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Merging for the Future: Orchestrated Blending and the Ambiguity of Organizational Culture

ABSTRACT

Disappointing financial performance following mergers between business firms is increasingly explained through behavioural difficulties resulting from insufficient integration of mismatching, monolithic organizational cultures. Mergers thus provide arenas for glorified attempts at orchestrating or engineering 'culture'. Culture-related fragmentation and ambiguity, however, is too often ignored by practitioners and students of mergers (cf. Martin and Meyerson, 1988; Martin, 1992).

The merger of Kansallis Banking Group and the Union Bank of Finland produced Merita Bank, the financial performance of which settled on a satisfactory track. In our high-percentage sample of middle-managers in the Helsinki region of Merita's retail banking division, we identified four groups of managers beyond the Kansallis – UBF distinction: Positivist winners, Fading conformers, Victims of personal chemistry, and Neutralists.

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Our results suggest that merger implementation promotes cultural ambiguity. This may be an outcome of an interplay between three issues: quick and intentional orchestration of cultural blending by top managers, generic culture-related stereotypes, and everyday local experiences (sometimes contrary to, and/or blurring the effects of, the first two elements in the trinity). Overattribution of problems in merger implementation to vague 'cultural differences' should be avoided.

Key words: *merger, organizing, organizational culture, ambiguity, banks.*

1. INTRODUCTION

The 'mega-merger mania' has intensified in the 1990s. A theme that has recently recurred in merger and acquisition (m&a) literature is that mergers almost inevitably create behavioural difficulties, whether they meet the financial objectives set or – more often – do not. The contention is that successful merger outcomes require integration (cf. Shrivastava, 1986) or blending (cf. Greenwood et al, 1994) between the merging parties, not only on the physical and procedural levels, but, most problematically, on the socio-cultural and managerial levels as well.

Organizational culture in general and cultural compatibility in particular have become a popular explanatory tool in examining m&as. Although growing attention has been paid to cultural and ideological issues in their multiplicity (e.g. Buono et al, 1985 and 1988; Nahavandi and Malekzadeh, 1988; Olie, 1990 and 1994; Chatterjee et al, 1992; Larsson, 1993; Ashkanasy and Holmes, 1995; Lohrum, 1996; Vaara, 1998), it seems that specification is in order. The mechanisms and processes involved are multiform and complex, and at least two intertwined elements deserve more attention.

Firstly, in much of the literature problems deemed cultural are expected to prevail when the consequences of the merger are experienced; the merging organizations unite, and then confront each other, before finally reaching a satisfactory compromise. Alternatively, culture as vague 'more concealed, unquestioned substructures', materialized through reluctant 'subcultures' (Nahavandi and Malekzadeh, 1988) and/or 'counter-cultures' (Buono et al, 1985) is suggested as the key to understanding the difficulty of implementing a merger. Culture-related fragmentation, viewing *ambiguity*[2] as an inevitable and pervasive aspect of life (e.g. Martin and Meyerson, 1988; Martin, 1992), is too often ignored by researchers blinded by an ostensible necessity for quick fixes in order to reach an adequate level of compatibility or 'organizational fit'.

2 Ambiguity is "doubtfulness or uncertainty of meaning or intention" (The Random House Dictionary of the English Language, 2nd ed., 1987), related to the inadequacy of available information. It refers to a general lack of clarity (cf. Meyerson, 1994).

Secondly, the underlying assumption in much of the strategically oriented research in particular seems that culture can and should be *orchestrated* in merger implementation (cf. Peters and Waterman, 1982). Thereby, culture is to be actively managed and controlled from individual perceptions to group to organization, from clarification and recognition of differences to creation of similarities. The concept of merger implementation itself entails a programmatic – rational, intentional and top-down – notion of change. It has been correctly argued that in the making of cultural compatibility, the subsequent socialization efforts matter more than initial similarity (Larsson, 1993). However, the merger strategists' perpetual self-created paradox of *so much integrating to do in so little time, while conducting business as usual* has seldom been approached as part of the culture-related problems experienced. Paradoxical signals are likely to amplify rather than moderate ambiguities, cultural and other Against this background, glorified attempts at formalized orchestration of organizational culture may be scrutinized.

Big lessons may sometimes be learned from small countries. The recent Finnish merger between the *Union Bank of Finland* and the *Kansallis Banking Group*, announced in February 1995, is an example of a text-book case. The supervisory boards of the two largest and most prominent commercial banks in the country, two former rivals and diverse national institutions, suddenly announced a merger to be carried out at a hectic pace. The name *Merita Bank* was launched in May 1995 (in October 1997, Merita merged with the Swedish bank Nordbanken under a joint holding company structure in MeritaNordbanken). This paper concerns the initial making of Merita in 1995–1996, when the top management forcefully advocated what Greenwood et al (1994) term a *blended culture*, building upon the strengths of the two constituent firms.

Derived from discussions in m&a literature, three hypotheses related to the recipient actors' perceptions of organizational culture and cultural blending are formulated in the following. These hypotheses are then tested empirically in a high-percentage sample of middle-managers in the Helsinki region of Merita's retail banking division. Based on the results, issues related to the production of cultural ambiguity in mergers are specified and discussed. Finally, some implications of managing mergers as a change process are suggested.

2. ORCHESTRATED BLENDING AND THE AMBIGUITY OF ORGANIZATIONAL CULTURE

Generally speaking, cultural analysis in organizations is concerned with the values, beliefs and norms that are embedded in their life worlds, symbolically and practically (for a review of conceptions of culture, see e.g. Aaltio-Marjosola, 1991). According to Schein (1985, 1991), organizational culture exists simultaneously on three levels. On the surface are artifacts, underneath artifacts lie values, and at the core are basic assumptions[3] (ibid). Despite being criticized for oversimplifying the concept, Schein's model remains a popular basic framework for guiding empirical research on organizational culture. The multilevelled and multidimensional nature of Schein's conception has rendered it useful also for approaching m&as.

Since Levinson (1970), the marriage metaphor has been popular among students of mergers. Jick (1979) outlined the unfolding of mergers through courtship, marriage, honeymoon, establishment of marital allegiance and interdependence. Stage- or phase-like models continue to dominate debate on how merger processes unfold. Paths suggested include 'contact to conflict to adaptation' (following Berry, 1983), or 'shock to retreat to adaptation to change' (e.g. Ashkanasy and Holmes, 1995), with optimistic simplifications. There is a tendency to track a date when recovery is achieved, and the time-frame is allowed to account for any variance in results. Short-term outcomes – ambiguities emerging during and from the implementation and blending process itself – are often overshadowed.

To Manage Culture (Or Not To Manage)?

The *strategic management literature on mergers* is, in a number of ways, occupied with the relatedness issue in merger activity. When the traditional notion of 'strategic fit' between the merging firms has on its own failed to produce the explanations sought, studies typically attribute the (un)expected declines in post-merger performance to a lack of 'organizational fit'. The latter is often vaguely listed as structure, decision processes and culture. When specified, problems are maintained to be related to acculturation, i.e. the process of cross-cultural interaction itself (see e.g. Nahavandi and Malekzadeh, 1988; Trautwein, 1990; Datta, 1991; Chatterjee, 1992; Larsson, 1993). There is strong reliance on top managers' ability to initiate and implement change in organizational structure and culture after the turbulent environment has resulted in the initial decision to merge (see e.g. Haspeslagh and Jemison, 1991). The pitfall is that this ability does not always result in action.

