Culture.

The first level – observable artifacts – are the visible and perceivable parts of culture that one can instantly observe, such as physical environment and behavior. The next level is the observable culture – beliefs and values, ideals and aspirations, and is something that is slowly transferred from individuals to the group, especially from the group’s leaders. The bottom level, which is the deepest and hardest to change, is the level of underlying assumptions. This layer is deeply rooted and usually shared with little variation throughout a group of people. It is something one would take for granted subconsciously, but that might differ in another part of the world.

It should also be noted that there are scholars like Alvesson and Lim, who have proposed critique towards some of the research on organizational culture. Alvesson (2014), while not disagreeing with the importance of culture within organizations, argues that organizational culture is a concept too complex to manage through the guidelines and recommendations often found in managerial and organizational research. He further proposes seven “sins” that should be avoided. Two such sins are *unifying* - the willingness to cluster all employees within an organization into one culture, and *otherizing* - wanting to invoke and exaggerate cultural

contrasts when comparing two organizations. Lim (1995) is critical towards the claimed positive correlation between organizational culture and performance due to methodological weaknesses in the studied research, and argues that organizational success could just as well stem from strong leadership or the right organizational structure.

Sweeney and Hardaker (1994) claim, in contrast with Alvesson, that something as important as organizational culture should not be left to chance, but instead requires monitoring and guidance to be successful. They put it: “If organizational culture is funneled through the unconscious and is therefore not always orderly, then it is unlikely that efforts to manage such a culture can be precisely predicted or tightly controlled” (1994, p. 10).

Culture shapes behavior and consequently, the culture of an organization shapes the behavior of its employees (e.g. Koberg & Chusmir, 1987). One could, therefore, argue that the organizational culture plays a crucial role in how the firm operates and pursues business. Schein (2004) argues that an organization’s culture is stable when it is shared across the entire group, is defining the behaviors and stays intact even if some members would depart. Theory on organizational culture typically focuses on two distinct aspects; the *content* of culture and the *strength* of culture. The content of culture is what signifies the values and behaviors of the organization’s members and the strength, or depth, refers to how strongly and deeply those values and behaviors are rooted among the members (Prajogo & McDermott, 2011). Both the content and the strength of culture can be linked with firms’ performance (Sørensen, 2002). A strong culture is thus not only stable but also prominent for an external observer, and it conveys a sense of identity and encourages employee commitment. Having a strong organizational culture can thus be beneficial. Culture in organizations is tightly coupled with creativity since the characteristics of the culture impact the level of creativity expressed by the employees (Koberg & Chusmir, 1987). Creativity can in turn be pivotal for business success, not least within innovation-dependent companies like SaaS firms like the case companies.

2.1.3 *Organizational culture as a strategic imperative*

Culture within organizational contexts is a phenomenon that has been studied since the 1950s (Jaques, 2013). Research has over the years evolved from whether cultural and collectivistic traits have an impact on production output in factories, towards more granular research on understanding the inner workings of the phenomenon. It is no longer a question *if* it is important, which has been empirically proven (Fondas & Denison, 1991; Schein, 2004), but rather *when* it is important, and how to best manage it. What characterizes successful cultures is ambiguous with no straight answer since it is dependent on several interlocking factors (Lee & Yu, 2004) as well as the context (Quinn & Cameron, 2006).

According to O’Reilly (1989), organizations should care about culture since the culture has to fit with the strategy – an organization with a strategy that focuses on innovation requires a culture that is aligned. He further argues that an organization founded on values and beliefs that are shared by the employees leads to commitment and employee buy-in. Previous research suggests that employees’ congruence with the firm’s organizational culture has implications for business performance (Harris & Mossholder, 1996; Koberg & Chusmir, 1987; Morley, 2007). Person–organization (culture) fit is shown to play a crucial part in affective outcomes such as employee satisfaction and organizational commitment. Due to this, congruence between perceived and preferred culture has been shown to support change activities, since

employees with high organizational commitment also support organizational change (Meyer, Hecht, Gill, & Toplonysky, 2010).

In a paper by Denison and Mishra (1995) the authors used both qualitative and quantitative data to explore the relationship between organizational culture and efficiency. Their findings suggest that organizational culture is both measurable and can be positively related to organizational performance such as return on assets and sales growth. They claim that the balance between the competing demands of integration–adaptation and change–stability is what distinguish high-performing organizations from their pedestrian counterparts. Achieving the correct balance is what generates greater organizational output and business performance. In order to stimulate business success, however, the corporate culture must be adopted and optimized to the external environment in which the firm operates.

Apart from economic performance gains, the right organizational culture can also yield benefits in terms of competitive advantage over peers (Sweeney & Hardaker, 1994). Since culture is something complex and multifaceted, it can be hard for competitors to imitate (Lee & Yu, 2004). A strong organizational culture can thus be seen as one of the few sustainable competitive advantage managers have control over. Large and successful enterprises like Facebook, Google and Procter & Gamble all understand the importance of a strong and well-articulated culture (Tran, 2017). Netflix has gone so far that they have their culture detailed in the Netflix Culture Deck, openly available on their website since 2009 - over 4,400 words describing in detail what the Netflix culture is all about. In an episode of the podcast *Masters of Scale* (Hoffman, 2017), Netflix founder and CEO Reed Hastings argues that it is crucial that both current employees and job applicants have an understanding of what their culture is and is not to attract people with the right person-organization fit. Facebook founder and CEO Mark Zuckerberg have once put it “I will only hire someone to work directly for me if I would work for that person” (2015), implying a strong belief in the importance of person-organization fit.

2.1.4 The role of leadership in organizational culture

As noted in Schein’s Levels of Culture (Figure 2), beliefs and values, ideals and aspirations are often transferred from leaders to the group. In organizational culture, managers and leaders are the ones who both define and transfer cultural traits across their organization. Schein (2004, p.1) describes the intertwined relation between culture and leadership as the following; “These dynamic processes of culture creation and management are the essence of leadership and make one realize that leadership and culture are two sides of the same coin.” This statement refers to his theory that culture evolves with leaders who impose their own perceptions on a group. With time, and if those perceptions prove successful, those values and assumptions will define the culture and be taken for granted. The culture will then define what kinds of leadership are acceptable. However, if the culture is proven unsuccessful, either by changes in the external environment or other adaptive challenges, a new type of leadership will be needed, and the culture will evolve.

Szczepńska-Woszczyzna (2015) presents further evidence towards the need for strong leadership to create a successful organizational culture, showing correlations between innovation capability and certain aspects of leadership that are supported and enhanced by cultural aspects. Some such aspects are; an open discussion climate, a low level of fear of doing wrong, and strong cross-department collaboration.

Business leaders and entrepreneurs often chose to emphasize their strong company culture as the key to success. Jason Kilar, an entertainment executive with extensive experience from both Disney and Amazon and currently the CEO of video streaming giant HULU, specifically emphasizes the importance of culture as a “magnet and repellent” (Greylock Partners, 2017). Kilar argues that a strong culture is crucial when attracting talent as the company grows since an explicitly and narrowly defined culture will not be for everyone, meaning that it will help the firm to only hire people with the right cultural fit, which he sees as critical when scaling.

2.2 Business scalability

Any firm that is aiming for continuous profits will eventually need to realize how to scale. An entrepreneurial venture’s life cycle involves four stages; startup, transition, scaling and exit (Picken, 2017). Each stage is defined by its respective major challenges. These stages of growth can be visualized with an S-curve (Picken, 2017; Steinmetz, 1969) and it is when a firm manages to enter the scaling stage the rate of return on investments excel and is thus the most profitable stage of growth. Regardless of the growth is purely organic or involving M&A, business expansion requires scalability since the systems, organization and processes of the firm will grow with it. How to scale a business, and do it successfully, is thus a vastly discussed topic among entrepreneurs and business leaders who are eager to achieve at scale.

A firm’s organization, systems and processes must be able to cater for growth. Start-ups and small firms can manage their sales processes, customer relationships, project management and accounting by using spreadsheets. As the firm grows, however, more robust structures and processes are needed since the flexible environment and ad hoc decision-making of a startup becomes unmanageable (Picken, 2017). IT systems like CRM, ERP, accounting software, project- and task management software and employee portals are soon needed to streamline work tasks and reduce unnecessary overhead. These systems all need to be scalable if the firm is continuously and rapidly growing. Similarly, the organizational structure of the firm must be scalable. To increase revenue more sales staff is required. More customers and an increased user base require amplified capacity, stability and performance of the product, which in turn requires more resources to R&D. A larger workforce means that the firm must adapt its organizational structure accordingly. Research suggests that the extensive hiring of new personnel can be a pitfall for high-growth firms; they need to hire new employees in such high rate that they can become careless in the hiring process (Hambrick & Crozier, 1985) or lose employees’ attention toward the shared vision (Fombrun & Wally, 1989). Hence, the company needs to have the mechanisms in place and resources for hiring; new employees must not only possess the necessary competencies and skills, but also buy-in on the company’s vision and culture in order to be successful.

The need to retool the organization in preparation for scaling is discussed by Smallbone et al., (1995) who found a relationship between high growth and actively upgrading management at high-technology companies. Upgrading is defined as formal management training, hiring external managers or using external consultancy firms. Also found by Smallbone et al., (1995) was a need to relieve their managers from operative tasks by organizational structural changes, allowing for more time for managerial duties. In a systematic review of empirical literature on high-growth firms by Demir, Wennberg, and McKelvie (2017), the authors identified five drivers of high growth, where how the firm manages to leverage human capital and human

resource management were two drivers, highlighting the importance of not neglecting the human factors when scaling a business.

2.2.1 *The difference between growth and scaling*

Even though interrelated, there is a distinction between *growth* and *scaling* in a business context. Business growth refers to increasing revenue, typically by adding resources at the same rate to cater for the added load and continued growth. The distinction between growth and scaling is a matter of costs and resources. Scaling is to employ rapid growth strategies to add new customers and increase revenue while simultaneously ensuring that the strategies and business models are sustainable in the long-term. This means adding revenue at an exponential rate while only increasing its resources and costs of such at an incremental rate. Hence, scaling involves increasing efficiency and productivity as well as having the mechanisms in place that can cater for increased sales – without immediately increasing costs. SaaS companies are particularly suited for scaling since they only need to add incremental costs to serve new customers who will add more recurring revenue by the subscription business model.

2.2.2 *Organizational culture and scalability*

Rapid growth and scaling inevitably convey internal challenges and maintaining a strong culture during times of change can be cumbersome. Picken (2017) argues that developing an appropriate culture for scaling is one of the hurdles entrepreneurs and firms' top management must overcome in order to scale successfully. Fitzgerald et al. (2017) agree, and argue that organizational culture acts as an important internal driver for a successful scaling of business. They stress that there is no right culture to achieve scalability, but rather a need to find a culture-situation fit. According to Raisch (2008), there is a contradictory relationship in growing an organization in a profitable manner – on one hand, structure is needed to efficiently exploit existing capabilities, while on the other hand, a more flexible set up is needed to explore growth opportunities. The need to be structured and at the same time adaptable is pronounced when the growth happens rapidly.

An appropriate culture for scalability, according to Picken, is “a culture that reflects values, beliefs and norms supportive of the firm’s business purpose and strategy” (2017, p.589). Failing to do so can lead to disastrous consequences, not least since scaling is tightly coupled with a high hiring-rate; without an appropriate culture leading the way, it can be hard to get new employees up to speed (Fombrun & Wally, 1989). Netflix founder Reed Hastings argues that start-up companies need to define their firms’ distinct cultures from the start to make sure that its mechanisms are able to scale (Hoffman, 2017).

Empirical research suggests a negative correlation between degree of innovation and formalized organizational structures; the more rigid the information exchange within an organization becomes, the more is the firm’s innovation ability negatively affected (Russell, 1989). Hence, entrepreneurs and executives must manage the balance between creativity and innovation and professional processes and structure. However, there are scholars who argue that standardizing workflows and increased bureaucracy might well lead to the opposite (Carucci, 2016). By removing time spent on reinventing the wheel, more time can actually be spent on creative and innovative tasks which can be instrumental when achieving scalability. Furthermore, Russel (1989) argue that entrepreneurs must institutionalize their innovative and

creative aspects of culture, just as much as they institutionalize other organizational systems, as firm size and organizational complexity increases.

2.2.3 M&A integration and scalability

Acquiring another company results in immediate growth for the buyer and M&A is a widely employed growth strategy. In simple terms, there are two types of M&A integrations; *vertical* and *horizontal* (Gaughan, 2013). Vertical integration refers to acquisition of business operations within the same production vertical of the value chain, meaning deals between companies within different areas of core competency (Perry, 1989). The objective of vertical integration is to unlock untapped value by taking control of more parts of the value chain. This is typically achieved by a strengthened supply chain, reduced production costs, to capture upstream or downstream profits, or through access to new distribution channels.

Horizontal integration is a deal between direct competitors and thus refers to the acquisition of a company that operates at the same level of the value chain (Capron, 1999). The objective of horizontal integration can be simple; eliminate the competition by acquiring it. Other strategic objectives involve increase market share to strengthen their bargaining power on the market, diversify their product offerings, attain new customers or markets, or achieve economies of scale. The idea with horizontal integration is that the whole is more valuable than the sum of the parts, meaning the firm post-acquisition is stronger than the buyer and the target before. Commonly sought synergies are to add more revenue as a joint firm and cut costs by sharing assets. Evidently, scale, and not merely growth, is often the desired outcome of a horizontal integration, which requires successful integration of the merging companies.

2.3 M&A and post-acquisition integration

The multifaceted phenomena of M&A deals have encouraged vast research but there seems to be no coherent explanation of why so many deals fail to deliver anticipated value and synergies (Hitt et al., 2009). Gomes, Angwin, Weber, and Tarba (2013, p.14) argue that “it requires a more pluralist approach, with integrative frameworks” to explain the critical success factors of M&A. Nevertheless, there is an intensified interest in human and cultural factors of M&A integration since traditional explanations are not providing sufficient justification for the high failure rates (Schraeder & Self, 2003).

2.3.1 The role of culture in post-acquisition integration

When integrating two organizations, culture plays an important role. According to Lodoros and Boateng (2006), organizational culture is critical for success when merging and integrating organizations. In 2017, PwC’s released its M&A Integration Survey Report (Fuhrer, Liem, & Zwald, 2017), where top managers and M&A experts were surveyed on how businesses perform throughout the M&A integration process. The survey highlights well-received culture and change management as one of four key areas during a PMI. Fuhrer et al. (2017 p. 24) further argue that successfully managing culture and change is “the most unpredictable factor of deal success”. The same conclusion was found by Buono et. al (1985), who investigated an unsuccessful merger of two, in theory, similar companies operating in the same market. The firms’ vast cultural differences, ranging from objective and seemingly superficial aspects like office furniture, to more subjective and deeply rooted aspects like behavior and opinions, was identified as a key aspect to why the M&A integration failed in terms of not increasing the

market value of the firm. Another insight gained was that the organization that needed to change its culture the most to fit with the new firm was subject to a larger culture shock and negative feelings towards the merger than the firm that needed to adjust its culture less. While this may seem axiomatic, it highlights the need for clear communication and inclusion of both acquirer and target, during the integration when the new, joint culture is evolving.

On the other hand, there are studies like Chakrabarti et al. (2009) pointing towards a higher degree of success in mergers between companies from cultures with large differences. In a comparative study by Dikova and Sahib (2013), looking at culture success factors in cross-border M&As. The authors concluded that cultural differences can both hinder and enhance the success of a merger, and that success is largely dependent on how much previous M&A experience the acquirer has.

A study by worldwide consulting organization Towers Perrin highlights the importance of involving HR management in M&As (Schmidt, 2001). The survey, conducted on 447 HR executives from large corporations across mainly North America but also Europe and Asia, found that incompatible cultures and clash of management styles are common reasons for unsuccessful M&As. Chawla and Kelloway (2004) further emphasize the need to focus on human aspects during periods of change. Their findings suggest that organizations that focus solely on non-human aspects fail to create success. The need to successfully merge cultures is further discussed by Very et al. (1997) who investigated the correlation between cultural differences between merging firms and post-acquisition performance. Their findings suggest that similarity in culture is connected to fewer performance problems, and that post-acquisition performance declines with increased differences - especially if the acquired managers show preferences towards the firm's previous culture. Conversely, their research found a positive correlation between post-acquisition performance and cultural differences when managers found the new culture to be more aligned with their perception of the ideal culture than the previous culture.

Also related to human aspects, Kavanagh and Ashkanasy (2006) found that incremental merger processes are more successful in employee satisfaction compared to immediate, rapid ones. This is contrary to Angwin (2004), who emphasises the need for speed to quickly realize synergies and reduce uncertainties, both for employees and customers. The need for speed in M&A deals is something often emphasized by consultancy firms as well (Fuhrer et al., 2017). Homburg and Bucerius (2006) argue that there is a time and place for both incremental, deliberate mergers and more rapid ones where speed is key; it comes down to external and internal relatedness. Internal relatedness is defined by similarities in processes, strategies and management styles, while external relatedness means similarities in markets and customer bases. If the merging companies have a low external relatedness, but a high internal relatedness, they argue that speed is a success factor, but if the contrary is true, the merger is more successful when done more deliberate and at a slower pace.

2.3.2 M&As and employee commitment to organizational change

Organizational restructuring due to M&As imposes change on both acquirer and target, and employee resistance to change has been proposed as a major hurdle to overcome when implementing change within organizations (Jaros, 2010). In a combined empirical study and literature review of resistance to change, Pardo Del Val and Martínez Fuentes (2003) found

that deep-rooted values is the main source of resistance towards change, especially during major, strategic changes, such as a merger. Rashid et al. (2004) suggest that organizations promoting dedication towards the organization's missions and goals and a more performance-minded mindset in general were more open-minded towards change compared to organizations with a more "friendly" focus that promotes friendship over performance.

Meyer and Allen (1991) propose three forms of commitment towards an organization; affective (personally and emotionally attached), normative (commitment due to the cost of change) and continuance (commitment due to obligations). These distinct forms of commitment describe the underlying commitment an employee has towards their organization, and, in turn, their motivations for committing to change activities. Parish et al. (2008) showed that mainly affective, but to some degrees also normative, organizational commitment is preferable when changing an organization.

The dynamic between the acquirer and target is furthermore important to acknowledge when enforcing organizational change following an M&A. Findings from both Very et al. (1997) and Ranft and Lord (2002) imply that managers of the target firm may feel inferior, which can cause friction and cultural clashes, hampering the change process.

2.3.3 The importance of addressing culture

Due to the complexity of merging organizational cultures, scholars are arguing for performing cultural due diligence (CDD), as a complement to the M&A due diligence before the deal closes. Stanwick (2000, p. 7), for example, claims: "Just as it is the responsibility of top management to perform due diligence from a financial perspective when considering a merger or acquisition, top management should also perform a cultural due diligence." However, when looking at practical examples there is little evidence that CDD is a common part of SMEs' M&A strategy (Galpin, 2019). One could argue that a financial investigation of the investment opportunity is easier to apprehend than something as vague as cultural fit. Nevertheless, failed mergers highlight the need to assess cultures in an effective way that is easy to comprehend – before a cultural clash becomes inevitable. The perhaps most infamous case is when Daimler-Benz and Chrysler merged in 1999; instead of generating anticipated synergy effects and strengthened competitive advantages, the merger with Daimler-Benz led Chrysler to lose \$512 million during the third quarter of 2000, with a share price dropping from \$108 in January 1999 to \$40 (Beuron, 2010). The sale of the Chrysler division in 2007 made it clear that the merger had reduced the company's market value from \$35bn in 1998 to \$7.4bn, making it one of the most unsuccessful mergers of modern times (Wearden, 2007). Another infamous case is the attempted merge of the hospitals of Stanford University and the University of California at San Francisco, resulted in a loss of \$176 million in 28 months before the merger was reversed (Carroll & Harrison, 2002). Both the failure of Daimler-Chrysler and Stanford University and the University of California are in retrospect said to be caused by radically different and incompatible organizational cultures (Beuron, 2010; Carroll & Harrison, 2002). Evidently, even though scholars and practitioners alike recognize the importance of addressing organizational culture in M&A integration, its consideration still seems to be neglected in practice.

2.4 The Competing Values framework

Assessing something as subjective and complex as culture has been a point of debate, but a combination of qualitative and quantitative methods have been argued important when studying organizational culture (Bellot, 2011; Quinn & Cameron, 2006; Yauch & Steudel, 2003). One widely used framework used to assess organizational culture is the Competing Values Framework (CVF). While there is no ideal way to assess organizational culture, one instead has to find a fit between the assessment method and the main purpose of assessing culture (Jung et al., 2009). The CVF has been validated in numerous studies and can be implemented in a timely manner with results that are easily interpretable, comparable and applicable on most organizational cultures (Quinn & Cameron, 2006). It is thus of value to investigate if the CVF can be applied in a PMI setting, as a tool to identify and shed light on cultural discrepancies of the merging firms in a timely and effective manner.

