Narrated Arenas of Post-Merger Integration
- Issues Constructed in Mergers

Annika Schilling
Stockholm School of Economics
Center for People and Organization
P.O. Box 6501, 113 83 Stockholm, Sweden
Tel: +46-(0)8-736 94 65
Fax: +46-(0)8-326524
E-mail: Annika.Schilling@hhs.se

Paper submitted to the 17th Nordic Conference on Business Studies.
Reykjavik, 14th to 16th of August 2003.

Work in progress

Abstract
The purpose of this paper is to understand what is meant when people in organizations refer to integration following mergers: What do people mean when they talk about post-merger integration in organizations? What parts of the organization are they referring to as important to focus on? And what issues are highlighted as important in the integration process? A narrative approach is taken in the attempts to answer these questions.

From case studies in five mergers nine different arenas of post-merger integration are identified: the arena of aligned structures; the arena of shared resources; the arena of aligned systems and processes; the arena of common products; the arena of integration teams; the arena of common premises; the arena of the top management; the arena of a common vision, strategy and common core values; the arena of human interaction. These arenas can be seen as different organizational spheres where discussions on and construction of issues of post-merger integration takes place. Seeing post-merger integration as taking place on these different arenas provides a more dynamic understanding of post-merger integration than has been presented in traditional M&A research.

1 This paper is a part of the research program Mergers@Work. I want to give a special thanks to Cecilia Bjursell, Markus Ejenäs, Peter Hyllman, Åsa Käfling and Svante Schriber for the work with information gathering and assessment in the cases used in this paper.
**Introduction**

International merger activity has been described in terms of a number of noticeable waves in the twenties century (Schweiger & Walsh 1990): one at the turn of the century, one in the late 1920s, one during the late 1960s and one throughout the 1980s. A resent study has showed that merger activity further dramatically increased during the last fifteen years of the twentieth century (Proyor 2001). But the character of these waves have changed over time as the earlier merger booms were dominated by conglomerate, i.e. unrelated mergers, whereas the more resent waves have been constituted of combinations between companies in similar business activity (Cartwright & Cooper 1996). Mergers between related firms are often characterized by the aspiration and potential for value creation through the fusion of business activities. To realize these value creation potentials the firms need to be successfully integrated (Haspeslagh & Jemison 1991).

Despite of the frequency of merger activity it has been suggested that in the long run between 60 % and 80% of all mergers and takeovers are considered to be financially unsuccessful (Cartwright & Cooper 1996). After failed attempted by both financial economist and industrial organizational economists to explain this phenomenon (Schweiger & Walsh 1990), the turn have now come to organizational theorists and strategic scholars to examine the importance of managing the implementation of the merger, e.i. the post-merger integration process.

Post-merger integration has been viewed in respect to two different aspects; how integration is undertaken and where integration can be found in the merging organizations. How integration is undertaken can be referred to as the post-merger integration process and this have been studied in different aspects by a number of merger and acquisition scholars (see e.g. Jemison & Sitkin 1986; Haspeslagh & Jemison 1991; Cartwright & Cooper 1996; Empson 2000). Where integration can be found have been studied in terms of different degree of change and levels of integration (Shrivastava 1986; Pablo 1994) the choice between autonomy and integration in different parts of the new organization (Howell 1970; Haspeslagh & Jemison 1991; Pablo 1994) and how much the merging organizations cultures should be integrated (Nahavandi & Malekzadeh 1988; Elsass & Veiga 1994). Traditional literature on mergers and acquisitions is, however, most often of a normative nature assessing how organizations should reason when planning merger implementation. For this reason there are only a few studies which have investigating the attitude toward integration in the organizations (cf. Vaara 2002; Löwstedt, Schilling et al 2003). The purpose of this paper is to understand what is meant when people in organizations refer to integration following a merger. Some guiding questions for the study are: What do people mean when they talk about post-merger integration in organizations? What parts of the organization are they referring to as important to focus on in order to create integration? And what issues are highlighted as important in this process?

In this paper nine organizational arenas of post-merger integration are distinguished in five merger cases. Arenas of post-merger integration is here defined as different organizational spheres where discussions on and construction of issues (Sims, Dowds et al 2001) concerning certain aspects of the merger process takes place. A special emphasis is here made to issues on where in the organization integration takes place and the reasons given for this. The construction of the merger is seen as
taking place in narratives connecting different events and giving them meaning. Seeing integration as taking place on different arenas provides a more dynamic understanding of post-merger integration than has been presented in traditional M&A research.

**Construction of issues in narratives on mergers**

Studies of organizations and organizational phenomenon as social constructs have been common for some time now (Burell & Morgan 1979; Alvesson & Sköldberg 1994). This means that organizations are seen as a part of a reality which is created through the words and the use of language in social contexts (Berger & Luckmann 1966). If we want to understand the social world we should focus on how the reality is manifested to us through the use of language.

One way to study the use of language is to see organizations as made up by narratives (Czarniawska 1997; Boje 2001). From this perspective every day life is made sense of though the stories we tell about ourselves and about others. According to Czarniawska (1997) stories are made around plots in which specific events are interlinked and brought into a meaningful whole. Narratives are, thus, flexible in the sense that the same events can be organized around different plots and by that means given a different meaning. The meaning of events can thus change over time as new combinations of events are put in focus.

When studying narratives in organizations it is relevant to distinguish between local narratives, highly dependent on the contextual circumstances, and grand narratives, which consist of narratives more stable over time and space (Boje 2001). Episteme (Knorr Cetina 1999), thought figures (Asplund 1979) and grand discourses (Alvesson & Kärreman 2000) are similar concepts as grand narratives referring to dominating regimes of truth referring to how the world works. Grand narratives could be resisted by local narratives resulting in a tension in the interpretation of an event (Boje 2001). Narratives can be studied through breaking them down in themes figuring in the stories (ibid).

Narratives and discourses are, nevertheless, not just talk as they bring consequences for which actions are seen as reasonable in a situation given the meaning captured in the stories. The status of narratives and discourses has been widely debated in the social sciences. With a long-range determinative position on discourses we can assume that discourse, subjectivity and practice are densely interwoven (Alvesson & Kärreman 2000).

In organizational settings stories and events have been found to make up the construction of agendas or issues to be dealt with for different actors in the organization (Sims, Dowds et al 2001). Issues in organizations can be seen as a nexus of concerns within and around organizations whereas agendas are defined as the collection of issues attracting the mental energy of a number of individuals. The construction of issues also requires the existence of different roles and actions performed by individuals attributed different roles. The emergence of issues is further often the ground for conflicts between different interests (Lukes 1974).

Since mergers and acquisitions are a common phenomenon in business industries today, it is reasonable to assume that narratives on “how to merge two organizations”
have emerged. It is further plausible, with the great extent of research on the subject and the extensive range merger implementation services offered by consulting firms, that a more or less grand narrative of what it means to integrate two merging organizations has formed. Post-merger integration is originally an abstract and theoretical term, why it needs to be given a more specific meaning in the specific situation. This meaning can be assumed to be given as stories and events unfold and issues of needed changes emerge.