Vague and goal-oriented conceptualizations of culture in much of the merger and acquisition literature leave room for broad but fragmented debate. Manager-centred unifying perspectives have traditionally overshadowed the research interests[4] (cf. Lohrum, 1996). The message in its essence is that the more divergent the point of departure on the path to unification,

3 Artifacts are visible, tangible and audible results of activity grounded in values and assumptions. Values are social principles, philosophies, goals and standards considered to have intrinsic worth. Basic assumptions represent taken-for-granted beliefs about reality and human nature. (Schein, 1985) See Hatch (1993) for how ideas drawn from 'symbolic-interpretive perspectives' are introduced to Schein's model.

4 For similar criticism in the broader discussions on culture(s), see e.g. Martin and Meyerson (1988), Lilja (1990) and Martin (1992).

the greater the probability of emergent problems. In treating culture as a variable[5], many of these writings may be associated with the instrumental 'corporate culture school' in cultural analysis (cf. Alvesson, 1991). This type of perspective reduces cultural issues to achievement of different degrees of integration depending on the nature (defined by top management) of the task at hand – most often, eventually building a new cultural monolith.

Human resource management oriented research on mergers, particularly with a psychological angle, has been preoccupied with the reasons for and the manifestations and consequences of individual stress or anxiety during the different stages of the process at hand. The focus is on the nature of the post-merger 'drift factor'. In determining merger outcomes, Cartwright and Cooper (1993), for example, note the inter-relatedness of the impact of the event on the individual (in terms of the degree and scale of the stress generated by the merger process) and the degree of cultural fit between the combining organizations. Their post-merger findings on the mental health of middle managers suggest that while cultural similarity facilitates integration, the merger is simultaneously experienced by individuals as a stressful event. The failure theme (cf. Greenwood et al, 1994) seems to be present, albeit in a more complex sense than pure efficiency and profit outcomes. People voice suffering, although cultures are integrated and although the performance of the new organization settles on a track deemed satisfactory by the top management.

Cartwright and Cooper (1993) raise two fundamental points. Firstly, it is the expectancy of change and fears of future survival, rather than actual change itself, which triggers merger stress. Secondly, and perhaps alarmingly, the pressure to appear outwardly 'merger-fit', and willing and able to change, may lead to long-term dysfunctional stress. All in all, it is the almost inevitable uncertainty, commonly escalated by fears of redundancy (see also e.g. Cartwright and Cooper, 1990), that contributes to the creation of tension between the employees of the merging organizations. The future is constantly present.

The basic commonality in much of research on mergers and acquisitions is a preference for integrative action. For proponents of the 'corporate culture school' in m&as, the challenge is how to manipulate naturally resistant employees to remain receptive and productive during the inevitably difficult initial stages of cultural blending or unification, before time reduces the tensions. If the merging organizational cultures are not compatible in the beginning, they must be made compatible; existing assumptions and values must be diminuted hand in hand with the adoption of new ones[6]. These writings fail to recognize and question the vaguely defined

5 Presenting culture in its relation to corporate performance, approaching it as no different from other organizational elements (e.g. structure) in terms of management and control.

6 Vaara (1998) points out that abstract beliefs and values have played a major role in cultural organization studies, also within the m&a literature. He suggests a focus on organizational practices (i.e. routines, rules and procedures).

and implemented orchestration of culture itself as one of the roots for the problematic and ostensibly surprising outcomes.

For other streams of m&a literature, moderating uncertainty among recipient individuals is a crucial aspect of active management of organizational culture. On the one hand, establishing a common identity or creating a ″shared sense of reality″ (Olie, 1990) into the newly merged firm – for example, by supportive integration (Larsson, 1993) or truthful communication (e.g. Risberg, 1996) – is a typical postulation. In creating a ″viable new organization″, Olie (1994) argues for leadership, symbolic reconstruction of a new identity, superordinate goals and introducing multigroup memberships as the major reinforcements for integration and consolidation work. Buono et al's (1985; 1988) much cited work on culture collisions highlights the impact of undermining previous sets of shared understandings when attempts are made to establish new policies, procedures and operating systems. Thereby, Buono et al too seem to opt for fast creation of shared experiences and for transformational leadership by key individuals in making mergers work.

On the other hand, a recurring dominant theme in m&a literature is that in practice managers usually undermanage the planning and implementation of mergers, that is, in terms of the various aspects of organizational fit (Greenwood et al, 1994). There is often an escalating momentum for resolution of the decision to merge, which puts time limitations on the identification of and preparation for handling potential problem areas. Undermanagement is thus due to insufficient sensitivity to potential difficulties or to a lack of attention to the inherent dynamics of the eventual merger process. Lack of planning, poor communications and an ad hoc reactive approach to the multitude of unavoidable human merger problems is frequently highlighted (e.g. Bastien, 1987; Cartwright and Cooper, 1990; Corwin et al, 1991; Schweiger and Denisi, 1991). In sum, the typical answer in m&a literature to the question ″to manage culture?″ seems to be ″yes, of course″.

Ambiguity of Culture (And Its Production)

We maintain that *cultural ambiguity is subject to confusions provided by organizational decision-makers and their policies,* and it contains a future-related uncertainty aspect. We conceive of ambiguity as a conceptual tool for addressing the levelled, sometimes paradoxical conceptions of culture that individual organizational actors seem to hold. The research task is to make explicit how ambiguity is produced in particular settings. In this article, we present results from a preliminary analysis of survey data. This provides a snapshot of relations and connections, and must be followed up by longitudinal, qualitative research.

An established way to incorporate the concept of ambiguity in organization theory is to consider it as an integral part of all decision-making. This refers to frequently ambiguous preferences and lack of well-defined sets of objectives, and invites a focus on actions as particularly sensitive to the participation and attention patterns of organizational actors (see e.g. March and Olsen, 1976). Baier et al (1986) point out that difficulties in the implementation of a particular policy (considered here as analogous to the decision to merge) cannot be treated as independent of its inherent confusions, reflecting contradictory intentions and expectations and considerable uncertainty, which in turn are not independent of the ways in which coalitions are built for its facilitation. Vaara (1998), for example, warns against confusing political and cultural explanations in analyzing postmerger processes.

Martin and Meyerson (1988; see also e.g. Martin, 1992) suggest that fragmentation may be considered a distinct perspective on organizational culture(s)[7]. Viewing particular organizations as culturally uniform, homogeneous and consistent is highly suspicious. Viewing organizations as culturally differentiated, emphasizing specific sub-cultures and the differences between them, concerns channelling the ambiguity that lies in the interstices among the subcultures and thus renders it manageable. From a fragmentation (i.e. ambiguity) perspective, ″an organizational culture is a web of individuals, sporadically and loosely connected by their changing positions in a variety of issues″ (Martin, 1992: 153). Individuals' (sub-)cultural identity fluctuates depending on which issues are activated at a given moment (ibid).

