

Conceptualising Leadership in the Context of Mergers: Merging Cultural Leadership and Organisational Culture Theory

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For all the cultural heroes of Tech Pacific New Zealand

Abstract

Despite compelling evidence that mergers fail to meet the expectations of both organisations and employees, merger activity continues to rise. These failures are often attributed to a clash of organisational cultures, with the majority of corporations citing it as their top challenge. On examining the literature, it becomes apparent that there is little in the way of pragmatic, theory-based advice for organisations regarding how to constructively integrate merging cultures. Guided by this need, this dissertation seeks to conceptualise cultural leadership processes in the context of mergers. To do this, it itself seeks to merge two related, yet surprisingly diverse, bodies of literature. The first body of literature looks at what attention has been given to the intersection of leadership and culture. The second is an examination of the merger and organisational culture theories. From this merger of fields, it suggests that to increase the effectiveness of cultural leadership, we require a more holistic understanding of the complexities of organisational culture. Finally, it shows that despite these weaknesses, organisations have much to gain from more effective cultural leadership and that this is particularly salient in times of crisis, such as a merger. The implications of this for organisations and future research are discussed.

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Prologue

Tech Pacific was a giant. We were the biggest by five-fold and the best at what we did; this mindset was ingrained into every staff member. Tech Pacific's value was tied up in its staff, so much so that we were seen as a launching ground for any decent career in the New Zealand IT industry. Many of our customers would begin head hunting our sales reps after only six months with Tech Pacific. Our vendors would do the same to our marketers and executives, often snatching up our channel managers to become their country managers. Naturally, many of our competitors would also do the same, acquiring those tempted by short-term salary gains. The departures of this nature would often be unpleasant, with the occasional employee being walked off the premises. But this was the nature of the game; work hard, be the best and take out the competition.

Unfortunately, this culture of success came to an abrupt end. In late September of 2004, on a day that seemingly no one outside the executive management could have predicted, Tech Pacific's acquirement by Ingram Micro was announced. If they were a new parent company I might have been interested, excited perhaps, but our direct competition? This just made me confused and angry. I certainly didn't see it coming, yet I considered myself in touch with the pulse of the company and the industry. How could this happen? It was only the previous week that one of the senior managers had told me to cut the margin on any deal that I thought was going to go to Ingram Micro. Now apparently they owned us and all of our executives magically had brand new sports cars.

The first thing that came to mind was how paradoxical it was to be acquired by a company whose turnover was 20% of our own, and whose margins were considerably more narrow. The acquisition made sense when it was explained our entire Asia-Pacific operation was being acquired which, over the region, was of approximately equal size to Ingram Micro. Because they had large operations in North America and Europe, they were able to engage in the AU\$700 million

acquisition of Tech Pacific. This notwithstanding made it a unique and challenging situation for us. Who were we? What were we to become? Those who had left for Ingram Micro in the past had been branded sell-outs and traitors. Was that what our managers were?

The year that followed was one of apparent success but underlying failure. The majority of employees from Tech Pacific stayed where we were. Our executive team comprised almost entirely of Tech Pacific staff. The old Ingram Micro CEO was given a redundant face-saving figurehead role, and those who had left us in the past were given their old jobs back, or offered redundancy. If we were to consider preservation of power a success in a merger, then Tech Pacific would be awarded the gold medal, but what about our identity? What about results? Objectively, we were the same company with one less competitor, a couple of extra vendors and a few more staff members. But what really resulted was an organisation full of people who no longer cared, were no longer loyal, and an executive team who were no longer invested and thus, had no incentive to lead. In the course of a year the prevailing culture of Tech Pacific had completely evaporated, as had our profits and our top performers. The question everyone was asking: how could this happen?

Despite being disheartened by the realisation that Tech Pacific was a vehicle for profit for our executives, and not the place of family that I once thought, I decided to stay the course. I watched as a swathe of talented staff and unsatisfied customers moved on to seek greener pastures. I stood by and saw the CEO make his CFO, and friend of over a decade redundant, only to replace him with someone new from Ingram Micro headquarters. All we could do was reminisce about the Tech Pacific days of old and pass on the stories to new staff about how things used to be different here.

I lasted three more years working for Ingram Micro, saw the CEO be replaced and the company structure change twice again. But at the end of my time I knew the last three years could have been done much better. I needed answers. So when I left to do my Honours degree, that was exactly what I went looking for.

Chapter 1: Introduction

As has been cited by practitioners and academics alike, there is no greater challenge presented to firms engaging in mergers and acquisitions than the integration of the organisations' cultures (Troiano, 1999). As a result, it is often culture that is made the scapegoat when mergers fail, with many firms attesting to the synergies and profits that could have been realised, were it not for the internal culture clashes (Bligh, 2006; Love & Gibson, 1999). Despite the ever-increasing evidence that the majority of mergers and acquisitions end in fiscal failure (Chatterjee, Lubatkin, Schweiger & Weber, 1992; Selden & Colvin, 2003; Sirower, 1997; Whittington & Bates, 2007), the previous two decades have continued to show considerable growth in merger and acquisition (henceforth mergers) activity with no indication that this trend is going to abate. Acquiring shareholders lost US\$220 billion from 1980 to 1991 at the announcement of merger bids in the US alone (Moeller, Schlingemann, & Stulz, 2005, p.757). Furthermore, it has been established that the key factor for success lies in the acquirer's ability to effectively manage the integration process of the merger (Jemison & Sitkin, 1987; Very, 2004).

In addition to the economic impact, the negative implications of M&A activity for both employees and managers has been well established (Sales & Mirvis, 1984; Cartwright & Cooper, 1997; Love & Gibson 1999). M&As have been demonstrated to provide a considerable source of trauma for all parties; the resultant attrition, decreased productivity, and attitudinal problems, produce as many problems for the organisation as they do for the individuals affected. The substantial costs involved in attempting to mitigate these factors are a key source of the increased costs of integration that greatly hamper any synergistic benefit that the firm might be trying to obtain (Blake & Mouton, 1985; Haunschild, Moreland & Murrell, 1994; Weber 1996).

Scholars from all fields are pursuing research in order to understand how mergers and acquisitions occur and, more importantly, how they can be done better (e.g.

Riad, 2007; Bligh, 2006; Schweiger, 2005; Larsson & Lubatkin, 2001). Although I recognise the validity of the many different perspectives, such as strategic, economic and financial, bring; this study will view merger activity through an organisational behaviour lens. The organisational behaviour school of thought has commonly focused on the impact of M&As on employees and how post-acquisition integration can be facilitated to decrease human costs (Angwin, 2007). This view is, therefore, most pertinent when looking at how leaders can utilise culture in the pursuit of this integration. Furthermore, this lens is most aligned with my experiences at the organisation, as outlined in the prologue. These two elements: organisational culture and leadership, are inextricably tied. Thinking about either leadership or culture without thinking about the other, can make these elusive concepts even harder to understand. But if, as asserted by Schien (1992), we accept “culture and leadership are two sides of the same coin” we can begin to comprehend the interdependent nature of the phenomena and the basis of the ideas themselves.

Like most organisational concepts, culture eludes consistent definition throughout the literature (Palmer & Hardy, 2000). This is, in part, because of the variation in purpose and depth of studies done on the subject, but also because of the wide variety of social and scientific disciplines that research the topic (Alvesson, 2002). Traditionally research on culture and leadership has focused on how leaders can change and create culture, with a particular emphasis on the founders’ influence on this culture (Schein, 1992). In this dissertation, however, I will adopt a more contemporary view that characterises culture more by continuity than change, and thus examine how leadership interacts with cultural persistence as well as change and creation. Furthermore, this dissertation will approach culture from a functionalist perspective through which culture is observed as a series of cultural traits that are manifestations of underlying ideologies (Trice & Beyer, 1993).