Issues in narratives on mergers have been studies in a few cases. The findings of Risberg (1999) suggest that many of the inter organizational problems experienced following a merger, such as resistance to change, turnovers, misunderstandings, difficulties in making decisions, difficulties in abandoning old practices is likely to have their origin in multiple and ambiguous interpretations among organizational members. Particularly ambiguities around purpose, identity, power, negotiation, future and communication were seen as a possible cause to these problems. In a study of the discursive construction of issues concerning “winners” and “losers” in media texts on one merger (Hellgren, Löwstedt et al 2002) found that the texts centered around: division of ownership; distribution of top management positions; locations; and staff reductions. The argumentation around these issues used discursive practices of factualization, rationalization and emotionalization. Further Vaara & Tienari (2002) have identified four discourse types in the discursive construction of mergers and acquisitions in the Finnish media: a rationalistic; a cultural; a societal; and an individualistic. In a study of the discursive construction of success and failure in narratives of post-merger integration Vaara (2002) distinguish four types of discourse: rationalistic; cultural; role-bound and individualistic.

The introduction of a metaphor
The introduction of new metaphors by the researcher can be seen as a means to redirect the understanding of a phenomenon through the change of perspectives (Alvesson & Sköldberg 1994). In this paper I use the term arena as a metaphor for the emphasis of integration at different spheres in the organizations.

The term arena has, according to The Concise Oxford Dictionary two meanings, one original and one more recent figurative. Originally arena was used as the place for gladiator combat in the Roman Empire. The word is from Latin harena which translates as “sand”, most likely referring to the sand-strewed place of combat in the amphitheater. Today we use the term referring to “the central part of an amphitheatre etc, where contest take place”. In the second meaning of the word arena has been given an intangible figurative meaning, which distinguish virtual interfaces based on common discussions or actions. Arena is in this respect defined as “a scene of conflict; a sphere of action or discussion”. Common expressions with this meaning of the word are “political arena” and “international arena”. What is included in arenas is in general deliberately vague in order to open up to all those aspects of, for example, an organization or an association which can be seen as political or international. Mintzberg write about political arenas, refereeing to “the organization captured in whole, or in significant part, by politics and conflict” (Mintzberg 1985: 133). Arenas of post-merger integration is here referred to as different organizational spheres where discussions on and construction of issues (Sims, Dowds et al 2001) concerning certain aspects of the merger process takes place. A special emphasis is here made to issues on where in the organization integration takes place and the
reasons given for this. Arenas of integration can both be associated with conflict and
with harmony in the discussion around different issues.

**Post-merger integration in theory**

In the following I will review how the existing research on mergers and acquisitions
view post-merger integration. The purpose with the review is to examine the
dominating definition of post-merger integration in theory.

**Post-merger integration defined**

In merger and acquisition literature integration was first referred to after the financial
economists and industrial organization economists had failed to explain merger
failure or success through stock market expectations or short-term value creation and
synergy potentials. (Schweiger & Walsh 1990) In search of alternative explanations
researchers discovered the importance of the implementation of the merger for its
outcome and performance. The post-merger integration process emerged as a focal
concept in mergers and acquisition literature.

How post-merger integration should be understood is not clear-cut. Its meaning
varies from the general concept of “all actions taken by the management after the
merger in order to facilitate an efficient and effective common organization”
(Haspeslagh & Jemison 1991; Pablo 1994), to the more specific concepts of “the
degree of interaction and co-ordination between the two merging organizations”
The difference lies in weather integration is seen as the overall post-merger process
or the effects (planed or emerging) of this process in the organization. A common
idea is, though, that the purpose of integration (process and effects) is the realization
of synergies and value creation, which is mostly seen as a result of capability transfer
and resource sharing between the merging organizations (e.g. Haspeslagh & Jemison

It is not necessarily so, though, that integration as a process and integration as the
effects of the process should be seen as conflicting views of the concept of post-
merger integration. Rather could they be seen as two aspects of the same
phenomenon, where integration is both the process of actively implementing changes
in the strive for synergy realization and the outcome of the process in terms of
degree of interaction and co-ordination between the merging firms. In order to
estimate the degree of interaction and coordination between the firms the process
needs to be freezed at a specific time, which is a further indicator of the
interconnection of the two sides of integration. In this paper focus is primarily on the
integration outcomes, in terms of degree of interaction and coordination between the
merging organizations.

**Level of integration**

In merger and acquisition literature, post-merger integration have been said to take
place at different levels of the organization. Shrivastava (1986) have, for example,
distinguished between procedural, physical and cultural (and managerial) integration.
*Procedural integration* involves homogenization of processes and procedures
between the merging firms in order to coordinate toward the same strategic goal.
*Physical integration* involves sharing of assets and resources in order to create
synergies through either rationalization or transfer of capabilities. *Cultural
integration involves homogenization of beliefs and values at both a management and organizational level in order to facilitate a common understanding between the merging organizations.

Pablo (1994) makes a similar distinction when differentiating between changes in functional activity arrangements, organizational structure and systems and culture. She defines level of integration as “the degree of post-acquisition change in an organization’s technical, administrative and cultural configurations” (ibid: 806). In this sense level of integration can be ranged from low to high, where a low level of integration is limited to sharing of financial resources and alignment of financial processes and procedures. A moderate level of integration includes sharing and exchange of physical and knowledge-based resources resulting in an increased alignment of at least some of the company businesses. A high level of integration also involves sharing of human resources, which include alignment and homogenization of operating, control, and planning systems and procedures, complete alignment of structure and homogenization of organizational culture. The model is accumulative, which mean that physical integration also involves financial integration and human integration also involves financial and physical integration. Even though the different levels of integration often are treated as rather independent from each other the integration on one level may depend on the successful integration of one of the others (Birkinshaw, Bresman et al 2000).

One of the more central questions concerning level of integration is how much autonomy should be left for each of the merging firms respectively and how much coordination and control functions need to be integrated. In literature, this has been a question raised primarily in the case of acquisitions, where the choice is to what degree the acquired organization should be integrated to the acquiring (Howell 1970; Haspeslagh & Jemison 1991; Pablo 1994). This question could, though, also be relevant in mergers depending on the merger motives and identified synergy potentials (Napier 1989).

In the decision on level of integration there is a tension between what Pablo (1994) calls the strategic task and the organizational task of the organizations. The strategic task can be defined as the successful sharing or exchange of critical skills and resources that form the foundation for value creation. The strategic task derives from the strategic motive for merging the two firms. The organizational task, on the other hand, can be defined as the preservation of any unique characteristics of an acquired firm that are a source of competitive advantage. The tension is created as the accomplishment of the strategic task requires that firm-specific skills and resources are kept intact.

