Managing integration of organizational culture within acquisitions

A Case Study on a Swedish business consulting firm.
Acknowledgements

During the process and the writing of this bachelor thesis, many people have contributed to its completion. Firstly, I would like to express my gratitude to my tutor, Imran Nazir, who has given me great support, feedback and encouragement during the writing of this thesis. Secondly I would like to thank and express my gratitude towards the organization that became my Case, and all its representatives who have participated in this study. Without their valuable time, inputs and contribution as well as advice and encouragement, this thesis would not be what it is today. Moreover, I thank all my friends and family who have supported me throughout this process.

I hereby express deepest gratitude to all of you.

Thank you all.

December 2017, Jönköping

__________________________

Maria Crona
Bachelor Thesis in Business Administration

Title: Managing integration of organizational culture within acquisitions
Author: Maria Crona
Tutor: Imran Nazir
Date: December, 2017
Keywords: Post-Acquisition Management, Organizational Culture Management, Integration Management, Integration of Organizational Culture

Abstract

The amount of acquisitions has been increasing over the last decades and has been used as a growth strategy by firms all over the world. However, more than fifty percent of all acquisitions never deliver the initially expected value, which in many cases is due to poor integration management of the organizational culture in the post-acquisition phase. Where, in contrast, acquisitions which are integrated into the organizational culture of the acquirer, can see a decrease in social conflicts and receive a higher employee commitment. Which in turn can help the acquisition to provide and remain its human capital and value.

With the support of a Swedish business consulting firm, this study hopes to shed light upon how firms integrate organizational culture in the post-acquisition phase, and which integration management tools are used in the process. This study uses a single opportunistic case study combined with a qualitative and an inductive approach, to gather and handle the data. Where the empirical data was mainly collected through interviews. The results of this thesis show that integration of organizational culture in the post-acquisition phase, is mainly managed through supportive leadership and training, in the business consulting firm. Where those main management activities consist of several different integration management tools.
Table of Contents

1 Introduction ......................................................................................... 1
   1.1 Background .................................................................................... 1
   1.2 Problem Formulation ...................................................................... 2
   1.3 Purpose .......................................................................................... 3
   1.4 Research Questions ........................................................................ 4
   1.5 Limitations .................................................................................... 4

2 Theoretical Framework ......................................................................... 5
   2.1 An Introduction to Culture within Organizations ............................ 5
   2.2 An Overview of Acquisitions .......................................................... 6
   2.2.1 Mergers and Acquisitions ............................................................ 6
   2.2.2 Why use Acquisitions as Growth Strategy? ................................. 7
   2.2.3 The Acquisition Process and its Stages ....................................... 8
   2.3 Organizational Culture in Acquisitions ......................................... 10
   2.3.1 Organizational Culture in the Post-Acquisition Phase .................. 10
   2.3.2 Cultural Distance in the Post-Acquisition Phase ......................... 11
   2.4 Integration of Organizational Culture in the Post-Acquisitions ........ 12
   2.4.1 The Process of Integration in the Post-acquisition Phase .............. 12
   2.4.2 Managing Integration in the Post-Acquisition Phase .................... 13
   2.4.2.1 Managing integration of organizational culture ..................... 16
   2.4.2.2 Management tools for organizational culture integration .......... 17
   2.5 Integration Management of Organizational Culture in the Post- Acquisition Phase ........................................................................ 18

3 Method .................................................................................................. 19
   3.1 Research Paradigm .......................................................................... 19
   3.1.1 Philosophical Assumptions .......................................................... 20
   3.1.2 Research Philosophy ................................................................... 21
   3.2 Research Design ............................................................................ 21
   3.2.1 Research Strategy ...................................................................... 22
   3.2.1.1 Case Study ........................................................................... 23
   3.2.1.2 Case Study Design .................................................................. 23
   3.3 Data Collection ............................................................................... 24
   3.3.1 Primary Data ............................................................................... 25
   3.3.1.1 Interviews ............................................................................ 25
   3.3.1.2 Interview Structure ............................................................... 25
   3.3.1.3 Interview Guide .................................................................... 27
   3.3.2 Secondary Data .......................................................................... 27
   3.4 Data Analysis .................................................................................. 28
   3.5 Quality and Ethics of Research ....................................................... 29
   3.5.1 Research Ethics .......................................................................... 30

4 Empirical Findings .............................................................................. 31
   4.1 The History of a Swedish business consulting firm .......................... 31
   4.1.1 Why Do We Need to Grow? ......................................................... 32
   4.1.2 Description of the Managers & Acquisitions of the Case .......... 33
   4.1.3 The emergent of themes ............................................................. 35
   4.2 The choice of Acquisitions ............................................................. 35
   4.3 Acquisitions in our Company so far ................................................. 36
   4.3.1 Clashes of Organizational Cultures ............................................. 37
4.3.1.1 Supervision and Training ................................................................. 38

5 Analysis .................................................................................................. 42
  5.1 Growth through Acquisitions ............................................................ 42
  5.2 Integration Management in Acquisitions ........................................... 43
  5.2.1 Integration management when organizational cultures meet .............. 44
  5.2.2 Integration of organizational culture in the post-acquisition phase ........................................................................... 45
  5.2.2.1 Integration management through supervision and training .................. 46
  5.3 Integration Management of Organizational Culture in The Post-Acquisition Phase ........................................................................ 48

6 Conclusion ............................................................................................. 50

7 Discussion .............................................................................................. 51
  7.1 Limitations .......................................................................................... 51
  7.2 For Practitioners .................................................................................. 51
  7.3 Theoretical Contribution ..................................................................... 52
  7.3.1 Future Research .............................................................................. 52
  7.4 Ethical Implications ............................................................................ 53

8 References .............................................................................................. 54
Figures
Figure 1 : Table IV M&A process ................................................................. 9
Figure 2 : Post-acquisition integration process........................................ 14
Figure 3 : Employee commitment and integration speed correlation........... 15

Tables
Table 1: Summary of conducted Interviews ............................................. 27
Table 2 : Manager Experience & Amount of Acquisitions ......................... 33

Appendix
Appendix 1: Interview Guide
Appendix 2: The pre-acquisition process and phase of the Case Company
1 Introduction

The aim of this chapter is to provide the reader with an introduction to the researched topic as well as present the identified research gap and purpose of this study, where the focus lies upon the topics of acquisitions and integration of organizational culture.

1.1 Background

Over the last thirty years, Mergers and Acquisitions have been a highly interesting topic for managers of various corporations. Globally, 30 000 acquisitions were acquired in 2004, which to give a different perspective upon this, means that one acquisition was completed every 18 minutes, that year (Cartwright & Schoenberg, 2006). The amount of Acquisition have since the beginning of the 19th century been shifting in waves, though the last wave, that initiated in the 1990’s, was bigger than its predecessors and included an increase of acquisitions in Europe (Gaughan, 2011). Acquisitions have been a steady way for firms to remain competitive, regarding both internationalization as well as product development and firm growth (Gaughan, 2011; Caiazza and Volpe, 2015). At the same time Dauber (2012) argues that although many firms use acquisitions, more than fifty percent of all established acquisitions are likely going to resume in failure. Where Cartwright & Schoenberg (2006) elaborated that the failure of acquisitions is meant in the sense of not living up to the expected value add, computed at the acquirement, where a failed acquisition is likely to not repay the value that the acquirer initially payed.

In recent research the importance of culture within an organization, has been discussed more frequently than before, and organizational culture overall has become a highly relevant topic within both an organizational and in an academic context (Riad, 2005). Elaborating on this context, a country’s political setting of rules and values may form an organizational culture, but so does the organization’s history, values, political coherence and traditions create organizational norms of the organization (Riad, 2005). Altogether, the culture within an organization influences many parts of the firm, and can affect, for example, the job satisfaction rate and communication within the organization (Gover, Halinski & Duxbury, 2016). Putting this together, it is discussed that an acquisition failure is often likely due to
cultural differences between the acquirer and the acquisition (Dauber, 2012). Further, it has been discovered that the importance of culture within an acquisition, is relevant and the effect of it noticeable when the acquisition is acquired and starts working in practice (Dauber, 2012). Academics have been discussing if the cultural fit may be an important factor, where such a fit may even be equally or more important than the strategical and financial fit of the acquisition, in terms of success (Caiazza & Volpe, 2015; Dauber, 2012).

In order to avoid failure, it has been discussed in existing research that integration of an acquisition into an organization is of importance, and with that also the cultural integration of an acquisition (Caiazza & Volpe, 2015). It has also been considered that this integration is happening after the acquisition has been acquired (Haspeslagh and Jemison, 1991). In existing research, it can be noticed that academics have been focusing on the fact that integration of culture is important and that management of integration (Caiazza & Volpe, 2015) and management of culture within an organization is required to make an organization functional (Hofstede, 1984). It has also been mentioned that, management of organizational culture, integration and change of it, can be used to make an organization more sufficient, where there is a rising interest among practitioners to understand and manage the phenomena (Gover, et al., 2016).

1.2 Problem formulation

As previously stated, acquisitions have been an increasingly frequent used tool among organizations to gain growth, even though the number of failing acquisitions can be considered as high; it seems relevant for academics and practitioners to gain more information about the topic. Furthermore, Bower (2001) notices that there is much yet to be discovered within the topic. I would like to argue that, as many firms use acquisitions as growth strategy, it seems important that acquisitions fulfil their purpose, to generate the desired growth, and to avoid loss of value. It has been stated that integration of culture within organizations is one of the factors that is considered as important, if an acquisition should avoid failure (Dauber, 2012). Due to this it could be considered as interesting and important to understand the management process of organizational culture integration and to be able to avoid that growth strategies do not generate growth. Furthermore, to my knowledge, the focus in existing integration literature, could often be considered to be towards cross-border
acquisitions, which makes it interesting to analyse the management process of organizational culture integration within acquisitions within a domestic market.

My hope is that this study may help firms that use acquisitions as growth strategy to better manage the integration of organizational culture within acquisitions, as well as identify effective methods and tools. Further, I would like to argue that this thesis could be considered in line with the focus of the JIBS University, as this thesis aims to contribute to the theory and practice of entrepreneurship, management of growth and organizational culture integration management.

1.3 Purpose

The purpose of this qualitative study, is to gain an insight into the management of integration of organizational culture, within an acquisition in the post-acquisition phase. Furthermore, this research is conducted to provide a broader understanding of the managerial tools that can be used, as well as the factors that the management team could be recommended to be aware of, while conducting integration of organizational culture. This thesis aims to contribute to both researchers and practitioners engaged within the topic, with an empirical study and a theoretical framework.
1.4 Research Questions

For to be able to fulfil the purpose of this Thesis and find guidance throughout the process of data collection, one research question was chosen, together with one sub-question:

Primary research question:

*How does business consulting firms manage the integration of organizational culture in the post-acquisition phase?*

Sub question:

*What tools for integration management of organizational culture in the post-acquisition phase, can be identified in business consulting firms?*

1.5 Limitations

This research has two main limitations; the first is that the empirical findings of this thesis are limited to the choice of business consulting industry and the situations it faces when integrating acquisitions. The second limitation is that the research is conducted from a Swedish perspective of the business consulting industry. Despite this, the findings could be considered as appropriate for other firms and industries, as their situation and positioning could be of similar kind as the firm chosen for this study. With this said, this study may be useful in a broader context than it may seem at first.
2 Theoretical Framework

This section will concentrate on the underlying theories, models and literature of this thesis. It will present a reflection of the existing organizational culture literature as introduction to the topic in the first part, followed by acquisition literature and integration literature as main topics.

2.1 An introduction to culture within organizations

Hofstede (1984) describes that society is built of values, institutions and organizations. While organizations are created by values of the people who started and led them (Hofstede, 1984). One definition of culture is, the way that one group differs from another, in the setting of the mind of the members within that group. It collects the values and beliefs that are shared within that group, what is accepted as “good” and “evil”, seen as “beautiful” and “ugly” in an artistic expression and what is normatively and morally considered as “right” and “wrong” (Hofstede, 1984; Sarala & Vaara, 2010).