It is evident in m&a writings discussed in the previous section that behavioural difficulties are expected to prevail when the consequences of the merger are beginning to be experienced. Organizational members' awareness of their 'own culture' may even be heightened during and by the implementation process (cf. Sales and Mirvis, 1984; Buono et al, 1985, 1988). Difficulties typically get labelled as cultural; the merging organizations unite into two monoliths which confront each other before finally reaching a satisfactory compromise. The point of departure for describing cultural ambiguity in merger implementation is then the *deviance* between the views individuals from the two merging firms hold on 'us' and 'them', including perceptions of contemporary cultural *dominance*. Even in the most clear-cut of merger arrangements, a dominant partner that drives the blending process is likely to emerge[8]. Our first hypothesis thus reads as follows:

Hypothesis 1: In merger implementation, employees from both merging firms view the organizational culture of one firm as dominant over the other.

7 Meyerson (1994) studied individuals' interpretations of stress, ambiguity and burnout. She maintains that ambiguity may derive from general diffuseness, abstractness, or fuzziness in understanding or it may *derive from a multiplicity of understandings*. Importantly, interpretations of ambiguity ″reflect and reinforce institutional systems of belief, behavior and meaning″ (ibid: 649).

8 For example, Buono et al (1985; 1988) make explicit how the new organization is perceived to be similar to one merging partner over the other, although the partners' initial positions were made to appear equal.

According to the perspectives of uniformity and differentiation, individuals hold relatively consistent views of culture(s) – whether this is reflected in homogeneous cultural monoliths or a variety of different sub-cultures. In the present study, we content with Schein's (1985, 1991) framework of assumptions, values and artifacts. We specify a number of *manifestations* of organizational culture (relating to artifacts such as decision making, work practices etc), and test the role of background organization in relation to each one. Values are approached in separate questions. The dominant views on m&as seem to indicate that:

Hypothesis 2: An individual employee's perceptions of the various manifestations of organizational culture are most significantly determined by his/her background organization.

Finally, we return to orchestrating organizational culture(s). In the m&a writings discussed in the previous section, intentional *top management action* is a prescription for ensuring that the sought cultural blending takes place in merger implementation (cf. Greenwood et al, 1994). However, formalizing cultural blending to a top-down project may turn out to be a dubious policy. Conscious attempts at orchestrating culture(s) may be a fundamental contributor to ambiguity:

Hypothesis 3: Employees perceive top-down cultural blending as something that is separated from everyday reality in their own units.

3. CONTEXT, METHOD AND DATA

Making of Merita: Potential Drama – and Improved Performance

This article focuses on the domestic merger of the Union Bank of Finland (UBF) and Kansallis Banking Group (Kansallis) forming Merita Bank[9]. Finland has traditionally been characterized by distinctly centralized governance structures. A manifestation of this is the formation of economic *power blocs* (see e.g. Tainio and Virtanen, 1996), two of which centred around the banks now joining forces. UBF was established in 1862. It was the first commercial bank in Finland. During the early decades of its operation it was branded the bank of 'Swedish-speaking money' in Finland. Kansallis, established in 1889, was a distinctly Finnish countermove to this concentration of bank financing in the hands of the Swedish-speaking population.

9 The making of Merita appears to be a particularly clear-cut example of a *horizontal, collaborative merger* (cf. Napier, 1989); the type that presupposes the greatest need for integrating or blending human resources. Value maximizing motives through economies of scale and increased profits in the post-regulation, pre-EMU operative environment were its dominant reasons. The merger aimed at creating a solid and efficient bank of international size.

The remnants of the merged banks' *diverse corporate roots* have been cherished over the years, and it has been suggested that they remained in the banks' profiles to the present day (e.g. Kuusterä, 1995). In the Merita merger, profound cultural differences were expected between the two partners. "The merger creates one of the greatest culture clashes ever seen in Scandinavian banking," Euromoney immediately reported (Irvine, 1995). From the outset, then, the union of UBF and Kansallis was treated as a marriage of convenience. Illustrating the apparent and expected strength of the two existing organizational cultures and the drama involved in the union, the sarcastic metaphor of 'Serbs' (UBF) and 'Croats' (Kansallis) was adopted and frequently used by the Finnish media.

The decision to merge was a final strategic response after chains of intraorganizational restructurings in the two banks (for Kansallis, see e.g. Tienari, 1995). These reforms were fostered by a period of deregulative transformation since the early 1980s in the banks' operating environment, following a long period of strict regulations and stability (see e.g. Tainio et al, 1991; Nyberg and Vihriälä, 1994).

Differences may be identified between UBF and Kansallis in relation to their paths of internal development leading to the dramatic marriage announced in February 1995. Since the early 1980s in particular, Kansallis seemed to have emerged as the battleground for a number of strong key managers. Internal turmoil through constant restructuring triggering competition between units in different organizational divisions was evident (see e.g. Tienari, 1995). UBF, on the other hand, seems to have been characterized by a feeling of pride and an air of stability; by relatively uniform perceptions of The Bank, its business and role in society.

Ever narrowing interest rate margins and persistent, large-scale overcapacity in branch network and staff triggered the merger negotiations between UBF and Kansallis. Both banks had also recovered more slowly than expected from loan losses brought about by the deep recession of the early 1990s. However, the acute financial problems of Kansallis were widely considered a key factor contributing to the quick solution eventually reached on the terms of the merger agreement. Euromoney, for example, openly suggested a take-over by the "Swedish-speaking UBF" (Irvine, 1995). Mr. Vesa Vainio, the number one man in UBF in 1993–1995, was appointed CEO in the new bank.

The *financial performance of Merita Bank* has settled on a satisfactory track[10]. Furthermore, while its initial domestic market share in Finland was approximately 40 percent in retail banking operations and approximately 60 percent in corporate banking, to the surprise of analysts the bank still held these positions in 1997 (the figures for 1998 show a slight decrease).

10 Merita Group showed a profit of FIM 491 million on ordinary operations for 1995, FIM 1.2 billion for 1996 and FIM 4.1 billion for 1997, in contrast to negative results for both UBF and Kansallis in 1994.

Although improved, however, Merita's income/expenses ratio is still viewed as relatively low, particularly when compared with the major Swedish commercial banks. Improved efficiency in the functioning of the domestic service networks remains one of the most significant challenges for the survival and success of MeritaNordbanken in the long run.

Making of Merita: Middle Managers in the Eye of the Storm

The role of middle managers seems a neglected research topic in organizational change and transformation, apart from viewing this group of people as an obvious subject for downsizing and 'decentralized' ways of organizing. Middle management in Merita's retail banking seems a suitable level to test the three hypotheses formulated above. "It will be the retail side that decides whether the merger works", remarked Euromoney in its June 1995 article. Our focus is on Helsinki, the Finnish capital.

Radical *downsizing* brought a distinct flavour to the Merita merger. For example, from the approximately 350 manager- and assistant manager-level staff employed by Kansallis and UBF in Helsinki, some 200 were selected for the new bank during the course of 1995[11]. From just under 150 branch offices at the outset, the figure was down to approximately 70 by the summer of 1996. The top management in Merita announced early on that the existing clerical workforce would be quickly cut down by roughly one-third. However, it must be noted that while the statutory staff-management negotiation procedure in respect of clerk level redundancies (to be eventually carried out on similar scale to the figures above) was initiated within Merita's branch network in September 1995, it was delayed due to protests and threats by the Finnish Bank Employees' Association. In the Helsinki region, for example, the last decisions regarding choices for personnel in this round of cost cutting were made in November 1996. *One of the primary tasks of the branch managers chosen was to negotiate and carry out staff reductions in their local units.*

Since June 1, 1996, Merita Bank's operations was divided into three main business areas: Retail Bank, Corporate Bank and Investment Bank. The focus in the present study is on the Retail Bank, the organizational position of which remained the same since the initial post-merger structuring. It caters to personal customers, SMEs and public sector entities. In addition to the basic branch network, the mix of banking products to targeted customer segments is complemented by services provided by specialized units (e.g. corporate service- and asset management units) and subsidiaries.