Taking degree of autonomy in consideration is also said to be crucial in order to avoid or mitigate negative reactions among the employees (Nahavandi & Malekzadeh 1988; Elsass & Veiga 1994). As mentioned above, one aspect of integration is the creation of a more or less common organizational culture, i.e a common understanding and shared beliefs and values. In literature on mergers and acquisition cultural integration is often referred to as acculturation, “changes induced in (two cultural) systems as a result of the diffusion of cultural elements in both directions” (Nahavandi & Malekzadeh 1988, citing Berry 1980). Instead of defining integration as the sharing of resources (see above), integration is here seen as the
transfer of two separate groups toward one (Elsass & Veiga 1994). As a function of the groups willingness to give up the own group identity and culture and the perceived attractiveness of the other groups culture, different preferences of “mode of acculturation” evolves.

Acculturation was introduced into the field of mergers and acquisitions by Nahavandi and Malekzadeh (1988), but has primarily been discussed in relation to acquisitions, where one of the firms have a dominant position in relation to the other. According to them the two dimensions resulted in four alternative modes of acculturation, differing in degree and type of integration: integration (the acquired company keeps its own culture at the same time as it approaches the acquiring company’s culture); assimilation (the acquired company culture is fully incorporated in the acquiring company’s culture); separation (the acquired company’s culture is kept segregated and exist in parallel with the acquiring company’s culture); and deculturation (the acquired company abandon its own culture but at the same time it does not approach the acquiring company’s culture).

**Integration strategies**
Several scholars have developed merger typologies by combining the motives for a merger with characteristics of the merging firms. A common classification of mergers and acquisition has been to differentiate between horizontal, vertical, concentric (marketing or technology) and conglomerate transactions (Kitching 1967). In a horizontal merger the two companies come largely from the same industry and have approximately the same customers and suppliers. In a vertical merger the companies are situated at different positions along the value chain, constituting either supplier or customer to each other. In a concentric merger the companies can have either the same customer group but different technologies or the same technology but different customer groups. Conglomerate merger, lastly, include companies having both different customer groups and technologies. Horizontal, vertical and concentric mergers are often said to be related mergers, while conglomerate mergers are seen as unrelated (Napier 1989). The type of merger can also be expected to correlate with an integration strategy for the implementation of a merger.

In order to capture the level of integration in the classification of mergers Howell (1970) have suggested a typology including financial, marketing and manufacturing acquisitions. The financial acquisition has as a motive to maximize quick value creation for shareholders. Often it is a part of a series of acquisitions of unrelated business. Here neither the market served nor the manufacturing of products is related between the companies. The integration is therefore limited to corporate financial resources which leave a high degree of autonomy by the acquired company. In a marketing acquisition the companies are related according to the market served or product area but are unrelated in the manufacture of products. In order to realize synergies in relation to the market relatedness the companies should consolidate and centralize the marketing organization. In the manufacturing acquisition the companies are primarily related according to the manufacture of products, but can also have related markets. Here the degree of integration should be the highest, besides financial and marketing integration also including merging of related production units, coordination of buying and distributing and transfer of manufacturing methods and knowledge.
Deriving from the degree of integration and interaction between the merging firms, Napier (1989) distinguishes between extension mergers, collaborative mergers (including synergy mergers and exchange mergers) and redesign mergers. **Extension mergers** resemble the conglomerate and financial acquisitions above as the acquiring firm essentially leaves the acquired firm alone, changing little or none of its management or operations. The motive is primarily growth related. In a **collaborative merger** the two firms join in order to generate gains for both or one of the companies through a blending of operations, assets and/or cultures, or through an exchange of technology or other expertise. There is two kinds of collaborative mergers: synergy and exchange. Synergy mergers include blending or compromise of major operational and managerial functions (firm’s name, the headquarters’ location, and functional and staff operations) and create benefits primarily from rationalizations. Exchange mergers involve an exchange and transfer of knowledge, technology or other capabilities from one firm to the other and create benefits through the application of best practices. Collaborative mergers have been associated with the acculturation mode of integration in Nahavandi and Malekzadehs model (Nahavandi & Malekzadeh 1988; Cartwright & Cooper 1993). **Redesign mergers** are signified by one firm dominating the other, and involves a widespread adoption of policies and practices from one firm to the other often with the desire to gain control of the management and board of the acquired company. Redesign mergers have been associated with the acculturation mode of assimilation (Cartwright & Cooper 1993).

**Case studies of five mergers**

This study has been based on empirical research in five cases of mergers. Using the term merger I do not intend to refer to the legal status of the transactions. In fact the cases include two mergers of equals fully carried out (HeritechPharmastar and EatGoodFood), one merger of equals broken off (Business Bank and Savers Bank), one acquisition (ITManCon) and one joint venture (Eastwest Communication). My intention is instead to emphasise the outspoken attempt in all cases to merge the organizations to some extent after the legal deal. This means that post-merger integration was on the agenda in all these cases. The difference in the nature of the cases can further be expected to contribute to a widened understanding of what is commonly referred to when people in organizations talk about integration following a merger.

The empirical research was based on thorough case studies (Eisenhardt 1989) of the integration process in the chosen organizations, conducted within the research program Mergers@Work. All in all 42 semi-structured interviews were conducted with people in the top level of the organizations. The lion’s share of these interviews was transcribed in extenso. The analysis of the interviews together with complementary company documents were assessed and structured using the method of inductively identifying common theme in the text, resembling that employed in grounded theory (cf. Glaser & Strauss 1967; Turner 1981; Richards & Richards 1991). This analysis was documented in five case descriptions.

The analysis in this paper has been based on both the case descriptions and on interview transcripts. Doing the analysis I investigated patterns of repeated issues in the accounts about the merger. Investigating patterns across mergers instead of variations within a merger mean that the study was made on a macro-level
overarching the organizations (cf. Alvesson & Kärreman 2000). I asked the material the question: where is integration described as taking place in the organizations and what is the reasons given for this? Through a careful reading of the text I found some themes common both across interviews in the same case and across cases. The analysis ended up in the identification of the “arenas of integration” described below. This mean that, although the world “arena” is ascribed by the researcher as a metaphor for what is observed, the content of these arenas are empirically grounded. Below follows a short description of the mergers included in this study, working as a background to the analysis of the cases.

The five merger cases

In December 8, 1998 the merger between the two pharmaceutical companies Swedish Pharmastar and British Heritech was announced as a “merger of equals”. The motives for the merger was said to be primarily related to the benefits of increasing size for both companies, in order to spread the cost of drug development. Additionally both companies were expected to gain synergy potentials in marketing, for instance by an increase in their chances on the US market by merging the two companies’ sales forces. The two companies were further in need of a strengthened research portfolio, which the merger was said to provide. Pharmastar’s research focus was in gastrointestinal (stomach and intestines) and respiratory, while Heritech had focused on respiratory, oncology and blood pressure. The companies were also perceived as having similar organizational cultures, which could facilitate the integration of the companies. A difference were to be found in the structuring of the two companies, were Pharmastar’s organization were said to be highly decentralized, each research site operating quite autonomously, whereas the Heritech organization was centralized and tightly connected.