There has been an overemphasis within the leadership literature on the type of ‘top down’ cultural change that has driven by those leaders who are deemed charismatic (Conger & Kanungo, 1988) or transformational (Bass, 1985) with the capacity to single-handedly change organisational culture. These approaches to cultural change

reflect the 'romance of leadership' whereby success and failure is attributed primarily to top leaders, with company-wide activities and the roles of followership played down or marginalised (Meindl, Ehrlich & Dukerich, 1985). Furthermore, it is important to acknowledge whether managing organisational culture is even possible (Alvesson, 1993). This dissertation will seek to understand the ways in which organisational actors at all levels of the organisation create and maintain both cultural ideologies and the manifestations that represent them (Trice & Beyer, 1993).

I am drawn to understand this, and other questions, firstly as a venture in sense-making of my own experiences, as briefly described in the prologue. My time at Tech Pacific and Ingram Micro has motivated me to pursue this field and seek understanding of the leadership in the organisation, and what it could have done to mitigate the cultural clashes. Furthermore, and perhaps more importantly, I am drawn to understand this because I ardently believe, from experience, observation and research, that practitioners in mergers can and must do better. Mergers based purely on economic decision, planning and execution have been demonstrated to fail and will continue to do so until we more fully realise the potential of our firms, leaders and managers, to mitigate the challenges that inevitably arise. In this dissertation I will bring to light the ways in which scholars have already guided us and make recommendations as to how these can be adopted and refined by both practitioners and future researchers.

I will do this by firstly taking an in-depth look at our past and current understanding of how leadership interacts with culture. This will be done by looking at early culture and leadership studies and will culminate with an examination of Trice & Beyer's (1991, 1993) theory of cultural leadership. In the following chapter we will examine the literature that features cultural perspectives of mergers and review the key criticisms of this perspective. Through this I hope to paint a picture of the context in which this dissertation is based, and also to establish where the cultural leadership theories may be deficient. Finally I will look at the intersection of these two bodies of knowledge and assess how they might inform each other to gain a

greater understanding of cultural leadership in the merger context. Through this I hope to address some of the weaknesses in cultural leadership theory, generate pragmatic advice for practitioners engaging in mergers and finally, determine where research regarding cultural leadership needs to be expanded to better address the complexities of organisational culture.

Chapter 2: Leadership and Culture

A History of Leadership and Culture

Over the previous three decades, there has been much research into the ways in which leadership relates to organisational culture. Though much of this work places undue emphasis on the role of top-level management, in this section I would like to acknowledge the various empirical efforts at observing the relationship between these phenomena and the ways they inform each other. The first study to acknowledge the relationship between leadership and the then new concept of organisational culture was Pettigrew's (1979) longitudinal seminal work. Through this work he determined that it was probably the leaders' capacity to create discourse around experience that granted collective meaning to the group as the organisation developed. This discourse would subsequently become the basis of their organisational culture.

It was the work of Schein (1983, 1985), though, that brought to the forefront the interplay of leadership and organisational culture, and created a movement of founder and top-management-centric views around the influence of culture. His work emphasised the means of top management to 'teach' organisational culture to an organisation, whether through explicit or implicit means. These ideas were developed and critiqued by Martin, Sitkin & Boehm (1985) who observed that, though the founder could exert influence over organisational culture, they were greatly constrained by contextual factors such as ideological congruency. Within these constraints however, the decisions and actions of company leadership could have a major influence on the direction the organisational culture developed.

The first research to actively engage with the notion of the context in which leadership is best able to interact with culture was Siehl (1985), who stipulated that it was in times of crisis or transition like mergers that may be most conducive to the management of culture. She was also the first to make pragmatic suggestions regarding the appropriate actions of leaders in creating cultural change such as one-

to-one interaction and role modelling. Her findings went on to suggest that top-level management were, perhaps, only capable of changing the manifestations and expressions of culture rather than the underlying ideologies. Though manifest behaviours may alter to take advantage of reward systems, the underlying values are much more continuous than top management would often believe them to be. Instead Siehl suggests that “perhaps culture management is really this: articulating a possible culture, coming to agree that it is desirable, and then attaining it through the sharing of desired values” (p.139). The implication that cultural change and maintenance was really in the hands of all employees and not just vested in top management is reflected in the majority of studies that followed.

In Trice & Beyer’s (1991) seminal piece on the ‘cultural leadership’ concept, they not only acknowledged the pervasiveness of cultural leadership throughout all hierarchal levels but also differentiated between those behaviours that create culture and those that simply maintain it. These notions were expanded and clarified through subsequent work on the theory (Trice & Beyer, 1993; Beyer & Browning, 1999) and later applied more pragmatically, such as in Bligh’s (2006) work on lessening the casualties caused by cultural clashes in a merger. During the following section, we will address how Trice & Beyer’s theory developed from earlier leadership theories, and what this progression has led to and why.

The Development of Cultural Leadership

Much of the research on leadership within organisations is concerned with how leaders are instrumentally involved in promoting the accomplishment of work (Daft, 1983). But, as stipulated by Trice & Beyer (1993), the actions of leaders both say and do things and it is through a cultural lens that we can understand how leaders affect our ideologies and the expressive behaviours that result.

Instrumental approaches to leadership have evolved over the past three decades: from trait-based leadership theories (Bass, 1990), behavioural leadership models (Burns, 1978, Bass, 1990), contingency theories of leadership (House & Baetz, 1979) to attribution approaches to leadership (Calder, 1977). Though all of these theories

tend to neglect the cultural impact of leadership, they do demonstrate a growing recognition of understanding based more on sentiment and symbolism. They also provide us with some guiding elements for determining who the cultural leaders may be, as they may have distinctive personal traits, exhibit specific behaviours and be more emergent and effective in specific contexts, especially when there is greater attribution from followers (Trice & Beyer, 1993). These instrumental theories of leadership also alert us to the social nature of leadership and the requirement for three essential components: leaders, followers and situations (Hollander, 1978).

Another key feature of organisational leadership, which perhaps holds true more for cultural rather than purely instrumental leadership, is that individuals do not have to be managers to be leaders (Trice & Beyer, 1993). Informal leadership roles emerge in organisations often to complete functions that are not being carried out by formal leadership, and at times to pursue other norms or goals for the group. Though it is possible to be both a manager and leader it is also important to acknowledge not all managers are cultural leaders as many are not capable of, or successful at, influencing shared ideologies or the expressive behaviours that represent them (Trice & Beyer, 1993).

Charismatic leadership theory (Weber, 1968) stipulated the importance of leadership in both change and continuity. Though it was charismatic leaders who created social and cultural change, there was an intrinsic requirement for successors to ensure that the changes endured. This distinction is crucial to understanding the totality of cultural leadership where there are at least two forms: cultural innovation, or the creation of culture; and cultural maintenance that ensures cultural practices endure (Trice & Beyer, 1991). This distinction is important as it contrasts with many theorists who focus solely upon cultural innovation; for example the founders of the organisation being charged with establishing the culture (Schein, 1992), or those in the organisation who change them (Bass, 1985; Conger & Kanungo, 1988).

Because of the above differentiation, charismatic leadership theory provides a useful starting point for our examination of cultural leadership (Trice & Beyer, 1991). However, the two are not the same thing and are far from being mutually inclusive. Charismatic leadership can more likely be conceived as a rare form of cultural leadership that likely results in cultural innovation (Trice & Beyer, 1993). As we will discuss in the following sections, there are additional elements that must be present, as cultural leadership tends to be more widespread within organisations than charismatic leadership. In addition to this, we will be covering the core elements of cultural leadership as built upon charismatic leadership theory. This will be followed by an expansion into the specific ways a leader innovates and maintains culture.