Cultural patterns, within an organization, can be split into two main categories: national culture and organizational culture (Park & Ungson, 1997; Pothukuchi, Damanpour, Choi, Chen & Ho Park, 2002; Sarala and Vaara, 2010; Naor, Linderman & Schroeder, 2010). Sarala and Vaara (2010) explicate that, national culture is the set of mind with values and beliefs that exist in a country, while organizational culture reflects the procedures and values that exist and are shared within an organization. Further, Hofstede (1984) argues that management of an organization could be considered as nearly impossible without an underlying understanding of the expressions and beliefs that are shared by its members, as those are the tools that can be used to motivate and explain the legitimacy of decisions. Moreover, it is also considered that both national and organizational culture within an organization have an influence on how the response of employees will form, regarding different management practices (Park & Ungson, 1997; Pothukuchi et al., 2002; Sarala and Vaara, 2010; Naor et al., 2010).
2.2 An Overview of Acquisitions

The topic mergers and acquisitions (M&A) has been explored and investigated by a number of researchers (Bower, 2001; Cartwright & Schoenberg, 2006). Cartwright and Schoenberg (2006) and Bower (2001) explain that, despite the fact that M&A is a frequently researched topic, much is yet undiscovered. Larsson and Finkelstein (1999) elaborate that, the lack of some fields within the M&A literature, is due to the fact that researchers have chosen to mainly focus upon the same parts of research within the field.

2.2.1 Mergers and Acquisitions

According to the Online Business Dictionary (2017) Mergers are defined as two firms that together build one new legal business entity. Furthermore, they continue to define acquisitions as the possession of an asset, thus in the context of a firm, taking over at least 51% or more of a firm's voting shares. Where one reason for organizations to use M&A's as strategy, is according to Lin, Chen and Chu (2015) because, firms can use both Mergers and Acquisitions to gain efficiency, market power and more resources in different and new areas of interest.

Moreover, Bower (2001) makes a clear difference between a merger and an acquisition where he defines acquisitions as an event that occurs for five different reasons. The process of acquisition can be undertaken for to:

1. Handle an overcapacity in a mature industry
2. Gain new product possibilities and market entrances
3. Eliminate competitors existing in the same industry, situated within the same geographical region.
4. To replace R&D investment
5. To expand the boundaries of an industry, by creating a new industry.

In comparison, Johnson, Whittington, & Scholes (2011) define an acquisition as the event of one organization taking over another organization or more specifically when there is a shift in the ownership from the acquired party to the acquiring party. Furthermore, they continue, even though the original owner of the acquired party still might be apparent within the organization, strategy decisions are taken over by one of the organizations. Additionally, to
differentiate the event of mergers, Johnson et al., (2011) describe mergers as a joint ownership that has been mutually decided by two organizations. It is added that even though mergers are a joint ownership, most often the case of, one of the owners having a larger influence on strategic and business decisions than the other one occurs.

2.2.2 Why use Acquisitions as Growth Strategy?
According to Steinberger (2016) M&A’s are considered to be one among different tools to gain firm growth. In frequent cases firm growth is measured in terms of assets, such as employees, which for example generate increased sales volume, but it can also be measured in profit, new extensions of product lines and services, and development of the economic system (Peng & Heath, 1996). Further, Peng & Heath (1996) mention that the three major growth strategies or decisions that can be identified in business literature are networks, generic expansion and acquisitions.

According to Delmar, Davidsson & Gartner (2003), different patterns of growth can be identified among high-growth firms (high-growth firms in this case according to the definition of Delmar et al. (2003)). This can be important to consider for practitioners who are deciding on their growth strategy, as the outcome of a growth strategy and the definition of growth may be one of the decisive factors, argues Delmar et al. (2003). The results of the investigation were determining that 13, 5% of all high-growth firms were categorised as Super absolute growers, where those firms exhibit a very high growth rate in both employment and sales. Acquisition growers represented 10% of the total high-growth firms and those 10% also resemble the first mentioned group (Delmar et al., 2003). Furthermore, it is presented in the same study that the difference between acquisition growers and super absolute growers is within employment, where the section of new job creation was negative within acquisition growers in comparison to super absolute growers. The total employment growth, is high due to acquisition and the takeover of its employees, while sales growth is high in absolute sales, both new and more sales (Delmar et al., 2003). In the decision making process, of strategy choice, an acquisition strategy should be considered as choice of growth strategy if the firm strives to achieve high absolute sales and total employment (Delmar et al., 2003).

Continuously Hennart and Park (1993) state that the choice of using acquisition as growth strategy is mostly made as the value of the purchased assets through the acquisition is beneath the cost of a direct investment, such as a subsidiary, to gain an asset of equal worth. Another
reason that could be detected is if the firm’s advantages can be utilized better through an acquisition than through a green-field investment, but more common acquisitions are used if benefits can be perceived through acquiring that cannot be delivered through another type of investment (Hennart & Park, 1993). Specifically, Hennart and Park (1993) list those benefits in the following way:

1. Market power gained through out setting a rival in a concentrated industry. This reduces competition and ads market share.
2. Faster entrance into a new market. Implementing a new subsidiary from the bottom, is time-consuming.
3. Not adding capacity into an industry characterized with high concentration and economies of scale. Creating a new firm ads components into a market, which decreases prices, while an acquisition does not increase capacity.

Furthermore, Peng & Heath (1996), as mentioned above, motivate that there are three different strategies that a firm can chose between to generate growth (network, generic expansion or acquisition). For to be able to generate growth, independent of which method is chosen Peng & Heath (1996) present some propositions that have to be fulfilled. Firstly, the top manager needs to adopt the strategic choice of firm growth. Additionally, there should be a need to fully employ resources that are underutilized. Lastly, Peng & Heath (1996) mention that a limitation for firm growth through one of the strategies of growth is that there has to exist the ability to transmit information and codified organizational structures and routines to the employees and members of the organization as well as the ability to overcome transaction and bureaucracy cost that appear due to the growth strategy.

2.2.3 The Acquisition Process and its Stages
Acquisitions are considered as a useful tool for firms to adjust to a fast changing environment and to gain and behold market power (Haleblian, Devers, McNamara, Carpenter & Davidson, 2009; Bower, 2001; Caiazza & Volpe, 2015); for to create value, acquisition should be considered as a process (Jemison & Sitkin, 1986) and factors within the process should be reconsidered in regard of the time and place of the acquisition (Caiazza & Volpe, 2015).

According to Haspeslagh and Jemison (1991) there are two main parts that the acquisition process can be divided into, the first is defined as the pre-acquisition phase and the second as the post-acquisition phase. Jemison and Sitkin (1986) elaborate that the process of
acquisition is built through distinctive parts which possibly can affect the outcome and activities of the acquisition. Haspeslagh and Jemison (1991) explain that the pre-acquisition phase consists out of the decision making process and the post-acquisition phase consists out of the integration process. Furthermore, Caiazza and Volpe (2015) divide the phases of the M&A process into three stages.

Figure 1: Table IV M&A process (Caiazza & Volpe, 2015, p.213)

The first Stage (I Stage) reflects the pre-acquisition phase, as Caiazza and Volpe (2015) state that initially the process of acquisition begins with due diligence where identification of risks and analysis of opportunities of the acquisition take place at multiple levels. This analysis leads to the negotiation and closing of the arrangements, the acquisition is acquired. According to Caiazza and Volpe (2015) the post-acquisition phase consists of Stage two and three, after the acquisition, the integration of organizational and national culture as well as human capital needs to be managed. Haspeslagh and Jemison (1991) agree that the integration process starts in the post-acquisition phase. After the integration process the right atmosphere for collaboration and utilization of the acquired resources needs to be created (Caiazza & Volpe, 2015). The atmosphere is determined through the cultural integration process, and is the determinant for the capability of future knowledge sharing, between the entities (Caiazza & Volpe, 2015), which affect the outcome of the acquisition (Caiazza & Volpe, 2015; Jemison & Sitkin, 1986). For to be able to culturally integrated an acquisition into the organization, managers should understand how culture functions within organizations (Caiazza & Volpe, 2015).
In the model above, leadership is one of the factors that are significant for the Stage two as well as culture, described above. This Caiazza and Volpe (2015) mentions due to the fact that there are several leadership challenges that need to be considered when managing integration. Those are for example when considering the human capital management, as mentioned above, that if integration of organizational culture is not managed carefully, loss of key human capital and talent may disappear. This could in turn lead to loss of value of the acquisition.

2.3 Organizational Culture in Acquisitions

Boh, Nguyen and Xu (2013) defines organizational culture as:

“The pattern of shared values and beliefs that help individuals to understand the organizational functioning and thus provide them with the norms for behavior in the organization” (Boh et al. 2013).

According to Riad (2005) organizational culture is a constrainer and enabler of power. Furthermore, Riad (2005) argues that organizational culture plays a significant role in the integration process, meaning that it has power to let management and synergy within an organization either go smoothly or hinder the integration process. Gregory (1983) elaborates that organizational rituals, myths, stories as well as jargons that form an organizational culture, can either support or constrain the fulfilment of managerial goals within an organization, depending on what the culture facilitates.

2.3.1 Organizational Culture in The Post-Acquisition Phase

The organizational culture fit of the acquirer and the acquisition, in the post-acquisition phase is now considered as more important than the strategic fit, when it comes to performance and outcome of the acquisition (Dauber, 2012). The value-add that the acquisition should bring initially is often not received due to cultural differences that start conflicts and problems (Dauber, 2012). According to Sarala and Vaara (2010) scholars overall use to relate organizational culture differences with decreased performance, and social conflicts due to lack of trust among the organizational parties. Opposing to this statement, it has been suggested that organizational culture, over time, can be changed into a positive culture that encourages communication and leads to convergence of beliefs and values, of the acquirer and acquisition; this in turn should result in an increased collaboration among
the parties (Sarala & Vaara, 2010). On the other hand, Jones, Jimmieson and Griffiths (2005), argue that change within an organization, most often is only successful, if the organizational culture is positively approaching change overall, and thus possess a readiness for change.

Stahl and Voigt (2008) mention that it is, the level of integration in the post-acquisition phase, that affects the performance, communication with and outcome of an acquisition; where management of the integration process is affecting the influence of the organizational culture. Moreover, Dauber (2012) states that, a high integration level in the post-acquisition phase, is associated positively with synergy among the acquisition and its acquirer which leads to a high performance level. Dauber (2012) further elaborates that, the higher the integration level, the easier the access to knowledge and knowledge exchange among the parties, which in turn leads to a higher performance level. Stahl and Voigt (2008) found that the failure of integration in the post-acquisition phase between the acquiring parities is often due to major cultural differences, cultural distances, that are not managed properly.

2.3.2 Cultural Distance in The Post-Acquisition Phase

According to Stahl and Voigt (2008) and Caiazza and Volpe (2015), there are different impact variables that are mentioned in existing literature, to analyse the impact of culture, on the performance of acquisitions. The variables of impact mostly used are: cultural distance, culture compatibility, cultural fit, management style similarity, cultural change, cultural convergence and acculturation (Stahl & Voigt, 2008; Caiazza and Volpe, 2015). Cultural distance between the acquirer and acquisitions has been discussed frequently, as impact variable on the performance of acquisitions during the post-acquisition phase (Stahl & Voigt, 2008; Dauber, 2012; Pothukuchi et al., 2002). Pothukuchi et al. (2002) found in their study that high cultural distance in organizational culture, has a higher impact on the performance of acquisitions than national culture. Further, Pothukuchi et al. (2002) elaborate that if the cultural distance in terms of an organizational culture is large, this can lead to communicative issues and social conflict. It is exemplified that if one organizational culture is high in information sharing and the other is low in information sharing, the sharing party will feel mistrust and question the commitment of the other party; this will lead to a decreased performance (Pothukuchi et al., 2002). Stahl and Voigt (2008) argues that cultural distance within both organizational culture and national culture is of great impact, and mentions additionally, that there can exist cultural distances within different groups, often managers have a different organizational culture than the employees which both can differ from the
overall organizational culture. Dauber (2012) agrees that cultural distances within national culture, in the post-acquisition phase, in cross-border acquisitions have an influence on the performance of the acquisitions. This direct influence is not significant or non-existent in domestic acquisitions, but indirectly, the national culture of a country has an impact on the organizational culture and vice versa in an acquisition (Dauber, 2012). According to Caiazza and Volpe (2015), cultural distance in the post-acquisition phase, is one of the major risks of this stage of the acquisition stages, and puts it equal to financial and strategic risk. Further, it is argued that this is the Stage two (see table 1) of the acquisition stages and the first of the post-acquisitions phases, where organizational and cultural integration needs to take active place to eliminate the risk of acquisition failure (Caiazza & Volpe, 2015).