The CVF was developed by Quinn and Rohrbaugh (1983) by analyzing the empirical research by Campbell (1977) and it is seen as one of the most influential and widely used frameworks for assessing organizational culture (Cameron & Quinn, 2011). The CVF has been both the subject for, and used as a theoretical framework in, numerous studies of management research (Choi, Seo, Scott, & Martin, 2010; Helfrich, Li, Mohr, Meterko, & Sales, 2007; Heritage, Pollock, & Roberts, 2014; Van Huy et al., 2020). As culture is something inherently complex, using quantitative methods will not cover the full spectra of cultural aspects in-depth, and as such, the framework instead aims to make sense of an organization's culture from an effectiveness standpoint (Yu & Wu, 2009). Its applicability to assess organizational culture and as a managerial tool to encourage cultural change within firms that strive for effectiveness has been verified (Hartnell, Ou, & Kinicki, 2011; Kalliath, Bluedorn, & Gillespie, 1999; Kwan & Walker, 2004; Lamond, 2003) However, it appears that existing research has not yet provided support for the framework's applicability on organizational effectiveness, and cultural change as a means to achieve it, during an ongoing PMI. A fruitful application of the framework on companies designing an organizational culture with scalability in mind would thus further build upon the importance of CVF as a managerial tool.

According to Quinn and Rohrbaugh (1983), every organization faces a choice between two tensions; it can focus either internally or externally, and be either structured or flexible, but cannot do it all. A company's positioning between internal-external and structure-flexibility is a representation of the company culture related to effectiveness. While there is no right or wrong, there are different positionings that serve different companies in different markets and industries. Some organizations are considered highly effective when they are characterized by flexibility; constantly changing, adaptable and organic both in terms of organizational form and product mix. Other organizations are considered highly effective by being the exact opposite – stable, predictable and mechanistic. The former is often true for innovative firms like Apple and Google and the latter for the public sector, such as universities or government agencies or large conglomerates (Quinn & Cameron, 2006). Similarly, some organizations are viewed as effective if they are internally focused, and others if they focus externally. That is, some firms benefit from an emphasis on internal aspects whereas others benefit from a focus on external interaction or competition. Hence, any of the four major culture types described by the CVF are representations of highly effective organizational cultures – it all depends on the context in which the organization acts.

Apart from being a culture assessment tool, Quinn and Cameron (2006) argue for the applicability of the framework to promote cultural change and act as a managerial tool to achieve a better culture-market fit and thereby increased effectiveness. To assess organizational culture in a quantifiable way, the CVF was chosen as the analytical framework in this study.

2.4.1 The four quadrants

By employing the CVF, an organization can achieve a visual representation of its cultural profile. Each axis represents the two tensions and the four quadrants represent the four major culture types see Figure 3 below, which in turn represents different sets of organizational effectiveness indicators. These are what people within the organization value about its performance; what is seen as good and right. As previously mentioned, there is no right or wrong organizational culture, but rather a better or worse fit between culture and its surrounding environment. (Quinn & Cameron, 2006),

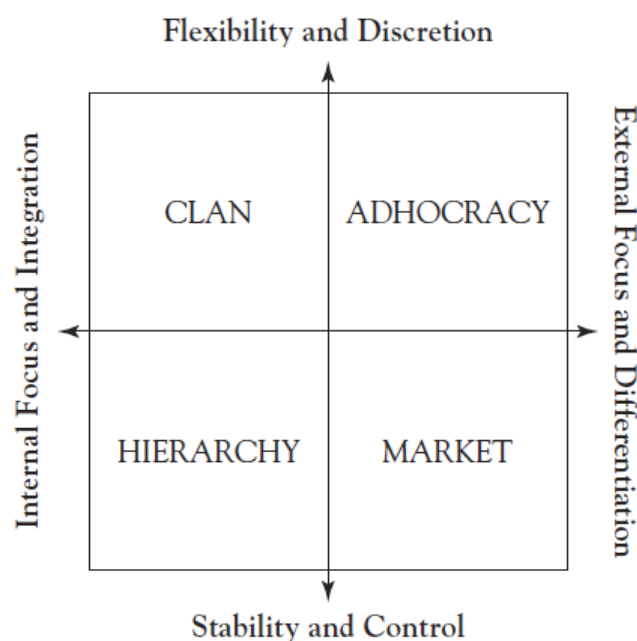


Figure 3. The four effective culture types of the CVF from Quinn and Cameron (2006).

The Collaborate quadrant – Clan culture

Collaboration towards shared goals and commitment towards team spirit and employee involvement are traits typical for the Clan culture. Informal, family-like employee relationships and few management layers are also common. By uniting against the external environment, morale can be kept high and salary levels can be kept low.

The Create quadrant – Adhocracy culture

A culture type that is agile and quick to adapt to changes in the environment. Often found in industries that require a great deal of innovativeness and dynamism. Employees are given individual freedom and trust to be able to take risks and think outside the box. Due to the adaptability and reliance on temporary structures, Adhocracy cultures can often be found within larger organizations in need of a temporary subunit that can later be disbanded when the task is completed.

The Compete quadrant – Market culture

Competitive, productive and results-driven describes an organization with an emphasis on Market culture. Where a Hierarchy-driven culture would strive for economy-of-scale and increasing margins, the Market culture is about beating the competition and constantly pushing its market boundaries.

The Control quadrant – Hierarchy culture

With characteristics from classical, industrial era organizational ideas, the Hierarchy culture relies on rules, hierarchy and structure. It is generally considered to be efficient in settings in need of standardized, consistent high-volume output such as in a factory, leaving little room for individualism and innovativeness. As emphasis lies on hierarchy, there are usually many layers of management, allowing for well-defined career paths.

2.4.2 The Organizational Culture Assessment Instrument

The Organizational Culture Assessment Instrument (OCAI) provides a means of diagnosing an organization's culture, developed by Quinn and Cameron (2006) as a part of CVF. It intends to help identify the current organizational culture as well as identify how the organization's members believe the culture *should be* to match the future environment and opportunities. The purpose is to assess six key dimensions of organizational culture – Dominant characteristics, Organizational leadership, Management of employees, Organizational glue, Strategic emphases, and Criteria of success – which is why the common version of the questionnaire consists of six items. The culture profile obtained from the OCAI shows an organization's dominant culture, the discrepancy between the current and desired culture, the strength of the current and desired culture as well as the cultural congruence across the six dimensions. Cultural *incongruence*, meaning that the profiles from the six dimensions emphasize different values, can lead to internal confusion, frustration, and even conflict, which in extension often leads to a desire to change the culture (Quinn & Cameron, 2006).

2.5 Problem description and research questions

Creating a common organizational culture is complex and a subjective topic which is often a cause for unsuccessful mergers, and a majority of M&A-deals fail to create value in the integration phase (Jacobs et al., 2013), where cultural aspects can be considered to be the most unpredictable factor (Fuhrer et al., 2017). While the effects of organizational culture are well researched, how to apply the knowledge in practice is less so, especially when looking at organizational scalability, which might require certain cultural requirements to be successful. One could, therefore, argue that more accessible managerial advice on how to address organizational culture in general, and the effects of it on the post-acquisition process in particular, is needed. Especially from the perspective of developing a post-integration culture designed from a scalability point of view.

The CVF is a well-renowned, established framework for both assessing organizational culture from an effectiveness point of view, as well as to initiate cultural change within organizations (Hartnell et al., 2011; Kalliath et al., 1999; Kwan & Walker, 2004; Lamond, 2003). It does not, however, appear to have been applied in a PMI setting when looking at cultural aspects supporting scalability. Theory points towards the importance of momentum, but also a need

for easy-comprehensible ways to assess culture. If the CVF can be shown to be fruitfully applied in such a setting, the importance of the CVF as a managerial tool increases.

To fulfill the purpose and in accordance with the problem discussion and identified research gap, the following research questions have been formulated:

RQ1: *What key cultural characteristics support scalability and rapid growth in firms?*

as well as:

RQ2: *What key managerial aspects need to be considered during a post-acquisition process in order to promote cultural change?*

To understand the applicability of Quinn's Competing Values Framework during post-merger integration, the following research question was formulated:

RQ3: *How can the Competing Values Framework be fruitfully applied during the post-acquisition integration process as a means to develop an organizational culture profile designed for scalability?*

3 METHOD

This chapter presents the method used in the study. Firstly, a description of the research setting is provided, including a brief description of the case companies. Secondly, the research design is detailed, followed by presentations of the data collection and data analysis. Lastly, the methods used as well as the validity and reliability of the study are discussed.

3.1 Research Setting

The thesis project was commissioned by a Swedish SaaS firm, hereafter referred to as *Company A*. Company A had, one year prior to the initiation of this thesis project, acquired a German competitor, hereafter referred to as *Company B*. Since Company A was about to commence the PMI phase, by fully merging its resources and assets with Company B and thus create a new organization, it offered an interesting setting where the authors could provide value to both the companies and to academia.

For transparency reasons, it is important to recognize that one of the authors has been employed part-time by Company A for almost two years before commencing this project. However aware of the possible bias this might cause, both authors believe that it was beneficial for the study and its outcomes. Having an established relationship with the organization, its management and employees contributed to a research setting characterized by trust, openness and perceptiveness. The other author did not have prior relations with the firms, which allowed for a different perspective and possibly less bias.

In addition to academic purposes, the authors were commissioned by the executive management of Company A to take an active part in the PMI process by acting as project managers and facilitators of the PMI program, involving tasks such as project documentation and facilitating the integration program's steering committee meetings. Furthermore, results and tentative conclusions were continuously shared with the management team, since insights from the cultural assessment were deemed an important input to the PMI process. During the first three months of the project, the authors worked from Company A's office in Stockholm, but due to the Covid-19 outbreak, the remaining time was spent working from home. Being present at the office, partaking in the daily work like and attending meetings, helped to get a deeper understanding of the culture than what would have been possible with less qualitative methods (Kawulich, 2005). While no structured data-collection was made from neither observations nor participation, the setting helped gain a contextual understanding and thus deemed important for the interpretation of collected data and analysis.

3.1.1 The Case companies

Company A is a Swedish firm, developing and selling software. Founded in 1999, it was the first company of its kind in the Nordic region. It is today the market leader in Northern Europe and ranked number two globally (based on customer-base) with more than 12 million users across 80 countries. The core business model is annual subscriptions. The historically low churn-rate of 3-4% has led to a steady flow of recurring revenue.

The firm was acquired by a Swedish private equity fund in early 2018. The new owners established a 5-year growth strategy focusing on global expansion and product development.

In addition to stimulate organic growth via investments in personnel, strategic partnerships and collaborations, the strategy includes growth via M&A. The first strategic acquisition was realized in 2019 with the acquisition of a direct competitor - Company B. The main objective of the deal was to acquire Company B's market shares. It is not a cost-reduction case where redundancies will be laid off, even though Company A's board and management seek synergies in terms of streamlined and improved working processes as well as the immediate cost-reduction realized by the discontinuation one of the products, following a successful merger. The PMI will furthermore promote a larger re-organization of the firm which is regardless deemed necessary due to the organizational growth. A successful merger would also release resources for new product development, which is aligned with the owners' strategy of continued expansion.

Company B, founded in 2009 develops and sells a comparable product as Company A, targeted towards the same customer segments. Until the acquisition, Company B was majority-owned by its operative founders. They are the market leader in the DACH region (Germany, Austria, Switzerland). Their core business model includes both subscriptions and single usage direct payments.

Since the sign-off of the deal in April 2019, both firms have continued to operate as two distinct organizations with their own functional units and management teams. At the time when this thesis project was initiated, the integration plans were not yet announced to the employees. The board and executive management had however agreed on a plan to fully merge the two organizations during a nine-month period, starting in mid-January 2020. By September 2020, the goal is to only sell one product. See Figure 4 below for a timeline of merger events.

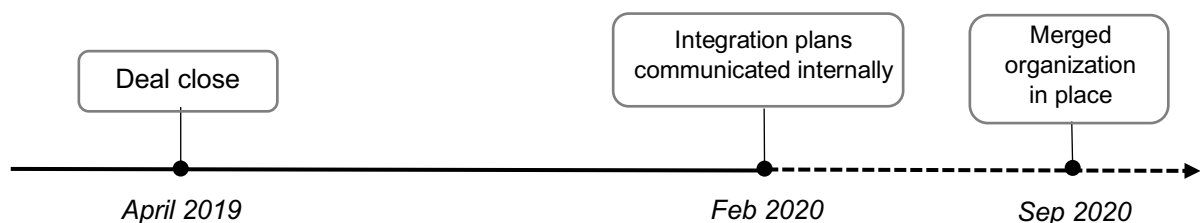


Figure 4. Timeline of events.

3.2 Research Design

As both authors were involved in project management tasks in parallel with research, an abductive research approach was considered most fitting. An abductive approach allows for altering the research as more information is unearthed (Dubois & Gadde, 2002), which was considered likely given the research setting. Further, a case study of two organizations amidst a PMI is a complex setting, which is why data was collected through a mixed methods research, also known as triangulation (Creswell & Clark, 2011). The methods used in the triangulation was a combination of semi-structured interviews and a quantitative questionnaire, the Organizational Culture Assessment Instrument (OCAI), the assessment tool of the CVF. Interviews were conducted with all employees of both firms and the OCAI questionnaire filled in by all, including the management teams. In addition, observational data was collected throughout the entire project through PMI program steering committee meetings, discussions

and workshops with management. Further, to gain a more extensive understanding of culture and its implications on M&A integration and scalability, and thus better investigate the research questions, interviews were made with external subject-matter experts. The results from these interviews provide an alternative perspective and act as an external verification of the data collected from the primary case, allowing for heightened generalizability of the findings. See a schematic process model of the research design in Figure 5.

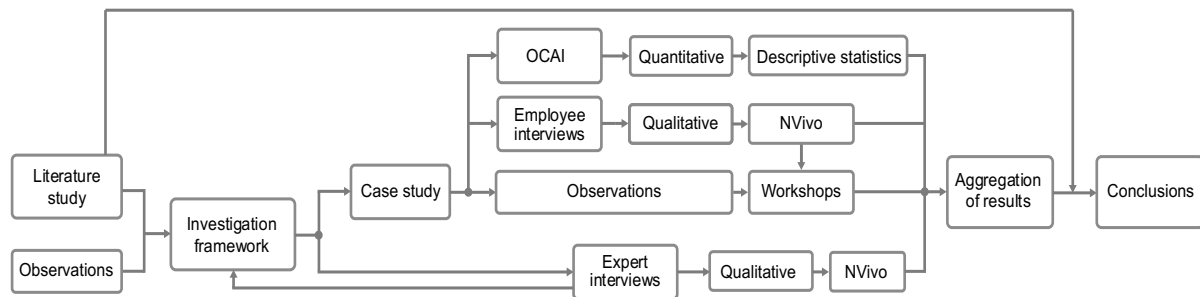


Figure 5. A schematic process model of the research design.

The qualitative data was analyzed inspired by the Gioia method (Gioia, Corley, & Hamilton, 2013), using the software NVivo 12 (QSR International, 2018), and the quantitative data was analyzed using descriptive statistics. The results were first analyzed for each firm separately, where the results from each data source was analyzed stand-alone as well as in combination with each other. Afterwards, a cross comparison of the results from the two firms were made.

3.3 Data collection

The following section will describe the data collection processes in detail.

3.3.1 The Organizational Culture Assessment Instrument (OCAI)

The OCAI is a six-item questionnaire developed to be predictive of an organization's culture. Each item represents one cultural dimension; Dominant characteristics, Organizational leadership, Management of employees, Organizational glue, Strategic emphases and Criteria of success. The questionnaire consists of two steps; first, the respondent is asked to rate their organization in its current state, and then rate their organization based on how they believe the culture should be, if the firm is to reach its highest goals. The respondents answer each question by dividing 100 points across four statements (A-D), by ranking the alternative which they agree with most the highest. See

Table 1 for an example of what the questionnaire looks like. The entire OCAI questionnaire is available in Appendix C.

Table 1. Example of the first item, *Dominant Characteristics*, in the OCAI questionnaire.

1 Dominant characteristics	<i>Currently</i>	<i>Desired</i>
A The organization is a very personal space. It is like an extended family. People seem to share a lot of themselves	15	10
B The organization is a very dynamic and entrepreneurial place. People are willing to stick their necks out and take risks	40	40
C The organization is very results-oriented. A major concern is with getting the job done. People are very competitive and achievement-oriented.	20	10
D The organization is a very controlled and structured place. Formal procedures generally govern what people do	25	40
Total	100	100

Each alternative A-D corresponds to one of the organizational profile types Clan, Adhocracy, Market, and Hierarchy. Consequently, the organization’s cultural profile is identified by looking at the mean values of all six questions. Since each question is designed to measure a particular cultural dimension; which is why it is also relevant to analyze each dimension separately.

The employees completed the OCAI in conjunction with the interview. When practically viable before the interview, but in some cases completed afterwards. Due to time constraints, one questionnaire was filled in digitally after the interview. Management filled in the questionnaire separately, as they did not partake in the interviews. All questionnaires were sent out and completed during February 2020.

3.3.2 Interviews

The employee interviews, used as a source of qualitative data, were semi-structured and conducted with all employees of both firms. The objective was to complement the questionnaire with a qualitative method, to support the questionnaire findings, to gain an understanding of unmeasurable cultural aspects of the two organizations, as well as to gain insights into the employees’ perception of the recently announced merger integration.

An interview guide was created and tested iteratively with two pilot interviews. The first pilot test was done by one author interviewing the other, followed by a second pilot test on an employee, both followed by alterations to the interview guide to improve the structure and to be able to conduct the interviews in a timely manner, as recommended by Galetta and Cross (2016). The sensitivity of the questions was also tested during the second pilot, to avoid questions that were too sensitive, while still allowing for depth in the set of questions asked, as recommended by Gideon (2012). A visualization of the interview guide development process can be found in Figure 6 below. See the final interview guide in Appendix A.

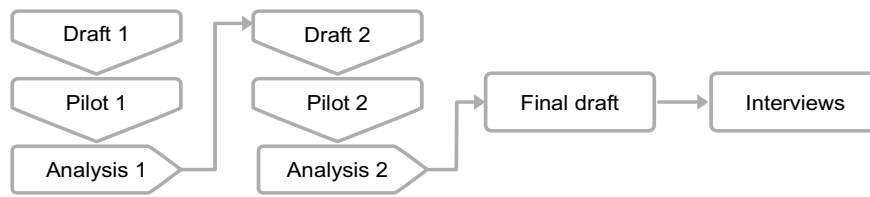


Figure 6. Development process of the interview guide.

As some of the interview questions touched upon sensitive and sometimes personal matters, the authors decided against recording the interviews. Consequently, the interviewer asked questions and took notes simultaneously during the interview, which was furthermore necessary to be able to conduct the interviews with Company B in person, given limited time in Germany. Not recording the interviews comes with limitations, and the pros and cons of not recording were carefully weighed against each other in the research design process.

In total, 41 interviews were conducted during a time span of two weeks in mid-February 2020. Each interview lasted around 45 minutes. Of 41 interviews, 22 were with employees from Company A and 19 from Company B, and all but two were conducted physically. See Table 2 below for a summary of the interviews.

Table 2. Summary of the interviews.

	Physical interviews	Remote interviews	Interviews in Swedish	Interviews in English	Invalid interviews	Total valid interviews
<i>Company A</i>	23	0	17	6	1	22
<i>Company B</i>	18	2	0	20	2	18

Due to practical reasons, interviews with employees at Company B were done first, in conjunction with a visit to their office in Germany in February. Company B had at the time a total of 23 employees, out of which five were working part-time. The three C-suite managers (CEO, CTO and CFO) were not subject to the interviews. Two interviews were made remotely from Sweden the following week and another in-person from Sweden. Two interviews were later deemed as invalid as the respondents repeatedly stated that they had worked too short with the company to provide good answers to the questions, which left a total of 18 valid interviews from Company B to analyze.

Interviews with Company A were conducted in Sweden the following week. The firm had at the time a total of 29 employees, of which five are C-suite managers (CEO, CTO, CFO, CCO and CPO). A total of 23 interviews were thus conducted, of which one was deemed invalid since the respondents had been with the firm too short to provide accurate answers. See a detailed list of participants in the interviews in Appendix B.

The management teams were not subject to the interviews since the objective was to understand the situation from an employee perspective. A comprehension of management's perspective on the situation and their opinions was gained from daily and weekly briefings with the CEO, participation in the integration program steering committee meetings and through two workshops with the executive management teams from both companies.

3.3.3 Workshops with management

After the quantitative analysis of the OCAI and the qualitative analysis of the employee interviews, preliminary results and conclusions were shared with the management teams during two workshops. Managers from both Company A and Company B, who will constitute the management team of the new organization, participated in the workshops where tentative key insights from the data collection and analysis were presented. The presentation was followed by a collaborative discussion and reflection.