Cultural Leadership Theory

It is leadership that creates the opportunity and potential for the creation of culture by the establishment of the groups in which culture develops (Pettigrew, 1979). This process is reciprocal and just as a leader establishes a group as a founder, the group establishes who can lead (Schien, 1992; Hogg, 2003). Furthermore, leaders are often seen as embodying the core beliefs and values of the group as well as expressing the pivotal norms. As such, the way leaders are characterised can reveal much about how the group perceives itself (Buono, Bowdich, & Lewis, 1985).

Due warning has also been given to scholars not to fall victim to the seductive promise that the founder is, in fact, capable of creating an enduring culture based on their personal values and beliefs (Martin et al, 1985). What is instead more likely is that there are serious constraints on this capability, which stem from various organisational forces such as incongruent ideologies with large subsets of employees (Schein, 1983). Operating within these constraints though, are the individuals that do create, change, embody and integrate organisational culture (Trice & Beyer, 1991). These individuals and their behaviour will form the basis of the rest of the chapter where we describe the elements and application of cultural leadership theory as proposed by Trice & Beyer (1991, 1993).

Through the remainder of this chapter we will discuss the various implications of cultural leadership, specifically focusing around the propensity of leaders to either innovate or maintain culture. However, to understand the phenomena it is important to understand the elements of a cultural leader, these are: personal qualities; perceived situation; vision and mission; follower attributes; leader behaviour; performance; administrative actions; use of cultural forms and the use of cultural tradition (Trice & Beyer, 1991). The elements of this theory are formed from, and as an extension to, charismatic leadership theory (Weber, 1968) but are expanded by Trice & Beyer (1991) to provide a more comprehensive breakdown of this leadership practice; one that embraces the leader, the follower and the situation. They will also serve as a useful taxonomy for describing in detail how cultural leaders innovate and maintain organisational culture (see Table 1).

It is important when discussing cultural leadership to understand its distinction from instrumental leadership, which is concerned with how leaders influence work accomplishment in organisations. This is contrasted and complemented with cultural leadership which is concerned with the influence of organisational ideologies and the corresponding expressive behaviour. Cultural leadership, therefore, acts as a greater extension of leadership where influence over understanding and meaning creates value by the resulting behaviours (Trice & Beyer, 1993). Just as cultural leadership can exist with, or outside of, instrumental leadership; it can also exist outside the traditional constraints of organisational structures and hierarchy. Because of this existence outside formal leadership, it can make the concept even more elusive and a challenging topic to study. Yet, its powerful and dispersed presence is one of great importance to organisations. In the following two sub-sections we will discuss and demonstrate how cultural leadership occurs in the form of cultural innovation that creates and changes, and cultural maintenance that embodies and integrates.

Table 1: Some Hypothesized Links Between Elements of Cultural Leadership and Consequences for Culture

Elements of Cultural Leadership	Consequences for Culture	
	Innovation	Maintenance
1. Personal Qualities	Self-confidence Dominant Strong convictions Evangelist Dramatic/expressive	Confidence in group Facilitator Strong convictions Catalyst Persuasive
2. Perceived Situation	Crisis	No crisis, or a manageable one
3. Vision and Mission	Radical ideology	Conservative ideology
4. Follower Attributions	That the leader has extraordinary qualities needed to deal with the crisis	That the leader represents existing values that were successful in the past
5. Leader Behaviour	Effective role model Creates impression of success and competence Articulates Ideology Communicated high expectations and confidence in followers Motivates	Effective role model Creates impression of success and competence Articulates Ideology Communicated high expectations and confidence in followers Motivates
6. Performance	Repeated success in managing crisis	Continuation of success
7. Administrative Actions	New structures and strategies; or innovative changes in structure and strategies	Refurbish and strengthen existing structures and strategies; incremental changes in structure and strategies
8. Use of Cultural Forms	Communicates new cultural ideologies and values	Affirms and celebrates existing cultural ideologies and values
9. Use of Tradition	Establishes new traditions	Continues existing traditions

(Trice & Beyer, 1991, p.153)

Cultural Innovation

Utilising some or all of the aforementioned elements of cultural leadership (see Table 1), the cultural leader has the opportunity either to help create new, or to change existing cultural ideologies and forms within the organisational context. Though not all elements are required, the presence of each makes the outcome more likely. In this section I will address how each of the elements can contribute to cultural innovation.

As popularised by common perceptions of leadership and formalised by trait theory, the capacity to lead cultural innovation can be attributed in part to personal qualities. As suggested by House (1977), the charismatic leader is dominant, self-confident and has a strong conviction for the righteousness of their beliefs. Though it has been acknowledged that charismatic leadership and cultural leadership are not mutually inclusive, those who are able to create or change culture are more likely to possess charismatic leadership qualities (Trice & Beyer, 1993). These qualities would prove invaluable to a cultural leader in their capacity to sustain followership to ideas that seem radical and counter-cultural. Weick (1979) expressed similar ideas suggesting that to achieve cultural innovation, managers should be evangelists and therefore highly expressive both in speech and action.

Many accounts of charismatic leadership emphasise that it is most prevalent and well received during times of crisis (Conger & Kanungo, 1988). As such, cultural innovation is more likely to successfully occur when followers perceive peril in the current state of affairs and hence are more attracted to those who offer change. As will be demonstrated in chapter four, cultural innovation and maintenance are crucial components of successful integration during mergers, which are often considered to be the most dilemmatic and crisis-inspiring processes an organisation can undergo (Buono et al., 1985).

Cultural innovation is often attempted in order to be driven through the use of vision and mission statements (Trice & Beyer, 1991). To actively create new culture often takes a radical shift in ideology in order to attract, unite and retain followers of

that mission. Because of the differences between old and new mission and vision statements, new values and norms are often required in order to support the new belief and meaning systems of the organisation. A new vision must be responsive to the crisis that is driving the need for change in order for followers to buy into the innovation.

This leads us to the next element of cultural leadership - that the emergence of any leadership is dependent on the attribution of this leadership by followers (Calder, 1977). This can be understood as the combined synergy of the previous elements whereby the follower perceives that the personal qualities of the leader and the radical ideas he or she presents, will provide an effective means of dealing with the current observed crisis.

The next element of crucial understanding is that of the leadership behaviours that lend themselves to the creation of culture. Again we can turn to charismatic leadership theory in order to determine some of these behaviours. House (1977) stipulated that leaders must behave as role models, create impressions of competence, articulate high expectations, vision, confidence, and finally engage in motive-arousing behaviours. Engagement in these behaviours, though, may not in itself create cultural innovation, but they do enhance the medium through which culture can be created and, hence, facilitate transitions and decrease resistance to new aspects of organisational culture.

In addition, it is performance; achieving organisational goals, that can act as the supporting structure for leadership and, in particular, charismatic leadership that creates cultural innovation. As well as acting as a source of validation to novel and radical ideologies, performance also provides legitimacy to the leaders' influence over followers and eventually culture (House, 1977). As performance is often constructed by the perceptions of the followers in regards to their expectations for a given context, the cultural leader can often utilise this by simply choosing achievable goals under which to gain the legitimacy of performance (Trice & Bayer, 1991).

One thing that has emerged from empirical research is that cultural innovation

invariably involves structural change when applied to an existing organisation. This and other administrative actions are crucial for leaders in the creation of culture. Weber (1968) stipulated that for a charismatic vision to be realised, the administrative apparatuses of the organisation must align with it, and this applies equally with cultural leadership.

A cultural leader will also try to use the generic building blocks of organisational culture in order to create cultural innovation. The use of cultural forms like stories, rites, rewards, symbols and cultural meanings (Martin, 2002) are emphasised to followers and effectively communicated and celebrated. The use of these allows leaders at the top of the organisation to embed in them the cultural ideals that lead to valuable company outcomes. This could be achieved through the use of rites of degradation to excommunicate staff, or rites of celebration that create unity among staff, allowing for the perpetuation of the stories and the ideals that go along with them (Trice & Beyer, 1984). Should these forms be perpetuated successfully, they may establish themselves as cultural tradition. This routinisation of leadership can create self-perpetuating actions within organisations that spread through the aforementioned stories (Trice & Beyer, 1991). Through the use of these stories and a sense of urgency, traditions can quickly be created and diffused through the organisation.

