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Post-Acquisition Acculturation Study - A Small and Medium Sized Enterprise Experience

Sanjeev Panicker
University of Pennsylvania, panickersanjeev@gmail.com

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Submitted to the Program of Organizational Dynamics, College of Liberal and Professional Studies in the School of Arts and Sciences in Partial fulfillment of the Requirements for the Degree of Master of Sciences in Organizational Dynamics at the University of Pennsylvania
Advisor: Jean Marc Choukroun

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Abstract

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Keywords

acquisitions, acculturation, stress implications, synergies

Disciplines

Business Administration, Management, and Operations | Leadership Studies | Organizational Behavior and Theory | Organization Development | Psychology

Comments

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POST-ACQUISITION ACCULTURATION STUDY
- A SMALL AND MEDIUM SIZED ENTERPRISE EXPERIENCE

by

Sanjeev Panicker

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College of Liberal and Professional Studies
in the School of Arts and Sciences
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Master of Sciences in Organizational Dynamics at the
University of Pennsylvania

Philadelphia, Pennsylvania

2016

POST-ACQUISITION ACCULTURATION STUDY
- A SMALL AND MEDIUM SIZED ENTERPRISE EXPERIENCE

Approved by:

Jean Marc Choukroun, Ph.D., Advisor

Alan Barstow, Ph.D., Reader

ABSTRACT

This capstone is a post-acquisition acculturation qualitative research study. Four diverse acquisitions of small to medium sized enterprise were studied *post facto* to understand the socio-cultural implications of acculturation and stress on employees pre-, during and post-acquisition process. The study suggests ways to explain and analyze the phenomenon. The study then delves into stress implications and coping mechanics during acculturation. Finally, the capstone study recommends an adapted framework to manage the socialization needs of acculturation to reduce stress and support synergies.

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CHAPTER 1

INTRODUCTION

Capstone introduction

It is common knowledge that large and small companies use Mergers and Acquisitions (M&A's) for growth. What surprised me was that smaller companies with lesser means took to successive, rapid and multiple M&A's. These were 'acquisitions', done swiftly, with a certain strategic intent not well understood across the organization but executed with total control. This process seems simple and looks like a buyer buying another company or organization, bringing it into its fold and then it is mostly business as usual. But, in fact, this description is extremely over simplified.

Even earlier as a participant in M&As in larger corporations, my experience was that the acquired organizations submerged culturally and ultimately were perhaps indistinguishable from the acquiring organization, especially to the outsider. There were always stories of simmering differences or conflicts but mostly not out in the open. The cultures were compared internally as the older culture versus the newer. In one such instance, a merger of near equals in terms of size and stature, there was an effort in the beginning to become a new combined organization. However, over a period it became apparent that the new organization was starting to become more like the original acquirer and not transform to an integrated state as one would imagine. The truth varied and every study about M&A had something different and new to say. The literature abounds with various types of examples; they are explored in more detail later in this study. A constant was that none of these M&A's were free of problems, indicating that such a growth mode

or path needed careful consideration of various aspects of the combination and at various levels. These events coupled with my role in the last four acquisitions where I was employed, provoked me to think deeply about the problems in personnel processes, in the integration and stress implications.

These ideas were then proposed and refined with the help of my professors during my MSOD program. At this point a more focused formulation of the subject area materialized: to understand the socio-cultural impact of such combination or integration or acculturation. You will note, that three different terms were used in an attempt to convey the same meaning. This was another reason to uncover all the confusing terms used, to get a solid understanding of this topic and find out firsthand what occurs and its implications as a practitioner.

In other words, I sought to know what this phenomenon of post-acquisition acculturation looked like, understand the implications, verify if there were existing models that categorized these combinations, understand socio-cultural processes employees undergo, and to examine the stresses that employees experience. It was also an opportunity as an HR professional to master the development of strategies, plans and tactics to manage such organizational issues.