The purpose of the first workshop was defined as “Help you as a manager understand how we best move forward when merging the two firms’ cultures and create *NewCo's*†” by sharing what was deemed key takeaways to consider when shaping the new teams, as well as making the managers create an action plan of how to bridge the cultural gap. This acted as a validation of the findings since the managers provided their opinions and perceptions of the topics.

One week after the first workshop, a follow-up workshop was conducted. The managers had been asked to prepare answers to nine questions, derived from the previously presented and discussed findings, with the purpose to suggest appropriate and concrete actions that they as leaders in the organization should take to reduce the cultural gap, improve overall workplace satisfaction and employee commitment to change.

3.3.4 External expert interviews

To further explore the research questions and verify the results from the case study, external interviews were made with three of each other independent subject-matter experts, see Table 3 below for a summary. They were deemed as experts within the field of PMI due to either hands-on experience from M&A integration in their career as a serial entrepreneur (Expert 1) or experience from PMI strategy and advisory consulting as well as writing books on the topic (Expert 2 and 3).

Table 3. Descriptions of the three external experts.

Expert 1	Expert 2	Expert 3
Swedish serial tech/SaaS entrepreneur with experience from three M&A integrations. Currently involved in a PMI process from the selling side.	Swedish senior management consultant specialized in PMI. Co-founder of a PMI consultancy network and experience from over 50 deals world-wide.	German independent senior management consultant specialized in PMI with a particular specialization in cross-border M&As.

Since the external interviews were not considered as sensitive as the case interviews, all interviews were recorded and verbatim transcribed. Due to the Covid-19 outbreak, all interviews were done remotely via online video calls. The goal with the expert interviews was twofold – both to dismiss or confirm the findings from the empirical case, as well as to gain valuable insights from the perspective of an expert. As the external interviews were held with people knowledgeable within the field of M&As, the interviews were unstructured to allow the

† *NewCo* is an anonymized metaphor for the new name of the merged organization.

experts to talk more freely. As recommended by Zhang and Wildemuth (2005), only an *aide-mémoire* was used during the interviews. An aide-mémoire is a loose set of questions in no specific order, that avoids constraining questions, allowing the respondent to speak more freely compared to when an interview guide is used.

3.4 Data analysis

The following paragraphs will describe the data analysis processes in detail.

3.4.1 The Organizational Culture Assessment Instrument (OCAI)

The answers from the questionnaires were sorted by company and segmented as employees or management. For further analysis, the data set would be segmented by functional team as well, but due to some teams being very small it would mean that the results of individuals could be traced back to them.

Several comparisons were made, both within-firm and across the firms, see a list of comparative analyses in Table 4. Figures of interest were maximum values, minimum values, mean values and standard deviation. Since a strong culture is typically coherent across the entire population of that culture, variance and standard deviation were of particular interest. By looking at the standard deviation per segment, it was possible to deem whether the group was consentient in their answers or not. A high mean value naturally means a dominant culture.

Table 4. Comparative analyses.

Per company, within-firm analysis		
#	<i>Data set segmentation</i>	<i>... compared with</i>
1	All respondents' mean values, aggregated across all dimensions, current culture	All respondents' mean values, aggregated across all dimensions, desired culture
2	All employees' mean values, aggregated across all dimensions, current culture	Management team's mean values, aggregated across all dimensions, current culture
3	All employees' mean values, aggregated across all dimensions, desired culture	Management team's mean values, aggregated across all dimensions, desired culture
4	All employees' mean values, by each dimension (1-6), current culture	Management team's mean values, by each dimension (1-6), current culture
5	All employees' mean values, by each dimension (1-6), desired culture	Management team's mean values, by each dimension (1-6), desired culture
Cross-firm comparative analysis		
#	<i>Data set segmentation</i>	<i>... compared with</i>
8	Company A, all respondents' mean values, aggregated across all dimensions, current culture	Company B, all respondents' mean values, aggregated across all dimensions, current culture
9	Company A, all respondents' mean values, aggregated across all dimensions, desired culture	Company B, all respondents' mean values, aggregated across all dimensions, desired culture

The organization's cultural profile is the result of computing the mean values of all respondents, across all six items in the questionnaire (representing the six cultural dimensions). Quinn and Cameron (2006) advocate seeking consensus when assessing the culture of an

organization through open discussions with select representatives of the firm who together arrive at a consensus rating. However, given the research setting and the purpose of the study, it was decided to include all employees when conducting the OCAI. First and foremost, the two companies are small, and as such, one can argue that each employee plays a bigger part in both creating and integrating organizational culture compared to a larger firm. Also, comparing employees with management was deemed relevant since it may give indications on how well the leaders of the firm transfer their culture downwards within the organization. Analysing the desired, future culture of the employees in comparison with management's was also considered relevant since it may give indications on aspects such as employee-organization culture fit.

By investigating similarities and discrepancies, both within-firm and between the two firms, and across different segments, a comprehension of both the current and desired culture of both firms was gained. Finally, the results from the OCAI analysis was compared with the qualitative results from the interviews to see if the data confirmed or contradicted each other.

3.4.2 Interviews

The qualitative analysis was inspired by the Gioia method, which is designed to bring rigor to inductive research (Gioia et al., 2013). The interview notes were digitized and transferred to the qualitative data analysis software NVivo 12 (QSR International, 2018). Both authors individually coded all interviews, followed by a comparison and aggregation of codes and a joint analysis to arrive at a consensual interpretation of the data. Therefore, a final, joint data structure was created in NVivo. By abductively analyzing the data in three steps, the own words and thoughts of the interviewee are allowed to build the themes, rather than being based on previous theory relating to the topic. This way, completely new constructs can be created, instead of trying to interpret the interviewees' views into pre-formulated ideas or concepts. This means that current theory and previous knowledge should not be known in detail, for the researcher to be able to form new thoughts and conclusions. Theory is instead developed through simultaneous collection, coding, analysis of the data, limiting access to previous constructs. Theory was thus researched both before and after the interviews (Gioia et al., 2013). An illustrative example of the analysis data structure is provided in Figure 7 below. In total, the analysis yielded roughly 500 1st order concepts, distilled into 2nd order themes and further to a total of 28 aggregate dimensions.

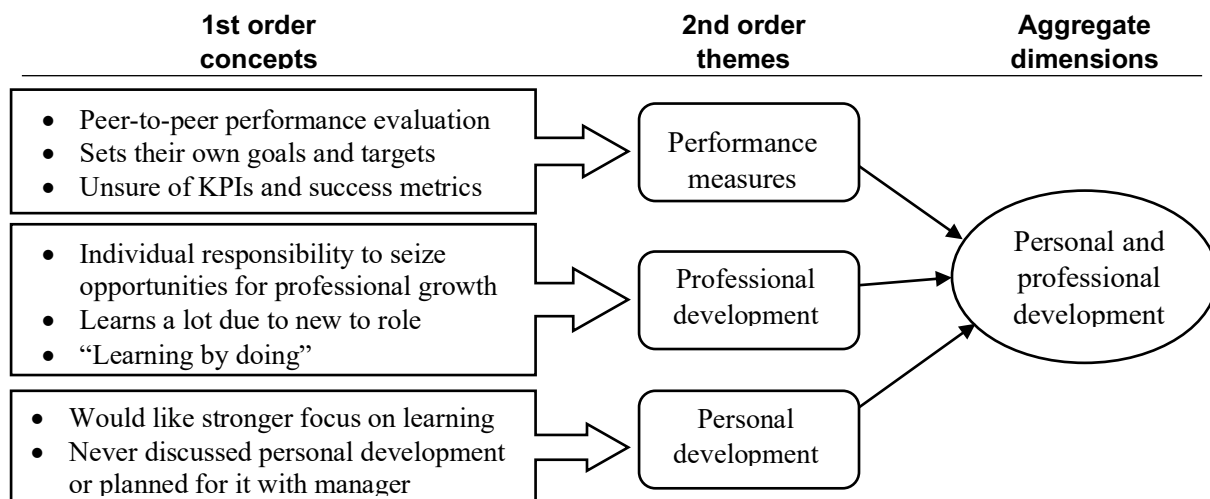


Figure 7. An illustrative example of analysis data structure, inspired by Gioia et al (2013).

3.4.3 Workshops with management

The data collected from the workshops included notes from discussions and documentation of the managers’ individual answers to the questions. Their answers were cross-compared and similarities and differences in the preferred way forward were identified. The managers’ opinions and perceptions were then compared with the data from the OCAI and employee interviews. The analysis was conducted in an unstructured manner with the purpose to reinforce and validate findings.

3.4.4 External expert interviews

The expert interviews were recorded and verbatim transcribed. However, the analysis was made in a less rigorous manner compared to employee interviews. Instead of coded through NVivo, each transcript was summarized and parallels to the case could be made. Each interview was analyzed individually by both authors during discussions to ensure a consensual interpretation of the data. The reason for not doing as rigorous analysis was that external experts were without association with the case at hand, and thus, probably being able to convey more professional, less personal opinions, with less content left to unearth through interpretation.

3.5 Method discussion

Influential studies on organizational culture range from large qualitative studies with tens of thousands of data points (Schein, 2004), via a multitude of qualitative studies to more theoretical constructs (Alvesson, 2014). Studies on organizational culture and its importance no longer focus on if it is important but rather when and how (Fondas & Denison, 1991). Case studies are common when investigating when and how within a research area (Rowley, 2002).

One aspect that most studies on organizational culture agree upon is the fact that it is a complex phenomenon, and as such, Lim (1995) suggests a combination of qualitative and quantitative methods when researching it due to said complexity. To gain heightened validity and reliability to case study research, Schoonenboom and Johnson (2017) suggest a combined research method, also known as triangulation. Hence, the chosen approach to answer the research

questions, supported by theory, was an abductive case study research with a combination of quantitative and qualitative methods.

When discussing the methods used in this study, it is appropriate to firstly address the research design and the choice of methods. While the research design was made to be appropriate to explore the formulated research questions, limitational factors also played part in the choice of a construct. The most important factor of this study was the time constraint; the thesis was to be planned, performed and completed during a time span of 20 weeks. Appropriate alternative research designs include conducting a multiple case study, involving several firms facing similar challenges as the studied companies. However, given the limited time, each case would likely be less rigorous. While a multiple case study might yield more generalizable results and thus increase the external validity of the study, one could argue that focusing on one single case yields less generalizability but greater quality, given the presented limitational factors. To further increase the quality of the study, three independent external experts were involved as an additional data source, and the findings of the primary case could be validated.

Another alternative research design would be to emphasize quantitative aspects of the CVF by assessing a large number of firms and thereby empirically affirm, or oppose, the appropriateness of the framework. However, the primary purpose of this study is not to confirm the CVF fundamental appropriateness for assessing organizational culture and promoting cultural change, that has already been established by scholars before (e.g. Choi et al., 2010; Helfrich et al., 2007; Heritage et al., 2014; Van Huy et al., 2020). The intent of this thesis is to investigate what cultural characteristics support scalability and rapid growth in firms, and what aspects should be considered when pursuing an M&A integration. As the CVF is not specifically designed for organizations amidst major change, results were cross-examined with the interview data, to validate the instrument's validity even in such a setting. The process promoted in the CVF involves a combination of quantitative measurement (namely, the OCAI) and qualitative methods to unveil the unmeasurable aspects of organizational culture (Quinn & Cameron, 2006). Consequently, a combined emphasis on qualitative and quantitative data is deemed appropriate when choosing the CVF as the analytical framework.

3.5.1 Data collection and measures to limit researcher bias

When conducting semi-structured interviews, it is common practice to record and verbatim transcribe afterward as it naturally results in an accurate collection of data. It also makes it easier to focus on the interview and the interviewee when not taking notes simultaneously, possibly unearthing deeper dimensions of the respondent's thoughts. When transcribing the interview, any non-verbal cues such as pauses and hesitations help to add depth to what the respondent actually said (Galletta & Cross, 2016). However, due to a combination of limited time in Germany and the delicacy of the subject, the interviews were performed without recording, with one interviewer asking questions and taking notes simultaneously. This was done to conduct as many physical interviews as possible, but also, to create an interview environment that is as comfortable as possible to the respondent. Being recorded may make the interviewees feel uneasy, resulting in less honest responses and a reluctance to share sincere thoughts or, in the worst case, refusing to do the interview. This is recommended when doing interviews touching upon sensitive interview topics (Corbin & Morse, 2003; Gideon, 2012). Eventually, several interviewees explicitly asked not to be recorded, confirming the authors' apprehensions. Instead of recording, extensive notes were taken during the interviews. To limit

the data loss by not verbatim transcribing the interview recordings, the notes were transcribed as quickly as possible, in most cases in direct connection to the interview. While there are some evident drawbacks when interviewing without recordings, the advantages outweighed the limitations in this case, and this practice was continued during interviews with Company A to keep the dataset as comparable as possible.

To limit researcher bias, a series of measures were taken, both during the collection and analysis of data:

- One author conducted all interviews with respondents at Company A that the other author had a previous work relationship with.
- Both authors were present during management meetings, where insights and conclusions were discussed internally amongst the authors afterward.
- All interview transcriptions were coded individually, resulting in two sets of coded data per interview and more than 500 individual codes. They were then cross-compared and aggregated, with the joint aggregation used as a basis for the final analysis.
- The coding of the qualitative data was done before aggregating the OCAI questionnaires, as the results from the questionnaire could have induced subconscious opinions otherwise.
- The combination of authors having a workspace and having the CEO of Company A as the industry supervisor naturally meant a deeper insight into Company A than Company B. This was alleviated by not collecting any observational data in a structured manner, as it would contribute to further skewing of the data.

3.5.2 Validity and reliability of the chosen framework

The CVF, and its validity and reliability, has been tested multiple times (Choi et al., 2010; Helfrich et al., 2007; Heritage et al., 2014; Kalliath et al., 1999; Van Huy et al., 2020). In general, the instrument is valid and reliable according to all five studies, albeit with some caveats; Choi et al., (2010) and Van Huy et al., (2020) both used translated assessment instruments, and highlight the need for caution. When translating the wordings in a psychometric instrument as the OCAI from one language to another, even minor errors can induce errors impacting the results. While the OCAI was not translated from English in this study, it should be noted that the majority of the respondents are fluent, but not native, speakers of English. Problems grasping the OCAI as a whole was evident in one case, where one of the authors had to explain some of the statements in the OCAI to a respondent. The respondent's OCAI results were deemed not reliable and excluded from the data set used in the analysis. While there was just one explicit case, it may have been more respondents who had issues translating without the knowledge of the authors.

Helfrich (2007), while confirming the reliability and validity of OCAI, highlighted the complexity of assessing organizational culture as a whole, as the instrument might be best applied on management and not on employees. This is in line with what Cameron and Quinn (2011) propose – to only let a selected group be part of the change process, including answering the OCAI. The group should consist of management and other employees that can be influential in a change process. Nonetheless, the organizations assessed in this study are small firms where most employees will, in one way or another, be directly involved in the change process. Furthermore, the purpose and intent of the OCAI in this study was foremost to gain a holistic understanding of the firms' culture and identify cultural discrepancies between them. It was

therefore deemed relevant to gather the opinions of all members of the organization and not only people of authority. Lastly, insights on how the employees and management perceive the cultures respectively opens up for comparison between the two which might imply how well the formal leaders transfer their culture downwards in the organizations. This is of interest in any cultural study, especially during organizational change.

3.5.3 *Validity and reliability of the method*

Even though the concepts of validity and reliability in the realm of qualitative research are debatable, the methods used are deemed appropriate for the case at hand. Firstly, by employing the well-renowned CVF as the analytical framework, the validity of the study increases. Secondly, the research questions were derived from a comprehensive study of previous research and were alternated during the initial part of the study to ensure their applicability to the specific research setting. Lastly, the mixed methods approach with a triangulation of data collection is commonly used when doing case studies to gain heightened validity and reliability to the results (Schoonenboom & Johnson, 2017). Combining qualitative and quantitative methods has been specifically mentioned as relevant when studying organizational culture due to the inherently complex nature of the subject, making it hard to cover with a single method research design (Lim, 1995).

One drawback of any social study is the fact that the respondents represent their own thoughts, beliefs and agendas. As such, the respondents will always be more or less trustworthy, and provide more or less honest and open answers to the interview questions. In this case study, it was also the added complexity of being commissioned by Company A, the acquirer, which naturally added some skepticism from employees of the target firm towards the authors. The respondents at Company B, was, while mostly implicitly, noticeably more defensive and less open-hearted during interviews. On the other hand, the intent of the commissioned work was to facilitate the ongoing integration, thus taking input from both Company A and Company B moving forward, benefiting employees at both companies. A strictly observational study without interaction could probably have been met with even more skepticism.

Qualitative researchers have historically had a tendency to regard external validity with little importance (Schofield, 2002) and case study research have inherent challenges related to generalizability, especially when the number of cases studied is limited (Yin, 2013), as in this case. The intent of qualitative studies in general, and single case studies in particular, is to study a specific issue of a phenomenon in a certain setting and context (Leung, 2015). Naturally, generalizability is typically deemed irrelevant for the goals of the research. While every research setting is unique, many of the fundamental problems faced by the case companies in this study are interrelated with commonly researched topics within academia. According to Flyvbjerg (2006), the findings could thus be useful in more general settings as well. Gioia et al., (2013 p.24) agree and furthermore argue: “Is it possible to generalize from a case study? Of course, it is—if the case generates concepts or principles with obvious relevance to some other domain”. One could argue that this is true for the case at hand, however, several limiting factors of the research setting contribute to a possibly low external validity. The case companies, both small SaaS firms, act in the same niche market. It would, therefore, be difficult to generalize the results to other industries, larger firms or even other geographical markets since organizational culture can be coupled with national culture (Trompenaars & Hampden-Turner, 1998), which further implies that the results of the study are rather limited in terms of

external validity. Nevertheless, the case at hand intersects several well-researched areas, which implies that the results might well be of interest in other domains and industries as well.

4 EMPIRICAL RESULTS AND ANALYSIS

This chapter is arranged as follows: Firstly, empirical results followed by an analysis of both companies are presented. The analysis is conducted with the CVF and theoretical exposition as the frame of reference. The results from, and analysis of, the workshops held with the management team are then presented, followed by the results from the expert interviews. Lastly follows a comparative cross-case analysis of the two firms.

4.1 Company A

Below follow the results from the interviews with employees of Company A, as well as a presentation of the results obtained from the OCAI. Further, the analysis of the empirical observations is provided.

4.1.1 Interviews

A summary of noteworthy interview results of Company A is presented in table Table 5, structured according to the themes covered by the interview guide. The results are derived from the NVivo coding and cover both explicit and implicit statements that were disclosed during the interviews. Opinions that were expressed implicitly were derived through a synthesis of both author’s codes.

Table 5. Noteworthy interview findings – Company A

Results from interviews with employees of Company A	
Role, tasks and working processes	Overall high role/task satisfaction (87%). Over one third (35%) mentioned work task variety and mixed daily activities as one of the most positive aspects of their role. 26% mentioned a wish for more structure and formal processes in the company to help prioritization of tasks and reduce bottlenecks.
Professional development and feedback	26% explicitly said that the opportunities for personal development are low and/or not prioritized whereas over half (52%) claimed the opposite. 43% mentioned a lack of formal processes for professional development and that it is the employees’ own responsibility to seize development opportunities. 52% mentioned a need for improved feedback processes. A third of the respondents mentioned limited career opportunities due to the company’s size or lack of information about how to advance.
Organizational culture	No coherent perception of the organizational culture. Almost half (48%) mentioned “freedom with responsibility” as the most distinctive cultural characteristic and something that is highly appreciated. 35% used the words “open” and “transparent” when describing the culture whereas some (22%) described the culture as “individualistic” and “overly competitive”. One third of the employees were satisfied with the culture, whereas one third were indifferent and one third negative.
Leadership and management support	Little consensus across the organization in terms of how they describe their managers’ leadership style. Leadership traits that several people mentioned are: <ul style="list-style-type: none"> - Overly results-oriented and focused on figures (22%) - Accessible and perceptive (22%) - Leadership built on confidence and trust (17%) - Provides good feedback and support when needed (17%) - Direct and plainspoken (17%) - Lack of coaching and mentoring (17%) - Honest and fair (13%)

	43% receive good support from top management whereas 22% said they are lacking such. When elaborating on what they expect from an ideal manager, 39% wish for good support and coaching, and 26% mentioned a manager who allows for individual freedom. 17% mentioned both aspects.
Risk-taking	35% said that making mistakes is fine and argued that “learning by doing” or “trial and error” is part of how they work. However, 26% said that the culture could improve in terms of how failure is used for future learnings. The same amount of people thought risk-taking is encouraged as discouraged (17%).
Ongoing M&A integration	The vast majority of the respondents were very positive (70%) or rather neutral (22%) towards the merger. The ones who were positive believe it will mean increased opportunities for them personally (38%) and/or increased business opportunities for the firm (25%). The perception of Company B is generally positive, and the only negative aspect mentioned was the perceived lack of structure and control (17%). 30% of the respondents think that Company B has a good company culture with nice people. 26% mention that they think Company B’s product is good and thus a good acquisition from a product perspective.