2.4 Integration of Organizational Culture in the Post-Acquisitions

The topic of integration within acquisitions has since the 1990’s according to Steigenberger (2016) been much researched. However he also states that there is not yet enough research to provide a comprehensive view of the topic (Steigenberger, 2016). As mentioned above, Dauber (2012), Caiazza and Volpe (2015) as well as Stahl and Voigt (2008), mention that integration in the post-acquisition phase has been shown to be a necessity that should be considered carefully to prevent acquisition failure. In fact, one third of all M&A’s that perform poorly or even fail do so due to poor integration management in the post-acquisition phase, according to Shrivastava (1986). Caiazza and Volpe (2015) moreover mention that organizational culture integration in the post-acquisition phase, needs leadership that is aware of the risks and challenges, that might lead to a loss of valuable human capital and/or knowledge.

2.4.1 The process of integration in the post-acquisition phase

According to Shrivastava (1986), an integration process may face problems because it could be considered as an exhausting process; as firms need to put behind their own systems and procedures to learn and transform into new ones and adjust. Shrivastava (1986) identifies three different integration types within the post-acquisition phase; (1) procedural integration, (2) physical integration and (3) managerial and sociocultural integration. Where procedural and physical integration represents integration of procedures such as systems and physical assets, such as products. Shrivastava (1986) elaborates that managerial and sociocultural integration is most important for a controlled leadership, it means for example, to move
managers from the parent company to the acquisition, to be able to control the acquisition and manage it in the right direction.

One factor that should be thought of when conducting integration is according to Homburg and Buceriús (2006), the speed of the integration in the acquisition. They elaborate that there have been discussions regarding, that the speed at which integration is implemented or started within an acquisition has an effect on the performance of the acquisition. Homburg and Buceriús (2006) mention that there is both research that recommends fast integration, as well as research recommending to let integration, and the changes that are coming with the integration process, to come and proceed slowly. Their findings have shown that speed could be considered one of the determining factors regarding the performance of an acquisition, but that speed needs to be adjusted to the specific situation of the acquisition, due to the dependence of the acquisition’s readiness for change. Also Datta (1991) notes that change is a significant part that the integration process brings in the post-acquisition phase. Further, the author denotes that, management styles should be evaluated and analysed when proceeding integration. This is due to that, if the management style of the acquisition and the acquirer are very different, it could become difficult to implement the changes that need to come with the integration in the post-acquisition phase (Datta, 1991). As such, the analysis and planning of the integration process, as well as the changes that could be necessary to be implemented for to have an integration, could be considered to be recommended, to take place already at the acquisition analysis in the pre-acquisition phase.

2.4.2 Managing integration in the post-acquisition phase
One of the frequently mentioned management considerations in the integration management literature within the post-acquisitions phase is time, or rather the speed of implementation (Homburg & Buceriús, 2006; Brikinshaw, Bresman & Håkanson, 2000; Schweizer & Patzelt, 2012). Brikinshaw et al. (2000) presented their framework of the management of the post-acquisition integration process. It was found that the post-acquisition integration strategy needs to consider both task integration process, as well as human integration process; it is the human integration process that makes it more probable that employees are satisfied, if managers try to meet the needs of the employees. Brikinshaw et al. (2000) argue that if managers manage the integration in a way that makes the employees content, work actively to reduce tensions and mistrust among the acquisition and the parent company, then employees will be integrated into the organization and the organizational culture, which is
linked to the task integration and satisfaction of task. This in turn, could according to Brikinshaw et al. (2000) lead to synergies and more effective knowledge transfer among the parties.

The integration process is supposed to take time, as the management of the human integration process needs to be keen of the employees’ wishes and listen to their needs (Brikinshaw, et al., 2000). Opposing to this, Schweizer and Patzelt (2012) argue that a fast integration process in the post-acquisition phase is preferable for acquisition success. They found that employee commitment and their decision the stay within the acquisition, is linked to integration that is managed fast with certainty and efficiency. Another factor that was identified by Schweizer and Patzelt (2012), was that leadership during the integration that is showing high levels of being relational, contextual, inspirational, supportive, stewardship leadership, is having a positive impact on the integration of employees. Schweizer and Patzelt (2012) found that this fast integration management, in combination with the mentioned leadership types, reduces stress and uncertainty of the employees which can help the acquisition to behold valuable human capital and acquisition knowledge that, according to Ciaiazza & Volpe (2015), is one of the risks that is challenging management of the post-acquisition phase.

Figure 2: Post-acquisition integration process (Brikinshaw et al., 2000; p.42)
It is argued that the management of integration of culture within an acquisition is dependent on trust. Where cultural differences may lead to mistrust and therefore social conflicts, where these conflicts, may in turn, lead to unwillingness to collaborate among the acquisition parties (Sarala & Vaara, 2010; Brikinshaw et al., 2000; Pothukuchi et al., 2002; Bijlsma-Frankema; 2001). According to Bijlsma-Frankema (2001), trust needs to be built mutually between the acquisition and the acquirer, which can be achieved through collective goal setting. The author argues that there are six fields of action that should be considered when managing cultural integration in the post-acquisition phase (Bijlsma-Frankema 2001). Those are:

- Cooperation, exchanging information
- Sharing norms
- Dialogue
- Shared goals
- Supervising behaviour
- Handling conflicts

*Figure 3: Employee commitment and integration speed correlation (Schweizer & Patzelt, 2012; p. 306)*
It is argued that management should favour cooperation among the parties, as such that they share information among each other, which in turn should enhance collaboration. It is also proposed that a continuous dialogue between the acquisition and the parent company should be held, where norms and goals can be shared, and different views can be discussed. Lastly it is mentioned that management should be monitoring employee behaviour and supervise employees into the wished behaviour and approach conflicts at the moment they occur, to minimize the risk of mistrust to be shared throughout the acquisition or parent company (Bijlsma- Frankema, 2001).

As mentioned above, cultural integration also brings changes into the post-acquisition process (Stahl & Voigt, 2008; Caiazza and Volpe, 2015; Homburg and Bucerius, 2006; Datta, 1991; Quah & Young, 2005). As such it has been found that changes within the acquisition can be a way of integration into the acquirer, as for example change through employee training of organizational culture or new systems that the acquisition brings (Quah & Young, 2005).

2.4.2.1 Managing integration of organizational culture

Ogbonna and Wilkinson (1988) argue that in order to implement values in an organization, it could be considered to root the new values in the organization instead of to command them. This will gradually form the employees to believe in the values, rather than to be aware about the newly implemented values and only be following them (Ogbonna & Wilkinson, 1988). Gover et al. (2016) agree that it has been shown to give a better outcome, if the values of the wished organizational culture, are implied deeper within the organizations members, rather than remaining them on surface. Gover et al. (2016) continues that, in order to gain a wished organizational culture within an organization, management must have the trust and engagement of the employees; implying that all levels of an organization need to believe in the change that is going to be implemented, for to avoid failure. This is in line with the results of Korte and Chermack (2007), who state that, changing the beliefs, as well as mental structures, of only the organizations key individuals, to change the organizational culture, is of high likeliness to fail. Alvesson and Sveningsson (2008), argue instead that one of the most important parts to focus on while managing integration of organizational culture, is to approach different levels of an organization differently, as management often sees other benefits of a cultural change and integration, then the employees. This is due to the fact of individual sense making, management will approach implementation of new values according
to their personal goals, educational background and the organizational culture of the department of management; while employees within the same organization likely experience another organizational culture, have a different background and experience other daily issues (Alvesson & Sveningsson, 2008). In short, in order to create an effective or successful change of organizational culture, of the acquisition, Alvesson & Sveningsson, 2008 argues that a management team would need to take into account that employees may have different beliefs, and as such, will need to adapt their strategy accordingly. Thus meaning creating a common strategy which can convince or converge employees despite their different values and beliefs from the offset.

2.4.2.2 Management tools for organizational culture integration

The following management tools are suggested for and could be used for organizational culture integration or change:

I. Korte and Chermack (2007) mentions that often tools for organizational culture change could be considered as reactive, due to crises or external influence, rather than proactive to change culture in a planned manner. They propose scenario planning, to change the organizational culture into the desired culture for the future. This means in short, to use story telling of a desired future, for to result in the future one day.

II. Staff training and socialisation, has been seen can be used efficiently for transformation of organizational culture. As well as communication of the values on a daily base, but also incentives such as a higher salary and better organizational welfare practices, could be used to convince employees to adapt to the organizations desired values (Ogbonna & Wilkinson, 1988).

III. Jeager (1983) found that the adjustment of an organizational culture in a foreign subsidiary, into the same organizational culture that exists in the head quarter, can be managed through socialisation as well as intensive contact between the headquarter and the subsidiaries, expatriates, and a high range of training possibilities.
2.5 Integration Management of Organizational Culture in The Post-Acquisition Phase

Summarizing what we know until now about integration management of organizational culture in the post-acquisition phase, one could say that the integration of organizational culture is an important part of the acquisition process. It has been mentioned that the value-add of an acquisition has in frequent cases been seen as dependent of, how the integration into the organizational culture is managed. Organizational culture is stated to be a factor that can lead to social conflicts and, thus it could be considered to lead to less knowledge sharing and less employee commitment. Due to the fact that acquisitions are often used to create growth, by for example add of human capital, employee commitment, could be considered as necessary for the acquisition to deliver the expected value-add.

Furthermore, one could say that possible factors to consider when managing integration of organizational culture in the post-acquisition phase, are consistent of human capital management and the consideration of time is considered as an important part that should be taken into account. It is stated that integration that is managed efficiently and with certainty is considered to reduce stress and uncertainty among the employees and could lead to higher employee commitment. Moreover, goal sharing, and communication, in forms of among others, training, value sharing, scenario planning and socialization with parent firm representatives, and are considered to enhance integration in the post-acquisition phase.
3 Method

This section is going to present and explain the chosen manners of data collection and data analysis. Firstly, this chapter will explain the different approaches available for conducting this study and subsequently the choice of approach will be motivated, to ensure the most suitable manner for the conduction of this study.

In order to deliver a comprehensive view of integration management of organizational culture in the post-acquisition phase, it has been chosen to conduct a qualitative study. This for to fully understand the process and underlying factors that might not be fully collected and grasped through a quantitative study. This choice is going to be argued for and explained through existing methodology literature.

3.1 Research Paradigm

When conducting a research study, it is recommended to examine some philosophical issues to help build a framework that guides the author too express ones’ ideas throughout the research process (Collis & Hussey, 2014). It is suggested that the author should chose a research paradigm for his/her studies. A research paradigm, is a system of beliefs (a philosophy) shaping a framework to guide how a research should be managed. According to Collis and Hussey (2014), there are two main paradigms, positivism and interpretivism, whilst there are existing a number of others that could be placed between the main paradigms which may be seen as the extremes of a line of paradigms.

Positivism has its roots in realism. Where it is historically the research paradigm that provided the framework of research for natural and social science. This philosophy is built upon the beliefs that reality is independent, and frames the research into observation and experiments that are aimed to lead into discovery based on empirical research (Collis & Hussey, 2014).