Until March 1, 1997, the branch network in the Retail Bank was geographically divided into six regions and 40 districts (the organization was then altered to consist of four regions;

11 The branch manager choices were made "according to competence, work experience, suitability and capabilities for cooperation, related to the requirements of the task at hand".

the Helsinki region was extended to include the nearby cities of Vantaa and Espoo). Survey data were collected in June-August 1996; the focus is here on the bank's Helsinki region of that time, divided into seven districts each consisting of a number of branches[12]. The teamwork model implemented by the branches in UBF since the early 1990s was chosen by Merita's top management as the method for future operations in the units in the domestic service network. A loose agenda was, however, decided on by the Helsinki regional management. The intention was not to impose a uniform mode of organizing, but to present districts and branches with an option.

The managerial appointments in Merita were for the most part completed top-down, level by level during the spring and summer of 1995. When the organization was set, the top management made a conscious attempt to act in people-related matters. In the autumn of 1995, they launched a *company-wide training project termed Kide.* "The Merita Culture Will Be Created By Combining Values", the new bank's internal weekly newsletter stated in October 1995.

The employees were informed that the Kide-project would comprise official, structured discussions (seminars) at the bank's training centre, throughout the entire organization, beginning with the board of directors, and ending at branch manager and clerk level. Each hierarchical level was responsible for the training of their subordinates and an 'organized dialogue' between the levels was sought. The stage when the regional- and district managers took part in the discussions ended in November 1995. For the branch managers, the procedure was completed in February 1996. The objectives of Kide were "to communicate the bank's values to the employees, to unify management models, and to deal with the past and differentiate it from the present".

Advance reading for the Kide seminars defined organizational culture as a three-level phenomenon; "the deepest level consists of basic assumptions and beliefs, the second of values, i.e. principles commonly considered good in the organization, and the third of daily work routines and rituals, power distribution and the basic organizational structure"[13]. Table 1 summarizes the *organizational cultures of UBF and Kansallis as they were portrayed* in the advance reading for the Kide seminars[14]. In popular discourse in Finland, UBF was widely considered as the authoritative and cautious bank while Kansallis was considered as the reforming, aggressive bank.

The point of departure in each Kide seminar was the set of values laid down by the new bank's board of directors: customer satisfaction, trust, mutual respect, profitability and readi-

12 The units are profiled into 'all-round', 'consumer banking' and 'neighbourhood' branches.
13 Note the direct resemblance to Schein (1985).
14 A report based on an exploratory study among employees from both merging banks, carried out by a consultancy company. Yes, readiness for change and conservativeness were pointed out to have co-existed as values in Kansallis!

TABLE 1. The Kide Material on the Organizational Cultures of UBF and Kansallis

	UBF	Kansallis
Basic assumptions	– Societal mission of the bank – Banking ethics	– Change as self-evident
Values	– Customer-orientation – Trustworthiness – Good image – Humanity	– Customer-orientation – Readiness for change – Conservativeness
Artefacts / 'Visible level'	– Low matrix-type organization – Management based on common operations model – Strong control by head office – Businesslike, competent customer service	– High line organization – Strong management culture – Operative freedom for individuals – Friendly, straightforward customer service

ness for change[15]. Each participant was to compare his/her personal values and ways of acting with those of the discussion group, which included colleagues from both 'sides of the family'. Differences and discrepancies were to be brought out into the open, for a better understanding of each others' ways of acting. Mutual principles for action were then to be agreed on and adopted locally. Parallel to the downsizing measures, *a second primary task for the branch managers chosen was to blend employees from two organizations locally, following guidelines provided by the Kide project.*

Method and Data

The research instrument in the present study, i.e. the questionnaire[16], was composed on the basis of relevant current literature on m&as discussed in the previous sections, archive material, and a number of pilot interviews[17] conducted in Merita in 1995–1996. For operationalizing the concept of organizational culture in the research instrument, the following broad out-

15 The values were later reformulated as satisfied customer, trust, companionship, skill and strive for results.
16 The questionnaire is available from the corresponding author at request.
17 The manager of the Helsinki region (UBF-background), his deputy (Kansallis-background), one of the district managers (UBF-background) and several branch managers were all individually interviewed on their experiences and perceptions of the merger procedure, in-depth, according to a semi-structured schema (these interviews are reported elsewhere; see Tienari, 1997). Subsequently, the regional manager's deputy and two of the branch managers checked and commented on the relevance and suitability of the questionnaire before it was distributed.

line was decided on. Firstly, questions were posed on respondents' perceptions of his/her 'own' background firm and of the merger partner, as well as on his/her perceptions of how the merger has been implemented when compared to earlier experiences of organizational restructurings. Values were touched on through questions concerning Merita's official set of values. Different levels and manifestations of organizational culture were then covered through perceptions on a total of 37 statements, according to the following general categories: 1. the new bank's decision making process, e.g. in terms of the perceived level of centralization versus decentralization (in relation to limits for loan granting), 2. work practices (e.g. team work), 3. superior-subordinate relations, 4. job description and tasks. Questions were also included on 5. rationale of the merger decision, 6. image of the new bank, and 7. self-image.

The questionnaire was distributed to all managerial level employees in Merita's Helsinki region. It was completed and returned by 132 out of 150, resulting in a very satisfactory response rate of 88 percent. The sample includes district managers (7), branch managers (52), expert and 'customer responsible' managers (27), and other managers (46). The proportions between the sexes (43.2% female, 56.8% male) and 'sides of the family' (49.2% Kansallis, 50.8% UBF) in the sample correspond well to the entire population. Statistical analyses were used to test the hypotheses. The three original hypotheses were tested with one-way analysis of variance. For the next step we used multivariate methods of statistical analysis to handle multidimensional measures simultaneously. The main dimensions of the post-merger perceptions were revealed by principal component analysis, and contingency tables with Pearson's Chi-square measure as well as multi-response frequency tables were used to reveal the differences between the groups. Cluster analysis was used to identify homogenous groups of respondents. The statistics were run using the SPSS for Windows package.

4. RESULTS

Perceptions of Cultural Deviance and Dominance Exist...

Middle managers in our sample were asked to choose two adjectives that best described each of the former banks. Respondents with a Kansallis-background described the characteristics of their own 'side of the family' as having emphasized independent initiative (65%) and flexibility (57%). They considered UBF to have been bureaucratic (66%) and prudent (51%).

Respondents with a *UBF*-background viewed themselves to have been prudent (78%), but also having an emphasis on order (37%). They regarded Kansallis to have been aggressive (64%) with an emphasis on independent initiative (43%). Perceptions on both sides seem to be largely convergent. Respondents visibly distinguished between *us and them*, much along the lines of the Kide material.