4.1.2 The Organizational Culture Assessment Instrument (OCAI)

Company A’s organizational profile, obtained by the mean values of all respondents’ ratings in the OCAI, is shown in Figure 8 below. The current culture is predominately Market type, meaning an organizational culture that places emphasis on creating value by sales and contract negotiation, increase its competitive position and constantly improve productivity and profits. This perception of the current culture is aligned with the results from the employee interviews. To strengthen the findings and test the applicability of the CVF in an environment undergoing major change, consensus opinions from the interviews were cross-examined with the cultural profile plots, to investigate if the results were aligned. This is in line with Quinn and Cameron’s recommendation of using qualitative analysis to unearth more subtle aspects of culture that may go unnoticed if only applying the OCAI.



Figure 8. Cultural profile plot of Company A – All respondents’ mean values, aggregated across all dimensions, current culture plotted in blue and desired culture in green.

Looking at the future, desired culture of Company A, the results are more ambiguous. The cultural profile is leaning towards both the Adhocracy and Clan culture types. However, when looking at the values the shift from the current culture is not very distinctive even though evident. Such rather insipid cultural profile makes it interesting to investigate the results dimension by dimension, and by segmentation, to see if a per dimension analysis would yield a different result.

Coherence between executive management and employees

When observing employees and management separately, it is evident that the management team and employees of Company A are aligned in their perception of the desired organizational culture, see Figure 9 below. This might indicate that the leaders of the organization have done a good job aligning the future goals and strategy downwards in the organization. Looking at the rating of the current culture, however, there is a slight difference in perception of how much the firm emphasizes control and competitiveness; the employees rated the organization more as a Market culture than the management, whereas the managers rated it slightly higher within Hierarchy than the employees.

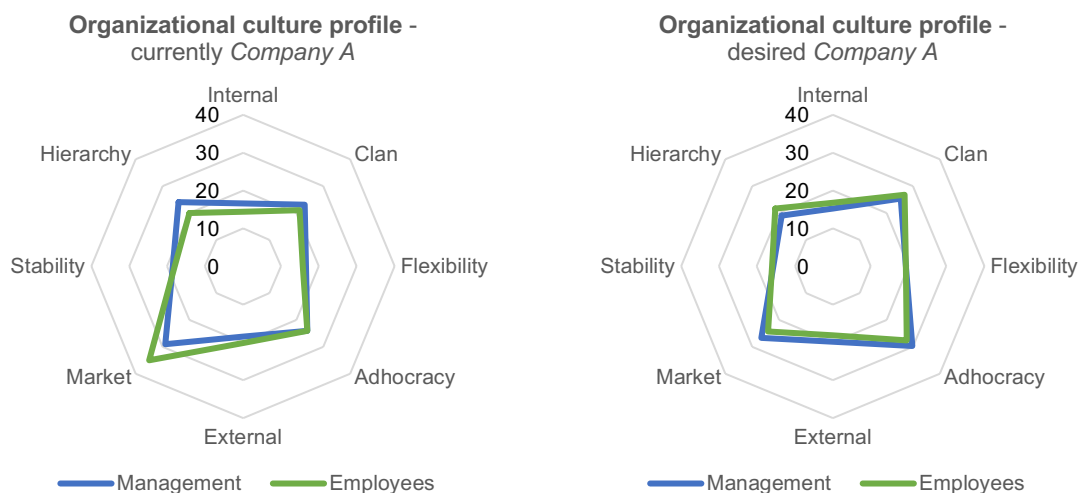


Figure 9. All employees' mean values, aggregated across all dimensions, compared with the management team's mean values. Current cultural profile to the left and desired cultural profile to the right.

Cultural congruence – results per cultural dimension

Cultural congruence is investigated by looking at the plots for each individual item on the OCAI which all represent a cultural dimension, see Figure 10-15. In a congruent organization, the same culture types are stressed in several parts of the organization and the plots for each dimension would look similar. All OCAI scores, separated by dimension, are available in Appendix D: OCAI results for company A.

By looking at all the cultural profile plots for each dimension, it is evident that there is some difference in perception of the current culture between employees and management. Both groups seem to deem the Market culture type as dominant even though it did not receive the highest score across all dimensions.

The managers rated Adhocracy highest (27 points) for Dominant characteristics, and Clan (32) for Management of employees. Both managers and employees rated Clan (28, 29) the highest

on the dimension Organizational glue. In general, the management team rated all four culture types rather evenly, which implies that there might not be one strong, dominating culture type. Nevertheless, by looking at the average ranking, Market culture is predominant.

In general, the employees have rated the culture higher within Market than the management, with the largest difference in the dimensions Dominant characteristics (+10), Organizational leadership (+6), and Criteria of success. (+7). The management team ranked Hierarchy higher across all dimensions, but the difference is less than five points for all dimensions except Strategic emphases (+9).

The standard deviation of the data sets is higher for the current culture rankings across all dimensions, indicating that the perception of the current culture is less more consistent than for the future desired culture. Why the standard deviation is particularly high for Market on the dimensions Organizational leadership, Management of employees and Strategic emphases could be due to some employees having little involvement in the firm's external positioning in their daily work, which could be why they do not perceive the leadership in the firm to emphasize competitiveness.

The dimension Management of employees is the set that has the most even scores across all four culture types, see Figure 12. It is the dimension that received the highest score on Adhocracy of all by the employees. It furthermore has the highest standard deviation, indicating a lack of agreement within the group. Since the statement under this item on the OCAI refers to attributes tied to “The management style in the organization” it is likely that the respondents have considered their respective manager, rather than a general management style of the firm. Hence, the results may differ if the employees perceive their managers differently. This inconsistent perception is aligned with the results from the interviews where 43% said they receive good support from management and 22% said that they are lacking support, indicating a difference in perception.

Looking at the desired future culture profiles, the employees wish to lower the emphasis on competitiveness (Market culture) on all dimensions, especially Organizational leadership (-18). They instead want a stronger focus on collaboration (Clan culture) and within some dimensions creativity (Adhocracy culture) and control (Hierarchy culture). The managers typically want to increase focus on creativity and decrease focus on control.

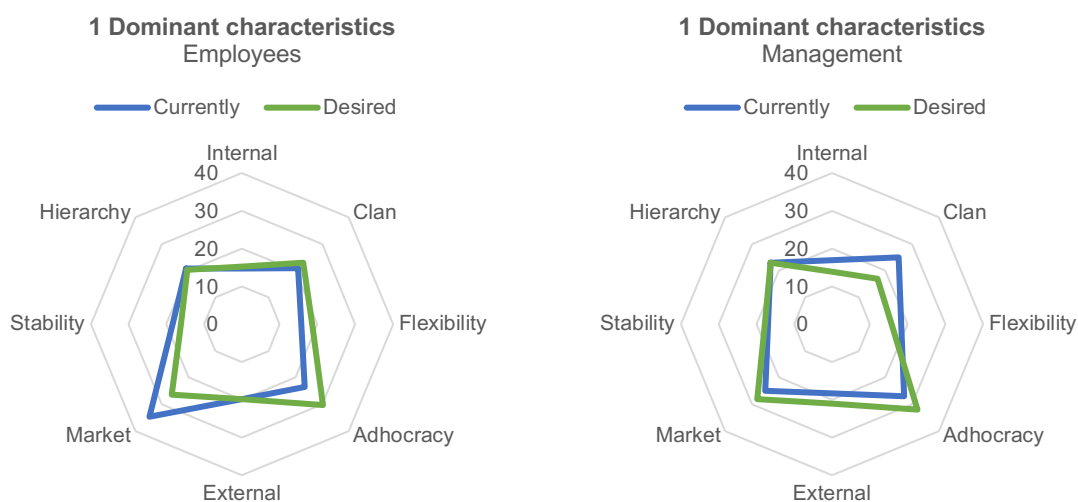


Figure 10. Profiles for the first dimension, Dominant Characteristics, of Company A.

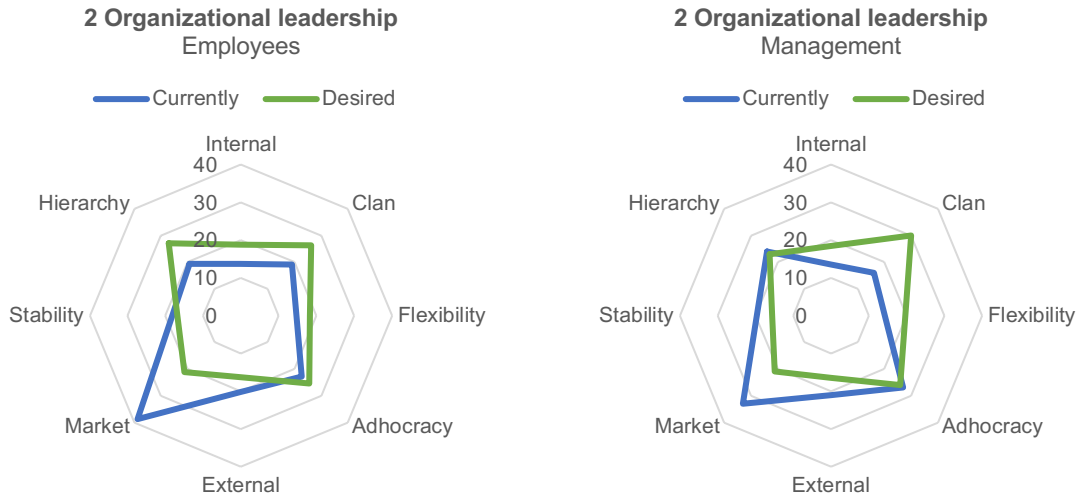


Figure 11. Profiles for the second dimension, Organizational leadership, of Company A.

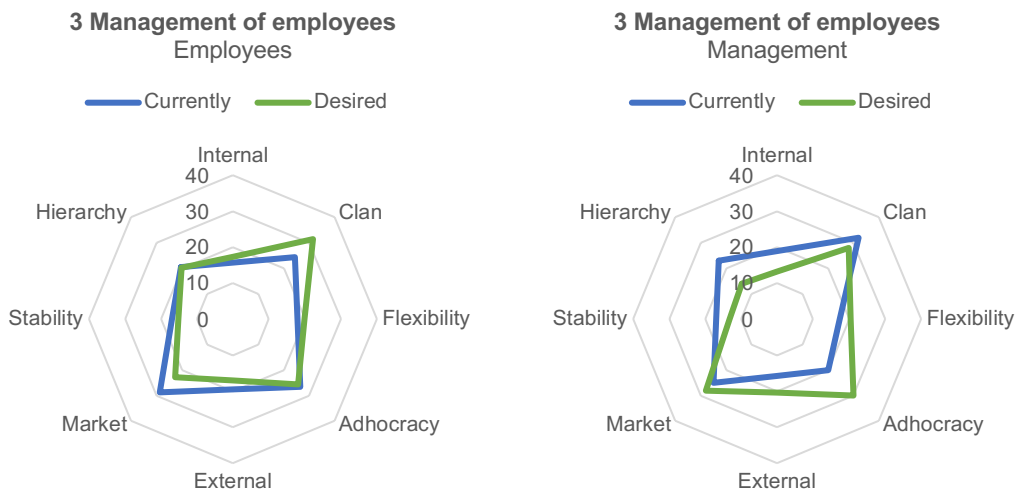


Figure 12. Profiles for the third dimension, Management of employees, of Company A.

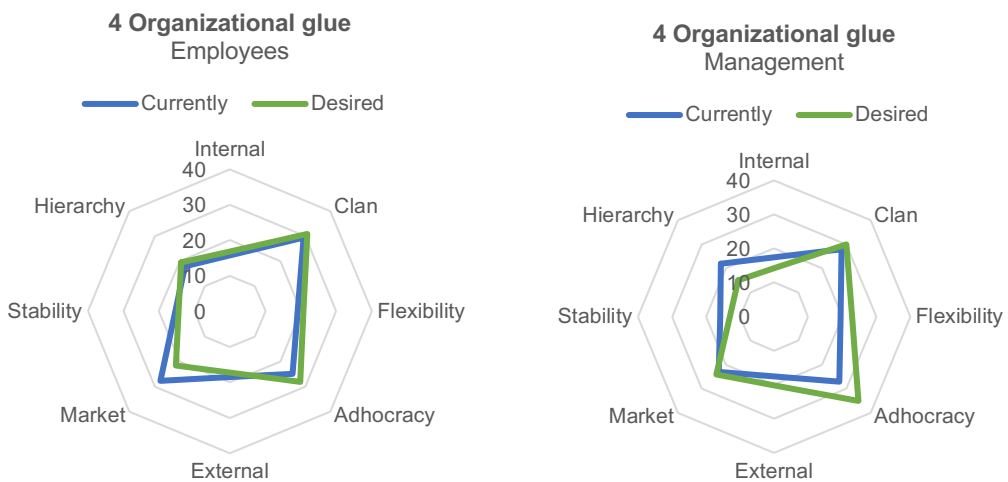


Figure 13. Profiles for the fourth dimension, Organizational glue, of Company A.

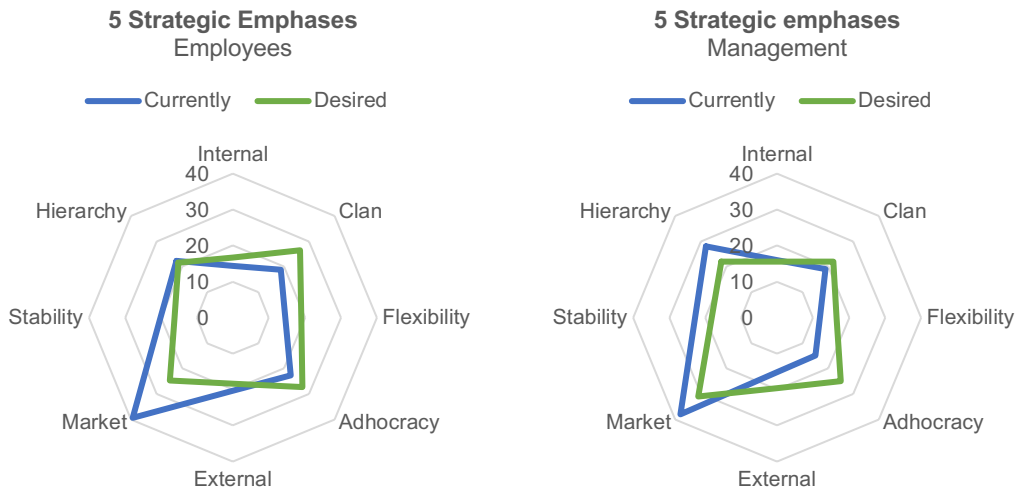


Figure 14. Profiles for the fifth dimension, Strategic glue, of Company A.

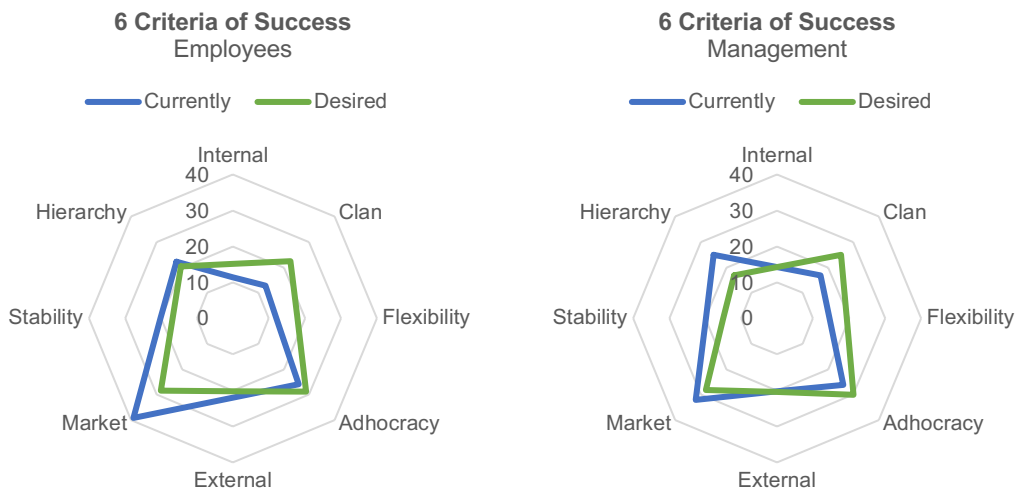


Figure 15. Profiles for the sixth dimension, Criteria of success, of Company A.

4.1.3 Analysis of empirical results of Company A

The interview results of Company A provide evidence of the content of the firm's culture but less of the strength. There seemed to be an incongruence of how the employees describe the culture of the firm, which stands in stark contrast with the definition of a strong culture, namely that norms and values are widely shared across all members of the organization (O'Reilly, 1989). The content of the culture, on the other hand, when looking at the interview results through the lens of the CVF, is arguably characterized by the Market culture type.

While Company A's culture is dominated by a Market culture according to the OCAI, the employee interviews provided some conflicting results. The employees of Company A are generally satisfied with the current roles and work tasks, where many enjoy the freedom with responsibility and high trust given by their managers, and they feel empowered by being able to shape their own work. On the other hand, there is also a wish for more formal structures and procedures, clarified roles and responsibilities which would improve the efficiency of daily operations. An environment characterized by uncertainty and lack of formal procedures is typical for Adhocracy culture type organizations. The employees' testimony of high task

variety and information overload causing uncertainty in regards of how to prioritize is also typical for the Adhocracy culture, which is furthermore common for software development firms (Quinn & Cameron, 2006).

Almost half of the respondents mentioned “freedom with responsibility” as the most distinctive cultural characteristic and something that is highly appreciated, which would further imply that the culture is an Adhocracy type according to the CVF. This discrepancy between the results from the OCAI and the interviews is likely due to differences in cultural perception across teams; sales teams are likely to score high on Market traits whereas software development teams are likely to score high on Adhocracy (Quinn & Cameron, 2006).

Several employees view the culture as individualistic with a lack of togetherness in and across teams. People find their colleagues helpful, but that the organization as a whole could be more appreciative and work more with positive reinforcement. Also, many seek more spontaneous sharing of knowledge and insights across teams. Recurring “fika” could be a quick way to establish such a forum for casual knowledge sharing and socialization across teams, and this was also something several employees highlighted that they are currently missing. It could also have the added benefit of employees feeling heard, allowing for a quick win by increased employee commitment during the integration.

There is a low consensus across the organization in terms of how they describe their managers’ leadership styles. It could point towards the fact that the managers employ different leadership styles or act differently depending on the team. Also, it is natural that the need for support will differ depending on individuals. Many of the employees are new to both the industry and in their roles and wish for more focus on mentoring and coaching in how to reach their goals and how to excel in their role and career. An improved focus on professional development can thus be seen as crucial for employee retention and can also for long-term talent attraction.

Some employees described their managers’ leadership styles as highly focused on quantitative results, something that is in line with the Market culture’s emphasis on monetary exchange and bottom-line results (Quinn & Cameron, 2006). A Market culture is a results-oriented workplace with leaders who are tough and demanding. Evidently, Market culture firms are not for everyone. This is evident in the interview results since the employees of Company A’s perception of the firm’s culture appears dispersed with one third of the employees appreciating the culture and workplace atmosphere, one third disliking the culture and a third who does not seem to have much of an opinion. The ones in favor of the culture describe it as “freedom with responsibility” and “open and transparent” whereas the ones who expressed less content with the culture used wordings like “overly competitive” and “individualistic”. In a Market culture, success is measured in market shares and penetration; overtaking competition is in focus (Quinn & Cameron, 2006). Naturally, less focus is placed on human capital and development of employees’ “soft skills” and it seems reasonable that some employees appreciate the demanding environment whereas others find it too demanding.

Further strengthening the fact that Company A is dominated by Market culture are the interview results – a vast majority of employees at Company A were very positive (70%) or at least neutral (22%) towards the merger. This could be connected to a high consensus within dimension five, Strategic emphases, towards a Market culture, with employees seeing the acquisition a way of “winning in the marketplace”, as described by Quinn and Cameron.

According to the interviews, half of the workforce think that career opportunities are low. This can in part be attributed to the size of the company, as the number of positions to advance to is limited. Overall, many feel that the focus on human capital development has been overridden by the emphasis on quantitative goals and stretch targets. Introducing individual growth plans, career plans and training programs, would be one way to improve the situation by increasing the focus on intrinsic motivational factors. There is also a wish for a shared definition of success, where success is announced across the organization and celebrated more frequently.

4.2 Company B

Below follow the results from the interviews with employees of Company B, presented in the same manner as the previous chapter.