Interpretivism developed out of the unfulfilled needs in research that positivism provided. It is the set of beliefs that sees social phenomena as subjective and it seeks the answers that can understand and translate the complexity of social events. The philosophy allows for subjective interpretations and does not underpin findings from statistical analysis (Collis & Hussey, 2014).
Saunders, Lewis and Thornhill (2009) also mentions realism as one of the existing research philosophies. They describe it as the set of beliefs that assumes, what can be detected by the senses, is true, is reality. This paradigm also underpins to conduct research in the manner of observing.

3.1.1 Philosophical Assumptions
According to Collis and Hussey (2014), it is necessary to consider the philosophical assumptions in order to be able to choose which research paradigm to follow. The assumptions are made upon the two main paradigms presented above, positivism and interpretivism. Saunders et al., (2009) mentions that there are three research assumptions, ontology, epistemology, and axiology.

The ontological assumption, focuses on the nature of reality. It differentiates between objective and subjective view of social reality, where the assumption of positivists is that they presume that there is only one reality, whilst interpretivists presume reality is socially constructed and therefore subjective (Collis and Hussey, 2014).

The epistemological assumption, focused on what knowledge is valid and in what position the researcher places him/herself to the researched. The assumption of positivists is that they presume that all that can be measured or observed is knowledge, maintaining an objective position. Interpretivists are assumed to consider that knowledge can be gathered from subjective evidence, as well as they narrow the distance to the research and themselves (Collis & Hussey, 2014).

The axiological assumption, focuses on the importance of values and ethics (Saunders et al., 2009). The assumption is that there are different views on how research affects the researched area. Positivists believe that the researcher do not have values, that things exist even before they are researched upon, underpinning the belief that whatever is researched upon stays unaffected before and after the research. Whilst Interpretivists believe that the values of the researcher are not held objective but influence what is discovered and how it is interpreted within research (Collis & Hussey, 2014).
Lastly there is a research paradigm that has not been mentioned above, that stands beside positivism and interpretivism, called pragmatism. Where pragmatism contends that the researcher should not remain in one paradigm, but rather chose between all paradigms to elect the most suitable for the particular research. Rather than to concentrate on all the aspects of one paradigm, a pragmatist builds his/her research upon the strengths of all the paradigms (Collis & Hussey, 2014; Saunders et al., 2009).

3.1.2 Research Philosophy

As this thesis is going to be a qualitative collection of data, with the aim to understand the different point of views of the interviewees, the philosophical assumption that is considered in this study is ontological, as knowledge is gathered from different parties. Reality is, as stated in the ontological assumption, constructed by society and therefor subjective views are reality; which fits this study as findings are going to be gathered from individuals with subjective views. Furthermore, this study is following the philosophical paradigm of interpretivism. The reason for this choice is that every manager or employee interviewed could have a different view of how the integration of organizational culture in the post-acquisition phase is managed, an interpretive research allows to understand that social event. As the purpose of this study is to understand how the phenomena is managed, it is a benefit to be able to let every interview elaborate on their experience of the situation, which is possible by using the research paradigm, interpretivism.

3.2 Research Design

There are different ways of conducting research, as such there are two methods that are mainly used (Collis & Hussey, 2014). Those methods are quantitative and qualitative research, whereas those two also can be used at the same time. Collis and Hussey (2014) state that a quantitative research, uses quantitative data, which means that they often use statistics that are analysed. Saunders et al. (2009) also describes the quantitative method as, gathering numerical data that can be statistically analysed. The qualitative method instead is, according to Saunders et al. (2009) non-numerical data, for example through interviews. Often it is considered that qualitative research can provide in-depth answers and information regarding a phenomena researched upon. Collis and Hussey (2014), elaborate that the qualitative data, that is gathered by this method is often analysed by an interpretive research approach. The choice of which research method to use in a study, can often be guided by the research
question and how the researcher wants to respond towards it (Collis & Hussey, 2014). For example, it can be generalized that qualitative research questions use to be paraphrased as a question of Why or How. While a quantitative, study use to want to answer a question of What, also here generalizing (Saunders, et al., 2009).

This study will be designed by a qualitative method; this choice was done due to the presented facts above. As the research is aiming to understand the management of a phenomena, conducted by managers, I argue that non-numerical data is preferable for this study. As such, this method can enable a deeper understanding of the social event, and fits the chosen research philosophy and approach of this thesis. Furthermore, one could argue that an inductive reasoning fits this study best as a base, as Saunders et al. (2009) states that an inductive study enables theory to be build and developed upon an interpretation of empirical data, while in contrast a deductive study does not as clearly enable the utilization of individuals view of reality. Further, Saunders et al (2009) explains, that deductive research is usually used within natural science, while inductive research is rather used in social phenomena studies, which I see as supportive to my choice of reasoning base. More practically, Collis and Hussey (2014) describe that inductive research is describing a study where the development of theory is based on the analysis of the empirical findings, while deductive research rather describes theory that is first developed to further on be hypothesized, and tested. Whereas, this study aims to follow a more inductive description.

3.2.1 Research Strategy

When conducting qualitative research, there exist different ways of designing the procedure, states Saunders et al. (2009). Two generally mentioned ways of gathering the qualitative data is by the conduction of focus groups or interviews (Maxwell, 2013). According to Ritchie, Lewis, McNaughton Nicholes and Ormston (2014) qualitative research, even if it is conducted in different manners, has a characteristic in common, which is to be rather interpretative. Further, they argue that interpretivism, has its origin within some of the philosophies of the late 18th century, such as of Emanuel Kant, where the way of investigating things started to change in a way of recognizing subjective interpretations of the reality to be valid findings of the truth. This is further explaining the context of why, qualitative research mainly, according to Ritchie (2014), sets its beginning point of view from the interpreted reality of individuals that are participating as interviewees.
3.2.1.1 Case Study

Another methodology, that is associated with the paradigm interpretivism, and the qualitative method, is case study. This methodology is frequently used to investigate a phenomenon and gain in-depth knowledge about it (Collis & Hussey, 2014), which is why I argue that a case study can be considered to be suitable for this study. Collis and Hussey (2014) also argue that the context in a case study is of importance, and that it helps to explore a changeable present within a chosen single situation. According to Yin (2014), a case study also enables one to catch valuable information that sometimes can remain undiscovered by another methodology. Yin (2014) argues that one can detect information in a contemporary context out of a real-life situation. This I argue suits the purpose and research question of this thesis, which is to gain understanding of the management of organizational cultural integration in the post-acquisition phase. Furthermore I would like to argue that it could be considered as preferable to investigate a real-life situation of a firm that has been and is coping with these kind of questions. A case can be an event, person, group of workers, a phenomenon, a process or a specific business (Collis & Hussey, 2014). Where in the case of this study, the case is a business consulting firm. Furthermore, when choosing case study research, one can base one’s research on different types of case studies, where each have a different approach and methodology (Yin, 2014).

3.2.1.2 Case Study Design

There are two or four types of case studies, single and multiple, as well as those can be of a holistic (one-unit) or embedded (multiple-units) design (Yin, 2014). A single case study can be defined as an investigation or observation of a single or unique case of a specific phenomenon that is correlated with the research question, or research topic (Saunders, et al., 2009). On the other hand, Saunders et al. (2009) state that, multiple case studies, can be considered as overserving of multiple cases correlated with the research topic. According to Yin (2014) a case study that is designed by investigating multiple cases, could provide a more reliable result, while a single case study could provide a more in-depth result of a social phenomenon. In this thesis, I would like to argue that a single case study, is enabling the possibility to gain a more specific and in-depth result, which could be seen as an advantage.
So, in summary I have chosen a single case study design that could be considered as of a more holistic design, because of the face that it could enable a more in-depth view of a social phenomenon and a unique case, as of business consulting firms and the phenomenon of integration management of organizational culture in the post-acquisition phase.

Having said that, due to the fact that the organization has several different acquisitions that will be researched upon one could also argue that this thesis draws certain similarities towards an embedded single case study. Meaning that inspirations has been taken from such research methodology. However, I argue that this thesis should still be considered a holistic single case study, as all interview participants and are having experience from several acquisitions generally within the firm, and all follow the same policies and regulations within the organization as one unit.

Case selection:
The author of this thesis has chosen its case based upon an opportunistic methodology, as such this thesis could be considered an opportunist case study. This is, according to Yin (2014), an effective way to examine a specific phenomenon, especially so if the author has a unique access to a source of information, such as a business or other. In this case, the author of this thesis, has a unique access to the business consulting firm. More specifically, the firm chosen is based in Sweden and is as mentioned a business consulting firm, with long experience of acquiring acquisitions and handling the process of them, which suits the aim and research question of this thesis.

3.3 Data Collection
The collected data, used in this thesis, can be categorized into two categories of data; primary data and secondary data. According to Saunders et al. (2009), research is most often based on both categories of data. The primary data is in this thesis used in the parts of empirical findings, analysis, conclusion and discussion. The secondary data within this thesis is, represented throughout the whole thesis. The data is arranged in this way, as this thesis is based on a more inductive reasoning, as theory is further build upon by empirical findings, with existing theory as base (Collis & Hussey, 2014). By conducting a literature review of the existing acquisition and integration literature it could be detected that a majority of the research and studies were consistent of secondary data as well as primary data, such as interviews or numerical findings.
3.3.1 Primary Data

The primary data collection of this thesis consists of interviews of several employees and managers at the Case Company.

3.3.1.1 Interviews

According to Esterby-Smith, Jackson and Thorpe (2015) interviews are a way to gain understanding of the individual perception of reality of the interviewees. When considering the purpose and research question there are different ways of collecting qualitative data (Collis & Hussey, 2014), but in the case of acquisitions and the organizational culture integration, it is often the management team and employees that are perceiving happenings reflected by their own views and beliefs of reality (Esterby-Smith et al., 2015); which is why interviews are preferable as they can give an in-depth insight of the situation.

Interviews can though also have weaknesses or disadvantages, considered their nature or their construction and conduction (Yin, 2014). According to Yin (2014) a disadvantage of interviews can be that the individual interviewed could be reflexive, which in other words, is the fact that the interviewee can respond on interview questions in a way that he/she experiences as desired by the interviewer. Also could the interviewee respond in an inconsistent or poor manner, as well as the interviewer can have constructed the interview questions in an unclear or biased manner. This could eventually lead to a biased or incomplete result (Yin, 2014).

3.3.1.2 Interview structure

Interviews can be categorized into three categories, structured, semi-structured and un-structured interviews (Saunders et al., 2009).

Structured interviews:

According to Saunders et al. (2009) structured interviews are conducted with a scripted manuscript that contain prearranged interview questions that are followed in a structured manner. The interviewer does not deviate from the pre-set structure of questions and does not add additional questions. Collis and Hussey (2014) do add that this manner of conducting interviews is common as data collection when quantitative data is desired.
Semi-structured interviews:

Saunders et al. (2009) mentions that semi-structured interviews are conducted in a way, that pre-arranged questions and topics are helping the interview situation to proceed. One utilizes questions rather as an interview guide, than an interview manuscript (Yin, 2014). This approach enables the possibility to ask further questions or explain questions and answers further. This gives the opportunity to gain a better understanding of the reality of the interviewee, as it does not restrict questions and answers to the manuscript that has been predesigned (Saunders, et al., 2009).

Un-structured interviews:

In this case no questions are prepared, and the interview bases on the ability of the interviewee to freely express one’s knowledge about the research topic (Saunders et al., 2009). Yin (2014) explains that in this case the interviewer asks questions based solely on the answers. This approach is, for example, used when life stories are told.