The merger between the French IT-consulting company ITCon and the American management consultancy firm ManCon was announced in the end of May 2000 after some time of negotiations. Though the merger was treated as one of equal partners the firms differed significantly in size as ITCon brought in 39 000 consultants and ManCon 18 000 consultants into the new organization. ManCon was prior to the merger a unit in a global audit firm, and as such a partner owned organizations. The official motives for the merger were for the firms to complement each other geographically and in competence/products. The geographical complementarity meant that ITCon aimed for a stronger position in the US where ManCon was strong while ManCon wanted a stronger position in Europe where ITCon was strong. By the complementarity in competence and products (IT-consultancy and management consultancy) the ambition was to enable a new offer to the customers, combining IT- and management competences. This ambition was said to be a result of the evolving idea of “the New Economy” in society at that time. Except for the official motives also personal motives of financial gain for ManCon’s partners were said to play a part in the happening of the merger.

The first of January 2000 the Swedish confectionery manufacturer Food Inc. and EatGood, the Finnish ditto, merged after years of attempts to approach each other. The merger had been initiated in the beginning of 1999, and during the following

2 Pseudonyms have been used to protect the identity if the companies.
year the legal terms of the deal were discussed. The primary motives given for the merger were a growing market threat from stronger growing competitors and suppliers. But there was also an increasing threat of experiencing a takeover from multinational companies wanting to enter the Nordic market. By merging, the new company would have a stronger negotiating power in all these relationships. It also received a stronger financial position, making it possible to acquire more companies in the future.

The fit between Food Inc. and EatGood was considered a good one because of their complementary brands. It was considered both as an advantage for a stronger combined image and for scale in sales and distribution. Apart from the market-related motives, it was calculated that the merger would create synergy potentials in rationalizations in production, sales and marketing, acquisition and administration.

In February 2001 the Swedish banks Business Bank and Savers Bank announced an intent declaration for a merger between the two firms. Business Bank traditionally focused their banking business on larger companies, institutions and private persons, while Savers Bank had their roots in the agricultural community, nowadays focusing on bank services for “the man on the street”. The given motives for the merger were twofold: to strengthen the position for both banks on the existing Nordic banking market and to create a Swedish bank strong enough to compete on the future European banking market. The complementarity of the two banks would facilitate this strength.

Seven months after the announcement the intent to merge was however broken off, as a result of an expected rejection from the European Commission based on European competition legislation and principals. At that time the planning of the merger had proceeded quite far and people from the two organizations had started to get to know each other. Because of the break off of the merger, the description of integration below will focus on early and intended integration between the two organizations.

In April 2001 it was announced that Telewest and East Electronics would merge their mobile phone units globally and form the joint venture Eastwest Communication. The cooperation started in October the same year. The motives given for the joint venture was to combine world leading expertise in telecom and consumption electronics in order to form the ideal partnership for the growing 3G market and the market for mobile Internet. The goal was to develop a full range product portfolio for the mobile phone market with both high level and mid level entry products. The joint venture was formed through the founding of an empty company own at 50% by East Electronics and 50% by Telewest. The units included were sold into the new company from respective company.

**Arenas of post-merger integration**

In this paper the purpose is to understand what is meant when people in organizations refer to integration following a merger. Above I have introduced the metaphor arena with the general meaning “distinguished virtual interfaces based on common discussions or actions”.
In the merger cases above what respondents refer to when speaking of integration in the merger involving their organization have been classified according to a number of organizational arenas of post-merger integration. These arenas should be seen as different organizational spheres where discussions on and construction of issues concerning certain aspects of the merger process takes place. The mergers differ in what extent different arenas were emphasized. Below I present the arenas for integration emphasized in the cases of this study.

**Arenas of post-merger integration**
- The arena of aligned structures
- The arena of shared resources
- The arena of aligned systems and processes
- The arena of common products
- The arena of integration teams
- The arena of common premises
- The arena of the top management
- The arena of a common vision, strategy and common core values
- The arena of human interaction

**Figure 1**: Arenas of post-merger integration

**The arena of aligned structures**
In many of the cases integration was said to be undertaken through the alignment of the organizational structures. Alignment of structures was in focus when an overlap in similar activities in some parts of the organization was identified. This overlap was emphasized both in production, in R&D departments, in sales and marketing and in HR and administrative functions. Integration in aligned structures mean the creation of an mix of people from both merging organizations in one or several organizational units. The gains for this kind of integration was said to be either knowledge transfer or rationalizations in terms of possible cutbacks.

For example in the merger between Heritech and Pharmastar the major focus in the implementation was said to be in the R&D strategy and how to realize it the best way. In a new matrix organization R&D was divided into seven research areas (Cardiovascular, Gastrointestinal, Respiratory, Central Nerve System, Pain, Oncology and Injectional) which basically were the same as the two companies had had before the merger. Cardiovascular was mainly the only research area where an overlap between the companies was identified, which was seen as a good reason for integration between the two companies researchers in this area. The other research areas were however not seen as related, why the prerequisites for integrating them was said not to exist.

In the case of EatGood and Food Inc. integration was initiated with the aim to find synergies within the different operations (manufacturing, sales, HR, administration, finance). It was said to be important to find quick-wins and to realize them in order to show strength to the financial market. The most immediate changes was said to be made in sales in order to ensure a steady cash flow during the continuing implementation. Through the integration sales people from former EatGood and Food Inc. began to sell the product collection of both brands.

"Att åstadkomma en bättre lönsamhet så var det ju ganska lätt att se vilka, inom vilka områden som vi skulle kunna åstadkomma synergier som man säger då. Båda fanns ju i Sverige med var sin säljorganisation där det sprang omkring ute på fältet 50 säljare från varje företag. Det är klart att det är lätt att inse att man kan slå ihop det där till en säljkår och låta de sälja både [Food Inc.] och [EatGood] sortimentet.” (EatGoodFood)

Also in the creation of the new Eastwest Communications organization integration in the units was emphasized. The new organization consisted of eight legal units worldwide, which each had its own office structure.


An ambition was said to have been to mix people from both organizations in all units in order to create a new “Eastwest Communication DNA”.

"Det andra då var att vi skapade en sorts blandning av DNA här då, [East Electronics]- och [Telewest]DNA i olika företag, det vill säga att, eller i olika enheter i företaget, vill säga att vi hade ofta lite blandat så här (knackar i bordet).” (EastWest Communication)

When focusing on the alignment of the organizational structures a distinction was made between integration in a unit and integration in temporary projects. In both ITManCon and HeritechPharmastar integration mainly was said to take place in more or less temporary projects, either for consulting assignments or for drug development. In EatGoodFood, however, integration was described as more permanent in different functions.