4.2.1 Interviews

A summary of noteworthy interview results of Company B is presented in table Table 6, structured according to the themes covered by the interview guide. The results are derived from the NVivo coding and cover both explicit and implicit statements that were disclosed during the interviews. Opinions that were expressed implicitly were derived through a synthesis of both author's codes.

Table 6. Noteworthy interview findings – Company B

Results from interviews with employees of Company B	
Role, tasks and working processes	High role/task satisfaction (89%). Many employees have loosely defined roles with varied work tasks (56%). This setup is praised by the same proportion who mentioned it as a drawback (44%).
Professional development and feedback	Half of the respondents (50%) praise the opportunities for personal development. Several also (44%) mentioned extra-curricular courses as good opportunities for development. Opinions differed regarding professional development and career advancements, where some meant that the opportunities are low due to the organization's size and lack of formal managers, whilst others meant the opportunities are high due to the same reason (meaning that the lack of formal managers "makes everyone act like the manager").
Organizational culture	All respondents described the company culture in positive terms and 33% explicitly used the word "family" when describing it. Other common descriptions include "open" (44%) and "friendly and supportive" (39%). 44% mentioned the flat hierarchy and organizational structure as something they like with how things have been.
Leadership and management support	Little consensus across the organization when describing their managers' leadership style. 22% said they receive good support from their managers. Ideal manager traits mentioned by several were: <ul style="list-style-type: none"> - Focus on developing people (not strictly work-related) (33%) - Be appreciative and supportive (33%) - Have a lot of empathy (28%) - Be a mentor to the employees (22%) - Have high trust in employees (22%)
Risk-taking	11% said risk-taking is encouraged whilst 22% said it is not encouraged and better to "play safe". 16% said they are risk avert persons and avoid taking risks themselves. 44% argued it is fine to make mistakes while 11% said the managers might give you a hard time if you do.
Ongoing M&A integration	Overall discontent with both the integration plans and the communication surrounding it; 61% expressed negative feelings towards the merger, due to it not feeling neutral or equal (i.e. feeling of a hostile takeover, 80%, or of fear of

	losing their job, 50%). 33% said that the communication on the announcement was different from what they had heard from their management before. 78% were dissatisfied with the communication so far and had expected more transparency from the deal-close to the integration announcement. 28% would have liked to be included in the strategic discussions regarding the integration plan and reorganization.
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4.2.2 Organizational Culture Assessment Instrument

Company B’s organizational profile, obtained by the mean values of all respondents’ ratings in the OCAI, is shown in Figure 16. According to the profile, the dominant current culture is the Clan culture type. Quinn and Cameron define Clan as a culture with a high emphasis on collaboration and personal development, which is well-aligned with the results from the interviews. When, instead, looking at the desired, future culture profile, the results are not too different. There is a slight shift towards Market at the expense of Clan, but not significantly. Thus, when looking at the aggregated mean values of all respondents of Company B as a whole, it seems like the current and desired cultures are aligned, and that Clan culture is both currently predominant and desired. This is in line with some of the key insights from the interviews, such as overall descriptions of the organizational culture. Just as with Company A, the individual dimensions of the OCAI were analyzed separately.



Figure 16. Cultural profile plot of Company B – All respondents’ mean values, aggregated across all dimensions, current culture plotted in blue and desired culture in green.

In the interviews, a third used the word “family” describing the culture. Other descriptions of the culture include “open”, “friendly and supportive”. Almost half (44%) also mentioned the flat hierarchy as something positive. This means that Clan culture should be dominant in the profile plots. This proven accurate, as Clan is the dominating culture across all six dimensions.

Coherence between executive management and employees

To further explore discrepancies and similarities, the OCAI results were separated between management and employees, see Figure 17. It is evident that both groups deem the current culture as dominated by Clan culture. Interestingly, however, is that employees have rated it higher on Hierarchy culture than the managers – implying that the management team might not be aware of the level of control they place on their employees.

When instead looking at the desired culture profile plot, the employees and managers have less aligned opinions. The management team wants to see a major increase in Market culture traits, whereas the employees want to see an even lower score than currently. The desired culture of Company B's management team is not dominated by Clan culture. Below follow summaries of each cultural dimension. See a comparison of employees and management Appendix E for a complete compilation of the questionnaire results.

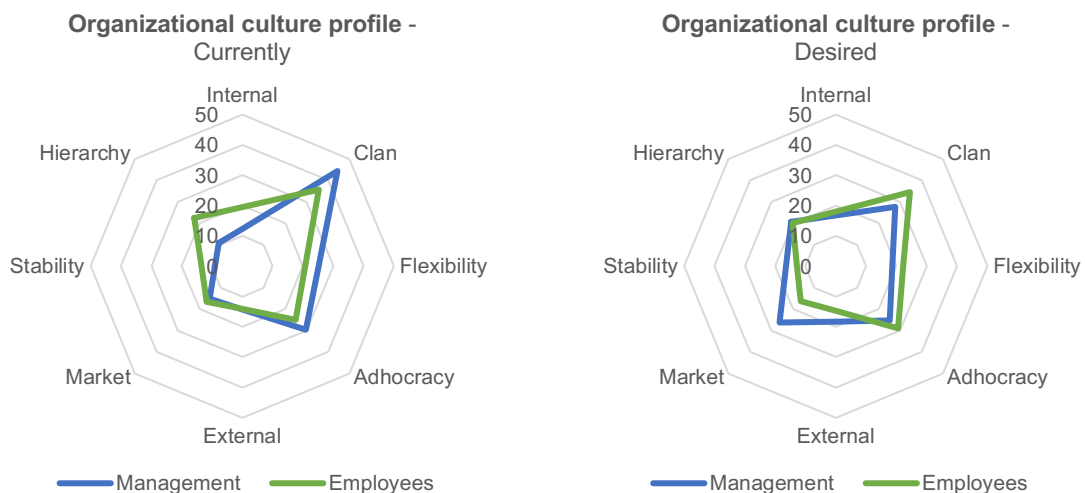


Figure 17. All employees' mean values, aggregated across all dimensions, compared with the management team's mean values. Current cultural profile to the left and desired cultural profile to the right.

Cultural congruence – results per cultural dimension

The culture profiles compiled from the results of the employees and the managers are rather different across all dimensions – especially when looking at the future, desired culture. The most evident difference is that the employees do not display much interest in changing the current culture, whereas the managers want to decrease the current focus on collaboration (Clan culture) drastically. On the dimension Management of employees, the managers rated Clan 28 points lower on desired than current. The managers instead wish to increase the focus on competitiveness (Market culture) on all dimensions, where the employees wish to lower it even further.

The management team displayed an overall higher rating on Clan characteristics across all dimensions, meaning that they deem the current culture places a stronger emphasis on collaboration than the employees. Across all dimensions, there is a discrepancy in perceived level of control, or Hierarchical culture characteristic, between employees and management. The employees have rated it much higher, with the greatest difference in the dimensions Organizational leadership (+11), Management of employees (+15) and Criteria of success (+16). Hence, the employees perceive the organization as more controlled and hierarchical than the management team.

Just like for Company A, the standard deviation is higher for the sets covering the current culture, indicating that there are some mixed opinions. When the employees were asked to describe the leadership style of their managers during the interviews, little consensus could be found. This would mean a high variance of the scores within the dimension Organizational leadership. This is proven accurate as it is the dimension with the highest standard deviation.

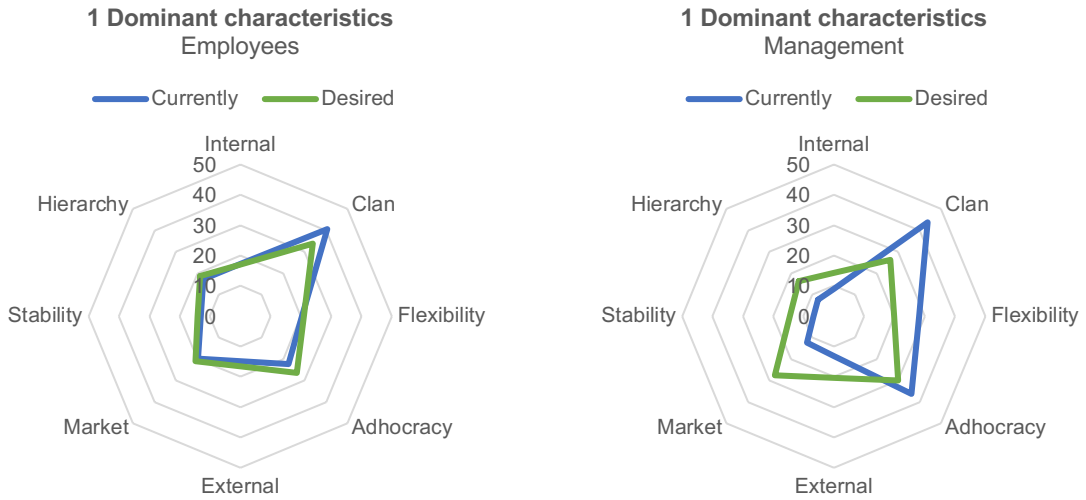


Figure 18. Profiles for the first dimension, Dominant Characteristics, of Company B.

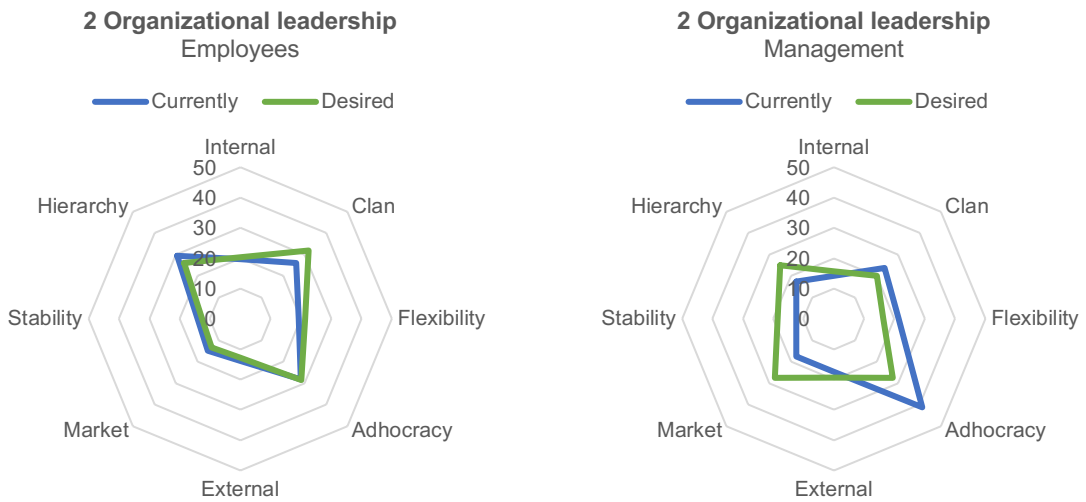


Figure 19. Profiles for the second dimension, Organizational leadership, of Company B.

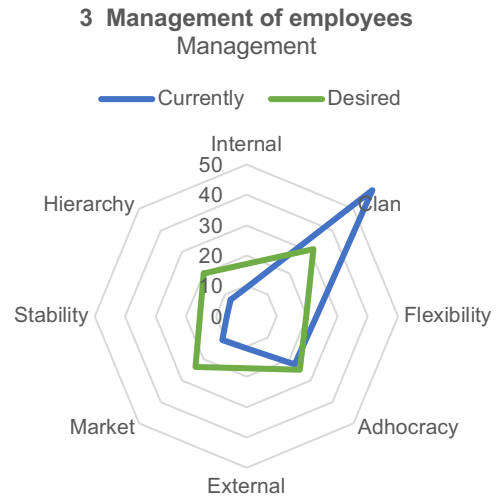
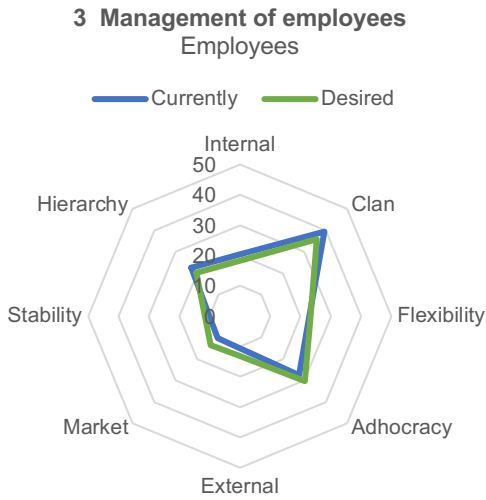


Figure 20. Profiles for the third dimension, Management of employees, of Company B.



Figure 21. Profiles for the fourth dimension, Organizational glue, of Company B.

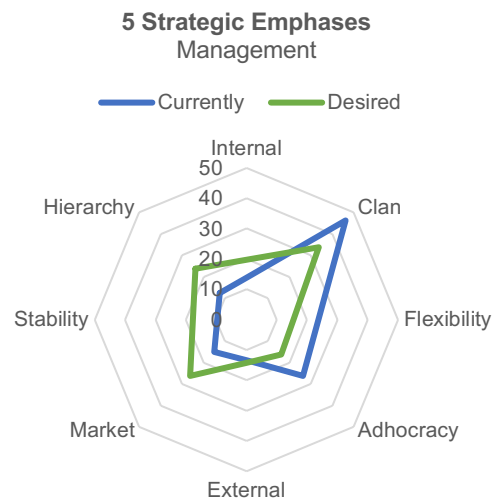
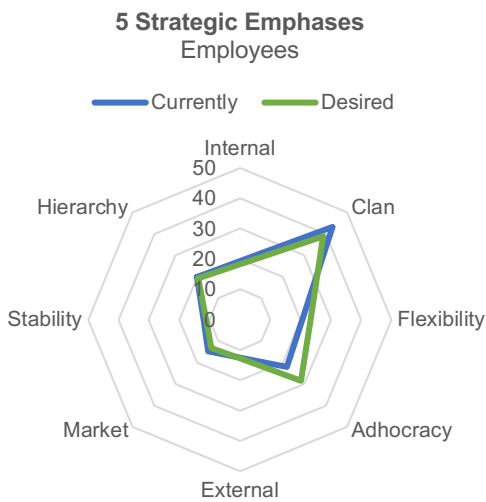


Figure 22. Profiles for the fifth dimension, Strategic glue, of Company B.

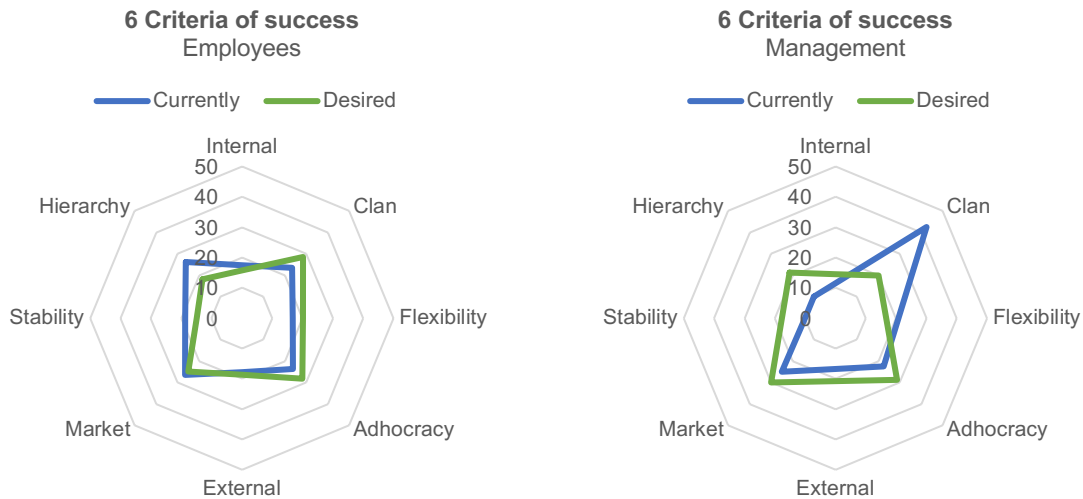


Figure 23. Profiles for the sixth dimension, Criteria of success, of Company B.

4.2.3 Analysis of empirical results of Company B

The interview results from Company B show a workplace with a focus on social aspects – one third of the respondents described the company as “family” and mentioned extracurricular activities in and out of office hours that further emphasized the focus on social aspects. This is in line with how Quinn and Cameron describe what is important in a Clan culture; “Success is defined in terms of internal climate and concern for people. The organization places a premium on teamwork, participation, and consensus (2006, p. 43)”. While still appreciated by the absolute majority, the social activities were in some cases described as time-consuming and highlighted as an aspect that has started to have an effect on daily operations, especially as the company has grown quickly.

The employees feel passionate about their strong culture and team spirit and there is in general a high workplace satisfaction. The friendly atmosphere at the office is appreciated, where monthly activities and spontaneous after-works are important cultural carriers. The friendly culture and after-work activities should be kept in the future, as they are seen as important for the team spirit and act as a motivational factor for many. There is further a history of including everyone in the decision-making process through communal voting – even in strategic decisions. This has, according to the employees, helped to build the feeling of everyone being included and that everyone can be their own manager. It is clear, however, that parts of the inclusiveness and perceived flatness, while appreciated, might not have been properly adjusted as the company has grown rapidly in the last years. The communal vote is mentioned as something that is practiced to keep up the appearance of a flat organization. Something that also was mentioned as negative was the issue of everyone having a vote, even in matters they are not knowledgeable in. Many employees furthermore wish for more structure and clarity of who is responsible for what. Finally, some aspects of the culture are also causing increasing inefficiencies and frustration, such as communal cooking and office duty. The activities are on one hand appreciated by most, but on the other hand identified as creating frustration and being time-consuming.

In general, employees are happy with how things have been and do not fully embrace the changes due to the merger, even though the majority expressed an understanding of why the changes will happen from a commercial point of view. There is also a general discontent with

communication surrounding the merger. The employees are used to transparent communication where everyone has a say in most matters, which they feel has not been the case in regard to the merger. The discrepancy between what was expected and what was presented on the merger announcement has caused disappointment and loss of trust in management. Going forward, the employees at Company B wish to be included more with frequent group-wide communication that opens up for asking questions and voicing concerns.

When implementing change within organizations, employee resistance is a major hurdle to overcome (Jaros, 2010). This is especially true when values are deeply-rooted and the change is of a strategic nature, such as the situation at hand (Pardo Del Val & Martínez Fuentes, 2003). Sørensen (2002) further argues that strong culture organizations may have a harder time recognizing the need for organizational change. Moreover, Rashid et al. (2004) suggest that organizations with a more “friendly” focus, promoting friendship over performance, are less open-minded towards change compared to more market-driven organizations. Consequently, Company B has some cultural traits that may be challenging to overcome when implementing the integration that is important for management to be aware of.

4.3 Workshops with management

Key results from the employee interviews were anonymized and shared with the management team from both firms in a workshop setting. Its focus was on the current situation of the two firms; how employees perceive the workplace, their daily tasks, opportunities for growth and feelings towards the ongoing merger. Derived from the empirical results, seven questions to discuss were formulated as follows:

1. How can you promote structure and clear division of tasks while keeping the appreciated freedom with responsibility?
2. What do you as a manager need to be able to focus more on your team’s personal development and soft skills?
3. How can you motivate your team outside monetary incentives and/or a more senior position, to place a stronger focus on talent retention?
4. What is success? What success should be celebrated and how?
5. How can you endorse group-wide team spirit? Spontaneous social gatherings and cross-team teambuilding?
6. What level of management control is needed going forward? How should you manage employees who think too much instructions equals micro-management, and those who feel a need for more detailed management support?
7. How can you make everyone feel included and involved in the merger – without slowing down the process by unnecessary meetings and discussion?

Each manager presented their thoughts on each question which were discussed during the second workshop to form a consensual opinion of the matter. The workshops with the management team helped broaden their understanding of the situation and were thus part of the change management process. By bringing the insights from the data collection up for discussion, it became evident that the management team agreed with several of the suggestions on improvements brought up by the employees. The presented insights were hence deemed as

important by the management team when moving forward with the PMI. The opinions and suggestions with the most consensus voiced during the workshops were:

- Focus on specific, positive and constructive feedback, allow mistakes when under freedom with responsibility,
- Develop and establish a framework for structured and reoccurring one-on-ones with team members, together with a clear career and performance development trajectory,
- Allocate time for employees to focus on personal development and for managers to focus on leadership and coaching, and
- Listen and be responsive to find out what motivates each individual – possibly a part of the individual growth plan. Support them to achieve their individual goals.

See Appendix F for a compilation of all consensual opinions voiced during the workshops.

4.4 External expert interviews

To gain further validation of the findings from the studied case, as well as important new perspectives, three external experts with extensive experience of M&A were interviewed. As the interviews were unstructured, the experts were allowed to speak freely, and as such, the content of the interviews naturally differed from one another. However, as the general theme of all three interviews was “important aspects when merging two organizations”, some common opinions could be noticed, as well as some unique, but still interesting, opinions. Their shared opinions evolved around that:

- Merging the organizational cultures is crucial for M&A success,
- Culture has to be led by example, and
- Employee buy-in and a focus on togetherness must be prioritized

A summary of key insights follows in Figure 24 below, with interview summaries for each expert in Appendix G, H and I.