From the above discussion it can be observed that although charismatic leadership and cultural innovation have much in common, they are not synonymous ideas. As the practice of cultural innovation can occur without all of the charismatic elements (i.e. perceived situation, leader's vision, attribution by the followers and performance) and because charismatic leadership often fails to innovate culture due to poor implementation of administrative actions, cultural forms and traditions, there is a need to distinguish between the two concepts. What we can observe is that it is the routinisation of the cultural leadership that is necessary for the creation of innovation. Some leaders who are perhaps not charismatic are able to engage in cultural innovation, though perhaps not as effectively. We can also begin to see how cultural leaders in organisations may innovate cultures during a merger.

Cultural Maintenance

Many empirical studies of cultural change initiatives have demonstrated that the majority of projects fail to create enduring change (e.g. Jermier, 1991; Siehl, 1985). This holds particularly true on occasions where implementation was undertaken through an overly top-down methodology. Cultural maintenance, it seems, is lacking from the majority of interventions by executive teams. Furthermore, an inherent misunderstanding of where this maintenance can and should come from often dooms these interventions to failure as executives fail to take into account existing cultures and the inherent difficulties associated with changing them (Reichers & Schneider, 1990). In this section we will demonstrate the various means through which organisational actors perpetuate existing cultural ideologies and forms and the implications this has on organisational behaviour. To this end, we will again be referring back to the elements of cultural leadership while identifying how the behaviour sets that maintain culture vary and are common to those that innovate culture.

The first of these elements is the personal qualities possessed by the individual. In contrast to a more charismatic leader who draws upon himself to inspire the group, the cultural leader that maintains organisational culture should be much more group-centric; generally demonstrating confidence in the group while acting as a facilitator of the culture. Though it is likely the leader has strong convictions, they are in line with current cultural ideals and thus are only present to preserve them (Trice & Beyer, 1991). One way of further understanding how leaders maintain culture through embodiment is the idea of heroic leadership (Deal & Kennedy, 1982). These are the individuals generally understood by the employees of the organisation to be corporate 'right stuff' and, therefore, embody the cultural ideologies of the organisation. Typically these people are not positioned as managers but rather specialised individuals whose role is crucial to the success of the organisation. These individuals are able to perpetuate and maintain the culture by their presence at the forefront of how other employees perceive the organisation.

The presence of cultural maintenance is more likely to be observed and required in different organisational contexts or perceived situations. It generally allows one of two scenarios: either there is no crisis perceived by followers; or it is perceived that the existing culture can cope with whatever crisis is presented (Trice & Beyer, 1991). Though I was unable to locate any empirical evidence, I expect the latter is often the scenario more common to acquisitions where the purchasing firm perceives that its organisational culture can, and should, endure any cultural impact by the acquired firm. In this situation, cultural leaders who embody corporate ideologies should be put to the forefront while employees evaluate the cultural standing of the organisation against that of the acquired firm. The acknowledgement of those who maintain culture has also been historically weak; with those that change culture generally being rewarded and those that maintain it not being noticed (Trice & Beyer, 1993).

Another consideration that is important for a leader who is attempting to maintain culture is that of follower attribution (Trice & Beyer, 1993). It is important that followers attribute to the cultural leaders the same ideological standing that is inherent in their own perception of the culture. Though the other elements of cultural leadership (leader behaviour, administrative actions and performance) are important to cultural maintenance, they seem to be less differentiated from cultural innovation in their application. Regardless, their presence is by no means less relevant to the effective maintenance of cultural ideologies and manifestations.

We have now comprehensively described Trice & Beyer's (1991, 1993) cultural leadership theory, including the ways in which leaders could both change or create culture as well as perpetuate it. We have seen the importance of both innovation and maintenance and how it might be cultivated within firms. The following chapter will seek to highlight the context of the merger and its relationship to organisation culture. Using our current understanding of cultural leadership as well as our more holistic understanding of culture, we will then see where cultural leadership theory is lacking and how it can be more readily applied in the context of a merger.

Chapter 3: Mergers and Culture

Trends in Mergers

The discourse of both mergers (Cummings & Riad, 2007) and culture (Martin, 2002; Martin & Frost 1996) strongly identify with the metaphor of war. It is, therefore, no surprise that attempting to research both simultaneously results in an inner battle between competing ideas and the requirement for a dramatic paradigm shift. This manifests itself in the challenge required of organisations engaged in mergers to identify with acquirers or the acquired as more than 'targets' or 'the enemy' and to treat them as potentially harmonious partners. Similarly, it also requires theorists to perceive mergers as more than simply a requirement to integrate cultures and to instead acknowledge the complexities of culture as a potential fragmented or differentiated phenomenon as well. In this dissertation we will discuss both merger and culture literature in order to paint a contextual picture of the environment in which we want to understand leadership. It will primarily address firms in which a culture has already been created. Though I acknowledge the importance of the founder in establishing organisational culture in new companies (Schein, 1992), I wish to bring attention instead to the ways in which leadership throughout a company changes and maintains its culture.

Numerous and important trends have driven the requirement for a greater understanding of mergers, and specifically culture, during mergers. Widespread deregulation and privatisation means that mergers and acquisitions are increasingly pervasive throughout all countries, industries and culture. No one is left untouched and, hence, there is much to gain and to lose (Angwin, 2007). In addition, companies are also attempting integration at a faster pace with organisations moving onto their next acquirement while the previous one is still being processed. These factors and others result in mergers that are predominantly about realising synergies and active rationalisation. This economy-driven motivation results in a turbulent integration process characterised by conflict of interest, organisational

resistance and tensions, while both companies engage in various power plays (Angwin & Vaara, 2005).

These factors, among others, have led to a large body of literature with different perspectives on the nature of mergers, their consequences and the way in which they should be managed. A strategic perspective typically focuses on how to exploit and create synergistic benefits (e.g. Larsson & Finkelstein, 1999) or on the transference of capabilities between the firms (Haspeslagh, Philippe, and Jemison, 1991). Financial and accounting perspectives analyse the ways in which equity and ownership structures can influence the merger process (Whittington & Bates, 2007). Many scholars have taken a cultural perspective on mergers in order to analyse the more human side of the process (e.g. Cartwright & Cooper, 1993; Schweiger & DeNisi, 1991; Buono & Bowditch, 1989). These studies have illuminated the social costs to individuals and groups that can occur within merging organisations, and helped provide explanations for organisational resistance and poor firm performance.

However, though the literature has suggested that mergers be limited to firms with aligned cultures (Weber, 1996), there will inevitably be cultural misalignments between two firms as each culture is uniquely shaped by its members' shared history and experiences (Schein, 1992). As such, organisations will continually face cultural differences that need to be clarified and managed so as to minimise or avoid cultural clashes (Schweiger & Goulet, 2005). Cultural leadership (Trice & Beyer, 1991, 1993) provides a theoretical framework for engaging with these cultural issues in the merger context and this will be further investigated in the next chapter. In the next section, we will be looking at the various perspectives of organisational culture and the various ways scholars have defined it.

Organisational Culture

Scholars typically take one of two ways to approach and understand organisational culture. There are those who adopt a functionalist view and understand culture as a variable in the organisational equation; and there are those who adopt a view of

culture as a root metaphor that describes the organisation (Smircich, 1983). The first view makes sense of culture by examining the various 'cultural traits' that comprise the system of shared values, beliefs and meaning (Alvesson, 1993). In contrast, the understanding garnered from observing culture as a root metaphor allows the researcher to understand the organisation in more of an expressive, ideational and symbolic phenomenon (Smircich, 1983).