In ITManCon the espoused planes was said to be to integrate the two organizations businesses in common delivery projects toward the client. A high degree of integration was not said to be a goal in itself, why integration would take place only as the market showed a demand for an integrated service. This meant that consultants from the previously separate organizations would meet in assignment teams where competence from both firms where needed to solve the problem of the client.

"Nu var ju prio ett det var ju att få tryck i de nya teamen så att man har en mer central beläggning i den verksamheten. Då ser vi till att vi har det och sedan så när vi har bra beläggning då börjar vi samarbetsa projekt och sedan successivt bygger vi någon form av gemensam respekt.” (ITManCon)
The arena of shared resources
Integration was in some cases also described as taking place in the creation of shared resources for the new organization. The most crucial resource in this context was said to be the sharing and distribution of knowledge and competence throughout the organization. The means of this sharing of knowledge and competence was said to be mainly the creation of common knowledge databases and a flexible use of knowledgeable personnel between different units and geographical locations.

In HeritechPharmastar the sharing of resources was identified in relation to the strive toward a more globalized organization. One of the main benefits of the merger was perceived as the creation of global synergies by using knowledge globally. The idea was to use resources more flexibly across sites, research areas and functions. This meant more information sharing and collaboration between colleagues located at different geographically segregated research sites. This was said to be a measure to make the entire company globally interconnected.


In EatGoodFood the sharing of knowledge was facilitated through the creation of a competence bank. Through an extensive mapping of areas of knowledge and competence of the personnel it was made possible to find experts on different areas, such as sugar, chocolate or butter, within the organization when such experts were needed.

"Därför att vi bägge var tillräckligt små så att vi kunde inte ha alla experter som vi har idag så att jag kan nu namnge folk hos oss som är bra när det gäller fett, bra när det gäller socker, när det gäller mjölk. (EatGoodFood)"

The significance of the sharing of knowledge as an arena for integration can be illustrated by how the employees involved in the integration planning in the interrupted merger between Business Bank and Savers Bank still had ties between the now separate organizations after the brake off through the knowledge they had come to share. After the brake off all common documentation from the integration process was destroyed or locked in to a magazine. The more tacit knowledge gained by the employees was said not be destroyed that easily, though. For one thing, it was mentioned that both companies have implemented changes in their organizations and in production and services, inspired by the time of cooperation.


"Det har nog varit en positiv resa. …för oss har vi använt det på ett positivt sätt, det har varit absoluta bästa strategiäribetet vi någonsin har gjort, för det var ju ändå skarpt i bemärkelsen att vi trodde det skulle hända. Så det var inte en strategiövning i vanlig bemärkelse utan nu gick vi
The arena of aligned systems and processes

In order to transform the two separate companies into one more or less coordinated and homogenized organization, emphasis was almost in all cases put on integration and alignment of different systems and processes in the organizations. Examples given of such systems and processes are: information systems, knowledge management systems, performance management and reward systems. In some cases also working processes was seen as in need of homogenization.

The most common principal for the alignment of systems and processes espoused in the interviews was to choose best practices which meant that the solutions of both companies were reviewed and the one found to be the best was implemented in the new organization. This principle was espoused by respondents in for example HeritechPharmastar and ITManCon.

The strive toward globalization in HeritechPharmastar, mentioned above, also included homogenization of common systems and standards in work practices. In order to take advantage of the widespread competence within the company some efforts were given to the development of best practices for common processes through documentation and evaluation within the company. In order to identify best practices meetings were held with the purpose of raising the question of best practices to a more general discussion. Best practices were thereafter communicated through internal knowledge management and transfer systems and on more public conferences in the scientific community.

Also in ITManCon there was an ambition to homogenization of routines and systems in order to create a coordinated business in the new organization. But even though there were an ambition to apply best practices in the choice of new routines and systems the experience was said to be that one of the companies solutions had a tendency to always be chosen. This was seen as evidence of dominance or unfairness.

In Eastwest Communication best practices was said to be chosen for simplicity reasons as the creation of something new and better was not prioritized.

"Så att det är en del av, så att säga, moment av integrering. Man tittar på vad som finns hos ena parten och andra parten och så bestämmer man sig för att välja antingen det ena eller det andra, eller att man tar det bästa och så gör man något nytt. Så att mycket av det här är egentligen att dokumentera då, beskriva nya processer.” (EastWest Communication)

An alternative principal in the choice of common systems and processes was to emphasise implementation based on the ambition to create something new and better from the combination of the two organizations old systems. This principle could also be seen as a compromise between the solutions of the merging organizations. The principal was said to be used in EatGoodFood.

The reason for a compromise or an improved solution is attributed to the power balance in the merger. The merger between EatGood and Food Inc. was a “merger of equals” and therefore it was seen as important that integration was balanced and fair, not allowing for one of the companies to dominate the process.

"Kompromiss låter inte bra men det kan ju hända att det som blir bra utav det här företaget är de här ytterligheterna som blir synliga och att man kommer till en, vad skall vi säga, mera medelväg, inte så många eller inte så få. Det är två ytterligheter. (EatGoodFood)"

"[Food Inc.] på sitt sätt och [EatGood] på sitt sätt. Har man varit det så tror man ju naturligtvis på att det man själv har gjort var rätt och det slåss man för. Då vill man ju inte liksom säga att det där vi har gjort har varit fel, vi borde göra som ni har gjort istället. Det visar ju egentligen bara att det inte finns en sanning utan att det finns flera, och då finns det väl sannolikt också en tredje som skulle kunna vara [EatGoodFood]-sättet då som gör att vi kan få folk att ansluta sig till en gemensam uppfattning ändå om hur man bör uppträda, hur man bör organisera och styra, vem som bestämmer om vilka frågor.” (EatGoodFood)

**The arena of common products**

An not that obvious arena of integration was observed in some of the cases as the integration of brand and products were emphasized. This kind of integration was argued for as a means to create a more interesting product through the combination of the products and competences of the merging firms.

This arena of integration was mentioned in the case of Eastwest Communication. Since the objective of the joint venture between East Electronics and Telewest was the common development of a better mobile phone for 3G and mobile Internet, integration was described in terms of when the products you develop and sell are an outcome of the joint effort with less connection to the traditions of the old companies.

"Å så kan man väl säga, i och med det, kan man väl säga då att vi på nåt sätt är ett självständigt företag utan allt för stora, så att säga, nedärvda kopplingar mot vår historia. Å det är lite intressant va, för det är först när du når den punkten som du har ett samarbete som du på något sätt är färdig med en integration eller en merger. Det är när produkterna du säljer och marknadsför och så är resultatet av det nya företaget.” (EastWest Communication)

In EatGoodFood, however, it was repeatedly emphasised that the companies did not want to integrate the products as they perceived it to be a value in preserving the old
brands and products as they had been before the merger. The unwillingness to integrate the brands or products was described as a consequence of a strong emotional attachment to the brands within the two organizations. The preservation of brands and products was regulated in the company regulations and decision on the subject could only be taken in the board of directors.