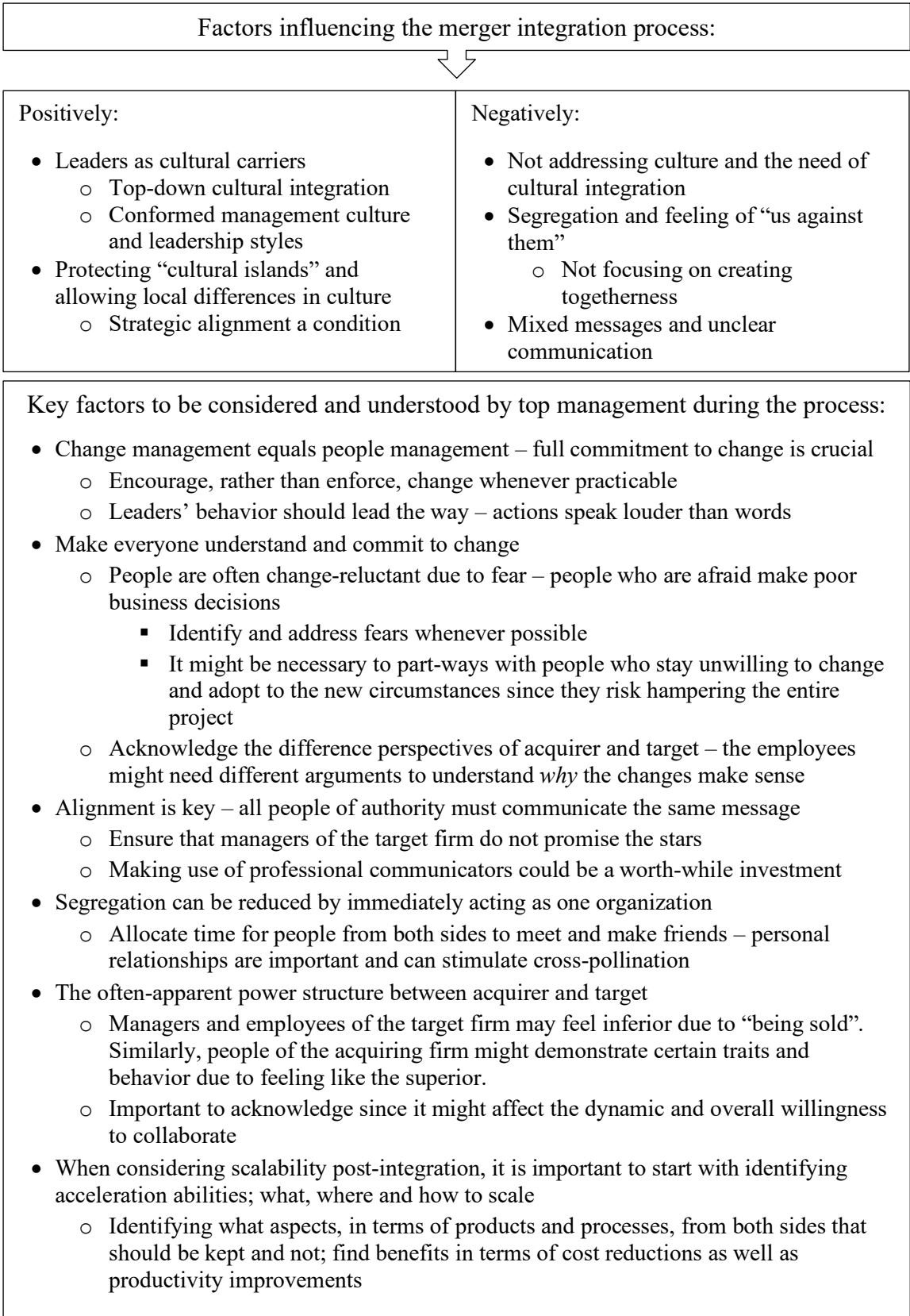


Figure 24. Summary of findings from expert interviews.

4.5 Comparative analysis

Below follows a cross-case analysis, comparing the results and insights from Company A with those from Company B. Important similarities and differences are identified and elaborated on.

4.5.1 Observable artefacts

From an outside perspective and ‘on paper’, the case companies appear rather similar. Both companies are acting within the same niche industry, developing highly similar products, and have seen rapid growth over the last few years. Quinn and Cameron (2006) stress the need for a fit between organizational culture and its’ strategic objectives, as well as with the environment. As both companies share many aspects ‘on paper’, one can argue that it is to be expected that the companies share many observable cultural artefacts - the visible and perceivable parts of culture that you can instantly observe (Schein, 2004). See Table 7 below for a brief comparison of the studied companies.

Table 7. Comparison of firm characteristics.

	Company A	Company B
<i>Founded in</i>	1999	2009
<i>Headquarters</i>	Sweden	Germany
<i>Number of FTEs (2019)</i>	30	20
<i>Nationalities represented</i>	10	8
<i>Primary market</i>	Northern Europe (63% of revenue)	DACH (40% of revenue)
<i>Customer base</i>	~5000 customers	~2000 customers

Furthermore, both firms have historically been highly profitable and have a high proportion of young and newly hired employees. See Figure 25 for a year on year development of the number of employees of both firms. As evident in the graph, both companies have grown rapidly, though Company A has experienced even higher staff-increase than Company B.

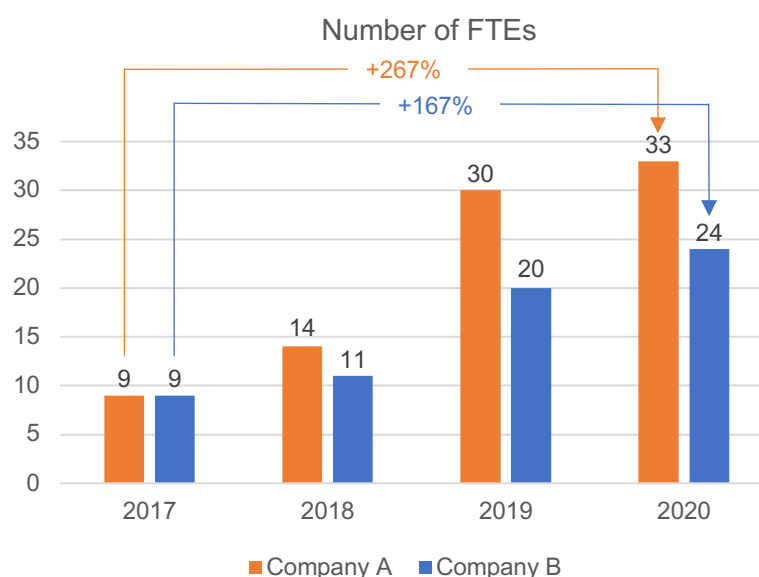


Figure 25. Year on year development of FTEs at both companies

Exploring more “first-level” cultural aspects, the companies appear to be more different: Company A has an open office landscape with employees and C-suite executives mixed alongside one another, while Company B has their office space divided into smaller offices for each team and the founding managers have their own offices. Company B’s office is furnished with a fully equipped kitchen and offers complimentary drinks and snacks to the employees, which Company A has none of. Company B further promotes their “community feeling” by having all employees clean the office and cook communal lunches on a rotational schedule whereas Company A uses a contracted cleaning company. Other different apparent characteristics includes the choice of IT systems and development environments. Hence, despite the businesses’ accordance, the observable artefacts of the two cultures appear different.

4.5.2 Cultural traits unearthed during the interviews

The empirical results shed light on differences within more deeply embedded cultural traits. When cross analysing the interview results, the companies exhibit some similarities, and some polar opposites. Perhaps the most distinct discrepancy is the fact that Company A is generally less satisfied with the overall current culture, but much more positive towards the merger compared to Company B. It is however yet unclear whether their discontent towards the merger can be connected to cultural reasons or simply due to belonging the acquired, and not acquiring, firm. Both cultural clashes and human resource conflicts are commonly causing resistance during acquisition integrations, according to both the interviewed experts and theory (Cannella & Hambrick, 1993; Ranft & Lord, 2002; Very et al., 1997).

Even though the interviews with both companies followed the same interview guide, the nature of the interviews differed. When interviewing employees at Company A, the respondents spent the majority of the time talking about their work tasks, their perception of the opportunities for development within the firm, and other aspects related to how the company is and has been operating during their employment. When interviewing employees at Company B, on the other hand, most employees only provided brief answers to questions relating to their current ways of working, processes and opportunities for development. They instead spent the majority of the interview talking about the merger and their perceptions and feelings towards it (mainly negative) – something that employees at Company A only briefly mentioned. The perceived power structure between the target and the acquirer is an aspect that can cause friction, with the risk of the acquired company feeling inferior. This can be manifested by how the acquired managers fit, or rather do not fit, into the new organizational structure (Cannella & Hambrick, 1993) and through a dominant or superior attitude from the acquirer towards the target (Very et al., 1997).

All respondents of Company B described the culture in positive terms – to be compared with only one third at Company A. Moreover, the employees of Company B used coherent terms when elaborating on the culture, whereas a less uniform perception of the culture was identified at Company A. It is thus clear that Company B has a stronger, more unified organizational culture, at least when taking only the employee’s opinion into account. While a strong company culture is preferable in regard to intra-organizational performance (O’Reilly, 1989), a strong culture is also more deeply rooted according to Schein (2004). As such, strong organizational cultures like the one of Company B may require a thorough and deliberate approach when

included in a merger and may prove to be harder to change, as hypothesized by Sørensen (2002).

Employees from both firms seemed satisfied with their current roles and tasks. Around half of the respondents from both firms furthermore argued that the opportunities for personal and professional development are good. However, employees of Company A seek formal processes for and a stronger focus on the development of human capital whereas employees of Company B seemed satisfied with current processes.

4.5.3 Cultural discrepancies according to the CVF

Cultural differences between the companies that unearthed during the interviews were further emphasized when analysing the results from the OCAI, see comparative profile plots in Figure 26 below.

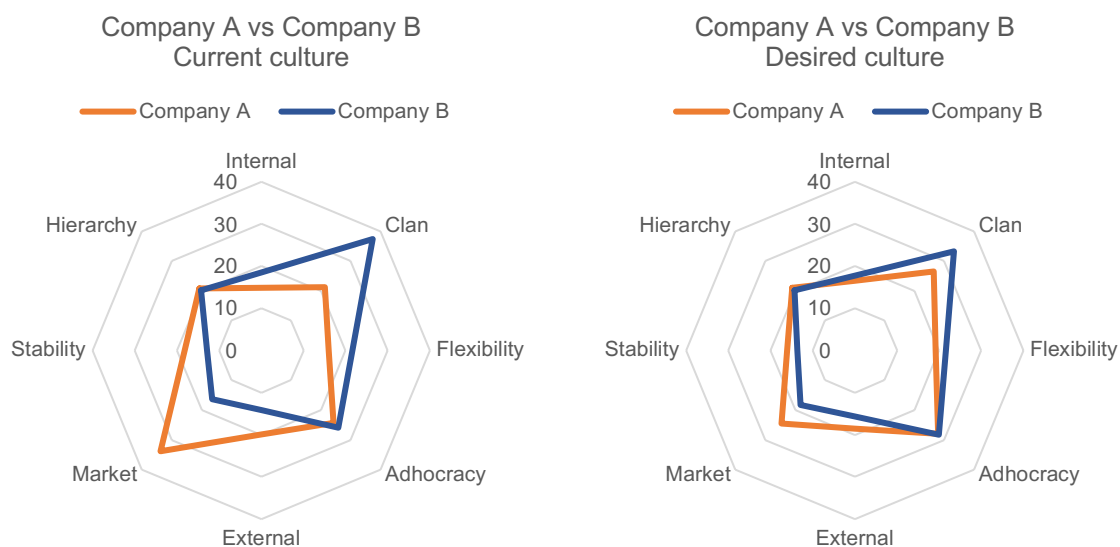


Figure 26. Culture profile plots for Company A and Company B respectively, current culture to the left and desired culture to the right.

The current cultural profiles are not only different but each other's opposites, as culture types opposing each other diagonally are less alike than adjacent culture types (Quinn and Cameron, 2006). However, the firms might not be as far apart as one might think simply by looking at the profile plots – it is important to acknowledge that the profiles obtained from the OCAI are not an unambiguous truth and that several factors might affect how the respondents scored the questionnaire. A different frame of reference is one such factor; if a respondent is used to a very hierarchal culture from a previous workplace and now works at a firm with noticeably less formal hierarchy, it is likely that the respondent would give a relative ranking using the old workplace as a reference point. Different national culture might also affect the ranking, as some national cultures emphasize some cultural traits more than others. While there are some caveats when comparing the profile plots from two firms, it was however deemed relevant for the purpose of this thesis, which partly aims to investigate such applicability of the CVF. Furthermore, by triangulating multiple data sources, the results from the OCAI were confirmed by the results from the other sources. It is thus safe to argue that the firms' current cultures differ in terms of their dominant characteristics. This distinct cultural legacy is important to recognize when proceeding with the PMI. Especially since the Clan culture is highly

appreciated among the employees of Company B – forcing them to completely adapt to the Market culture of Company A might not only be hard but also increase employee dissatisfaction, leading to reduced productivity and possibly increased turnover of employees.

Looking ahead and judging by the desired future cultures, the two firms are more aligned. One conclusion is thus that bridging the cultural gap might occur naturally, to some extent. However, it is again important to acknowledge the possible difference in reference and the inherent problem with comparing cultural profiles cross-firms, especially when the firms operate in different countries. The CVF is a framework developed for internal diagnosis; Quinn and Cameron (2006) however argue that it is often interesting to compare a firm's profile with industry benchmarks and across firms and industries. Comparing profiles across firms requires a more complex analysis due to the nature of the framework with no single ideal profile and similarities and differences are multifaceted.

4.6 Conclusive analysis

Heritage et al., (2014) highlight the correlation of job satisfaction with the culture types of the CVF, where both Clan and Adhocracy cultures were associated with high job satisfaction, and on the contrary, Market culture was associated with lower job satisfaction. A certain amount of discomfort is needed to stimulate successful change (Quinn & Cameron, 2006) and if employees are satisfied with how things are, it is likely that they are unwilling to embrace the changes. This reasoning is supported by the empirical observations where the employees of Company B exhibited high workplace satisfaction and little wish to change the current culture. The employees of Company A, on the other hand, wish for increased opportunities for professional and career development and leadership more characterized by mentoring. The organizational changes imposed by the merger is hence welcomed and looked upon as opportunity rather than a threat. The assumption is not that creating enough discomfort, for employees of Company would automatically yield increased willingness to change. Handled unwisely, that could rather induce negative consequences. Preferably, characteristics of the current culture that are not damaging to business, should be identified and protected. As emphasized by the experts, allowing local differences by actively promoting some cultural traits to stay untouched is likely to increase employee buy-in and trust in management.

Many of the employees at Company B said that they understand the merger from a commercial point of view, and that the individuals at Company A seemed nice; it is thus not Company A nor the integration *per se* that have created their discontent, but perhaps rather the feeling “of being taken over” and due to previous ambiguous communication. This is in line with the findings from the subject-matter experts who emphasized that managers and employees of the target firm often feel inferior in the PMI process.

Several employees at Company A, however, mentioned the family-like culture of Company B as something desirable. Adding the fact that employees described their counterparts at Company A as “nice”, it is clear that the firms might well be a better cultural match than the cultural plots reveal, since how well the cultures merge is eventually disclosed by the level of collaboration. The experts suggested that personal relationships and friendship across offices is a cornerstone when merging two firms. Perceiving their counterparts as nice and with a culture that is desirable thus paves the way for successful collaboration cross-sites and teams.

While employees' and management's point of views initially differed, the management workshops showed that it was more due to not knowing the employees' opinions, rather than knowing and not acting, which was an important finding from the workshops. As such, actively assessing organizational culture and doing so by engaging employees can be an effective way to address employee concerns at an early stage of a change process. While the approach to interview every single employee might not be viable when large companies are involved, it very much is doable when involving SMEs like in this case.

In conclusion, while Company A in some ways seems to have forgotten "soft" aspects in the pursuit of rapid growth, it is evident that Company B instead may need to adapt and remove some "soft" aspects that seem to cause inefficiencies.

5 DISCUSSION AND CONCLUSIONS

This chapter presents the main findings of the study by firstly answering the research questions, followed by the theoretical implications; what the study has contributed to the research field. Then follows the practical implications of the study and implications for future research. Lastly, the authors' final reflections are presented.

5.1 Main findings

The main findings of the study are presented by revisiting the initially formulated research questions.

RQ1: What key cultural characteristics support scalability and rapid growth in firms?

Scalability can be coupled with operational excellence – the firm must execute its strategy with more consistency and reliability than the competition, to achieve greater returns by increasing revenue exponentially, while only incrementally adding cost. A business model that is scalable is a prerequisite, and with that in place, the next step is to figure out how to boost efficiency and productivity, without simultaneously increasing costs. The current study has shown the importance of organizational culture for employee satisfaction and commitment – aspects which both are positively to talent retention and business performance. Attracting and retaining top talent is critical when scaling since recruitment is expensive and employee turnover can create major setbacks and loss of important knowledge.

Even though failing to prove particular cultural characteristics, our findings confirm that culture can be pivotal for business efficiency which in turn supports scalability and rapid growth. Leaders cannot simply be hard drivers but need the entire organization to aim their forces where it makes the most impact. The firm must identify its abilities to accelerate by understanding what can be scaled and where. This study implies that culture permeates every behavior in an organization and thus furthermore underlines the importance of culture when achieving scale.

Moreover, the organizational culture itself must be scalable. Cultural characteristics that cannot cater for additional load, either in terms of increased staff or revenue, must be done away with. In 2002, Sørensen argued, but failed to prove, that strong cultures might be less primed for a major organizational change compared to a weaker culture. Our findings are in line with those of Sørensen – our empirical results indicate that a firm with strong culture attributes displays more reluctance towards change than the firm with weaker culture. The findings are however indecisive since the dynamic between acquirer and target cannot be ruled out, meaning that further research is needed to establish it firmly.

RQ2: What key managerial aspects need to be considered during a post-acquisition process in order to promote cultural change?

Research has repeatedly shown the importance of “soft” or human factors in M&A integration and neglecting to address these is commonly mentioned as the number one reason for M&A deals failing to deliver anticipated value (Fralicx & Bolster, 1997; Fuhrer et al., 2017; Warter & Warter, 2015). If not the people, often one of the most valuable assets of a firm, commit to the changes, it is likely that the integration will not turn out as planned. Resistance towards change and unengaged staff will cause friction and even conflicts during and after the integration, inevitably harming productivity, and thus, business performance.

Ultimately, a merger is a change project, and change in organizations is about people. The importance of leadership in change management in general and in cultural change, in particular, has been established by previous scholars (e.g. Kavanagh & Ashkanasy, 2006; Szczepańska-Woszczyńska, 2015) and the theories of Schein (2004) further emphasize that cultural change begins at the leaders. The evidence from the current empirical case is in line with previous theory; the results indicate that having an aligned perception and joint understanding of what culture change is needed, to achieve strategic goals, across top management and employees stimulate willingness to change in the organization. In contrast, an inconsistent view of what culture would be best suited for future challenges seem to hamper the willingness for change.

When unifying two organizational cultures, considering cultural legacies and the possibly skewed dynamic between the acquirer and target has shown to be important. Identifying key drivers of both cultures and deeming whether these could be kept or ought to be changed is crucial; while a joint culture on the strategic level is critical for success, allowing local differences can be important for employee commitment. Managers ought to acknowledge that cultural differences, as well as differences due to being part of the acquiring or acquired firm, affect employee buy-in. Making sure everyone understands why the merger makes sense is important for motivation and it is apparent from the current case that the two merging firms might need different sets of arguments explaining why.

Time will tell how the cultural integration of the two merging firms in this case study will evolve. Theory on organizational culture and previous research in the field combined with the empirical results from this study imply that key managerial aspects to consider for promoting cultural change during a post-acquisition integration are, but not limited to, the following:

- Cultural change starts at the leaders; managers and organizational leaders ought to behave according to the desired culture to transfer it downwards in the firm,
- Inconsistent views between top management and employees of what corporate culture is best suited to achieve strategic goals may hamper the process; a fully aligned understanding of strategic goals and how to best reach them is key, and
- Any change initiative is dependent on commitment; employee buy-in to promote change engagement is critical and might be affected by aspects as a cultural legacy – adopt the message of change to the audience.

RQ3: How can the Competing Values Framework be fruitfully applied during the post-acquisition integration process as a means to develop an organizational culture profile designed for scalability?