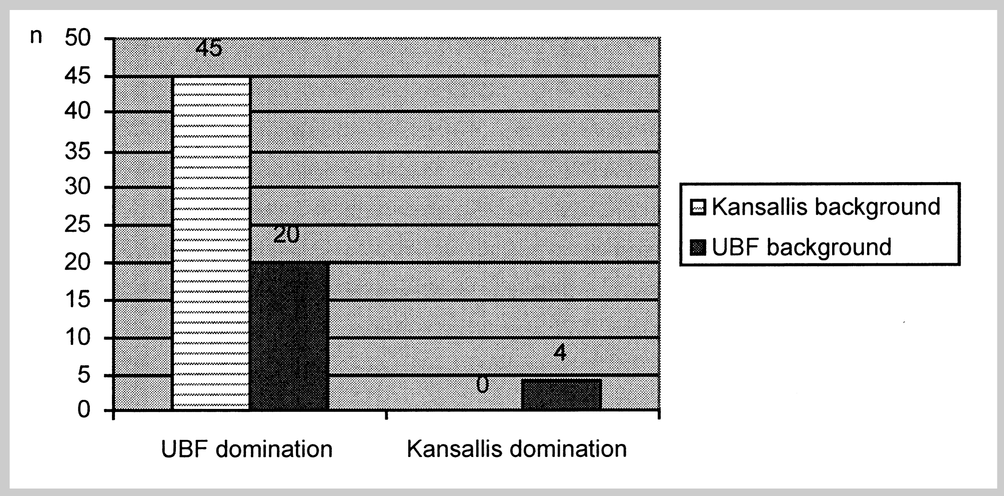

FIGURE 1. Cultural Dominance in Merita Bank.

Hypothesis 1: In merger implementation, employees from both merging firms view the organizational culture of one firm as dominant over the other.

This hypothesis was first tested through two basic statements (out of 37) that the respondents were asked to evaluate on a scale from 1 to 5 (Likert scale: 1=fully agree, 5= fully disagree). The first one claims that *"Kansallis-culture dominates in the new bank",* whereas the second claims that *"UBF-culture dominates in the new bank".* The numbers of respondents agreeing fully or to some extent to each side's domination are depicted in Figure 1.

For examining hypothesis 1, the generic expression *culture* was included in the statements for every respondent to interpret in his/her own way. This was done for a particular reason. As indicated in the previous chapter, the concept of (organizational) culture(s) had by summer 1996 become part of the established rhetoric in Merita. It is thus not surprising that the respondents held firm views on what their 'own' culture, and that of the merger partner, were like.

Respondents with a Kansallis background had stronger opinions on the domination issue, believing more firmly that the organizational culture of Kansallis is not dominating in Merita and that the organizational culture of UBF is doing so. The opinions of the former UBF-employees were along the same lines, albeit less obviously. The one-way analysis of variance for both variables (i.e. statements) resulted in statistically significant differences ($p \leq 0.001$) for the means of UBF- and Kansallis-background. The consistency of the responses was also checked by cross-tabulating both domination variables separately for both subgroups of different backgrounds.

We also posed two specific questions on *Merita Bank's formally expressed values*, i.e. satisfied customer, trust, companionship, skill and strive for results. A total of 77 respondents in our sample (58%) chose *strive for results* to be the value that *is at present* most emphasized in Merita's operations[18]. A total of 68 respondents (52%) chose *satisfied customer* to be the value that *ought to be* the bank's primary value[19]. Importantly, no significant differences were found between respondents from Kansallis versus UBF in our sample – nor, for example, between men and women.

It may be hypothesized that the set of values laid down is both so neutral and so obvious that employees from two 'culturally different' organizations are able to share them. Moreover, results and customers may be interpreted to be merely two sides of the same lip service. However, particularly as there is no deviant value base, the clear views expressed on both sides on which 'culture' dominated in the new bank need to addressed further.

... But What Are Perceptions of Deviance and Dominance Based On?

Our next step was to attempt to unveil reasons for the perceived UBF-dominance in the new bank, parallel to the organizational characteristics above (i.e. emphasis on prudence in UBF vs. independent initiative in Kansallis). This was done by resolving organizational culture into some of its constituent elements.

Hypothesis 2: An individual employee's perceptions of the various manifestations of organizational culture are most significantly determined by his/her background organization.

We ran a one-way analysis of variance for all 37 statements (measured on a 5-point Likert scale; 1=fully agree, 5=fully disagree). The differences in means between Kansallis and UBF employees were statistically very significant ($p \leq 0.001$) for five statements and significant ($p \leq 0.01$) for an additional three statements (Table 2).

As in only eight out of the 37 statements (21%) the differences in the means for Kansallis and UBF were statistically significant, the hypothesis suggesting organizational background to be a significant explanatory factor for perceptions of manifestations of organizational culture must be rejected[20].

The statistically significant differences identified seem to concentrate on perceptions of the *decision making process* in Merita (relating to the loan granting procedure). On the one hand, respondents with a Kansallis-background viewed the process as rigid and somewhat cen-

18 22% chose satisfied customer. Trust, companionship and skill only received a few votes each.
19 31% chose strive for results. Trust, companionship and skill only received a few votes each.
20 It may also be noted that no statistically significant differences in the statements were found based on the sex of the respondent

TABLE 2. Where Organizational Background Matters

Means and ANOVA Table for the two background groups

	Total	Means Kansallis	UBF		Sum of Squares	df	Mean Square	F	Sig.
Statement 5	3.80	3.40	4.19	Between Groups (Combined)	20.80	1	20.80	10.56	0.001
My job description has become				Within Groups	256.08	130	1.97		
narrower as a result of the merger				Total	276.88	131			
Statement 6	3.36	3.85	2.90	Between Groups (Combined)	29.82	1	29.82	30.11	0.000
The new bank is flexible in its				Within Groups	128.73	130	0.99		
decision making processes				Total	158.55	131			
Statement 10	4.34	4.75	3.94	Between Groups (Combined)	21.84	1	21.84	37.44	0.000
Kansallis-culture dominates in the				Within Groups	75.82	130	0.58		
new bank				Total	97.66	131			
Statement 19	2.80	2.34	3.24	Between Groups (Combined)	26.74	1	26.74	18.62	0.000
UBF-culture dominates in the new				Within Groups	186.73	130	1.44		
bank				Total	213.48	131			
Statement 23	2.64	2.09	3.16	Between Groups (Combined)	37.91	1	37.91	38.31	0.000
The new bank is rigid in its				Within Groups	128.64	130	0.99		
decision making processes				Total	166.55	131			

Means and ANOVA Table for the two background groups

	Total	Means Kansallis	UBF	Sum of Squares	df	Mean Square	F	Sig.	
Statement 13	3.24	3.49	3.00	Between Groups (Combined)	7.996	1	7.996	8.645	0.004
The culture of the new bank is				Within Groups	120.246	130	0.925		
a combination of the best features				Total	128.242	131			
of Kansallis and UBF									
Statement 18	3.20	3.45	2.96	Between Groups (Combined)	7.952	1	7.952	6.849	0.010
The new bank is decentralized				Within Groups	150.927	130	1.161		
in its decision making processes				Total	158.879	131			
Statement 31	2.72	2.48	2.96	Between Groups (Combined)	7.548	1	7.548	7.845	0.006
The new bank is centralized				Within Groups	125.081	130	0.962		
in its decision making processes				Total	132.629	131			

tralized. On the other hand, respondents with a UBF-background had more neutral views on decision making in the new bank. In view of the aforementioned perceptions of the two former organizational cultures, we may assume that the results indicate that the new bank has adopted (characteristics of) the decision making procedure practiced in UBF. We have thus located an artifact with apparent symbolic value, one potential concrete explanation for the perceived UBF-dominance in the new bank.