Some scholars propose that culture is not a metaphor at all. For example, Trice & Beyer (1993) assert that "cultures exist; they are naturally occurring, real systems of thought, feeling, and behaviour that inevitably result from sustained human interactions" (p.21). Both the metaphors and functional perspectives have their merit, indeed many researchers tend to fall between the two perspectives in an attempt to mitigate the flaws of each. One problem is that organisational culture doesn't lend itself to strict variable thinking; in that cultural concepts – rites, stories, values etc. – are not readily quantifiable. But on the counter side of the equation, the root metaphor leaves little for garnering meaning which might be useful to understanding the economic nature of organisations; where the external environment, material conditions and performance are all relevant yet poorly addressed by a pure cultural perspective of the firm.

The cultural perspective has become the primary lens through which scholars interpret issues regarding organisational integration in mergers. The power of organisational culture to explain the difficulties in finding connection and synergies between values, beliefs and norms makes it a perspective useful for the development of meaning as well as the creation of potential solutions (Alvesson, 1993). In understanding the true potency of the cultural metaphor, no context facilitates a greater vantage point for viewing organisational culture than that of a merger (Buono et al., 1985). Furthermore, it is the crisis created by the clashing of cultures during a merger that is best able to expose leadership as followers look to those charismatic leaders who are deemed best able to deal with the crisis (Trice & Beyer, 1991).

Although organisational culture has itself been described as a metaphor (Alvesson, 1993), scholars often use metaphors in order to establish and understand different perspectives on the concept. For example, culture can be viewed as a phenomenon that regulates exchanges (Wilkins & Ouchi, 1983), as a compass for the organisation (Wiener, 1988) or even as blinders that create a psychic prison (Morgan, 1986). What is perhaps the most common expression for understanding culture, however, is as a 'social glue' (Alvesson, 1993). This view observes culture as a phenomenon that aids the avoidance of conflict, fragmentation and other company turmoil and instead attempts to create company consensus and harmony. Some view this state of harmony as not only possible but as the natural organisational state, as is proposed in the integrative approach (Martin & Meyerson, 1988; Martin, 2002). Perhaps more sceptically, the social glue perspective on culture has also been stipulated as the final frontier of control (Ray, 1986), whereby senior management attempt to establish direct ties between the employee and company values and goals, with the further hope of increasing company loyalty. The 'social glue' metaphor does, however, help us to establish an understanding of what cultural leadership may try to create.

Martin (2002) asserts that organisational culture research typically stems from one of three perspectives: integration, differentiation and fragmentation. The most longstanding and conventional perspective – integration, characterises organisational culture by consensus and clarity. Where the group is defined by its shared values and norms, any deviations from these are seen as regrettable shortfalls in the culture. This emphasises the highly normative nature of this perspective where individuals who conform to specific ideologies are seen as ideal. The nature of this has been explained by Schein (1991) as follows:

What this 'model' does say, however, is that only what is shared is, by definition, cultural. It does not make sense, therefore, to think about high or low consensus cultures, or cultures of ambiguity or conflict. If there is no consensus or if things are ambiguous, then, by definition, that group does not have a culture with regard to those things. (p. 247-248)

Contrasting with this, a differentiation perspective focuses on the inconsistencies of cultural manifestations. "Differentiation studies, unlike integration studies, generally view differences, including inconsistencies, as inescapable and desirable, both descriptively and normatively" (Martin, 2002, p.102). This differentiation is characterised by different subculture groups within the organisation. Some studies have emphasised relative harmony between subculture groups (e.g. Trice & Beyer, 1993), while others have stressed the inconsistencies (e.g. Brunsson, 1985; Mumby, 1988).

The third view that Martin (2002) acknowledges is the fragmentation perspective, which focuses on ambiguity and moves beyond the consistency of the integrated view, or the inconsistency of a differentiation view. Instead, fragmentation studies focus on irreconcilable tensions, irony or paradox (Schultz, 1992). Studies of this view often identify abnormal and problematic voids which ideally should be filled with meaning and clarity (Meyerson, 1991). Despite the problematic approach, researchers still try to find commonality in organisation members:

Culture does not necessarily imply a uniformity of values. Indeed quite different values may be displayed by people of the same culture. In such an instance, what is it that holds together the members of the organisation? I suggest that we look to the existence of a common frame of reference or a shared recognition of relevant issues (Feldman, 1991, p.154).

There are many competing ways in which academics have tried to define culture in the past. Those elements which potentially unify many theorists also divide the ideas of others. One such factor is the idea of culture being shared. For example, Sathe (1985) asserted that "culture is the set of important understandings (often unstated) that members of a community share in common" (p.6). Davis (1984) concurs with; "culture is the pattern of shared beliefs and values that give members of an institution meaning, and provide them with the rules for behaviour in their organisation" (p.1). Though not all scholars give credence to the idea that cultural ideologies and forms are shared among those who are part of the culture (e.g. Meyerson, 1991), it does form a unifying base for many of the definitions used for

making sense of culture (e.g Louis, 1985; Davis, 1984).

An additional element of culture that is both common and contested is the role of material manifestation. Some scholars take the stance that physical elements such as the contrasting interior of a manufacturing floor and an executive office are as much a component of organisational culture as the underlying ideologies and beliefs of the group (e.g. Mills, 1988; Sergiovanni & Corbally, 1984). In contrast, some take these physical and overtly present elements as pure manifestations of the underlying ideologies and hence important to acknowledge, but not intrinsically part of culture. Regardless, both parties agree that it is necessary to examine the material conditions if we are to achieve an understanding of the cultural context (Martin, 2002).

Another element often used to describe cultures is their inherent uniqueness. This features in many popular scholars' definitions (e.g. Schein, 1985), however, it is omitted or even directly contested by many others (e.g. Martin, 1992; 2002; Trice & Beyer, 1984; Van Maanen & Barley, 1985). Unfortunate as it might seem, to have no clear answer evolving from large amounts of research, we can choose to develop a definition that best appropriates our personal sense-making of the phenomena, as long as we remember to bear in mind competing ideas and understandings when attempting to establish generalisations. For the purpose of the remainder of this dissertation, the definition of culture most in line with my current interpretation was presented by Trice & Beyer (1993):

Cultures are collective phenomena that embody people's responses to the uncertainties and chaos that are inevitable in human experience. These responses fall into two major categories. This first is the substance of a culture – shared, emotionally charged belief systems we call ideologies. The second is cultural forms – observable entities, including actions, through which members of a culture express, affirm, and communicate the substance of their culture to one another (p.2).

As shown above there are numerous perspectives (See: Alvesson, 1993 for summary) as well as potential definitions (See: Martin, 2002, p.57 for summary)

used by scholars for understanding organisational cultures. The majority of these views, however, all reflect that cultures are a collectively shared, emotionally charged, historically based, inherently symbolic, dynamic and fuzzy phenomena present in all organisations (Trice & Beyer, 1993). Furthermore, cultures are a collective phenomenon that enable us to characterise how individual actors respond to uncertainties, an idea that further reveals the potency of the merger context (Buono et al., 1985). In this dissertation it is useful for us to observe culture as comprised of two broad components: the cultural substances or the shared belief systems commonly conceptualised as ideologies; and the superficial cultural forms which are comprised of the observable entities that allow actors to express and communicate the substance of their culture (Trice & Beyer, 1993). The repertoires of cultural forms used to express cultural ideologies are at the forefront of a functionalist perspective. It is also important to think about the underlying ideologies that influence these forms when engaging in research (Alvesson, 1993). In addition, although Alvesson (1993) goes on to discredit whether management can control culture at all, this dissertation will continue to look at and observe how, as demonstrated by Trice & Beyer (1985, 1991, 1993) and in the previous chapter, there is a potential for management to be able to step above culture and influence it.