In the case of this study, the interviews were semi-structured to be able to gain a more in-depth understanding of the topic and the interviewees’ expressions and view of reality and the overall situation of the management of organizational cultural integration in acquisitions of the business consulting firm. During the data collection, five interviews were conducted with a duration of about 45 – 90 minutes. The interviews were taking place in Gothenburg, though face-to-face interviews or phone interviews of the head quarter, situated in Stockholm. An anonymized table of the dates and interviewees can be find below. The aim of the interviews was to gain information from managers within the business consulting firm that possess knowledge about or have implemented or experienced management of organizational cultural integration within an acquisition of the firm, in the post-acquisition phase. In order to fulfil the purpose and research question of this thesis, both implementing managers as well as managers that have experienced the management of integration of organizational culture were interviewed. This was done to gain insight into the integration management, both from the view of the implementing and receiving part, and how coherent those are.
3.3.1.3 Interview Guide

An interview guide was created to enable a free discussion of the interviewer and the interviewee and enable the interviewees to freely add more information to the interview if so is possible and desired. The interview guide follows the identified themes of the chapter 2, of the thesis and contains guiding questions that could be disposed in an order that suited each interview preferably to gain as much valuable information as possible. This is considered as important to be able to answer the research question and fulfil the purpose of this thesis properly. The interview guide can be find in Appendix 1.

3.3.2 Secondary Data

A definition of secondary data is data that is gathered from previously existing literature or in the form other publications (Collis and Hussey, 2014). The secondary data that has been used in this thesis consist of information and data extracted of academic peer-reviewed articles and books, where both consisted out of online and printed versions. The information collected of the secondary data, could mainly be described as theory or in-depth analysis of topics that can be connected to the purpose or research question of this thesis, both in a direct or indirect manner. Keywords that can be used to summarize the collection of secondary data of this thesis are: Acquisition Management, Organizational Culture, Organizational Culture Management, Acquisition process, Integration Management, Integration of Organizational Culture, Organizational Change, Organizational Resistance. The main tools of this data collection was the Jönköping University Library, Web of Science and Google Scholar as it gives access to and has variety of knowledge, articles and information. The secondary data was used in order to triangulate the information gathered of the case study and the interviews. The information

<table>
<thead>
<tr>
<th>Position</th>
<th>Office</th>
<th>Contact</th>
<th>Code</th>
<th>Duration (min)</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Executive Manager</td>
<td>HQ - Sthlm</td>
<td>Face-to Face</td>
<td>A</td>
<td>80</td>
<td>6 November 2017</td>
</tr>
<tr>
<td>Manager</td>
<td>Gothenburg</td>
<td>Face-to Face</td>
<td>B</td>
<td>90</td>
<td>6 November 2017</td>
</tr>
<tr>
<td>Unit Executive Manager</td>
<td>Gothenburg</td>
<td>Face-to Face</td>
<td>C</td>
<td>65</td>
<td>7 November 2017</td>
</tr>
<tr>
<td>Human Resource Manager (former</td>
<td>HQ - Sthlm</td>
<td>Face-to Face</td>
<td>D</td>
<td>45</td>
<td>8 November 2017</td>
</tr>
<tr>
<td>Regional Executive Manager)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manager</td>
<td>Gothenburg</td>
<td>Face-to Face</td>
<td>E</td>
<td>60</td>
<td>8 November 2017</td>
</tr>
</tbody>
</table>

*Table 1: Summary of conducted Interviews*
was also used to gain background knowledge about the business consulting industry and the business consulting firm in order to verify information gained through the interview and to minimize the necessity to use interview time to answer most background questions.

### 3.4 Data Analysis

According to Saunders et al. (2009), a qualitative study should be conducted carefully, as human’s expressions can have different meanings. This, I interpret in this case, as the need to control or confirm that words are interpreted in a coherent manner. To decrease the risk of multiple interpretations or meanings, the interviews were transcribed simultaneously, as they were conducted. The transcription was then either given to the interviewee at the end or communicated verbally after each question at the time, as opportunity to add or explain something or interrogate miscommunication in some of the questions. As such, the respondents have double checked the transcription.

Further, after the data was collected it was organized and in turn analysed. After this, keywords or sentences in the collected data were marked, that could be considered as of similar content and answers were in this way structured and coded. Further on, the keywords and/or sentences where categorized into groups, that later on where categorized into themes. Then this process was repeated, to ensure coherence. The themes of the analysis where inspired by the theoretical framework that was constructed and data was compared to the theoretical framework to guide the research into the right direction that this thesis is aiming at. After the theme categorization, answers of the interviews were compared in a manner where differences and similarities where highlighted. Lastly the process poured out in a comparison and description of the detected themes and dis/similarities of the gathered data and the theoretical framework of chapter 2. The two lastly mentioned procedures were also conducted twice, to verify the result. The data analysis process was conducted digitally and in written form, by using the Microsoft office tools Excel and Word to code and organize the collected data as well as to group and theme the coded data.
3.5 Quality and Ethics of Research

Saunders et al. (2009) mentions that when conducting research it should be considered as important to consider the quality of the conducted research. For to ensure a standard quality, validity, transferability, reliability and research ethics should be considered while conducting research. This thesis also includes considerations of triangulation and anonymity.

To ensure validity, which can be referred to as how trustworthy the results of the thesis are in regard of how those can be connected to the research topic and question (Saunders et al., 2009). To ensure validity this study has based its method on previous management research practice and theory, as well were the interviews inspired by the theoretical framework, as aim to gain relevant interview questions. When it comes to reliability it can be referred to as if the results are reliable, for example if the same results can be found by another researcher using the same method (Saunders et al., 2009) But when conducting interviews there is a risk momentum that has to be considered as the interviewee can be biased. To reduce biasness interviews have been held individually with only the interviewer and the participant, in conference rooms, without other colleagues that could disturb the process or lead to biased answers. In this thesis triangulation was used, which is according to Collis and Hussey (2014) multiple source use, to confirm the same data or result. As such, the primary data was collected at different dates, places and managers, which should reduce biasedness (Collis & Hussey, 2014). Furthermore the theoretical framework was, to a certain extent, triangulated, as it in some cases was taken from different disciples to describe the same phenomenon (Collis & Hussey, 2014). To even further reduce biasedness anonymity was applied, which had the ambition to give the interviewees confidence in being able to reply truthfully. It was ensured that data was anonymized and depersonalized, as well as the business consulting firm remained anonymous to ensure that confidential information might not be exposed publicly.

Considering transferability, the results could be transferred to another industry or business consulting firm with the similar growth strategy and circumstances as the case in this study. But a generalization needs to be conducted with great care, with careful consideration of the specific circumstances.
3.5.1 Research Ethics

It is considered to be important to remain within an ethical framework for research when conducting research (Bell & Bryman, 2007; Collis & Hussey, 2014; Saunders et al., 2009). According to Collis and Hussey (2014) principles as well as moral values can be referred to as ethics. This thesis chose to follow the ethical recommendations of Bell and Bryman (2007), as they compiled a summary of principles that summarized previously developed ethical frameworks for research. The ethical principles that were considered throughout the research process were as follows:

I. The wellbeing of participants of the research (such as the interviewees, the case company as well as others).
II. Respect of dignity of participants of the research.
III. Voluntary participation and information of the consent of the research.
IV. Protection of privacy of research participants.
V. Confidentiality of research data and Anonymity of research participants.
VI. The potential of misleading the research process.
VII. Professional or Personal Affiliation need to be declared.
VIII. Transparency of the interest of the participating parties.
IX. Avoidance of Misrepresentation of research findings.
4 Empirical Findings

This chapter is going to present the empirical findings. Firstly, the case company is presented, followed by a description of the acquisitions, managers as well as the findings.

4.1 The history of a Swedish business consulting firm

The Case Company is a Swedish business consulting firm which has its roots in an agricultural organization that was grounded in the very beginning of the 19th century. Back then the aim of the organization was to help the Swedish workers of that industry. Over the years the firm became more specialized into being a consulting firm with major consulting services within accounting for the agricultural industry. Today the focus is laid on helping all kind of SME:s in the country, with consulting and accounting services of different kinds. The firm has, according to themselves, grown greatly, having had one office in 1920 in Stockholm, while now having about 145 offices and over 1400 employees all around the country, which the company is very proud of. The offices are as mentioned placed all over the country, and in this way, according to the company, they are always close to the customers and their needs. This, one could also say is representative in one, among others, of their values, which is: to always create special customer value. As such, one can find them in the south in Ystad to Kiruna in the very north of Sweden. Furthermore, the organization today is divided into four regions that are further divided into units and then into offices, which all report upstream to the nearest upper section, which tends to be a rather hierarchical organizational structure. With an organizational culture that some describe as a rather institutional culture, with a rather long decision making process. The organizational culture is not a 100% similar within all of the offices of the firm, from the north to the south.

In recent history, the consulting firm has acquired more than 50 consulting firms. Where those have been influencing the organizational culture of offices, as well as the fact of the size of an office and other cultural influences of the employees and of its situation.

The business consulting firm has gone through different changes since its establishment in the beginning of the 1900th century. Now the whole accounting service industry is within a big change. The business consulting firm has said that they now need to grow more than
before. The firm has been growing since the beginning, and part of the growth was due to acquisitions, but far from all growth came from them. The firm has been following their acquisitions for several years and could now see the results of different choices from before, which can be important for the future. Now the question is, why does the firm need to grow more than before?

4.1.1 Why Do We Need to Grow?

The recent years within the business consulting industry have been filled with changes that were about to happen and have happened. The words that became apparent, when talking to representatives of the company, about the recent years were digitalization and automatization. Throughout the last ten years, digitalization and automatization of the accounting services, were on the map. It has been mentioned that there has been a discussion and speculations of what is going to happen in the future, but there has been much talking and no action about the changes that were going to come. The Managers elaborated that in the future, the industry is going to develop faster with changes concerning jobs and customer needs, due to working routines that are going to change and as such be automatized to a higher extent than today. This is going to lead to a tenser industry in terms of concurrence as stated by Manager C:

“The digitalization and automatization that is ongoing right now and has been for a while, is going to lead to more concurrence within the accounting consultancy market. With other words, it is going to be harder and worse, but also a lot more fun, higher speed of change and more collaboration both of national and international actors in the market. As for example collaboration with banks.”

As such, the case company positions themselves in a position where they need to put out competition that is going to increase in the coming years. It is argued that to be able to behold a stable position within the business consulting market, the case company needs to grow. Due to the digitalization but above that, due to the automatization, jobs will disappear, from the Swedish market, as for example the job of an accounting assistant, as the working process will be automatized sooner or later. This is also one reason that is leading to the necessity of growth, as the case company needs to have other professions to offer to both clients and employees. But as such, it is mentioned that the automatization in itself is not the problem, but that accounting services will be outsources to lower wage countries and are already today offered for free, to a certain extent, by national competitors. It is the automatization that
increases competition, which leads to the need of growth and to grow is among others to offer services that do not become digitalized. As also mentioned by Manager A:

“Our firm will change and needs to change, but everything will not change. Customers do follow their consultant, so consultancy will not digitalize. This is one of the reasons why we need to focus on getting competent consultants that make their customers remain. This is one of the ways we can compete.”

The need to grow has led the case company to work actively with their growth strategy, with new growth goals, which is aiming to increase the competitiveness of the organization, according to the case company.

4.1.2 Description of the Managers & Acquisitions of the Case

As stated earlier, the Case Company has over 50 acquisitions that were acquired throughout the history of the firm. The Managers of this Case Study have a broad experience of acquisitions, as they have either experienced an acquisition or acquired it on their own, which can give a broad view of the acquisition process of the Case Company. In the table beneath, the Managers’ years of experience within the organization, as well as the number of acquisitions that they have experienced and their relation to those is shown.

<table>
<thead>
<tr>
<th>Manager</th>
<th>Participants experience (years)</th>
<th>Acquisitions (amount)</th>
<th>Relation to acquisitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>9</td>
<td>15</td>
<td>Acquirer &amp; Head of Acquisition strategy</td>
</tr>
<tr>
<td>B</td>
<td>7</td>
<td>1</td>
<td>Experiencer</td>
</tr>
<tr>
<td>C</td>
<td>3</td>
<td>2</td>
<td>Acquirer &amp; Experiencer</td>
</tr>
<tr>
<td>D</td>
<td>12</td>
<td>3</td>
<td>Acquirer &amp; Responsible</td>
</tr>
<tr>
<td>E</td>
<td>10</td>
<td>1</td>
<td>Experiencer</td>
</tr>
</tbody>
</table>

*Table 2: Manager Experience & Amount of Acquisitions*
Description of the Managers and their Acquisitions

Manager A represents a Regional Executive Manager, who has been working on this position since 2009; which implies about 9 years of experience within the company and of his responsibilities within the organization. Further, Manager A, is responsible of the largest region of the organization that is both largest to number of employees, turnover as well as geographical size. The manager has been involved in the acquisition process of 15 acquisitions, as well as acquired acquisitions.