However, it is evident that organizational background explains perceptions of manifestations of culture, at best, only partially. The next step was then to attempt to account for why the individual respondent in Merita may grasp the culture concept, have strong perceptions of cultural differences and dominance of one party over the other – and simultaneously, we find that a wide range of potential sources of difference related to everyday work provide no UBF – Kansallis distinction.

Before this manouvre, the main dimensions of the respondents' perceptions of organizational culture were revealed by principal component analysis using all the 37 statements (measured on a 5-point Likert scale; 1=fully agree, 5=fully disagree). To interpret the factors clearly, the principal component solution was rotated according to the Varimax criteria. The variables with loadings smaller than .5 were dropped. The result of the final seven factor Varimax solution is presented in Table 3.

The first factor, i.e. manifestation of organizational culture, *Decision making*, includes measures relating to perceptions of the decision making process in Merita (including personal limits for granting loans). Measures in the second factor, *Team work*, relate to perceptions of the implementation of the teamwork model and the obstacles involved. Measures on the perceived relationship with one's own immediate superior form the third factor, *Superior-subordinate relation*. Measures in the fourth factor, *Job description*, relate to perceived changes in one's own tasks and job description as a result of the merger. Measures related to the perceived rationale of the merger were grouped under the fifth factor, *Necessity of merger*. The sixth factor, *Bank image*, consists of variables related to the perceived image and identity of the new bank. The seventh factor, Self image, includes variables describing how the respondent sees him/herself professionally. In sum, for all factors apart from *Decision making*, organizational background does not explain the variance revealed.

The Role of Top-Down Cultural Blending

In accordance with our third hypothesis, we tested respondents' perceptions of conscious top-down attempts at orchestrating cultural blending in Merita. In effect, this comprises the Kide project.

Table 3: Factors Describing Post-Merger Perceptions of Organizational Culture

		Decision making	Team work	Superior-subord. relation	Task descrip-tion	Necessity of merger	Bank image	Self image
Variable description	**Variable**	**Factor 1**	**Factor 2**	**Factor 3**	**Factor 4**	**Factor 5**	**Factor 6**	**Factor 7**
Rigid decision making process	V23	0.82226						
Centralized decision making	V31	0.78577						
Decentralized decision making	V18	–0.76459						
Flexible decision making process	V6	–0.69539						
Sufficient personal limits for decision making	V9	–0.66146						
UBF domination	V19	0.56832						
Branches should be allowed to function more independently	V33	0.52182						
Hurry is an obstacle for implementing the team work model	V14		0.72026					
Differences between Kansallis and UBF in work practices is an obstacle to the team work model	V28		0.70350					
Team work model not yet implemented in own unit	V17		0.68927					
Own unit is too small for team work	V8		0.64631					
Problems with IT-systems hinder the implementation of team work	V36		0.59753					
Difficult to get used to own superior's courses of action	V21			0.84056				
Still different 'language' with own superior	V4			0.83029				
Own superiors courses of action have matched expectations	V29			–0.75140				
Own tasks have become simpler as a result of the merger	V15				0.83517			
Own job description has become narrower as a result of the merger	V5				0.82978			
Own tasks have become more demanding as a result of the merger	V1				–0.70790			
Enough staff reductions in own unit	V11					0.64292		
Discussing values is unnecesssary before final decisions concerning personnel have been made	V30					0.62733		
Synergies from merger substantial in own unit	V37					–0.62598		
Decision to merge unnecessary	V24					0.51042		
The culture of the new bank is a combination of the best features of Kansallis and UBF	V13						0.72488	
The merger created an image of a bank with a strong identity	V12						0.70691	
The decision to merge was made for the customers' best	V32						0.57043	
I am a 'specialist' in my work	V26							0.75520
I am a 'generalist' in my work	V25							–0.70816
The merger strengthened own identity as leader	V35							0.66348

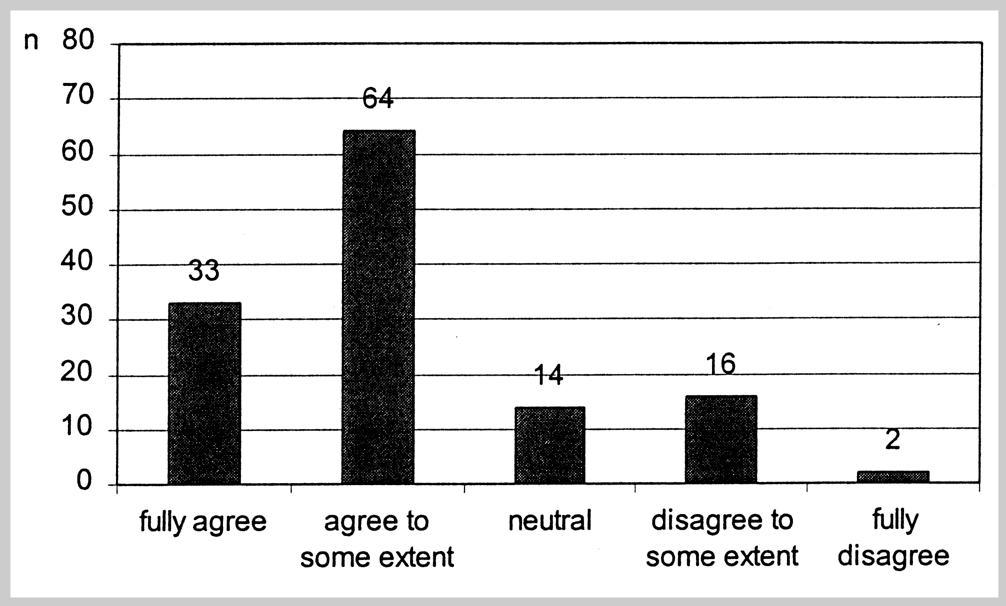

FIGURE 2. "The Kide-project is Separated from Reality" (Mean = 2.098, Std dev =1.033).

Hypothesis 3: Employees perceive top-down cultural blending as something that is separated from everyday reality in their own units.

This hypothesis was first tested with one of the 37 statements (measured on a 5-point Likert scale; 1=fully agree, 5= fully disagree). The distribution of evaluations for the statement *"The Kide-project is separated from reality in the branch offices"* is displayed in Figure 2.

A cumulative percent of 75.8 of the middle manager respondents agree fully (n=33), or to some extent (n=64), with the statement. Based on the rather indisputable outcome, we may conclude that formalizing cultural blending to a distinct top-down project is a dubious policy in the present context. Tested with one-way analysis of variance, the means for UBF and Kansallis were not statistically different in our sample (neither were the means for men and women).

The co-existence of active cultural blending and prolonged downsizing measures apparent in Merita provide a way to explain the criticism of the Kide project. A cumulative percent of 55.3 of the respondents agree fully (n=26), or to some extent (n=47), with the statement *"The decision to merge was made so that the new bank would be able to reduce its number of employees more than either bank could have done on its own"* (for the whole sample mean = 2.62, Std dev. = 1.26).

A cumulative percent of 53.8 of the respondents (mean = 2.80, Std dev. =1.40) agree fully (27/132), or to some extent (44/132), with the statement *"Discussing values is unnecessary before final decisions concerning personnel have been made"*. Tested with one-way analysis of variance, the means for UBF and Kansallis were not statistically different in our sample for the two statements. Instead, those who view the Kide-project as separated from reality also tend to emphasize the necessity of making final personnel decisions (before values are to be discussed).