Cultural Change

Inherent in the majority of cultural change research is a normative and instrumental bias (Alvesson, 1993). In general, change is viewed through a managerial practitioner's lens where there is an attempt to consolidate the differences between their current cultural state and what is perceived to be the 'strong' culture that is required (Wilkins & Dyer, 1987). This perspective generally leads to the narrow and instrumental bias that ignores the majority of cultural elements that change within the organisational context (Alvesson, 1993). In addition, it often leads to research that overly focuses on elements that are deemed to directly link with quantifiable company outputs or competitive advantage (e.g. Barney, 1986). This type of research treats culture as a purely normative function that shows people how to behave in juxtaposition to the much more complex influence that culture has

on behaviour, thinking, feeling and sense-making (Alvesson, 1993). In this study, I will primarily seek to understand culture and cultural change from the perspective of post-merger integration. Attempts have been made to avoid viewing culture from the aforementioned normative behaviour, primarily by avoiding rhetoric around the success/failure (Vaara, 2002) of mergers and strong/weak views of culture (Alvesson, 1993).

In referring to change, it is common to ignore the ongoing incremental changes that occur within an organisation as it attempts to maintain its culture (Trice & Beyer, 1993). When the majority of scholars refer to cultural change they are instead referring to planned substantial changes in culture instead of those that occur more spontaneously or to maintain culture. We, therefore, identify cultural change as that which results in real changes in organisational behaviour; whether that be through new rituals, different stories or identifying with new organisational heroes (Deal & Kennedy, 1982). This means that we need to look at both incremental and radical changes within organisations.

The literature has well recognised the employee-level effects that cultural change and degradation can have, particularly upon social identity and group cohesiveness (Hambrick & Cannella, 1993; Hogg & Terry, 2000). The management of social identity and group cohesion is essential if the firm hopes to mitigate their spread to the firm level where they can manifest in talent attrition, absenteeism, low productivity and a general reduction in the economic benefits that the acquisition attempts to gain (Buono & Bowditch, 1989; Ernst & Vitt, 2000; Hambrick & Cannella, 1993; Nygaard & Dahlstrom, 2002; Schweiger & DeNisi, 1991).

In addition, differences between organisational cultures have been shown to have a negative impact on numerous other post-acquisition variables extending even to negative stock market performance (Chatterjee et al, 1992). In any merger, the cultures can typically undergo one of two means of integrating: either the two integrate with no preference given to either culture; or one firm, generally the acquired, becomes a subculture to that which is dominant (Schein, 1992).

One means for conceptualising cultural change is by utilising a triple-perspective view (Martin, 1992). As mentioned in the previous section, culture studies tend to emphasise one of three perspectives of culture: integration; differentiation; or fragmentation (Martin, 2002). Unlike studies that have observed culture as passing from one perspective to another (e.g. Jonsson & Lundin, 1977; Bartunek, 1984), a triple-perspective view acknowledges that at any point in time, all perspectives are relevant to a degree. However there is a distinctive home perspective for any point in time. For example, a start-up may be in a state of fragmentation as it struggles to invent itself. It may then shift towards integration as employees unite together for a specific growth phase or product launch, then, as the company grows and becomes more departmentalised, a differentiation perspective becomes more salient as subcultures begin to dominate. The implications of a triple-perspective view can be seen in the Table 2 below:

Table 2: Implications of the Three Perspectives Regarding Cultural Change

	Perspective		
	Integration	Differentiation	Fragmentation
Role of Leader	Leader centred	Teams of leaders can have secondary influence	Power diffused among individuals and environment (hegemonic discourses)
Role of Environment	Can have some influence but is separate from culture	Environmental influences salient; can be external or enacted	Boundary between environment and organisation is permeable and in constant flux
Action Implications	Top-down control by leaders, or seek culture-strategy fit, or question normative ability to control culture	Little direct advice to managers or subordinate groups	Individual seen as powerless or as able to contribute intellectually to undermining hegemonic discourses

(Martin, 2002, p. 149)

Organisational Identity and Mergers

In addition to the consideration of organisational culture as a group-level understanding of the collectively shared beliefs and norms (Trice & Beyer, 1993), we can turn to organisational identification in order to make sense at the individual level. Some have theorised that organisational identity can influence post-integration outcomes to the same degree that organisational culture can (Zaheer, Schomaker & Genc, 2003). Organisational identity is essentially the relationship that exists between employees and the organisation. It can be defined as the oneness with the organisation that the employee perceives (Mael & Ashforth, 1992), or as the way “members perceive, feel, and think about their organisations” (Martin, 2002, p.113). In contrast to the experienced cultural clashes that occur within organisational mergers (e.g. Buono & Bowditch, 1989), the resulting turbulence can instead be understood as a result of threats to organisational identity. Ironically this often has the greatest effect in so-called “mergers of equals” (Zaheer et al., 2003) where there is the expectation of equality through all aspects of the merger, leading to employees’ inevitable dissatisfaction as their organisational identity is threatened at each turn.

Theorists define culture and organisational identity as intrinsically linked with organisational culture being “the internal symbolic context for the development and maintenance of organisational identity” (Hatch & Shultz, 1997, p.6). The degree of identification can also be understood as the extent to which an individual perceives the defining characteristics of organisational culture as his or her own (Mael & Ashforth, 1992). Another way of conceiving organisational identity is as a perceptual or micro perspective (Mael & Ashforth, 1992); in contrast with culture which has typically focused on the macro level (Alvesson, 1993). Considered this way we can recognise the idea that an individual’s identification or disidentification with cultural elements can be greatly challenged by the merger context where these elements will most certainly change to some extent.

Criticisms of the Traditional Cultural Perspective

Over the past two decades there has been a growing recognition of the importance of sense-making of the organisational context through a focus upon language and discourse (Riad, 2007; Vaara, 2002; Czarniawska, 1997). As illustrated by Riad's (2007) study on the merging of two New Zealand public sector firms, it is often of greater utility to the researcher to analyse talk, practices and interactions as opposed to operating under the presumption that we have access to people's individual social constructions. This problematises much of the traditional cultural research that examines the substance (e.g. Trice & Beyer, 1993) of organisational culture as well as its expressive forms. A more discursive approach as demonstrated in Riad's (2007) work can perhaps be used to make better sense of a more accessible reality of the nature of mergers. This is greatly demonstrated in Cummings & Riad's (2007) analysis of 'war speak' discourse during mergers. We see that the language describing mergers tends to evoke hostility even if the intended outcome is harmony. This demonstrates a consistent disconnect between that which we say and that which we want to achieve. Though not yet empirically analysed, there is capacity for cultural leadership research to acknowledge the potential aid that promoting a more harmonious discourse could offer.

A large portion of the criticism of cultural research stems from its western centrism (Alvesson, 1993) where many elements of culture are taken for granted. This is best expressed by Gregory (1983) who asserts that organisational culture research often says "more about the culture of the researchers than the researched" (p.359). This is exemplified in all but a few studies that manage to step outside the constraints of the management paradigm (e.g. Smircich, 1985). This sculpting of the cultural concept to fit instrumental requirements, in addition to an inherent western bias, has led to a pool of research that, although it may offer pragmatic solutions, has not created a full understanding of our organisational cultures and the forces that act on them.

Given what we now know about the complexities of organisational culture and mergers, the following section will again look at cultural leadership but applied to the merger context. We will be looking to apply the new understanding to better acknowledge the limitations of the theory and see how it can be potentially improved.

Chapter 4: Cultural Leadership in Mergers

The preceding review has demonstrated that the leadership of cultures potentially plays an instrumental role in the integration of cultures in a merger context. Along a similar line to cultural leadership, Nemanich & Keller (2007) demonstrated the relationship between subordinate performance and satisfaction in the context of a merger or acquisition. They also brought to light that it was not just the instrumental effects of the leader that enabled this, but rather a combination between the instrumental actions and the climate created by the leader. It is this second element that cultural leadership enables us to understand. In this chapter, I will be investigating specifically how cultural leadership both innovates and maintains culture during a merger, the implications of this for organisations, as well as addressing the various studies of the phenomenon.