Manager B is holding the position of Manager, at the office in Gothenburg, and is today working with management issues of human resources and customer management. Manager B has been working within the organization for the last 7 years with all from Accounting Consultancy, Marketing Coordination, Project Member and Leader. Manager B has experienced the acquisition process of one Acquisition.

Further, Manager C is today Unite Executive Manager of the unit Gothenburg as well as the Manager of the Office Gothenburg and Borås, as for the last 3 years. In the unit of Gothenburg, about 5 offices are included that are geographically placed near the city. Manager C is responsible of an ongoing Acquisition and has experienced one Acquisition process.

Moving on to Manager D, who today is working as Human Resource Manager, with the responsibility field of the south and west of Sweden, and is a former Office Manager and Regional Executive Manager, with years of experience of that role. Manager D has been active within the company for the last 12 years has been acquiring and responsible for Acquisition 3 acquisitions.

Lastly, Manager E is working as a Manager at the office of Gothenburg. Manager E has the same area of responsibility as Manager B. The Manager has been working as Accounting Consultant for the company since 2007. This Manager has experience the acquisition of one Acquisition from the view of an employee that was acquired.
4.1.3 The emergent of themes
When reviewing the data collected, one could find some themes that became apparent. In the following part the themes will be presented, that were found among the answers of the Managers and other information gained from the case company. The author chose this structure with the hope to present the data in a simpler way for the reader.

4.2 The choice of Acquisitions

To gain a competitive position and a larger market share within the consulting industry, the Case Company mentions at several times that it is important to gain more customers. For to increase their customer base, the case company has been choosing to set a strategic goal of a specific number of customers in the coming years, that is very high to reach without a gain of many customers at one point in time, according to several Managers. As such, several of the Managers mention that the new goal is in their opinion only possible to reach trough, acquisition. Manager A, who has been involved in 15 acquisition processes, mentions that:

“As clients most often follow their consultants, acquisition is the most cost-efficient way of gaining the goal of new customers. This also gives us the possibility to grow as fast we need and wish. By simple sales of services to new customers, the goals are hardly to reach within the timespan given.”

Also Manager C, who right now is dealing with an acquisition process, states that:

“To complete the growth goals within the given time span, acquisition is the only way. And growth is very important, to remain in and become a great competitor and win market share.”

There are today many pop-up companies that offer free accounting consultancy, which are a threat, that need to be coped with fast. The case company mentions that growth needs to happen fast, which gives no better choice than to acquire small consulting companies. Even though some Managers mention that acquisition is not a sustainable way to grow, it is the choice that the case company made, in the hope to reach the growth goals fast, for to remain competitive even in the future.

The choice of using acquisition to grow, gives the question what the case company expects from an acquisition. At this point the Managers as well as the official goal of the Case Company are coherent, and it appears clearly that a successful acquisition, in their opinion, is when the customers of the acquisition remain as well as the acquired employees. Manager A states that:
“A successful acquisition would be when the employees of the acquisition are having a positive opinion of our organizational culture and therefore are willing to stay, but also that the customers of the acquisition want to stay as customers in our firm at least some 4-5 years.”

4.3 Acquisitions in our Company so far

Until now, until the Case company started to focus on growth, acquisitions were a part of the company that were considered to generate growth, but growth was not as highly prioritised as it is now. As such, the process of acquisition, from the beginning to the end, has not been thought through or planned, according to the Managers. From the point of view of an employee that was acquired or received the acquisition, there was no experienced routine of an acquisition process that would have seemed organized. Manager E that experienced the acquisitions process from the point of view of an acquired employee stated that:

“It was not noticeable as we were acquired that there was any routine or roles that were followed at the acquisition process, we changed or logotype and nothing else changed.”

The Managers that have been acquiring, mentioned that there is a document that states how the acquisition process should be conducted, but Manager A stated that:

“As I started my employment in this company there was no document or routine for the process, I did as I thought was best out of my experience. We developed a documentation process but today the process is under revision again, due to the many acquisitions that we need will need the coming years.”

With other words, it became apparent that the case company has an acquisition process documentation file for each acquisition, it is also used to present the acquisition proposition to the executives of this matter.

The acquisition process, or what the existing routines look alike today, in the case company, can be found in Appendix 2; but in short, when a potential acquisition has been found, arrangements are tried to be done. The part of the acquisition process, before the acquisition, is documented and routines are followed, while the part of the process, after the acquisition, is not having any documentation. This part is according to several Managers just a list of recommendations, for integration, with no organized order of implementation in the company document for acquisition.
What has become apparent in the acquisitions so far, and what will be important to think of in future acquisitions, is that several Managers have experienced different phases, coherent with one another, in the acquisition process. For example, Manager D that has acquired and been responsible for three acquisitions, has experienced that:

“The first phase after the acquisition is like a honeymoon, everything is new and nice. After this phase is over, one only sees the negative differences between the acquirer and the acquisition. Here we can lose employees and customers; that is when it is a failure of the acquisition.”

Not all of the acquisition of the past have been successful, according to the Managers, which is something that the Managers mentioned frequently. It has been mentioned that there has not been enough effort placed, from the top management, on the problems that one need to cope with after the acquisition. This has both been mentioned from the acquirers’ view as well as the employees’ view. Manager A, who has experienced many different outcomes of the Case Company’s acquisitions stated:

“After the acquisition it is important to build bridges, to avoid loss of customers. This is very important. Both to build bridges between the employees of the acquisition and our company, but also between our company and the customers of the acquisition. Otherwise the chances for success, are minimized.”

4.3.1 Clashes of organizational cultures
Several Managers have mentioned that they have experienced the importance of organizational culture, when it comes to acquisitions. It became apparent that the Case Company is very aware of their own culture and it is frequently spoken of their values. When the Managers speak of organizational culture, they have described it as:

“Norms for ones' behaviour, the national culture we have is what we receive from the society where we grew up, while organizational culture does differ from organization to organization and is something we learn at the organization”

“The culture in our walls, how easy it is to come into a group at the workplace, open doors or closed ones.”

“Our values are the frame, but every office always has their own culture. We have 145, not all share the same culture”

The Case Company does state that the organizational culture of both the acquisition and the acquirer plays an important role when it comes to the outcome of the acquisition. Several Managers mention that, organizational culture can lead to employees that choose to quit, as well as the risk that customers choose to leave. They mentioned several times, that this is due
to the fact that cultures can clash. When they do not integrate, but remain very different, it can become very tense in the work place, leading to social conflict. Manager E said for example that:

“When the acquisition is acquired and the two cultures meet, the unwritten facts come up to the surface. How employees are to one another is very important and how the interaction between the two cultures work. It is good to feel that the acquirer tries to integrate the acquisition into the organization and its culture.”

Moreover, it has been said that the Case Company sees large differences within the organizational culture of the acquisition and their company as problematic as there can be difficulties to collaborate with one another, as exemplified by Manager B who has experienced an acquisition as the receiving employee:

“If our company works with hourly charging for services, and measures effectiveness this way, and the other does not, it can be hard to adjust to such a routine for both the employees and the customers of the acquisition.”

In the acquisitions so far, it could be noticed that the culture of the small business consulting firms that are acquired, is rather business oriented and entrepreneurial. While the culture of the Case Company is rather more institutional, which often has led to problems, like that customers or employees have chosen to leave due to that they are not used to the values or that to some of the work routines. Those have led to conflicts and in some cases acquisition failure. Manager C believes that if an acquisitions should be efficient, it is important to think about the values and organizational culture of the acquisition before the acquisition:

“If the differences are too large, one has to work much with them, meaning much time and effort. One would need to work with transformation of the cultures to adjust to one another, to be able to collaborate and be efficient. Small adjustments and changes in cultures are usual and happen through integration, but the large ones are time consuming and hence not cost-efficient.”

4.3.1.1 Supervision and Training

The goal of an acquisitions is according to the Case Company to generate growth through more customers and to gain new competent employees. Several Managers have mentioned that integration of employees and customers into the culture of the organization is important for the success of the acquisition. As such, from the Managers point of view, it was said that the employees that are acquired need to feel that they become a part of the new organization and of the organizational culture, to be willing to work after the same work routines and the same goals. The customers of the acquisition need to be informed about what is going on, and what this implies for them. From the employees’ point of view, it felt important to have
someone to turn to and that one feels welcome. Both sides mentioned coherently that it seemed important from previous acquisitions that the both parts play with open cards from the beginning. Manager A stated that:

“I have experienced that it is important to be truthful to the acquisition as well as do an effort in integrating the employees as well as the customers into our company successfully. So that also the customers know what is going to happen and have time to adjust to the new changes that are awaiting.”

It is also mentioned that it is important that the acquisition process should take time, to be able to integrate the employees into the organizational culture and to receive an average employee turnover. Manager C exemplified a case, where the future acquired company did have coffee together with the office where they were about to be placed, this they did for one year and were later on acquired successfully into the case company. Which also led to the avoidance of employees that felt unwelcome and no one left. Manager D states also that:

“It is always beneficial if the manager of the acquisition company stays, as this increases the chances that the employees stay within the acquisition. But another factor that affects the outcome of the acquisition, is the appearance of an employee of us that gets settled into the acquisition, if they remain in their old office. Or that they move into our offices immediately, to learn our culture and how we handle things.”

Manager E reflects as well that there is also the role of the former owner or manager of the acquisition that cannot be forgotten.

“Communication is very important when it comes to acquisitions, the manager needs to inform his employees that he intends to sell his company, so that they know what is going to happen, integration starts already there.”

From the employees point of view it has also been mentioned as important to have a person form the acquirer that appears in the acquisition, who can communicate how the acquirer works and answers questions. Managers E shared that:

“It was very useful to have contact persons from the acquirer that we could ask anything when it comes to routines and systems. It was a great comfort and gave security.”

Several Managers mentioned that they had experienced that communication and being supportive and listen to both the employees and the customers, has been important to successfully integrate an acquisition. Manager D said for example:

“Everything else is just paperwork, when it comes to integration the Manager needs to listen to the employees and the customers and be keen to their problems and needs, and support them, to lead them right.”
Until now it has been the duty of the Manager that executed the acquisition to develop an integration process. Even though the integration process is not totally coherent all over the organization according to the Managers, the Case Company, anyway has a rather similar integration process.

All of the Managers explain that when an acquisition is acquired the acquired employees are attending an introduction course that is held at the head quarter, for all new employees of the company, from all over the country. The introduction course consists of introduction of the systems and programmes that the organization uses, working routines are introduced, the CEO is welcoming the new employees and later on the organizational values are practiced through different exercises, such as working with a value tree, where own values are compared to the values of the Case Company. Finally, there are some teambuilding exercises as well. This introduction course is mentioned as the primer thing by the Managers, when it comes to the integration of the acquisition into the case company. Furthermore, the interviewees mentioned, that they are aware of integration and several Managers mention that they have been working with creations of yearly goal planes for the new employees of the acquisition, to get to know where they aim with their career. As such, the Managers also offer further education, to the acquired employees that is offered by the Case Company for all employees that want to advance and learn more. Having said that, several Managers mention that there are courses in consulting and in accounting as well as in management consulting, that are held at the head quarter a few times a year, which are in some way an achievement goal for all employees. The Managers mention that it is the Case Company’s goal to have employees with different authorizations, which among others, the courses that are offered result in. But two of five managers figured that the integration process that is offered by the top management team is not very satisfying. Manager B for example said:

“The integration process that I have seen at our company is not very good. It is a benefit for those who are new in the industry but not for employees that have been working with consulting maybe all life. There needs to be more focus on integration into the company and the office, than just the work routines and our values. The employees of the acquisition I have experienced, were a good team, and so they remained, but they did not integrate into our organization.”