Interestingly, the difference in the means of 'Discussing values is unnecessary...' *for men and women* was statistically significant ($p<0.001$, men: mean=2.25, std dev.=1.29, women: mean=3.11, std dev.=1.18). In our sample, male managers thus seemed to express stronger opinions on the irrelevance of the value discussions than their female counterparts.

Above, we attempted to describe a culturally ambiguous situation. No significant differences between UBF and Kansallis employees were found in our sample in relation to the new bank's values[21]. However, significant differences were found on what UBF and Kansallis employees perceive to have characterized their 'own culture' and that of the 'other' bank. Significant differences were also found on perceptions of cultural dominance in Merita. However, these perceptions seem to be related to one particular artifact or manifestation of culture: the decision making process. The results above also indicate that the middle management respondents – irrespective of organizational background – typically adopted a critical stance towards orchestrated cultural blending at a stage where the final decisions concerning personnel had not been made.

Differentiation Beyond the UBF – Kansallis Distinction

Finally, we searched for *'typical cases'* of respondents in our sample. This was done by carrying out a cluster analysis with the seven factors described above. From preliminary analysis of two, three, four and five group solutions, the four group solution was selected. The individual perception variables, factors and clusters are presented in Table 4.

We term the first group of middle managers identified as *Neutralists* (n=16; 12.1% of our sample). These individuals get along with their immediate superior. They seem to consider themselves generalists, and they have experienced heightened requirements with their jobs as a result of the merger. However, they regard the team work model facing numerous barriers and obstacles in their own unit. On average, the managers in this first group are slightly older than in other groups. None chose 'satisfied customer' as the value that is at present most emphasized in Merita's operations.

21 Either to what 'is' or to what 'ought to be'.

TABLE 4. Original Variables and Factors for the Four Clusters

Variable descriptions	Variable	'Neutra-lists' Cluster 1 (n=16)	'Fading conform-ers' Cluster 2 (n=31)	'Positivist Winners' Cluster 3 (n=55)	'Victims of Personal Chemistry' Cluster 4 (n=30)	All (n=132)
Decision making	**Factor 1**	**0.29**	**–0.15**	**0.12**	**–0.22**	
Rigid decision making	**V23**	**2.88**	**2.29**	**2.85**	**2.47**	**2.64**
Centralized decision making	**V31**	**2.88**	**2.61**	**2.91**	**2.40**	**2.72**
Decentralized decision making	**V18**	**2.81**	**3.19**	**3.13**	**3.53**	**3.20**
Flexible decision making	**V6**	**3.19**	**3.39**	**3.29**	**3.57**	**3.36**
Sufficient personal limits	**V9**	**2.31**	**2.58**	**2.09**	**2.97**	**2.43**
UBF domination	**V19**	**2.94**	**2.77**	**2.98**	**2.40**	**2.80**
More independence for branches	**V33**	**2.31**	**1.94**	**2.36**	**1.97**	**2.17**
Team work	**Factor 2**	**–1.73**	**0.14**	**0.44**	**–0.04**	
Hurry obstacle to team work	**V14**	**1.44**	**3.42**	**3.71**	**2.73**	**3.14**
Kansallis/UBF differences in work practices obstacles to team work	**V28**	**2.13**	**3.97**	**4.27**	**3.20**	**3.70**
Team work not yet implemented	**V17**	**1.88**	**3.19**	**3.93**	**3.30**	**3.36**
Unit too small for team work	**V8L**	**2.31**	**4.03**	**4.45**	**4.03**	**4.00**
Problems with IT-systems hinder team work	**V36**	**1.50**	**2.94**	**3.07**	**2.80**	**2.79**
Superior	**Factor 3**	**0.45**	**–0.05**	**0.47**	**–1.06**	
Difficult to get used to superior's actions	**V21**	**4.56**	**4.03**	**4.60**	**2.60**	**4.01**
Different 'language' with superior	**V4**	**4.56**	**3.74**	**4.55**	**3.27**	**4.07**
Superior according to expectations	**V29**	**2.25**	**2.16**	**1.76**	**3.60**	**2.33**
Task description	**Factor 4**	**0.16**	**–1.33**	**0.56**	**0.25**	
Tasks more simple as a result of merger	**V15**	**3.94**	**2.61**	**4.65**	**4.20**	**3.98**
Job description more narrow as a result of merger	**V5**	**4.06**	**2.16**	**4.64**	**3.83**	**3.80**
Tasks more demanding as a result of merger	**V1**	**2.06**	**3.29**	**1.84**	**2.20**	**2.29**
Necessity of merger	**Factor 5**	**0.08**	**0.41**	**0.19**	**–0.82**	
Enough staff reductions in own unit	**V11**	**2.75**	**2.48**	**3.07**	**2.07**	**2.67**
Value discussion unnecessary before final staff decisions	**V30**	**3.06**	**3.16**	**2.91**	**2.10**	**2.80**
Synergies from merger substantial in own unit	**V37**	**2.13**	**2.13**	**2.18**	**3.00**	**2.35**
Decision to merge unnecessary	**V24**	**3.94**	**4.26**	**4.24**	**3.40**	**4.02**
Bank image	**Factor 6**	**0.19**	**–0.08**	**0.17**	**–0.33**	
Culture of new bank combination of best features	**V13**	**3.56**	**3.45**	**3.16**	**3.00**	**3.24**
Merger created an image of a bank with strong identity	**V12**	**3.19**	**3.35**	**3.00**	**2.90**	**3.08**
Merger decision made for the customers' best	**V32**	**3.44**	**3.03**	**3.58**	**3.03**	**3.31**
Self image	**Factor 7**	**0.76**	**0.14**	**–0.25**	**–0.08**	
Specialist	**V26**	**4.13**	**2.94**	**2.82**	**2.70**	**2.98**
Generalist	**V25**	**1.31**	**1.58**	**2.45**	**2.20**	**2.05**
Merger strengthened own identity as leader	**V35**	**3.00**	**2.42**	**2.31**	**2.43**	**2.45**

The second group, what we term *Fading conformers* (n=31; 23.5%), perceive the merger in general to have been successful and beneficial for the bank. They consider the teamwork model to have already been implemented quite successfully in their own unit. However, they are dissatisfied with their own post-merger job description which has become more narrow and with their tasks that have become more simple. Compared with other groups in our sample, the respondents' closest superiors are here more often from the other 'side of the family'. Approximately a half of the respondents in this group chose 'strive for results' as what should be Merita's primary value.

The third group identified here is the largest. *Positivist winners* (n=55; 41.7%) see the merger as a success, get along with their superiors, and have experienced positive change in their professional self image. More often than in the other groups, these managers have been responsible for merging two or more branches stemming from different organizational backgrounds. On average, the managers in this group are slightly younger than in the other groups[22], and accordingly, they have fewer years of experience within banking.

The fourth group, *Victims of personal chemistry* (n=30; 22.7%) are quite satisfied with their job description and tasks. More than the other groups, they express the merger to have been unnecessary[23]. Most notably, managers in this group have problems in coping with their immediate superiors. The superior's ways of acting have not matched expectations. This group is also the most reluctant to discuss values during a transition period. The average size of these managers' work units is somewhat larger than the respondents' in the other groups. It may also be noted that only a handful of respondents in this group chose 'strive for results' as what should be Merita's primary value.