A merger context provides an environment of complex cultural change that requires interplay of both cultural innovation and maintenance so that, as stipulated by Bligh (2006), “leaders can help followers negotiate, modify and manage cultural similarities and differences in the post-merger environment”. As with Bligh’s (2006) piece, the following sections will explore cultural innovation and maintenance from a more pragmatic perspective. Table 3 outlines the functions of cultural leadership that make up the following four sections. It describes the relationship to the core organisational and post-merger problem. These will be explained in more detail and with examples in the following sections.

Following on from the theoretical underpinnings established by Trice and Beyer (1991, 1993), I will focus on the more pragmatic processes that cultural leaders can engage with in order to attract followers, replace old elements, and reconcile differences, all while maintaining a vital culture. To do this, and as asserted by Cummings & Riad (2007), there may be a requirement to look for ‘post heroic’ (Handy, 1989) leadership for dealing with the merger context, where the leader is more concerned with the development of others than his or her own Herculean

efforts. It is with this in mind that recommendations are due not just to senior management but to all potential cultural leaders that are often widely dispersed throughout the merging organisations, both in formal and informal leadership roles (Trice & Beyer, 1993).

Table 3: Variants of Cultural leadership in a Post-Merger Context

Cultural Innovation		Cultural Maintenance	
Leadership that Creates	Leadership that Changes	Leadership that Integrates	Leadership that Embodies
<i>Core organisational problem:</i> To attract followers and unite them	<i>Core organisational problem:</i> To weaken and replace elements of the old culture	<i>Core organisational problem:</i> To reconcile diverse interests of subculture: vital	<i>Core organisational problem:</i> To keep existing culture
<i>Core post-merger problem:</i> Letting go of the old to prepare for the new	<i>Core post-merger problem:</i> Weakening and replacing the old to move forward	<i>Core post-merger problem:</i> Reconciling differences between the old and the new	<i>Core post-merger problem:</i> Establishing and affirming new cultural elements
<ul style="list-style-type: none"> • Recognises historical differences • Provides outlets for loss and renewal • Fosters expectations of both challenges and opportunities 	<ul style="list-style-type: none"> • Articulates an ideology for change • Creates ongoing momentum for the change process • Utilises the symbolism of the mundane • Role models a commitment to the change 	<ul style="list-style-type: none"> • Actively team-builds across previous site memberships • Utilises employee input into post-merger changes • Communicates informally about cultural differences 	

(Bligh, 2006, p.404)

The following sections will be split into the four variants of cultural leadership that are subsumed under our two general categories: cultural maintenance and cultural innovation. Under cultural innovation Trice & Beyer (1993) observed leadership

that creates culture; in effect providing new cultural substance to the organisation, and leadership that changes cultures; the accomplishment, not of endemic change, but rather that which consciously promotes different ideologies and forms. Under cultural maintenance they identify leadership that integrates: the mitigation of tensions between subculture groups and leadership that embodies; those leader actions that advance and protect prevailing ideologies of their groups. The following use the above variants as a framework for analysing cultural leadership in the merger context.

Cultural Innovation in Mergers

Leadership That Creates

Organisational cultures are created when leaders set social processes in motion to achieve their visions of what their organisation should be like and what they should try to accomplish (Trice & Beyer, 1993, p.264).

Bligh (2006) establishes that one of the core activities of those hoping to attract and unite their followers is to recognise the historical cultural differences which exist between the two cultural entities. An in-depth knowledge of the variation between cultures allows a cultural leader to identify the cultural elements that are shared and, therefore, seem to create unity. This reconciling of beliefs forms a powerful tool that can only be leveraged through an in-depth understanding of the historical cultural ideologies and expressions of both organisations.

It has been established that mergers are a major source of trauma and loss for many involved (e.g. Buono et al., 1985). One aspect of cultural innovation and particularly in creating culture that unites followers (Trice & Beyer 1993), is the idea of leadership providing outlets for loss and renewal (Bligh, 2006). The beneficial outcomes of simply recognising, understanding and identifying with the emotional experience of undergoing a consolidation can be easily realised through decreased attrition and greater work satisfaction. However, there are greater organisational benefits that can be created through cultural leadership that also challenges employees to use anger and distress to cultivate a “renewed focus on making their

work situation better for themselves, their co-workers, and their customers” (Bligh, 2006, p.407).

Leadership that Changes

A key action to be adopted by leadership within a merging organisation is the clear articulation of the ideology for change (Bligh, 2006). This needs to act as a framework for employees that effectively explains how cultural differences will be resolved, it also needs to reflect how there will be benefits for both employees and the organisation. It needs to be emphasised as not simply a corporate ideology, but as a shared ideology to be utilised by employees to create a better culture. The ability to clearly articulate ideology is reminiscent of the aforementioned ability of the cultural innovators to articulate mission and vision in response to a perceived crisis (Trice & Beyer, 1991). Except, the process and requirements are more complex in their need to address the interests of multiple organisations. In addition, it is also the responsibility of the cultural leader to maintain the momentum of change processes (Bligh, 2006). This helps retain employee commitment to the cause and provides confidence that the outcomes will undoubtedly occur.

As established by Trice & Beyer (1991), cultural leadership often occurs through symbolic activities within mundane and informal channels. Bligh (2006) asserted that during a merger context, organisational events are attributed more symbolic significance than the event itself would typically denote. The cultural leader must therefore ensure that he or she is ‘walking the talk’ and reflecting the underlying ideologies they are articulating, even for the most mundane tasks. This notion builds Schein’s (1985) understanding that formal elements like physical site design and explicit reward systems impact on culture. We can extend it to conclude, that in addition to these, a cultural leader must understand the effects of more mundane everyday elements and scenarios. The idea was further elaborated on by Bligh (2006) in her assertion that in addition to using mundane activities as symbolism for cultural change, they must also act as role models in all aspects of their behaviour. Particularly crucial to the merger process is behaviour that embraces change, emphasises integration success and the modelling of new cultural values.

Cultural Maintenance in Mergers

Leadership That Integrates

An important act of the cultural leader is how they treat members across both organisations. They must pursue active team building across previous site memberships (Bligh, 2006). Often members feel ostracised or stereotyped when they are introduced to a new environment. This can result in counterculture formation all the way to corporate sabotage. The cultural leader, therefore, must ensure equality of treatment across teams and monitor team building to ensure stereotype reinforcement is mitigated. In addition, it is important that this and all other integration processes are enhanced by utilising employee input (Bligh, 2006). Establishing channels for employee input helps create buy-in and ownership of new cultural forms, as well as aiding the remedy of cultural variation.

Another leadership activity to facilitate integration is the utilisation of informal communication channels to communicate cultural differences (Bligh, 2006). This slightly contrasts with what Trice and Beyer (1993) stipulated regarding the formal communication of high expectations and follower confidence. Instead what may be required is one-on-one informal contact with members who anticipate cultural differences. It is the cultural leaders' responsibility to create this informal time so that members feel that they can voice their concerns in an informal manner in addition to downward communication of concerns by the leaders themselves.

Leadership that Embodies

As stipulated by Bligh (2006), leadership that embodies or 'keeps the culture vital' (Trice & Beyer, 1993) is perhaps less of a salient cultural leadership activity than that which creates, changes and integrates, at least during some stages in the organisational life cycle. However, there is still much to be gained in mergers through leaders who are able to preserve and embody existing cultures, even if this is not entirely consistent with creating an integrative platform for the organisation.