Previous research has confirmed the validity of the Competing Values Framework but the particular application and research setting of the current case appear to be an uncharted research-territory. As several findings from both firms could be observed equally in the interviews and in the culture profile plots obtained from the OCAI, one can argue that the validity of those findings is heightened, from merely anecdotal findings towards something more generally applicable. Especially as most of the findings could be further confirmed through theory and the external experts. This indicates that a company-wide deployment of the CVF indeed can be applied to identify cultural aspects of an organization, even in a sensitive situation of high uncertainty. Even though this study does not fully provide sufficient evidence to confirm a fruitful application of the framework in a post-acquisition integration setting, it does imply benefits of doing so.

5.2 Theoretical implications

While the CVF is already well-validated as a framework to assess firms' organizational culture, our study provides further validation on its usefulness as an efficient tool to identify cultural discrepancies amidst an ongoing PMI. Our results thus provide further validation to the usefulness of the instrument as an efficient way to assess organizational culture. Our results thus provide support to the idea that the CVF can be an important tool when studying organizational culture as claimed by for example Bellot (2011) and Yauch and Steudel (2003).

We hope our study helps provide both a theoretical and practical understanding of the implications of organizational culture on PMI. The findings indicate that a firm with strong cultural attributes displays more reluctance towards change than their weaker culture counterpart, which is in accord with Sørensen (2002). Our results further reinforce those of previous scholars that organizational culture ought to be considered when merging two firms. We provide evidence for the increasing need to adequately address culture when the firms are culturally different, by linking culture to aspects such as employee satisfaction and commitment to change. Moreover, our results imply that even though M&A integration and organizational culture are heavily researched fields, further research is needed to appropriately link certain cultural profiles with particular business outcomes – even though our findings partially provide insights on cultural characteristics supporting scalability, the results are ambiguous. This thesis thus further contributes to the research field by shedding light on a gap in existing theory - literature on organizational culture has yet to prove what cultural characteristics are coupled with business scalability, or even if there are such characteristics.

5.3 Practical implications

The practical implications were derived to target mainly senior executives, investors, and other shareholders. While of relevance to the commissioning firm, the purpose is to provide general implications to practitioners in the field of M&A integration and change management when inter-cultural conflict might occur.

5.3.1 Leadership and strategic culture

The executive leaders of the merging firms in this case study exhibited aligned perceptions of a desired, future organizational culture. This is important since culturally different firms but with aligned management perceptions of an ideal culture is positively linked with post-acquisition performance (Very et al., 1997). However, judging by the discrepancies with the employees' perceptions, that culture has not fully been transferred downwards. To do so, executives and organizational leaders must "lead by example" and align high level, strategic culture aspects across the organization. Sharing a common culture, hence sharing profound corporate norms and values, is also essential to increase the feeling of togetherness of the newly merged firm.

The present study provides evidence for the importance of approaching organizational culture holistically. Theory and previous research have established that corporate culture dictates the norms and values of a firm, which in turn affect how managers and employees act, behave and make decisions. Consequently, since culture boils down to the embedded motivation and behaviour of members of the organization, it can either hinder or help in reaching strategic goals. A joint understanding of key drivers of the business, fully transferred across the entire organization, is critical for continued success since it will aid every individual, regardless of formal role or rank, to make adequate business decisions in any given situation.

Organizational culture can be seen as one competitive advantage managers can control in a sustainable way, especially since it is hard for the competition to imitate. Leaders set the tone and the cultural agenda; how they act and behave will trickle down, permeating the organization. The behavior and motivational drivers of the leaders in the organization are decisive when shaping and changing corporate culture.

5.3.2 Communication and the importance of understanding why

Scholars and practitioners investigating M&A best practices have time and again emphasized that adequate communication is pivotal to integration success, both the right amount and the right content (Appelbaum, Gandell, Yortis, Proper, & Jobin, 2000). The empirical evidence of the case at hand further strengthens these suggestions; discontent with the communication regarding the organizational changes due to M&As correlates to reluctance, questioning and low trust in management. Communication regarding the integration process and associated change must come early in the process, be precise, honest and open, some of which naturally can be hard due to pre-deal confidentiality.

Removing as many blockers and obstacles as possible is necessary to keep momentum in an M&A integration, and creating employee buy-in by understanding *why* the change happens can be key to reduce such obstacles. Acquisitions and integrations are driven by the strategic goal to grow the business and consequently increase its value. This makes perfect sense for owners and other shareholders. Commonly, senior executives have bonus or incentive programs tied

to the value of the business – they thus have clear motivations for a successful deal and increased business value since they will receive financial benefits. The employees, however, typically do not have the same extrinsic incentives and may feel that the deal simply disrupts their daily work and increases the workload, which became evident in this case study. It is therefore important to find the right arguments explaining why the merger makes sense from their point of view to increase employee commitment, which is in line with previous research by Parish et al., (2008), who found that affective organizational commitment is preferable when changing an organization. Increased business opportunities, expanding to new markets, and increasing ROI might well be great motivational factors for some, but likely not to all. Identifying and communicating reasons why a successful merger will benefit both the collective and individuals is needed.

Our empirical study indicates yet another complexity relating to merger communication; how to communicate when there is a cultural discrepancy between the target and the acquirer. While not solely related to communication, it is clear that the leader types within Clan cultures and Market cultures are different. "Clan leaders are warm and supportive, whereas Market leaders are tough and demanding." (Quinn & Cameron, 2006, p. 47). This has generated an obvious mismatch in communication, which created tensions related to both content, but also timing and lack of transparency. Thus, the communication during a PMI-process involving two distinctly different cultures should focus on both what is being communicated, but also how much and when it is communicated. It is clear in the studied case that the employees are used to different type of communication, which created tensions that could have been avoided or at least lessened if approached more deliberately in an earlier stage. Making a Market leader to talk "Clan-language" with the other company is a challenge, but having a leader that is able to balance between culture types is a much-needed leadership skill during M&A-processes and what distinguishes the highest performing leaders from their lesser counterparts (Denison, Hooijberg, & Quinn, 1995).

5.3.3 Employee buy-in, motivation and commitment to change

Employees must not only buy-in on the changes imposed by an M&A but also on the associated cultural change. Our findings imply that organizational change might be harder to enforce in organizations characterized by a strong culture with deeply rooted values, than those with a less dominant culture. This is in line with the theories of Schein (2004) who argue that even dysfunctional group behavior may be difficult to change due to the tight connection between culture and identity. An important implication for practice is thus the importance of considering both the strength and the content of culture, prior to commencing vast organizational change. Aligning cultures and overcoming cultural hurdles are shown as pivotal for M&A success (e.g. Buono, Bowditch, & Lewis, 1985; Carroll & Harrison, 2002; Durand, 2016; Schraeder & Self, 2003) but the present study also imply the benefit of protecting certain local cultural traits, post-merger. While a high level, strategic culture should be shared and aligned, there will be cultural traits that are appreciated by both local customers and employees at the offices. The local sites should thus be allowed to keep and nurture its traditions – as long as they are commercially viable and do not interfere with the strategic goals. Identifying cultural differences, both tied to local markets but also office-specific differences, is the first step. Differences that are detrimental for continued commercial success should then be acted upon, while the ones that have no or minimal effect can be nurtured. Accommodating the wishes of

the employees whenever reasonable from a business perspective can be an important factor during a cross-border integration to promote employee commitment.

Differences in the content of culture ought to be considered due to the difference in motivational drivers relating to such. People advocating for a Market culture are typically motivated by the business implications of a merger; increasing market share, a competitive product and profitability. People advocating for a Clan culture, where teamwork, participation and consensus are premium traits, rather seek intrinsic motivational factors. Increased opportunities for personal development and growth, greater freedom to influence work and shape new processes are examples of possible intrinsic drivers and outcomes of a successful merger. Evidently, a merged firm may need site-specific approaches to communicate and motivate the changes. Also, highlighted by both the experts and previous research (e.g. Ranft & Lord, 2002), being the acquired firm has different implications on cultural aspects compared with being the acquirer.

5.3.4 *The need for culture-environment fit*

An M&A integration inevitably means organizational change and change efforts must be targeted to unlock the most possible value. When changing the culture, strategic alignment must be considered since the organizational culture must be aligned with both business objectives and the external market environment (Heskett, 2011). In the studied case, the strategy of the merged firm involves rapid growth through global expansion. One can thus argue that a Market culture, motivated by beating the competition and increasing profitability, may have an easier time coming to terms with a merger with a competitor, compared to a Clan culture, motivated more by personal development and team building. However, organizational culture theory also implies that companies acting in dynamic, fast-changing industries such as software development are generally most effective when employing the Adhocracy culture (Quinn & Cameron, 2006), with innovativeness and agility as the common success formula. Nevertheless, executive leaders need to consider the fit between strategic initiatives and organizational culture when determining what cultural characteristics best produce competitive advantage (Hartnell et al., 2011).

Quinn and Cameron (2006) emphasize that there is no one-fits-all company culture, but rather a need for a fit between the internal culture and the external environment in which the organization acts. As a company faces new challenges, the culture needs to adapt to cope with that change in order for the company to remain competitive. However, research also shows that the cultural fit between a firm and its employees is of importance and affects business performance. The right employee-organization (culture) fit stimulates employee satisfaction, which in turn is tightly coupled with high performance (Ostroff, 1992), and balance is therefore key.

5.4 *Implications for future research*

While the aim of the thesis was not to validate the framework itself, but its applicability in the specific research setting - during an ongoing post-merger integration. Our study provides ample evidence that the framework has the potential to be applied fruitfully in this setting. It should however be stressed that only two companies were involved in the study, and as such, more

studies investigating the CVF during PMI are needed. Further empirical evidence is thus needed to establish the applicability more firmly.

Cultural aspects that should be avoided when scaling or growing rapidly was found at both companies. While derived from a small sample in this case, further research on what cultural aspects hinder, but also, promote, organizational scalability could prove valuable for both practitioners and scholars. Further investigation of organizational, cultural and environmental traits that stimulate rapid growth and scalability is particularly of interest given that previous research seems to fall short on the area. Scholars seem to either focus particularly on achieving pure scale effects in economics or rapid growth through unexpected opportunities or successful growth strategies. It should be of value to explore how to equip a firm with both the tacit and tangible capabilities needed to scale.

Lastly, as noted already by Very et al. in 1997, previous research on cultural clashes in M&As might be biased towards favouring reporting about failed mergers, since most previous research derives from case studies and reports in popular business press. The severity of the issue of cultural discrepancies in M&A might thus be excessive. This reasoning could be interpreted as partly supported by the subject-matter experts in this study who argued that a deal would never be called off due to cultural discrepancies identified in cultural due diligence, no matter how severe, if the financial due diligence argues in favour of the deal. This could be seen as contradictory of their earlier statements highlighting the importance of addressing culture. If culture can ‘make or break’ the merger equation (Fralicx & Bolster, 1997), implications from the cultural due diligence should be reasons enough to reconsider. In conclusion, culture, and its effects on M&A integrations, is complex and while a heavily researched field, there are reasons for continued exploration and investigation to establish a more unambiguous truth.

5.5 Reflections

Even though not initially considered part of the primary purpose of this thesis, we have time and again stumbled across the importance of employee satisfaction in the workplace. Organizational culture has been tightly coupled with employee satisfaction which in turn is proven to correlate with business performance (Ostroff, 1992). Happy employees often make more effective and productive employees. Employee satisfaction is furthermore, obviously, positively related to employee retention. Attracting and retaining top talent is important for sustained success and a top priority for many business leaders across the globe; PwC’s *22nd Annual Global CEO Survey* (2018) showed that 34% of business leaders say they are “extremely concerned by lack of talent”. While every company cannot become the next Google, Facebook or Netflix, addressing culture as a strategic imperative is likely to help any entrepreneurial SME to sustain their talent base. Entrepreneurial firms are born from someone’s urge to solve a problem and realize a potential – the drivers of the founding members, investors, shareholders and other devoted stakeholders can well be transferred across an organization. We can unfortunately not elaborate on the opportunities we see for the case companies due to confidentiality reasons, but it is our sincere belief that most entrepreneurial SMEs can identify their Why and communicate it deliberately without the need of platitudes and empty phrases.

Explicitly articulating the culture of a firm can improve recruitment and talent retention since it will help attract people with the right person-organization fit and repel the ones who do not

buy-in on the culture. Recruiting the “wrong” person is expensive and can harm both overall productivity as well as brand equity, aside from being a wasted investment. Even though employee turnover has not been an issue in either case companies historically, findings from the current study imply that some employees do not see themselves staying in the firm long-term. This could of course be due to the job-hopping nature of the millennial generation or be connected to lack of cultural fit.

In the current case, no particular cultural issue that could be traced to national culture was found. It could be due to both companies have a high degree of international employees, inducing a mix of national cultural aspects into the organizational culture, as well as a higher tolerance towards “other” cultures. Just like the experts claimed cross-pollination between organizational culture is important to minimize the risk for cultural conflicts and increase understanding, it probably has an effect with regards to national culture aspects as well. Also, while differences between German and Swedish cultures exist according to Hofstede, the differences might not be big enough to be discernable in this case. It could also be that the dimensions where the national cultures of Sweden and Germany differ are not the ones causing conflict when integrating, at least not at this stage of an integration. As always when involving generalizations – Hofstede's results are just that, generalizations, noticeable when analyzing large datasets, and each of the two companies studied may lie well outside of national cultural norms.

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APPENDIX A: THE ORGANIZATIONAL CULTURE ASSESSMENT INSTRUMENT

The OCAI questionnaire as presented below is created by Quinn and Cameron.

1 Dominant Characteristics		<i>Currently</i>	<i>Desired</i>
A	The organization is a very personal place. It is like an extended family. People seem to share a lot of themselves.		
B	The organization is a very dynamic and entrepreneurial place. People are willing to stick their necks out and take risks.		
C	The organization is very results-oriented. A major concern is with getting the job done. People are very competitive and achievement-oriented.		
D	The organization is a very controlled and structured place. Formal procedures generally govern what people do.		
Total		100	100
2 Organizational Leadership		<i>Currently</i>	<i>Desired</i>
A	The leadership in the organization is generally considered to exemplify mentoring, facilitating, or nurturing.		
B	The leadership in the organization is generally considered to exemplify entrepreneurship, innovation, or risk taking.		
C	The leadership in the organization is generally considered to exemplify a non-sense, aggressive, results-oriented focus.		
D	The leadership in the organization is generally considered to exemplify coordinating, organizing, or smooth-running efficiency.		
Total		100	100
3 Management of Employees		<i>Currently</i>	<i>Desired</i>
A	The management style in the organization is characterized by teamwork, consensus, and participation.		
B	The management style in the organization is characterized by individual risk taking, innovation, freedom, and uniqueness.		
C	The management style in the organization is characterized by hard-driving competitiveness, high demands, and achievement.		
D	The management style in the organization is characterized by security of employment, conformity, predictability, and stability in relationships.		
Total		100	100
4 Organization Glue		<i>Currently</i>	<i>Desired</i>
A	The glue that holds the organization together is loyalty and mutual trust. Commitment to this organization runs high.		
B	The glue that holds the organization together is commitment to innovation and development. There is an emphasis on being on the cutting edge.		
C	The glue that holds the organization together is the emphasis on achievement and goal accomplishment.		
D	The glue that holds the organization together is formal rules and policies. Maintain a smooth-running organization is important.		
Total		100	100
5 Strategic Emphases		<i>Currently</i>	<i>Desired</i>

A	The organization emphasizes human development. High trust, openness, and participation persist.		
B	The organization emphasizes acquiring new resources and creating new challenges. Trying new things and prospecting for opportunities are valued.		
C	The organization emphasizes competitive actions and achievement. Hitting stretch targets and winning in the marketplace are dominant.		
D	The organization emphasizes permanence and stability. Efficiency, control, and smooth operations are important.		
Total		100	100

6 Criteria of Success

Currently Desired

A	The organization defines success on the basis of the development of human resources, teamwork, employee commitment, and concern for people.		
B	The organization defines success on the basis of having the most unique or newest products. It is a product leader and innovator.		
C	The organization defines success on the basis of winning in the marketplace and outpacing the competition. Competitive market leadership is key.		
D	The organization defines success on the basis of efficiency. Dependable delivery, smooth scheduling, and low-cost production are critical.		
Total		100	100

APPENDIX B: INTERVIEW GUIDE

Introduction	<p>What is your current title and role at <i>Company A/B</i>?</p> <p>How long have you been working here?</p>
Role and tasks	<p>Could you describe your daily tasks and responsibilities?</p> <ul style="list-style-type: none"> - What is good with your current role/tasks? - What could be improved with your current role/tasks? <p>Is there anything included in your current role that you would like to do more of?</p> <p>Is there anything included in your current role that you would like to do less of?</p>
Professional development and feedback	<p>What's your perception of the opportunities for personal development within your company?</p> <ul style="list-style-type: none"> - How prioritized do you think it is? - Do you have an individual plan for development? <p>How do you receive feedback on your work? From whom?</p>
Organizational culture	<p>How would you describe the company culture at your company?</p> <ul style="list-style-type: none"> - Can you think of any traditions and/or unwritten rules specific for your workplace? If so, what? <p>How would you describe the company-wide goals and vision?</p> <ul style="list-style-type: none"> - In what way do you feel connected to those? In your daily work, etc. - In what way do you feel you can impact those? <p>How does your workplace handle diversity and inclusiveness?</p> <p>What would you never change with your company?</p> <p>What are some ways the company celebrates success?</p> <ul style="list-style-type: none"> - When is something celebrated? <p>How do you receive appreciation at work?</p> <ul style="list-style-type: none"> - How do you show appreciation towards others?
Leadership and management support	<p>Could you describe your manager(s) leadership style?</p> <p>In what ways does your manager offer support?</p> <p>To whom do you go if you need help with a particular task?</p> <p>With whom do you voice your opinions?</p> <p>What do you expect from your manager?</p> <p>Could you describe your ideal manager?</p>
Risk-taking and failure	<p>Would you say that risk-taking is encouraged at your workplace? In what way?</p> <p>What happens when people fail?</p> <ul style="list-style-type: none"> - How are failures used as learnings?
Ongoing M&A integration	<p>What was your spontaneous reaction when informed about the merger?</p> <p>How do you think communication from management has been so far?</p> <ul style="list-style-type: none"> - What would you liked to see more/less of? <p>What is your perception of the company you are merging with?</p> <p>What are your feelings towards starting to work cross-border?</p> <p>What are your hopes and expectations related to the merger?</p> <p>What are your fears related to the merger?</p> <ul style="list-style-type: none"> - On an individual level? - On a team level? - On a company-wide/business level?

APPENDIX C: LIST OF RESPONDENTS

Interview data sample

List of respondents arranged by order of interview date. By practical reasons, interviews with Company B were conducted first during a three day-visit at their office in Germany.

Company B				
	<i>Functional unit</i>	<i>Employed since</i>	<i>Interviewed on</i>	<i>Comment</i>
Respondent 1	Development	1.6 years	Feb 11, 2020	
Respondent 2	Development	8 years	Feb 11, 2020	
Respondent 3	Development	2 weeks	Feb 11, 2020	Invalid due to worked too short
Respondent 4	Sales	2 years	Feb 11, 2020	
Respondent 5	Sales/Customer Success	5 months	Feb 11, 2020	
Respondent 6	Sales/Customer Success	6 months	Feb 11, 2020	
Respondent 7	Marketing	1.5 years	Feb 11, 2020	
Respondent 8	Marketing	6 months	Feb 11, 2020	
Respondent 9	Development	4 years	Feb 12, 2020	
Respondent 10	Development	3 years	Feb 12, 2020	
Respondent 11	Development	9 months	Feb 12, 2020	
Respondent 12	Development	3 years	Feb 12, 2020	
Respondent 13	Sales/Customer Success	4 years	Feb 12, 2020	
Respondent 14	Marketing	6 months	Feb 12, 2020	
Respondent 15	Marketing	3 months	Feb 12, 2020	
Respondent 16	Business Administration	3 years	Feb 12, 2020	
Respondent 17	Business Administration	7 years	Feb 12, 2020	
Respondent 18	Sales	4 years	Feb 13, 2020	
Respondent 19	Sales	12 months	Feb 13, 2020	Video call
Respondent 20	Sales	2 weeks	Feb 25, 2020	Invalid due to worked too short

Company A				
	<i>Functional unit</i>	<i>Employed since</i>	<i>Interviewed on</i>	<i>Comment</i>
Respondent 21	Sales	4 months	Feb 17, 2020	
Respondent 22	Marketing, team lead	1.5 years	Feb 17, 2020	
Respondent 23	Marketing	12 months	Feb 17, 2020	
Respondent 24	Development	1.5 years	Feb 17, 2020	
Respondent 25	Sales	8 months	Feb 18, 2020	
Respondent 26	Marketing	12 months	Feb 18, 2020	
Respondent 27	Customer Success/Tech support	9 months	Feb 18, 2020	Invalid due to worked too short
Respondent 28	Sales	1.7 years	Feb 19, 2020	
Respondent 29	Sales	1.7 years	Feb 19, 2020	

Respondent 30	Customer Success/Tech support	2 weeks	Feb 19, 2020	
Respondent 31	Business Administration	12 years	Feb 19, 2020	
Respondent 32	Business Administration	9 months	Feb 19, 2020	
Respondent 33	Development	3.5 years	Feb 19, 2020	
Respondent 34	Sales, team lead	1.5 years	Feb 21, 2020	
Respondent 35	Sales	1.8 years	Feb 21, 2020	
Respondent 36	Sales	8 months	Feb 21, 2020	
Respondent 37	Customer Success, team lead	6.5 years	Feb 21, 2020	Also subject for pilot test 2
Respondent 38	Development	2 years	Feb 21, 2020	
Respondent 39	Customer Success	1.7 years	Feb 24, 2020	
Respondent 40	Customer Success/Tech support	6 years	Feb 24, 2020	
Respondent 41	Sales, team lead	12 months	Feb 25, 2020	
Respondent 42	Sales	4 years	Feb 25, 2020	
Respondent 43	Development	2.8 years	Feb 25, 2020	

APPENDIX D: OCAI RESULTS FOR COMPANY A

All values have been rounded to the nearest integer since the respondents' answers were expressed in whole numbers.