Using Pearson's Chi-Square both for the respondent's organizational background and sex, we may note that membership in a particular group outlined above is independent of both variables. The contingency tables with Chi-Square statistics for the two variables are shown below (Table 5).

We also looked at how the respondents in the four groups reflected to the implementation style prevalent in the making of Merita. The respondents were asked to select three attributes from a list of 15, best describing their perceptions of how the merger has been carried out so far. The top three adjectives for each group are displayed in Table 6.

On the one hand, in relation to perceptions of the style of implementing the Merita merger, the two most interesting groups are the *Fading conformers*, and, in particular, the *Victims of personal chemistry*. Of the former group, 32% point out the *confusion* involved in merging. For the latter group, the corresponding figure is 43%. This group also highlights the coercive element in implementing the merger. All these figures have indicative significance.

On the other hand, no significant differences between the four groups were found in relation to the issues considered most crucial in ensuring the success of the merger, from the point

22 For the variable age, a Scheffe test with a 0.05 significance level revealed a significant difference between 'positivist winners' (younger) and 'sceptics of formalization' (older).
23 'Because we had already sufficiently changed our ways of acting in the old bank', was the subordinate clause in the original statement.

TABLE 5. Contingency Table for Sex and Organizational Background

Count Row Pct	Sex male	 female	Row Total
Group 1	9 56.3	7 43.8	16 12.1
Group 2	18 58.1	13 41.9	31 23.5
Group 3	29 52.7	26 47.3	55 41.7
Group 4	19 63.3	11 36.7	30 22.7
Column Total	75 56.8	57 43.2	132 100

Chi-Square	Value	DF	Significance
Pearson	0.91591	3	0.82159
Minimum Expected Frequency –			6.909

Count Row Pct	Background Kansallis	 UBF	Row Total
Group 1	6 37.5	10 62.5	16 12.1
Group 2	19 61.3	12 38.7	31 23.5
Group 3	25 45.5	30 54.5	55 41.7
Group 4	15 50.0	15 50.0	30 22.7
Column Total	65 49.2	67 50.8	132 100.0

Chi-Square	Value	DF	Significance
Pearson	3.00558	3	0.39077
Minimum Expected Frequency –			7.879

TABLE 6. Perceptions of the Prevalent Style of Implementing the Merger

Group 1 Neutralists	Count	Group 2 Fading conformers	Count	Group 3 Positivist winners	Count	Group 4 Victims of personal chemistry	Count
Well reasoned	9	Well reasoned	12	Well reasoned	29	Coercive	13
Quick	9	Poorly prepared	11	Quick	28	Confusing	13
Coherent	6	Confusing	10	Coherent	23	Quick	13

of view of the respondent's own managerial work. The most critical issue, selected by 58% of the respondents, was *removing uncertainty* by making final choices for personnel (referring to the delayed staff-management negotiation procedure in respect of clerk level redundancies)[24]. Similarly, no significant differences were found between the four groups in relation to merger-

24 Respondents were presented with a list of 14 alternatives out of which they chose one, two or three. Removing uncertainty was the most popular choice. Secondly, 49% of the respondents were concerned about getting the *IT-systems* in shape in the new bank. Thirdly, 41% of the respondents emphasized the importance of more in-house *training* for their staff.

resultant areas of development perceived to be most timely in the respondent's own unit. Most critically, 56% of the respondents stressed the importance of *efficient sales work*[25].

5. SUMMARY AND DISCUSSION

We have attempted to build on a number of related organizational elements and their connections in order to make explicit how cultural ambiguity is produced in a horizontal, collaborative merger setting, the making of Merita Bank in 1995–1996. We conceive of ambiguity as a conceptual tool for addressing the levelled, sometimes paradoxical conceptions of culture that individual organizational actors seem to hold.

The preliminary results reported here indicate that cultural ambiguity may be an outcome of an interplay between three issues in merger implementation: quick and intentional orchestration of cultural blending by the top management, generic culture-related stereotypes, and everyday local experiences sometimes contrary to, and/or blurring the effects of, the first two elements in the trinity.

There has arguably been an overarching future-orientation in implementing the Merita merger. Through a formalized, top-down orchestrated project, the upper echelons in the bank have attempted to channel and speed up the expected, 'unavoidable' confrontations on the way to the desired new, monolithic organizational culture. Simultaneously, a far-reaching plan for cost reductions through staff dismissals was carried out. The prolongation of the staff dismissal procedure seems to have emerged as an intervening factor that rendered the quick culture project confusing rather than productive in its intended meaning.

On a generic, *stereotype level*, middle management recipients in Merita seem to have grasped the issue of cultural differences in the initial stages of the merger process (although no significant differences were found between employees from Kansallis and UBF on the new bank's values). In the case of managers from Kansallis, expectations of difference were met as the bank adopted a decision making procedure resembling that of UBF and signalling rigidity and centralization. This was also reflected in perceptions of cultural dominance.

Excluding the decision making procedure, however, everyday experiences of merger work seem to have brought about a *differentiation beyond the Kansallis – UBF distinction*. We identified four groups of middle managers in our sample, based on differences in perceptions of how elements and manifestations of organizational culture had evolved in the making of Merita. *Positivist winners* (41.7% of our sample) have been able to take an active part in making the

25 Respondents were presented with a list of seven alternatives and an open option, out of which they chose one or two. Efficient sales work was the most popular choice. Secondly, 39% chose information technology. Thirdly, 24% chose the complementarity of the capabilities of staff from the two former banks.

merger a success. They have also found people to do it with. *Fading conformers* (23.5%) have a positive undertone in their perceptions, but express dissatisfaction related to downgrading in their own job and task profile. *Victims of personal chemistry* (22.7%) view the problems emergent in merging through relations with their own immediate superior in particular. *Neutralists* (12.1%) share the core attributes of the winners' group but, for example, are not convinced that a formalized team work model is suitable for their own unit.

In general, the evidence indicates that at the time of our research in the summer of 1996, middle managers in Merita were eager to get back to 'business as usual' – to have all personnel-related decisions carried out, to be more independent in managing their own units, and to be able to turn their attention to customer-related activities.

The present study may be regarded as the first step in an analysis of cultural ambiguity in merger implementation. We have revealed some crucial issues that need to be explored further through longitudinal and retrostective, in-depth qualitative research. However, we do suggest *two managerial implications* based on our quantitative analysis.

Firstly, overattribution of problems in merger implementation to vague 'cultural' differences should be avoided. In a context of radical staff dismissals, at least, formalizing cultural blending to a distinct project is a dubious policy that is likely to amplify confusion. *Secondly*, problems encountered in merger implementation may be more related to conflicts of interest between units, groups and individuals and to the variety of roles individuals adopt – or are forced to comply to – in change, rather than to organizational backgrounds per se (see also Vaara, 1998). Political interests may override 'cultural' differences.

The obvious, cynical explanation to the above is that individuals naturally respond differently to a fast moving corporate context. However, it is more likely that, in accordance with an ambiguity perspective of organizational culture (Martin, 1992), individuals' involvement and sub-cultural identity are likely to fluctuate, depending on their changing positions on the issues at hand. A differentiation perspective may thus be as inadequate as a unification perspective in explaining why some mergers work and some do not.

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