On the other hand Manager C stated that he is going to do it differently:

“The introduction process is a bit old fashioned and build upon, that getting education and waiting for experience of 4-5 years is enough for employees, before they demand more development and advances. Today,
employees expect to have meeting venues, to be able to exchange knowledge and to have individually adjusted development possibilities right from the start, to be content with the employer and working environment. In my experience, the integration needs to be more decentralized, to integrate and introduce locally, to know where to go and whom to ask at once. It is important to supervise as Manager and to let the new employees know where they can get support within the group that they will work with. “

The interviewees also explained the importance of an ambassador from the acquirer to be placed at the acquisition office if the acquisition office is not removed. Several Managers argued that it is necessary to make it clear that the acquisition is a part of the case company, as well as that it is important to make the employees of the acquisition feel that they have someone to turn to and get advice. If the previous Manager was still placed at the same office, the Managers mentioned the risk, that the acquisition would not integrate, and rather still work in the same manner as previously, which in some cases could led to bad collaboration.
5 Analysis

This chapter is going to present an analysis of the empirical findings, the gathered data from the previous chapter is going to analysed through already existing literature and theories within the field of research.

5.1 Growth through Acquisitions

In its majority, the first part found within the empirical findings may not be a clear contribution to the answer of the research question, but is setting the situation and context of the case and this thesis. When comparing the empirical results with the previous literature framework it became apparent that there where both similarities as well as differences. For example, several of the Managers mentioned that the main reason to grow through acquisitions is due to the upcoming changes within the industry. More specifically the changes related to digitalization and automatization. The Case Company mentioned several times that the case company needs to work with their competitiveness within the industry against potential new competitors that may want to take part of the customer market, through new possibilities due to that changes within the industry. As such, one of growth goals of case company, is to gain more customers, which is one of the reasons for choosing acquisition as a growth strategy. This is correlating with existing literature by Delmar et al. (2003), as it is stated that acquisitions belong to the high-growth firms. Also Delmar et al. (2003) has explained that acquisition growers should be considered as growth strategy if the firm aims to achieve high absolute sales as well as high total employment. As the Case Company wishes to gain new customers whom they sell their consulting services to, this can be considered as total absolute sales of consultancy services. As the Case Company also wants to gain new competent consultants as employees, one could consider that the Case Company could wish to be a high growth firm, when comparing to the theory of Delmar et al. (2003).

As mentioned some of the Managers stated that the aim of gaining more customers, is to gain more of the market share and so become more competitive. As such, Hennart and Park (1993) as well as Bower (2001) also have mentioned that benefits of choosing to grow through acquisitions are that market power is gained through eliminating a competitor in a concentrated industry. The industry is going to be facing an intensified competition in the near future, due to the changes that appear within the industry that may allow other industries to enter the market of today’s business consulting industry.
In previous literature it has been mentioned that acquisitions can be considered to be valuable in a high concentration industry due to the fact that acquisition do not add new capacity to the industry, and so does not intensify the competition within the industry further (Hennart & Park, 1993). As such one could see a similarity between that reasons the case company mentions for choosing acquisition as growth strategy and the existing literature upon this topic.

5.2 Integration Management in Acquisitions

Acquisitions are in existing literature considered as a process, with two overall parts of the process that are usually considered, the pre-acquisition process and the post-acquisition process. When considering the empirical findings, several Managers have mentioned the different phases within the acquisition process. As they were considering “before” and “after” the acquisition this could be seen as correlating with the existing assumptions. It became evident in the empirical findings that there is a rather established order of how to proceed an acquisition, until the actual acquisition occurs. According to the Managers of the case company, there is an acquisition process documentation file that should be implemented in every acquisition process. The pre-acquisition process is rather structured with directions that need to be followed regarding all strategic considerations, and the decision making process until the closing of the arrangements. This is in line with the theory of Haspeslagh and Jemison (1991) as well as Caiazza and Volpe (2015), where the pre-acquisition phase is described as the decision making process and risk identification, as well as acquisition. This could also be considered as consistent with the assumptions of earlier literature on the acquisition process, that the strategic fit was considered as the main factor of what would lead to a value creating acquisition (Dauber, 2012). It could also became apparent, that the Managers mentioned that integration of an acquisition was happening after the acquisition, thus in the post-acquisition phase. This could be seen as in line with the acquisition stages that Caiazza and Volpe (2015) have found, where integration of organizational culture and leadership appears in Stage two, in figure 1.

As such, it is considered that the integration process, within the post-acquisition phase is consistent of organizational cultural integration, where an atmosphere for collaborations should be created (Caiazza & Volpe, 2015). In the findings, it could be found that the importance of building bridges or integrating is apparent, as many Managers mention that integration of an acquisition into the organization as well as its culture and work routines is
important for an acquisition to avoid failure, in their meaning. This is also mentioned by Dauber (2012) as well as Stahl and Voigt (2008), as it is argued that the level of integration of the acquisition is associated with a high acquisition performance level.

In the findings it became evident that an integration between the case company and the customers of the acquisition is also considered as important. This could be considered as a slightly difference to the existing literature, when considering management of integration, mostly integration of acquisition and employees is mentioned in existing theory that could be found in this research. On the other hand, it is mentioned in existing literature that if integration of human capital into the organizational culture is not performed, this can lead to loss of the planned value-add of the acquisition (Caiazza & Volpe, 2015), which according to (Cartwright & Schoenberg, 2006) is acquisition failure. As such, this definition is consistent with the one mentioned within the Case Company, as it was found that they consider a failure of an acquisition if customers and employees of the acquisition leave the company. But it could be considered that the importance of integration of the customers into the organizational culture and work routines is something that slightly differs from existing literature.

5.2.1 Integration management when organizational cultures meet

When it comes to organizational culture in the case company, it could be found that the Managers had similar definitions of what organizational culture is as well as that an organizations culture, is consistent of both a national culture and an organizational culture, as in previous literature (Sarala & Vaara, 2010; Hofstede, 1984). It could also be found that the Managers see that organizational culture within the post-acquisition phase has an effect on the outcome of an acquisition. This is in line with previous research that even states that organizational culture fit of the acquisition into the organization is as important to consider as strategical fit for the acquisition outcome (Dauber, 2012). As such, it became evident that the Case Company, believes that if the organizational culture differs much between acquisition and acquirer than there can be difficulties to collaborate with each other or adjust to new routines both on the side of employees as well as customers. It could be said that this is known as cultural distance in existing literature. Having said that, cultural distance is usually known to leading to social conflicts as well as communication problems (Pothukuchi et al., 2002). The Managers of the Case Company, have experienced that when the organizational
culture was having large differences this could lead to conflicts and that this in also have led to some acquisition failure. As such, one could consider that both evidence has been found and is consistent with existing literature that large organizational culture distance can lead to conflicts.

5.2.2 Integration of organizational culture in the post-acquisition phase

As there is no specific routine for the integration of acquisitions into the organizational culture in the acquisition process document, it could be considered that every acquisition integration process should be managed according to the needs of the specific acquisition. From the described acquisition process it becomes apparent that it is the acquirer that leads the integration. As such this is consistent with Stage two of Caiazza and Volpe’s (2015) acquisition phases, as leadership is mentioned as important for the integration of organizational culture. According to literature, leadership needs to deal with leadership challenges regarding human capital integration and management, when it comes to the integration of organizational culture. In line with adjusting the integration process to every situation, also Homburg and Bucerius (2006) said that time adjustment for example should be adjusted to the situation of a specific acquisition.

In previous research it has been mentioned that integration brings changes (Homburg and Bucerius, 2006; Datta, 1991). Changes of the acquisition, have been considered as needed to be able to integrate (Datta, 1991). But changes is something that the case company sometimes does differently than existing research proposes. The case company mentions that when integrating an acquisition, it is a benefit to let the previous manager or owner of the acquisition stay, which according to the case company has increased the probability of employees to stay within the acquisition. As such, it could be considered that changes are proceeded slowly within the Case Company to let the employees and customers get used to the new culture, such as values and work routines. This is, to a certain extent, contradicting with existing research, where it has been found that to be able to control the acquisition, managers from the acquirer need to become the managers of the acquisition (Shrivastava, 1986). On the other side, the case company sees the importance of having company employees that are moved to the acquisition, as so called ambassadors, if it is keeping its former office, so the acquisition can be integrated into the organizational culture. This is in line with the management tool for organizational culture integration as mentioned by Jeager (1983), in the form of an expatriate that is placed in a foreign subsidiary that should integrate
the organizational culture of the parent company. Having said that, one could consider placing Case Company ambassador/s at the acquisition office but also considering the necessity of leaving the old acquisition owner within the acquisition for smoother adjustments, could be seen as a tool of integration of organizational culture in the acquisition.

Another thing that has been mentioned regarding integration management by the case company, is communication. The importance of preparing the employees of the potential acquisition to the fact that they might become an acquisition has been mentioned. Which implies, the old owner of the acquisition communicating his/her intentions of what is going to happen. This could be considered as having similarities with existing literature, where it is said that collective goal setting is one way of achieving integration and that this can be proceeded through continuous dialog between the parent company and the acquisition (Bijlsma-Frankema, 2001). The difference to theory in this Case is that the dialog already can start before the acquisition, meaning in the pre-acquisition phase, to prepare for the post-acquisition integration Stage. It could be as such thought of as goal setting initiatives, as communication of the owner's goals can become a collective goal that all the employees strive for.

5.2.2.1 Integration management through supervision and training

In the management integration literature, the factors, time and speed of integration have been mentioned frequently as important for the integration outcome. It is considered that as the task integration management is linked to the human integration process, integration should take time (Brikinshaw, et al., 2000). Here it becomes evident in the findings that the case company mentions the importance that the integration process in the post-acquisition phase, should be able and allowed to take time. As it is said that if the acquisition process takes time, the employees and customers have time to integrate into the organizational culture, and this has shown to be effective to reduce abnormal employee turnover or customers that leave due to fast changes. This is in line with the theory that if managers are keen and listen to the needs of the employees, this will increase the employee satisfaction, and thus task satisfaction, which implies, according to Brikinshaw et al. (2000), higher employee integration into the organization culture. Also the Case Company mentions that the integration process is much about listening to the needs of the customers and employees, this could be considered as another example of how leadership and communication is used for integration. Considering time again, there is contradicting theory that states that
acquisition integration should be proceeded fast, as this avoids employee uncertainty and increases commitment (Schweizer & Patzelt, 2012). Employee commitment in turn leads to employees deciding to stay within the acquisition and thus valuable human capital remains within the acquisition which could be considered as value-add for the acquisition. This is something that the case company has not mentioned directly. But it has been mentioned that there is a difference in today’s employees and that those want and should be supervised with development possibilities and local integration from the start. This could be considered as the need for fast integration in the post-acquisition phase, in today’s society. Schweizer & Patzelt (2012) had also mentioned that a more inspiring and supporting leadership, also mentioned by Bijlsma-Frankema (2001), could lead to high employee commitment and integration into the organizational culture. As such, this is similar to the empirical findings that show that having individual development possibilities and being able to exchange knowledge, is increasing how content employees are. Comparing the empirical findings and the existing literature, giving employees supportive leadership could also be considered as a tool of organizational culture integration. What more specific was mentioned by the Case Company were the individual yearly goals that are set up that correlate with the firms’ goals and strivings, which could be considered as the supervision leadership mentioned above, but it could also be considered as collective goal setting that has been considered as a way of integration of organizational culture within the post-acquisition phase (Bijlsma-Frankema, 2001). Individual goals or collective goals however, could also be compared to the imaginative design of the future, to receive the goals aimed for from both the employee and the case company. This could be considered as scenario planning in existing research, a way considered to lead organizational culture into the wished organizational culture (Korte & Chermack, 2007). As such, one could say that collective goals or maybe even scenario planning, when comparing the findings and existing literature could be considered as organizational culture integration tools used within the Case Company for its acquisitions.