1 Dominant characteristics					
<i>Now</i>	<i>N</i>	A Clan	B Adhocracy	C Market	D Hierarchy
All respondents, mean values	29	22	24	33	21
Management team, mean values	5	25	27	25	23
Employees, mean values	24	21	24	35	21
All respondents, max. value	29	50	50	70	80
All respondents, min. value	29	0	0	10	0
All respondents, std. deviation	29	12	13	14	16
<i>Future</i>					
All respondents, mean values	29	22(-)	31 (+7)	27 (-6)	21(-)
Management team, mean values	5	17 (-8)	32 (+5)	28 (+3)	23(-)
Employees, mean values	24	23 (+2)	30 (+6)	26 (-9)	20 (-1)
All respondents, max. value	29	30	50	40	40
All respondents, min. value	29	5	20	10	10
All respondents, std. deviation	29	7	8	7	8

2 Organizational leadership					
<i>Now</i>	<i>N</i>	A Clan	B Adhocracy	C Market	D Hierarchy
All respondents, mean values	29	19	23	38	20
Management team, mean values	5	16	27	33	24
Employees, mean values	24	19	23	39	19
All respondents, max. value	29	40	70	90	45
All respondents, min. value	29	0	0	5	0
All respondents, std. deviation	29	11	13	20	11
<i>Future</i>					
All respondents, mean values	29	27 (+8)	26 (+3)	21 (-17)	26 (+6)
Management team, mean values	5	30 (+14)	26 (+1)	21 (-12)	23 (-1)
Employees, mean values	24	26 (+7)	25 (+2)	21 (-18)	27 (+8)
All respondents, max. value	29	40	50	40	50
All respondents, min. value	29	20	10	0	10
All respondents, std. deviation	29	5	7	10	8

3 Management of employees					
<i>Now</i>	<i>N</i>	A Clan	B Adhocracy	C Market	D Hierarchy
All respondents, mean values	29	26	25	28	21
Management team, mean values	5	32	20	25	23

Employees, mean values	24	24	27	29	20
All respondents, max. value	29	40	70	100	50
All respondents, min. value	29	0	0	0	0
All respondents, std. deviation	29	12	16	21	12
<i>Future</i>					
All respondents, mean values	29	31 (+5)	26 (+1)	24 (-4)	19 (-2)
Management team, mean values	5	28 (-4)	30 (+10)	28 (+3)	14 (-9)
Employees, mean values	24	32 (+8)	27(-)	23 (-6)	20
All respondents, max. value	29	60	60	40	30
All respondents, min. value	29	20	10	10	10
All respondents, std. deviation	29	10	11	8	7

4 Organizational glue					
<i>Now</i>	<i>N</i>	A Clan	B Adhocracy	C Market	D Hierarchy
All respondents, mean values	29	29	25	27	19
Management team, mean values	5	28	27	23	22
Employees, mean values	24	29	25	28	18
All respondents, max. value	29	80	40	60	50
All respondents, min. value	29	0	0	0	0
All respondents, std. deviation	29	18	10	13	12
<i>Future</i>					
All respondents, mean values	29	31 (+2)	29 (+4)	22 (-5)	19
Management team, mean values	5	30 (+2)	35 (+8)	24 (+1)	15 (-7)
Employees, mean values	24	31 (+2)	28 (+3)	22 (-6)	20 (+2)
All respondents, max. value	29	60	50	40	40
All respondents, min. value	29	15	10	0	0
All respondents, std. deviation	29	11	9	9	9

5 Strategic emphases					
<i>Now</i>	<i>N</i>	A Clan	B Adhocracy	C Market	D Hierarchy
All respondents, mean values	29	19	21	39	21
Management team, mean values	5	19	15	38	28
Employees, mean values	24	19	23	39	19
All respondents, max. value	29	50	50	100	50
All respondents, min. value	29	0	0	0	0
All respondents, std. deviation	29	12	11	22	11
<i>Future</i>					
All respondents, mean values	29	26 (+7)	27 (+6)	26 (-13)	22 (+1)
Management team, mean values	5	22 (+3)	25 (+10)	31 (-7)	22 (-5)
Employees, mean values	24	26 (+7)	27 (+4)	25 (-14)	21 (+2)
All respondents, max. value	29	40	50	60	30
All respondents, min. value	29	10	10	10	10
All respondents, std. deviation	29	8	10	11	6

6 Criteria of success					
<i>Now</i>	<i>N</i>	A Clan	B Adhocracy	C Market	D Hierarchy
All respondents, mean values	29	14	26	38	23
Management team, mean values	5	17	26	32	25
Employees, mean values	24	13	26	39	22
All respondents, max. value	29	40	50	80	50
All respondents, min. value	29	0	5	10	0
All respondents, std. deviation	29	9	11	15	12
<i>Future</i>					
All respondents, mean values	29	23 (+9)	29 (+3)	28 (-10)	20 (-3)
Management team, mean values	5	25 (+8)	30 (+4)	28 (-4)	17 (-8)
Employees, mean values	24	23 (+10)	29 (+3)	28 (-11)	20 (-2)
All respondents, max. value	29	40	50	50	50
All respondents, min. value	29	0	10	10	0
All respondents, std. deviation	29	8	10	8	9

APPENDIX E: OCAI RESULTS FOR COMPANY B

All values have been rounded to the nearest integer since the respondents' answers were expressed in whole numbers.

1 Dominant characteristics					
<i>Now</i>	<i>N</i>	A Clan	B Adhocracy	C Market	D Hierarchy
All respondents, mean values	21	41	25	18	16
Management team, mean values	4	44	36	13	8
Employees, mean values	17	41	22	20	17
All respondents, max. value	21	65	40	40	45
All respondents, min. value	21	10	10	0	0
All respondents, std. deviation	21	15	10	10	11
<i>Future</i>					
All respondents, mean values	21	32 (-9)	27 (+2)	22 (+4)	18 (+2)
Management team, mean values	4	26 (-18)	30 (-6)	28 (+15)	16 (+8)
Employees, mean values	17	34 (-7)	27 (+4)	21 (+1)	19 (+2)
All respondents, max. value	21	70	50	35	60
All respondents, min. value	21	5	5	5	0
All respondents, std. deviation	21	16	11	7	13

2 Organizational leadership					
<i>Now</i>	<i>N</i>	A Clan	B Adhocracy	C Market	D Hierarchy
All respondents, mean values	21	26	31	15	27
Management team, mean values	4	24	41	18	18
Employees, mean values	17	26	28	15	29
All respondents, max. value	21	60	60	70	80
All respondents, min. value	21	0	0	0	0
All respondents, std. deviation	21	16	16	18	17
<i>Future</i>					
All respondents, mean values	21	30 (+4)	28 (-3)	16 (+1)	26 (-1)
Management team, mean values	4	20 (-4)	28 (-13)	28 (+10)	25 (+7)
Employees, mean values	17	32 (+6)	29 (+1)	13 (+2)	26 (-3)
All respondents, max. value	21	60	40	40	60
All respondents, min. value	21	0	10	0	0
All respondents, std. deviation	21	14	8	10	12

3 Management of employees					
<i>Now</i>	<i>N</i>	A Clan	B Adhocracy	C Market	D Hierarchy
All respondents, mean values	21	43	27	11	20
Management team, mean values	4	59	23	11	8

Employees, mean values	17	39	28	10	23
All respondents, max. value	21	75	60	30	50
All respondents, min. value	21	20	0	0	0
All respondents, std. deviation	21	15	14	10	13
<i>Future</i>					
All respondents, mean values	21	35 (-8)	29 (+2)	15 (+4)	20
Management team, mean values	4	31 (-28)	25 (+2)	24 (+13)	20 (+12)
Employees, mean values	17	36 (-3)	30 (+2)	14 (+4)	20 (+3)
All respondents, max. value	21	50	50	30	30
All respondents, min. value	21	10	10	0	0
All respondents, std. deviation	21	11	8	11	8

4 Organizational glue					
<i>Now</i>	<i>N</i>	A Clan	B Adhocracy	C Market	D Hierarchy
All respondents, mean values	21	43	27	13	17
Management team, mean values	4	51	29	10	10
Employees, mean values	17	41	26	14	19
All respondents, max. value	21	80	50	40	40
All respondents, min. value	21	20	0	0	0
All respondents, std. deviation	21	18	16	13	11
<i>Future</i>					
All respondents, mean values	21	38 (-5)	30 (+3)	14 (+1)	18 (+1)
Management team, mean values	4	35 (-16)	24 (+5)	23 (+13)	19 (+9)
Employees, mean values	17	38 (-3)	32 (+6)	12 (-2)	18 (-1)
All respondents, max. value	21	80	50	30	34
All respondents, min. value	21	20	10	0	0
All respondents, std. deviation	21	15	11	10	10

5 Strategic emphases					
<i>Now</i>	<i>N</i>	A Clan	B Adhocracy	C Market	D Hierarchy
All respondents, mean values	21	44	23	15	19
Management team, mean values	4	46	26	15	13
Employees, mean values	17	43	22	15	20
All respondents, max. value	21	80	40	50	40
All respondents, min. value	21	20	0	0	0
All respondents, std. deviation	21	19	11	13	11
<i>Future</i>					
All respondents, mean values	21	38 (-6)	26 (+3)	16 (+1)	20 (+1)
Management team, mean values	4	34 (-12)	16 (-10)	26 (+11)	24 (+11)
Employees, mean values	17	39 (-4)	29 (+7)	13 (-2)	19 (-1)
All respondents, max. value	21	70	40	30	40
All respondents, min. value	21	20	0	0	0

All respondents, std. deviation	21	14	9	8	11
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6 Criteria of success					
<i>Current</i>	<i>N</i>	A Clan	B Adhocracy	C Market	D Hierarchy
All respondents, mean values	21	27	24	26	23
Management team, mean values	4	43	23	25	10
Employees, mean values	17	24	24	26	26
All respondents, max. value	21	70	40	70	80
All respondents, min. value	21	10	0	0	0
All respondents, std. deviation	21	15	11	17	19
<i>Desired</i>					
All respondents, mean values	21	27	28	26	19
Management team, mean values	4	20 (-23)	29 (+6)	30 (+5)	21 (+11)
Employees, mean values	17	29 (+5)	28 (+4)	25 (-1)	18 (-8)
All respondents, max. value	21	50	40	50	40
All respondents, min. value	21	10	10	0	0
All respondents, std. deviation	21	11	7	12	11

APPENDIX F: RESULTS FROM MANAGEMENT WORKSHOPS

Below follows a merger of all the answers to the questions discussed during the workshops with the management team. Consensual opinions have been selected and suggestions only mentioned by one individual have been left out.

1. How can you promote structure and clear division of tasks while keeping the appreciated freedom with responsibility?

- Be transparent when communicating
 - Clarify roles and responsibilities by having a group-wide organization chart that explains the roles and responsibilities of every department, team and individual
 - Clear goals, objectives and vision – connect the individual’s goals with the company goals
 - Coach by delegating responsibilities rather than tasks – tell them what to be achieved and expected but not how to do it, rather let people think for themselves and come up with solutions
 - Focus on specific, positive and constructive feedback, allow mistakes when under freedom with responsibility
 - Get away from the “this is how we always done it” mentality and do not let old habits become the routine
 - Define roadmaps and projects and assign clusters of work but let team members decide their daily tasks themselves. Connect the work to the vision and high-level goals
-

2. What do you as a manager need to be able to focus more on your team’s personal development and soft skills?

- A framework for conducting structured and reoccurring one-on-ones with all members of my team, together with a clear career and performance development trajectory
 - Time – both for employees to focus on personal development and as for managers to focus on leadership and coaching
 - Establish a forum for discussing personal development and how to drive individual growth
 - Have clear guidelines from the company on what is possible for individuals and what is available on a group-wide level
-

3. How can you motivate your team outside monetary incentives and/or a more senior position, to place stronger focus on talent retention?

- Listen and be responsive to find out what motivates each individual – possibly a part of the individual growth plan. Support them to achieve their individual goals.
 - Avoid micromanaging to embrace the feeling of owning your tasks, as well as inviting team members to more responsibilities.
 - Out-of-office events and social gatherings.
 - Increased possibilities for internal training, courses etc.
 - Specific positive feedback – not only say “good job” but specify what exactly was well done and why. Remember to praise people in front of others too.
 - Physical workspace has an effect on team spirit and motivation – both how teams are arranged within the office and the actual office space.
-

4. *What is success? What success should be celebrated and how?*

- Recognize achievements across the company – success could be every little progress ranging from recognizing effort in the larger group by as little as an announcement in the instant-messaging channel.
 - Recognize success outside of sales targets to include more roles in being celebrated – being proud of what you do and receive recognition for it
 - Make sure everyone knows what drives value and what to focus on
-

5. *How can you endorse group-wide team spirit? Spontaneous social gatherings and cross-team teambuilding?*

- Transparency and communication
 - More and reoccurring communication and group activities – force people to collaborate
 - Increase budget and emphasis on activities that build team spirit
 - Work actively with increasing the feeling of being proud of who we are and what we do
 - Encourage and budget for spontaneous social gatherings
-

6. *What level of management control is needed going forward? How should you manage employees who thinks too much instructions equals micro-management, and those who feel a need for more detailed management support?*

- Delegate responsibilities and not tasks
 - Be responsive and understand the needs of the individual and adopt the management style accordingly
 - Focus on manage in terms of supporting the employees on reaching goals rather than managing details
 - Allow for failure and use it to learn regularly
 - Ensure expectations are aligned
-

7. *How can you make everyone feel included and involved in the merger – without slowing down the process by unnecessary meetings and discussion?*

- Listen and allow employees to speak their mind and become involved
 - Clear and concise goals and expectations
 - Communication is key – weekly status updates within/across teams
-

APPENDIX G: INTERVIEW SUMMARY OF EXPERT 1

Issues related to organisational culture are usually underestimated when merging two organizations. The difference between two, on the surface, similar companies, is usually greater than anticipated. Cultural fit and creating workplace satisfaction are one of the things that you can gain, or lose, the most money on.

Physical actions, that may seem minor, can be of great help when doing the initial integration. It can be simple things like having prepared workspaces and an employee handbook. This allows the integration to quickly move forwards towards the deeper parts of culture.

Integrating two cultures requires defining the desired future culture and having a plan how to get there. If not, actions to integrate tend to be reactional instead of proactive.

The brand is an important culture carrier and requires deliberate and careful consideration when moving forward with either a shared, new brand, integrating the companies in one of the existing brands or keeping both. Creating a new brand, is according to the respondent, the worst solution based on his experiences. It requires effort, is expensive, and usually creates a brand that none of the companies can relate to.

Conducting a cultural due diligence is often not appropriate as it is hard to recognize the magnitude of cultural differences in advance. Also, it may be counter-productive when assessing a possible acquisition, as it may create a lowered value if cultural fit is deemed low, while not adding value if the fit is deemed high.

APPENDIX H: INTERVIEW SUMMARY OF EXPERT 2

The first important aspect to understand when merging to firms, post-transaction, is their cultural orientation. It may be very different; some firms place their emphasis on sales and market expansion whilst others are more product oriented and focus on technology and innovation. The orientation affects how their entire organization thinks, acts and believe is important. In order successfully merge, it is important to understand both firms' cultural legacy.

It is common that the clients define the culture of the supplier in the sense that clients demand different aspects which the service providers must adapt to. Eventually, that culture that is required to be successful, becomes a standard across the market. Organizations must be local in their culture to attract and retain both customers and employees. It is thus not possible to impose the exact same culture cross national borders, but rather learn to work with and capitalize from the differences.

The second step is the people and the leadership. It is important to make everyone understand and buy-in on the change. Members of the organization who do not embrace nor stands behind the change may often hamper the process. If someone who is not committed to the change efforts hold a leadership position it might well be necessary to single these people out, especially in larger PMI programs where thousands of people will be affected, and the transaction costs are high. In smaller projects, it is often easier to focus on all of the people and shape the process in order to have everyone on board from the start.

Normally, organizations are first merged function by function in a functional integration. The second part would be the core work streams and value chains. Every work stream is typically supported by one or more internal processes which the organization, post-deal, has in duplicates. Merging internal processes requires rigorous change management since it refers to change how people go about performing their daily tasks, operations and deliveries. It could either be change to the other firm's current processes or changing processes all together. Regardless, making the people buy-in on change is key.

One of the most difficult aspects during a PMI is to control the target firm's CEO and management to communicate correctly. A common complication when acquiring an entrepreneurial firm is when someone with decision-making authority at the target opposes the integration by not being fully transparent or comes with mixed messages. Such people might, without the knowledge of the acquirer, communicate to their employees that the integration will not lead to any organizational changes which naturally causes complications during the integration process since an M&A integration inevitably means organizational change.

APPENDIX I: INTERVIEW SUMMARY OF EXPERT 3

Culture boils down to behavior and that is important to acknowledge when engaging in cultural change. Companies' vision and values are often platitudes and not what really matters – if they are not mirrored in the behaviors of the leaders. Leaders' behavior is the strongest culture carrier in an organization.

When merging two distinct cultures it is important to firstly understand how those cultures differ in behavior; how are the leaders of the firms doing things differently? This typically affects how all members of the organizations act and behave.

Another interesting aspect is the change in dynamics that takes place when one firm acquires another; every organization has a power structure, formally or informally, which is inevitably disrupted when merged together with another. This could be explained with an analogy involving a flock of hens, with their particular pecking order, invading the turf of another flock of hens; what inevitably happens is a disruption of the pecking order. People will feel confused and even frustrated since change was forced upon them. In addition, there is often fear included in the equation too. The acquiring firm is generally larger, both in personnel and revenue, than the target which automatically creates fear among the employees of the target.

People who are afraid make bad business decisions and often become reluctant, or even refusal, to change. When these individuals are essential to the organization and the overall business, it unmistakably causes a severe problem. The key to successful mergers, when considering culture, is often for leaders to win over the respect of others who initially are reluctant to do so. It is thus important for the leaders to understand the motives and values of others, to in turn understand how they should behave to win their respect.

Immediately increasing the togetherness and reduce the feeling of “us and them” is also important when shaping a new organization. The key to this is friendship. When merging two firms but keep two separate geographical locations, this is most easily done by simply sending people across locations on exchange rotations. The exchange could last for three to six months and during that time people will make friends with people in the other geographical teams. This will in itself drive cross-pollination and help the segregation to fade when the enemy will no longer be the people from the other firm but the problems they are solving together. Whenever it is not feasible to physically send people across different locations, it is even more important with other reoccurring touch points, like regular video calls. Regular contact points are essential to any relationship and will help people lower their guard, reduce fear and eventually improve collaboration.

Cultural change must always come top-down. If a changed behavior comes from the top it implies that this how people are expected to behave and is desirable which thus makes it easier for others to follow. It is still important to empower employees, but leadership plays a crucial part in cultural change efforts. It is not at all about dictating what to do but rather expressing clear expectations and what is deemed important for the overall organization to develop. It is about setting the tone and setting the stage, which is needed for cultural change to flourish.

In regard to scaling and being able to quickly capitalize on organizational change, agility is emphasized as the most important organizational trait. Agility and being responsive to change

must be in the DNA of the organization. Nevertheless, a newly merged organization must firstly understand how to come together from a customer and product point of view in order to scale the business as one organization. If there are two distinct products serving the same target market, one needs to understand the acceleration abilities to scale the entire business. In software firms, this often boils down to understanding both technology stacks, product features, customer demands and how to combine these to create acceleration abilities. Which in turn will help create and understanding of what can be scaled and where and what it means for ongoing product development.