ITManCons attempts to integrate consultants with different competences in assignment projects toward the client in order to make use of the benefits of an extended service range could also be seen as integration on the arena of common products.

"Jag tror att det viktigaste är nog i säljet, att vi faktiskt börjar utnyttja varandra i säljet och att man…när jag är ute hos kund, att jag inte bara säljer min egen line of business tjänster, utan att jag har hela bredden med mig ut till kund. Och att det blir fler projekt där man…ja…utnyttjar hela tjänsteutbudet. Det tycker jag är det viktigaste.” (ITManCon)

The arena of integration teams

In all case mergers task forces on different levels of the organizations were said to be used for the planning of the implementation of the merger following the merger. These were often called integration teams. In some cases it was emphasized that the integration teams should consist of members from different parts of both merging organizations. An even mix of people from both merging organizations was especially emphasized where the merger was described as a merger of equals. Besides the accomplishment of integration planning, the task forces could be seen as functioning as an arena for interpersonal meetings across the organizations with the side effect of getting to know “who those new guys are”. Since this was often the first contact between people from the different organizations, stories from the work in the integration teams could spread throughout the organizations, forming a ground for the coming, closer cooperation. Integration teams were used in Heritech Pharmastar, EatGoodFood and ITManCon.

"Och då jobbade vi med, den personalchefsgruppen är ju sammansatt av svenskar och engelsmän och amerikanare, då. Och med [Heritech] och [Pharmastar], och på det sättet så lärde ju vi känna varandra också och brottades lite med de här kulturella frågeställningarna i vår egen lilla grupp, vilket var, och i och med att vi träffades så pass mycket det första året så kom vi ganska långt med det.” (HeritechPharmastar)

"Ja, vi valde ju att i både [a prior merger] och [EatGood]fallet driva fusionsarbetet i projekt. Med en projektorganisation, en projektstyrelse med utsedda ansvariga för olika delprojekt som snabbt fick sätta sig ihop grupper och fick klart för sig att det är det här ni skall åstadkomma. Kom tillbaka och tala om hur ni vill göra så tar vi beslut i den här projektstyrelsen.” (EatGoodFood)
"De bemannades med deltagare från i alla fall…i bästa fall från alla organisationerna. Och i sällsamt i alla fall från [ManCon] och [ITCon]. Man ska komma ihåg att [a smaller but autonomous company within ITCon], de var ju inte så många. De kunde inte vara med i allt. De var ju bara ett 20-tal personer här i Sverige.” (ITManCon)

The initiated merger between Business Bank and Savers Bank could be seen as a special case regarding the importance of the arena of integration teams as it did not get further than to the stage of integration planning. Here a separate integration organization with integration teams around different issues was used, manned with people from all levels of both organizations.


"Och då hör det till saken att då hade alltså de båda styrelseordförandena och de båda koncerncheferna redan gjort en grov skiss på hur det skulle se ut. De hade ju format en integrationskommitté som var det översta organet, styrelsen för fusionsarbetet för alla de hår tre processerna. I den satt de båda ordförandena, de båda koncerncheferna, ytterligare två styrelseledamöter, de två generalerna och sen var det två fackliga ordföranden.” (Savers Bank)

For some employees, the work with planning the integration was their main task for some months. After the break off of the merger relations which had formed during the work in the task forces remained.

"Så det var ju väldigt bra och vi har också nätverken kvar. De existerar i viss mån, det blev ju nya nätverk och de träffas och vi är några stycken från sekretariet som träffas ibland och resonnerar lite grann om vad som händer och sker. Så det var ju väldigt positivt också.” (Savers Bank)

The arena of common premises

In some of the case mergers the move to common premises can be identified as yet another arena of integration. The creation of common premises is often seen as a facilitator or a prerequisite for integration on other arenas. The reason for this is that when people are located in the same building or in the same area it is seen as easier to start to interact across organizational boundaries. This facilitates that people get to know each other which further moderates the feeling of “we-versus-them”. With the neglect to move to common premises the risk of a continuing mental segregation between the employees from the two merging companies are described as higher. The common premises can either be at the existing location of one of the companies or on entirely new grounds.

In ITManCon after the merger some smaller parts of the old ManCon organization was allowed to remain on their old site in the center of Stockholm, geographically separated from the rest of the organization which was located in one building at an industrial park in the suburb. This geographical segregation was described as creating a distance between these units in the city and the rest of the organization. This was attributed the consequence of a continuing feeling of “us-versus-them” in the organization, slowing down the integration at large.

The geographical location was also described as having a symbolic value in the creation of a new company. For example was the matter of where to locate the head office of the merged EatGoodFood described as a touchy subject. Representatives from both merging companies wanted to have the head office at their existing premises either in Finland or in the Swedish countryside. In the deal it was decided though that the head office should be located in Solna in Sweden, that is on entirely new grounds. But still there seems to be a strong attachment to the original premises.


As mentioned above, in the integration planning of Business Bank and Savers Bank a separate integration organization was formed with people from both organizations. All in all somewhere around 1000 people where involved in some way whereas approximately 100 people worked full time with the merger. The separate integration organization was located on “neutral grounds”, outside both Business Banks and Savers Banks premises. This was said to be done for symbolic reasons in order to show that non of the companies dominated the other in the merger.


The arena of the top management
Another arena of integration in the case mergers could be seen as taking place in the top echelon of the organizations. As the deal was made involving people from the top management, they were the first to meet and interact across the merging organizations as negotiations on the terms of the deal were undertaken. In important issue was here seen as who would be given a place in the new management team and who would not. Especially the origin of these persons were seen as important. The choice could stand between forming a management team with an even mix of people from both merging organizations or to form a team with representatives from only one of the firms. The case mergers in this study were, however, all seen as more or less mergers of equals, why the emphasize was toward the former decreasing the risk of one firm domination.
In the top management of Heritech Pharmastar it was considered important to have an even mix of representatives from Heritech and Pharmastar and from different nationalities of research sites abroad. This partly had a symbolic value as it was seen as a way to spread the mindset of the integrated company down through the layers of the organization.


As the merger between EatGood and Food Inc. was based on the pooling method, an accounting method characteristic for legal mergers of equals, the overall balance between the companies in the deal was emphasised. Using the pooling method requires that the merger should be done on equal terms for the organizations with a balanced representation of people from both firms in the board of directors and in the top management.

"Då gick det att göra en poolningsaffär och den i sig bygger ju på att man faktiskt kommer ut med ett sammanslaget bolag som har ledning, bland annat... Det finns en massa kriterier för vad som krävs för att man skall få unyttja poolningsmetoden. Bland annat säger den att man skall ha en ledning i det nya bolaget som kommer från de båda bolagen och man skall ha, på det sättet, kontinuitet kan man säga. Det tror jag också var en viktig balans som man kunde uppnå och som ägarna kunde acceptera.” (EatGoodFood)

The arena of a common vision, strategy and common core values

The systematized work with formulating a common vision and strategy and common core values for the new organization could be seen as jet another arena for integration. In the common work with formulating documents around these topics people from both merging organizations had a chance to interact and to discuss the merger and the character of the organizations. This was described as a way of facilitating the creation of a common understanding of the situation and an expected future.

