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

The world-wide mega-merger mania has intensified in the 1990s. Financial performance following mergers between business firms is often disappointing. This is increasingly explained through behavioural difficulties resulting from insufficient integration or blending of mismatching, monolithic organizational cultures.

Particularly in the strategically oriented literature on mergers, top organizational decision-makers are advised to actively manage and control the integration process itself; from individual perceptions to group to organization, from recognition and clarification of differences to creation of similarities. Mergers provide arenas for glorified attempts at 'orchestrating' cultural blending.

Culture-related fragmentation and ambiguity, however, is too often ignored by both practitioners and students of mergers (cf. Martin and Meyerson, 1988). Individuals' (sub-)cultural identity may fluctuate depending on which issues are activated at a given moment, and "an organizational culture is a web of individuals, sporadically and loosely connected by their changing positions in a variety of issues" (Martin, 1992).

We conceive of ambiguity as uncertainty of meaning, i.e. a conceptual tool for addressing the levelled, sometimes paradoxical conceptions of culture that individual organizational actors seem to hold. In this article, we suggest that cultural ambiguity is amplified rather than cut short by intentional, top-down orchestration.

The merger of Kansallis Banking Group and the Union Bank of Finland in 1995 produced Merita Bank. Radical albeit prolonged downsizing brought a distinct flavour to the making of Merita. The financial performance of the new bank settled on a satisfactory track. The data reported here was collected in the summer of 1996, among a representative, high-percentage sample of middle-managers in the Helsinki region of Merita's retail banking division.

Based on their perceptions of several elements and manifestations of organizational culture, we identified four groups of managers in our sample: Positivist winners, Fading conformers, Victims of personal chemistry and Neutralists. Importantly, this differentiation emerged beyond the Kansallis – UBF distinction.

Cultural ambiguity in merger implementation may be an outcome of an interplay between three issues. Firstly, generic stereotypes of 'us and them' do exist. Moreover, these stereotypes seem to be linked with perceived dominance. In our Merita sample, for example, the fact that the new bank adopted characteristics of the decision-making procedure practiced in UBF led middle-managers with a Kansallis-background in particular to associate this with both UBF-dominance and a prevalence of an operationally rigid and centralized culture.

Secondly, quick orchestration of cultural blending by top managers is likely to separate from 'reality' in the local units. In our sample in Merita, managers expressed the necessity of making final decisions concerning personnel before discussions on culture could be meaningfully carried out.

Thirdly, everyday local experiences are sometimes contrary to – and/or they blur the effects of – the first two elements in the trinity. Many respondents in Merita indicated that they had been able to take an active part in making the merger a success – and they had found the people to do it with. More negative perceptions were typically related to downgrading of job and task profile or to problems connected to social interaction between individuals.

We suggest two managerial implications based on our preliminary quantitative analysis. Firstly, overattribution of problems in merger implementation to vague cultural differences should be avoided. In a context of radical staff dismissals, as was the

case in the making of Merita, formalizing cultural blending to a distinct project is a dubious policy. Secondly, problems encountered in merger implementation may be more related to conflicts of interest between individuals, groups and units, 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 differences that are too often deemed cultural.