For example, in some acquisitions there is an objective of maintaining subcultures within the newly acquired business unit. Within these groups there are those whose

role it is to embody and preserve existing cultures. These are the individuals who sustain the group's mission, role and commitment to the organisation. They must embody their organisation's value and identity by defending the group's integrity and ideology to make them as secure as possible from forces that may alienate them (Trice & Beyer, 1993). This is similar to institutional leadership theory (Selznick, 1957) which discussed formally designated leaders who embodied their organisation's cultures. They were individuals who generally knew the company well, were long-term members but typically not charismatic or transformational in nature.

Extending Cultural Leadership

The above exposition of cultural leadership in the merger context fully encompasses the perspectives and ideas that became present in the second chapter. Martin (2002) addresses how the three different perspectives on culture – integration, differentiation and fragmentation, are all more salient to understanding organisation events at different stages in the organisational life cycle. During the majority of merger processes, there is usually a focus on the integrative perspective that places emphasis on “those manifestations of culture that have mutually consistent interpretation” (Martin, 2002, p.94). It is generally the interest of the majority of firms to attempt to ‘integrate’ culture and place emphasis on shared values. This differentiates from the other perspectives; a differential perspective where manifestations vary through different subcultures, or a fragmentation perspective which views cultural manifestations as ambiguously related to each other. Both these other views will require a new understanding of leadership.

Chapter 5: Conclusions

This dissertation has shown that organisations have much to gain from effectively utilising cultural leadership. We have demonstrated that this is of even greater importance during times of crisis and particularly in the case of a merger. We have seen that though cultural integration has been cited as the greatest challenge facing organisations (Troiano, 1999), a number of ways have been established for lessening the casualties that inherently emerge from cultural clashes between merging organisations (e.g. Bligh, 2006). We discussed the ways in which cultural leadership could create, change, integrate and embody organisational culture, such that two merging organisations could mitigate the significant challenges that will inevitably exist during this process.

This dissertation found that although there are many different perspectives and understandings of leadership and culture, one can still gain a lot of insight into where we can pragmatically move forward in both our own behaviour as managers and consultants, and our understanding of organisations. When we bring focus to the rigour of organisational cultural studies in addressing the various lenses for understanding the phenomena – integration, differentiation and fragmentation (Martin, 2002) – we can see that there is much useful knowledge that can be transferred to the cultural leadership field in order to enable it to work more effectively. Likewise, by bringing a pragmatic approach that examines the processes by which integration can be achieved by managers, the organisational culture literature has a lot to gain from the influence of leadership practices (e.g. Bligh, 2006).

Practical Implications

Bligh (2006) explains how cultural leadership might be able to lessen the casualties caused by cultural clashes in mergers. This dissertation reinforces this idea and suggests that leaders within organisations must actively engage with cultural ideas if they are to influence existing cultural forms or establish new ones. This

knowledge is particularly relevant for firms making either redundancy decisions or developing integration teams during mergers. It is crucial to understand the complex interplay of cultures and the individuals that lead them so that integration can proceed as constructively as possible. There is the potential for cultural elements to be either maintained or neutralised, given certain decisions with redundancy and integration team formation. As with other research in this area, this dissertation has emphasised the importance of identifying and utilising cultural leaders at all times, rather than waiting for a time of crisis.

Though this research has demonstrated that cultural leadership can be an effective means of aiding cultural integration, it must also be considered that cultural leadership has the same capacity to create cultural dissention and the formation of subcultures or even counter-cultures (Martin & Siehl, 1983). This reflects the need to understand that there is often differentiation within organisational cultures that needs to be understood by those who wish to influence it.

Limitations

A key limitation to engaging with the merger literature from a specific perspective, such as organisational behaviour, is the inevitable exclusion of other factors that influence the merger process. This research does not attempt to cover the strategic intent of mergers, the financial procedures or the legal ramifications surrounding them (Angwin, 2007). Therefore, this research faces the limitation of only dealing with a small part of the merger equation – cultural integration. This is significantly different from the reality of practitioners who must simultaneously engage with all aspects of a merger, there is rarely the luxury in the organisational context of being able to separate aspects so as to hermetically engage with only one at a time as academics often do.

Another problematic limitation is whether the research I have worked with is, in fact, generalisable or limited to context-specific knowledge. Avoiding generalisations is often a preferred approach given an assumption that all cultures are unique. A single culture can be conceived as existing in more than one particular

context as well as a single context resulting in a multiplicity of cultures (Martin, 2002). In addition, this dissertation is built around theoretical conclusions and lacks empirical evidence. Though empirical research has been done on this phenomenon in the past (e.g Bligh, 2006), all conclusions drawn from the material should be examined by thorough empirical research.

Future Research

This dissertation has revealed that there is a great need for considerably more empirical exploration. Research specifically observing the phenomenon of cultural leadership is greatly limited and needs to be replicated across multiple industries. Observations of specific managerial actions and their impact on organisations can help with the development of more pragmatic means for improving current integration processes. The use of in-depth ethnographic studies is required to more clearly establish the underlying links between employee satisfaction in mergers and the presence of cultural leadership.

Research must also begin on the various ways in which cultural leadership can be developed so that employees can be educated about the various leadership methods that are effective in facilitating cultural integration in merging organisations. Research also needs to be done in this area to determine whether or not there are differences between how individuals in organisations talk about cultural leadership and whether it reflects the true ability of the leadership to facilitate cultural integration.

As was covered in chapter four, there has traditionally been an emphasis of observing organisational culture from an integrative perspective (Bligh, 2001). As such, there is considerable space for research to be carried out that adopts a triple-perspective approach to research (Martin, 2002). In addition to the integrative examination of culture, the post-merger environment and the appropriate leader behaviours involved in them must be considered from both differential and fragmentation perspectives on culture. This could be conceptualised as a triple perspective view of cultural leadership in mergers and would allow greater insight into not only how leaders integrate groups, but also how they spur subcultures and

create differentiation among members.

In light of my initial objective to conceptualise cultural leadership in the context of a merger, this dissertation has demonstrated the pertinence of the theory as well as exposing some of its shortfalls. Through an exposition of both cultural leadership theory, as well as a wider perspective on culture, we have shown that although there is much to gain from more active leadership in this arena, there is still a lot to learn from an expansion encompassing wider organisational culture theories.

Epilogue

“By the sound of it you don’t really get it yet,” said Gemma, half as a question and half as the truth. I look over at Josh, hoping for some form of reassurance.

“I guess that means you need to stick around then,” he says with a cheeky grin. He’s always trying to get me to stay for another year. I try to be smug, and internally reassure myself that as I depart from my all-too-brief stint in academia, that I am prepared for the work ahead. As a consultant I’m meant to have answers, but at the moment all I have left are more questions; which comes with the territory of writing a dissertation I guess. They are both right in a way, though, how far have I come really? It’s been four years since the Tech Pacific / Ingram Micro merger occurred and it has both haunted and driven me ever since. I’ve been outside the company for eight months now, my longest absence yet, but I still dwell on what happened there and how it could have been done differently.

If I were consulting back in 2004, I certainly would have looked on the situation differently, but I don’t know if I would have been brave enough to handle it another way. There was definitely a lack of leadership shown in the executive, this resulted in the departure of many of those who were the embodiment of the Tech Pacific culture throughout the organisation. There was little attempt made to preserve company loyalty. As a result, the reason for staying disappeared for many people who really mattered. Though we had an ‘integration team’, if I were to do it again I would have made culture preservation, through embodiment and cultural heroes, a top priority. But would that really be enough? It’s not that simple. Some of the people who were brought back in were the embodiment of a differentiated culture. They did not represent the norms and values of Tech Pacific. What would ‘integration’ mean for them? Often they were the embodiment of everything we didn’t want to be. How does integration work for someone like that?

“So I guess I won’t be going to Deloitte next year then,” I say, trying to act like it’s no big deal, “Masters it is.”

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