There has also been evidence found that the only integration process in the post-acquisition phase, that is directly ordered from the top management team, is integration through training. Several Managers of the Case Company mention that the introduction course that all new employees are supposed to proceed, is officially an integration tool. At the course the values and procedures of the case company are introduced and communicated to the employees. This is in line with existing literature, where it has been mentioned that it is giving a better result, to root organizational values than to only command them (Ogbonna & Wilkinson,
1988), as well as that different employees are perceiving values differently, due to different backgrounds and own values (Alvesson & Sveningsson, 2008). As such, due to individual sense making, one could argue that the Case Company works with value integration where own values are taken into consideration when integrating or training the Case Companies values, through the value tree in the introduction course. Ogbonna and Wilkinson (1988) mentioned that training and socialisation can be considered as an integration tool, and thus it could be considered that the Case Company uses training through its introduction course as integration tool of organizational culture.

5.3 Integration Management of Organizational Culture in The Post-Acquisition Phase

Summarizing what has been said, it could be argued that the Case Company is aware of integration of their acquisitions and is having a rather similar integration process all over the company. This, despite the fact that several Managers mentioned that only the introduction course is a pre-ordered acquisition integration tool, they still manage integration in a coherent way throughout the acquisitions until now. A possible explanation for that is that as the Case Company has routines of how to integrate new employees into the organization and its culture and as such, it could be argued that the acquisitions are integrated in a similar way as new employees are. Having said that, it seems that the Case Company is focusing on helping or supportive leadership when it comes to new employees of an acquisition. As such, this could be considered because they mention individual goal setting, thus individual development possibilities for the employees of the acquisition, and communication of incentives to the acquisition already in the pre-acquisition phase, but also ambassadors that can guide and support the new employees with questions about their new organization. As it is in theory mentioned that leadership overall and supportive leadership is important for integration of organizational culture and for to avoid loss of human capital, it could be considered that the Case Company cares about the gained human capital and tries to integrate the acquisition into their organizational culture. As such this is also in line with the findings that the purpose of the acquisitions is to gain competent employees, thus human capital as well as gain new customers. As values and organizational practices are communicated and trained through the introduction course but also through ambassadors, one could also consider that the Case Company is training and socializing to integrate an acquisition into the organizational culture. It has been mentioned several times when talking about integration of organizational culture in the post-acquisition phase is that the new customers
as well are integrated into the organizational culture, and that this as well is of importance, to gain the expected value-add of the acquisition. A possible explanation for why integration of customers of the acquisition into the organizational culture, has been mentioned so frequently by the Case Company and not as particularly in existing research could be because a aim of their acquisitions is among others to gain a new customer base. Another reason could also be that many existing researches are based on acquisitions of another industry, where customers are not in the same way acquired, thus not a service industry, but possibly rather a production industry. As such it is important for the Case Company to manage the value-add of customers as well, and not only the human capital of employees. As such, it could be considered that the customers are integrated into the organizational culture through communication and a supportive leadership as well. Furthermore, something that also has been mentioned as something that is thought of while integrating, is time. In the Case Company it has until now been considered that the integration of organizational culture should take time, both for the customers as well as the employees, for to give them the time they need to adjust to the changes that an acquisition brings. A possible explanation for why the Case Company has thought of this as the way to handle it, could be that also in older existing research it is mentioned that the integration process should take the time it needs and be adjusted to every specific case. In newer research though it has been suggested that the integration process should be implemented fast and efficient, to give the employees the feeling of security, which should lead to higher employee commitment. As such, it has been suggested by the Case Company that today, the employees expect faster development possibilities and an integration at once. However, so far it has been considered that both employees and customers need time to adjust and integrate into the organizational culture. Considering that the Case Company considerate the need to employees and customers it could be argued that this also is a way of supportive leadership as well as a training period for integration of the organizational culture.
Conclusion

This part is concluding the analysis and is aiming to answer the research question and the sub question.

Generally, acquisitions are commonly used as one of the most frequent growth strategies, but due to frequent cases of failure in organizational culture integration in the post-acquisition phase many acquisition do not bring the value-add that was expected at the initial arrangements. The purpose of this thesis is to gain an insight in the management of integration of organizational culture in the post-acquisition phase. As well as to gain an understanding of tools and factors that can be used to manage this kind of integration. The purpose led to the creation of the research question:

How do business consulting firms manage the integration of organizational culture in the post-acquisition phase?

As well as to the sub question that was formed;

What tools for integration management of organizational culture in the post-acquisition phase, can be identified in business consulting firms?

By conducting a qualitative case study, it became apparent that the business consulting firm is managing integration of organizational culture through two main “activities”, Supportive leadership and training. Where supportive leadership is guiding the new employees of the acquisition into the organizational culture and values as well as practices are trained at an introduction course. The mentioned activities can be divided into several more specific tools. These management tools are the utilization of ambassadors, communication, individual and collective goal setting, supervision, scenario planning and training.

This can be as seen in line with previous theories within integration management, with one exception. Where the supportive leadership, also involves the customers of the acquisition in the integration process. The acquirer in this case adapts the process and the speed of the integrations considering the needs and wishes of the customers. This is done with the intention, to gain the expected value-ad of the acquisition, which is according to this case, total sales in form of customer service and total employment, in form of human capital.
7 Discussion

Lastly this chapter is going to discuss what has been found in this thesis and what this more generally could mean for practitioners and for theory today and the future.

7.1 Limitations

As previously mentioned the findings of this thesis have been limited to a number of assumptions that the reader should be aware of when reading this thesis. This thesis’ results are limited to the Swedish business consulting industry. Despite that the business consulting industry is existent in a global perspective, it should be considered that each country has its own culture, political regulations and history that can affect the result of a study like this. It should here also be mentioned that this is a single opportunistic case study of only one firm, which also could affect the findings and as such could deviate from findings conducted on other firms within the same industry.

Another possible limitation is that the findings did not present enough evidence to determine to what extent customers are included in the integration process. As previously mentioned, no such information was given by the case company, thus meaning that this thesis results should be limited to the fact that clients are involved in the integration process, but not to what extent they are actually integrated in the organizational culture.

7.2 For Practitioners

This study has shown that the business consulting industry is in the middle of ongoing changes and that this industry in some cases uses acquisitions as growth strategy, to gain both human capital and customers. It has also been shown that the Swedish business consulting industry is aware of the importance of organizational culture integration in the post-acquisition phase and that business consulting firms are using specific tools to integrate their culture. Having said that, it has become apparent both in existing theory and the findings that the post-acquisition phase has previously been seen as most important, it has been found that integration management could be more structured and ordered from the business consulting firm. This could give the advantage to follow the steps of integration management
and improve it over time. Furthermore firms, may consider to try to attempt to involve customers of acquisition more into the organizational culture integration management, as this could help to avoid loss of value. It is the intention of this thesis and the recommendations here that this could help practitioners to a certain extent in the improvement of their integration management of organizational culture in the post-acquisition phase, and thus lead to a decrease of acquisition failures.

7.3 Theoretical Contribution

The existing literature is pointing out that integration of organizational culture in the post-acquisition phase is important for acquisition purpose fulfilment and that integration can be managed with a variety of integration tools. It can be said that the business consulting industry of this thesis was mostly consistent with existing literature. What has been found moreover was that the business consulting firm also involves the acquisition’s customers into the integration process. Where this phenomenon is, to my knowledge, not mentioned in existing literature, and as such, is this thesis theoretical contribution.

7.3.1 Future Research

As such, involving customers into the organizational culture integration process, could draw further questions upon, if it seems relevant to even involve and integrate other parties or relevant stakeholders into the organizational culture integration process. Having said that future research questions could be; Can integration of customers in the organizational culture in the post-acquisition phase lead to an improved acquisition outcome? Or: How relevant is it to involve stakeholders in the integration of organizational culture in the post-acquisition phase, in the business consulting industry?

Another suggestion that has become apparent by the Case Company was that they were mentioning that integration of employees may already be able to happen in the pre-acquisition phase, through such activities as communication of intentions and getting to know each other before the acquisition. This could also lead to the interesting question of: Is it possible that the integration management starts in the pre-acquisition phase?
7.4 Ethical Implications

As acquisition in today’s society are frequently used as growth strategy in the business consulting industry, it seems important to increase the understanding for the integration management of organizational culture in acquisitions, as those can lead to acquisition failure. As such, one could consider an ethical aspect that the acquirer should take integration of acquisitions into the organizational culture into consideration as that cultural distance and failure of integration can lead to social conflicts and possibly also other social problems among the employees. As well as that involving customers of the acquisition in the acquisition integration process could be seen as an ethical aspect as those customers of the business consulting industry often rely on their consultant and it could lead to social and perhaps economic problems for the customers if they are not taken into consideration and supported.
References


Maxwell, J. (2013). Qualitative research design. Los Angeles [u.a.]: SAGE.


Appendix 1

Interview guide

Introduction

- What is your position within the company?
- How long have you been employed there?
- What do you think has happened in the past 10 years in the business consulting industry?
- What do you think will happen in the next 10 years in the business consulting industry?

Acquisitions

- What part does acquisitions play in your growth strategies?
- How does the firm execute an acquisition? Describe the process?
- What is a successful acquisition?
- What factors do you believe are important for an acquisition to be successful?
- Do you notice that there are different phases within the process?
- Are there any general internal recommendations how to execute an acquisition and to manage the acquisition process within the firm?

Culture

- What is organizational culture to you?
- How do you think that organizational culture affects an acquisition?

Integration

- What do you think of acquisition integration?
- When an acquisition is acquired, how does the acquirer manage the acquisition?
- Does an integration process exist?
- How is integration managed?
- Are there any tools used to actively integrate the acquisition?
Appendix 2

The pre-acquisition process and phase of the Case Company

The pre-acquisition phase or acquisition process as the Case Company refers to it, as it looks today, is build-up of information seeking, which means to scan the market and competition around the office that is seeking for an acquisition. The next step is described by the Case Company as taking the first step towards the owner of the company of interest. One of the Managers, Manager A, describes this as:

“This part is the scariest of the whole process, it’s like asking someone for a dance, there is a frightening risk that the other person rejects and says no.”

Depending on the answer received at this point, the process continues, according to the Managers, with further presentation of the company of interest to the executives or the acquisition group of the company, where among other Manager A has been positioned. If the proposed company is accepted by the executive team for acquisitions, that goes through and analyses it, the process continues with further negotiations that either will lead or not lead to arrangements of the future acquisition.

All of this is stated and documented in a so called documentation file for acquisitions. After this point, the acquirement or acquisition, the Managers mention that there is no real pre-coordinated process anymore. Manager C mentions that:

“The easy part of acquisition is until the acquisition, all that is happening after that process, is the difficult part.”

Manager C argued that:

“In the process of acquisition routines, it is mentioned which strategic facts that are of importance, when an acquisition should be chosen. But what happens after the acquisition, is formulated only by some recommendations of what to think of. But there is no concrete process to follow from the acquisition and forward process.”

On the contrary Manager D, argued that, the fact that there was no acquisition process to follow was no disadvantage:
“It is mentioned in the acquisition process of our company that the implementer of the acquisition process needs to show strong leadership and that our values need to be mediated to the acquisition, but otherwise everything should be adjusted to every unique situation/acquisition.”

As there has not been any specific programme of how to integrate the acquisition, the Managers mentioned that there are some differences in how the acquisition where integrated into the organizational culture. But since there anyway were recommendations of what to think of when integrating, the integration is probably handled rather similar in the acquisitions of the past and ongoing ones, according to the Case Company. However, the acquisition process of before and after the acquisition is under reconstruction.

Further, the interviewees mention that there has been need for more than just some recommendations, of what parameters to think about when the acquisition is done. It was found that it seems as an improvement to have an integration process that defines concrete steps of what to do and when. For example, what to think of, and what to do, after 6 months after the acquirement. Where common risks are highlighted, so steps can be taken minimize or eliminate such risks.