In EatGoodFood the work with formulating a common vision and common core values was undertaken as a part of the development project Karamellen, where about 40 key managers were involved. The goal with this work was described as both to produce the documents for future direction and to interact in order to create a common view and a common vocabulary.

Both in HeritechPharmastar and in Eastwest Communication cultural workshops were used in order to create an awareness of cultural differences and identify new core values for the new organization.

"Man tog ju fram ett material ganska så snabbt kring en, en, kaskaderingsprocess för att jobba igenom det här med värderingar på alla nivåer egentligen, i alla grupper. Vad betyder de här övergripande värderingarna som koncernledningen hade tagit fram för oss? Och vad tycker vi mer att vill lägga till och så? Man hade ju såna diskussioner, culture dialogues tror jag det kallas, igenom i stort sett hela organisationen." (HeritechPharmastar)

"Vad är dom viktiga grejorna i integration, det är nog det. Skapa värderingarna och samlas kring dom värderingarna. Prata om etniska och kulturella skillnader. […] Vi kör ju så där många kulturella work shops och går igenom värderingarna och vad vi tycker om alla sådana saker." (Eastwest Communication)

The arena of human interaction

Human interaction across the former organizational boundaries has been a part of most of the arenas listed above. The face-to-face interaction of people have been described as a prerequisite for the creation of a common organization with a common identity. Human interaction has not only been described in connection with the previous arenas and could be seen as an arena in itself.

That human face-to-face interaction often is seen as important in itself as illustrated by the quotes bellow. Interaction across boundaries was seen as important in order for people to get to know the other organization and their members better. It is described as a way of understanding cultural differences and to nurture an emotional attachment to the combination.

"Och rent sådär känslomässigt så känner man för dem på ett annat sätt. Förut så var det en bank bland andra och kanske den högfärdiga fisförnäma banken och nu lider man med dem när de, de var rätt illa ute i presen i höstas och det var rätt mycket kritik och det gick dåligt. Och, usch stackarna, det är jobbigt för dem nu. Så tänker man ju aldrig om Nordea. Men det är ju det att man har ju trots allt en slags relationer och kompisar där nu som man känner lite extra för. Så att de blir ju inte bara en konkurrent som vilken som utan det finns ju faktiskt en relation där och vi träffas ju lite då och då och käkar lunch och så." (Country bank)

"Och direkt efter mergern var det ju väldigt medvetet så att man flyttade människor för att få en integrationseffekt av det. Låra känna kultur och påverka och så. Så direkt efter mergern var det ganska mycket sàhr här utbyten och assignments och sånt, både korttids och långtids." (HeritechPharmastar)

"De sitter i Sverige och Finland men de har liknande processer, liknande beslutsprocess, träffas väldigt mycket och de har haft face-time som jag tycker är absolut en utav de viktigaste saker vid integrationen, oberoende av att vi har videoanläggningar och vi har e-mail och sådant här. Vi behöver face-time. Titta på varandra, se minen, se hur vi reagerar. Då lär vi respektera varandra, och de har haft tid för det här och de har gjort det här." (EatGoodFood)

In HeritechPharmastar and EatGoodFood job rotation programs between sites and factories were created in order to support interaction.

"Det som vi nu gör, som vi har sagt att vi kanske borde ha gjort med detsamma, men nu två år sedan har vi börjat med ett ganska omfattande utbytesprogram så att vi kan börja skicka människor." (EatGoodFood)

In the planning of the merger between Business Bank and Savers Bank the development of informal structure in order to solve problems which could not be solved within the existing structures was pointed out as a part of the integration. In these informal structures new contacts between people from Business Bank and Savers Bank was said to be made.


**Discussion**

Above nine organizational arenas of integration were identified as emphasized by the respondents. These arenas have been argued to be different spheres in the organizations where discussions on and construction of issues concerning post-merger integration takes place. From the description of the arenas we can see that changes in structures, in distribution of resources, in systems and processes, in products and services, in locations, in representation in the management team, in cultural elements and in interpersonal contacts are experienced as issues relevant when integrating two organizations. What solutions are found to these issues differs between merger cases. Here the possibilities of variations are large, ranging from the experience of a high need of alignment and homogenization between the organizations to the experience of no need at all. What solutions are chosen for the organization depends on the agendas of different people in the organization (Sims, Dowds et al 2001) and their political position in the social setting (Normann 1975).

When comparing the arenas to each other we can see that sometimes they intersect in the reference to the same events. For example can the arena of common products be seen as intersected with the arena of shared resources as they both refer to the event of knowledge and competence sharing and the arena of the top management can be seen as overlapping the arena of aligned structures as also the management team is a structural group in the organization. This does not make the distinction between these arenas less relevant since the arenas differs in which specific issues are put in focus by the respondents. This is a part of the nature of narrative accounts as the same phenomenon can be given a slightly different meaning when it is given a new role in the story (Czarniawska 1997). In the arena of common products it is the outcome of common products which is in focus as in the arena of shared resources it is the resources per se, which are seen as a means to create common products in the prior arena, which is emphasized. In the same way is the management team in special focus in the arena of the top management as it is described as having a unique role in being the first to experience integration and having a symbolic function to communicate the mood of the integration to the rest of the organizations.
A particularly central role I would give the arena of human interaction since human interaction is seen as an important issue in several of the other arenas in form of the goal to intermix people from the merging organizations. For example are integration teams, the creation of common premises and the formulation of strategies and core values partly described as activities creating an opportunity to make people meet and get to know each other across organizational boundaries. Human interaction is here seen as a means to facilitate the creation of a common understanding in order to reduce conflicts and support a more efficient conduct of business. The analysis indicates that cultural integration is seen as a prerequisite for successful integration in structures and processes (cf. Birkinshaw, Bresman et al 2000).

The arenas of post-merger integration compared to integration in theory
In this paper I argue that viewing integration in terms of a number of narrated arenas for integration offers a more dynamic view of post-merger integration than have been used in traditional merger and acquisition theory. As described earlier in this paper traditional merger and acquisition literature define post-merger integration as the degree of interaction and co-ordination between the two merging organizations. This means that integration can differ in the degree of change involved. Integration is also said to differ on what level in the organization it takes place. Shrivastava (1986) write about integration in procedures, physical settings and in cultures where as Pablo (1994) write about changes in technical, administrative and cultural settings. When deciding on the overall strategy for integration the motive and possible synergies of the combination should be consulted (Howell 1970; Napier 1989). When looking at some previous research on mergers and acquisitions we can see that they apply an assumption of rational decision making in describing how degree and level of integration is chosen. Giving a rational picture of the organizations as controllable and manageable through the right kind of leadership measures is one attribute of a general management discourse common in management texts (Furusten 1996). The underlying agenda in these texts are described as a view of leadership where the leader is the one who knows best for the company. A company’s success is dependent on the management’s ability to identify the right way for the company and to built up a structure and atmosphere in the organization where employees are motivated to move along this best way. Underlying this is the rational assumption that there do exist something which is right and something which is wrong, and that something is objectively better for the company. This view of organizations contradicts that given in this paper according to which issues and agendas in organizations are constructed through the telling of stories around events resulting in an emergent strategy for the organization. How integration activities unfold could depend on in the organization existing ideas of what integration imply and how it can be implemented.

The view of integration given in the literature is, however, not completely distant from what is emphasized in the literature. A reason for this could be that the grand narrative on mergers are highly influenced by the general managerial discourse through the use of managerial text and rhetoric in business education and business press (Furusten 1996). At the same time academic text could be expected to be influenced by the talk of the managers as being the object of study and from managerial texts in general. The dominant discourse in the academy and the dominant discourse in organizations can be expected to overlap.
Narrated Arenas of Post-Merger Integration

For example is level of integration and degree of change an issue in both discourses. In the theory emphasis is given to the degree of change and homogenization of procedures, administration and culture and to the sharing of physical settings and technical resources (Shrivastava 1986; Pablo 1994). In the arenas of post-merger integration identified we can see that the same issues often emerge in questions of how much to align structures, systems and processes, how much to distribute knowledge and competence through the organizations and whether to move to new common premises or not. Issues of structural alignment, alignment of systems and processes, the sharing of resources and the creation of common premises also awaken the questions of how to balance the need for autonomy and integration and whether most value can be created through homogenization or through preserving the uniqueness in different parts of the organization. This is also a common theme between theory and the organizational discourse (cf. Howell 1970; Haspeslagh & Jemison 1991).

Further similarities could be found in the reference to homogenization of beliefs and values including the facilitation of a general common understanding across the organizations. In the literature this is mostly referred solely to as cultural integration with the emphasis put on to what extent the merging organizations cultures should and could be integrated (Nahavandi & Malezkadeh 1988; Elsass & Veiga 1994). In the arenas of post-merger integration the emphasis on facilitating the development of common beliefs and values were often associated with the ambition to transfer knowledge and competence throughout the organizations. Since an important part of this transfer were assumed to take place in face-to-face meetings a mutual understanding of how the other worked and how the organization should work in the future was seen as a prerequisite. This suggests a relational view on knowledge transfer in mergers (cf. Ejenäs & Löwstedt 2002) tightly connected with the goal oriented work with culture.

In the clear distinction between mergers and acquisitions in traditional literature, the issue of dominance in the transaction is emphasized. In theory an acquisition means that the acquiring organization is allowed to dominate the acquired one in that it sets the guidelines for the integration. The acquired company can, however, react in certain ways to the imposed mood of integration (Nahavandi & Malezkadeh 1988; Elsass & Veiga 1994). In mergers of equal the issue of dominance should not be there since the transaction is made on equal terms. In the arenas of post-merger acquisition we can nevertheless see that the issue of dominance seem to be just as present in mergers of equals as in the acquisition or the joint venture. In the arena of aligned systems and processes, for example, the issue of allowing one firm’s solution to dominate the new organization was addressed either through a balanced use of best practices or the attempt to combine the two organizations solutions into a compromise. The choice and implementation of best practices was in this regard given a political characteristic (cf. Vaara, Tienari et al 2003). The manning of the top management and integration teams and the move to common premises are further examples of arenas where the issue of dominance was brought up.

Seeing post-merger integration as taking place on different arenas in the organization offer a more dynamic view of the implementation of mergers as it emphasizes that decisions on how to integrate the merging organizations might take place in different
organizational spheres, more or less loosely connected to each other. The focus in the arenas was not solely on the need to integrate but also on the prerequisite for the implementation of different ideas of what integration is. For example was alignment of structures in focus as an overlap in similar activities in some part of the organization was identified. In the grand narrative on post-merger integration the prerequisite for different solutions as well as the perceived need of it could trigger the emergence of narratives of integration.

A note on narratives on mergers in general

When discussing grand narratives of post-merger integration the question whether a dominating merger genre exists in the management discourse lied close at hand. According to Czarniawska a genre is “a system of action that has become institutionalized and is recognizable by repetition” (Czarniawska 1997: 49). The claim in this paper to have identified some features of a grand narrative on mergers might be experienced as overoptimistic, but they could indicate that a genre exists. The fact that the narrated issues addressed in the arenas for post-merger integration was shared by people within and across all cases and partly with the literature should be a strong evidence for the argument made. This study can contribute to those investigating discursive practices of framing and reframing mergers both within organizations and in media (Hellgren, Löwstedt et al 2002; Vaara & Tienari 2002; Vaara 2002), by adding a number of arenas on which discussions on post-merger integration are made. This study is, however, made on a macro-level trying to find patterns across five merger cases. Further research is needed in order to investigate variance in the emphasized issues in single cases. Research on how the narratives of the issues emerge on a micro-level is also needed.

In a recent study of multiplicity of realities emerging in mergers and acquisition Risberg (2003) compare the integration process with Tamara, a play in Los Angeles where the scenes take place in a number of different rooms through which the audience walk in which ever order they choose. As a result different individuals will get different stories depending on the order they visit the rooms. Tamara is a discursive metaphor for the storytelling organization highlighting the plurality in interpretations of organizational stories. These stories are networks of meaning, distributed and contextualized historically. The meaning of an event depends on the location, prior sequences of the story and on the characters appearing in the story (Boje 1995). Tamara is used as a metaphor for the integration process as here too different people get different interpretations of the merger/acquisition as they take different paths through the events(Risberg 2003). I would argue that it is reasonable to assume that multiple interpretations ought to emerge around the arenas of integration as different people interpret different issues differently; some individuals emphasize the importance of one issue whereas others emphasize a second or a third depending on their entrance to the merger or position in the organization. Also what is perceived as a reasonable solution may differ between individuals as a result of different paths.

Conclusions

The purpose of this paper was to understand what is meant when people in organizations refer to integration following a merger. Integration have been found to take place on different organizational spheres where discussion on and construction of issues concerning integration following a merger takes place. There spheres are
referred to as arenas of post-merger integration. Deriving from case studies of five mergers a distinction have been made between nine arenas of post-merger integration: the arena of aligned structures; the arena of shared resources, the arena of aligned systems and processes; the arena of common products; the arena of integration teams; the arena of common premises; the arena of the top management; the arena of a common vision and strategy and common core values; and the arena of human interaction. Seeing post-merger integration as taking place on different arenas in the organization provide a more dynamic understanding of the implementation of mergers focusing on the emergent aspects and loose connection between different spheres in the organizations. The identification of the narrated arenas of post-merger integration is a contribution to studies of discursive practices within and around merging organizations.
Referenser


Narrative Arenas of Post-Merger Integration