Initially this implied reviewing a breadth of subject areas like business, finance, economics, organizational behavior and psychology; making this search more exciting and challenging. It required narrowing down these broad areas to a manageable scope to answer or support my capstone research topic. This led me to clarify and iterate what answers I sought from the study and then form the right sets of questions and problems. This process led me to focus on the most appropriate research material for this study.

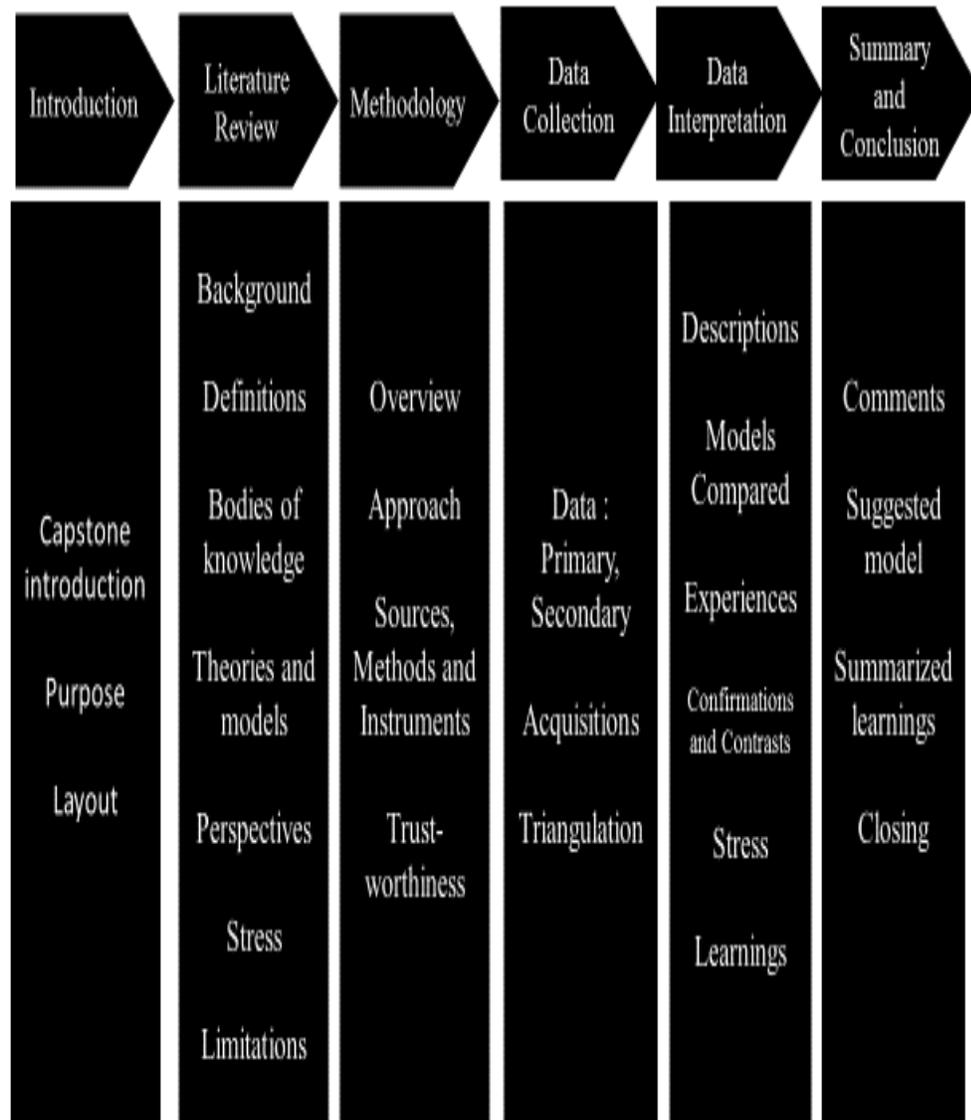
Purpose:

This is an acculturation study of acquired companies. The study explores 4 acquired companies by 'the company/organization' and finds out firsthand what happens in a small medium sized company acquisitions acculturation. It then explores and helps understand the typology that the organization may have followed (knowingly/unknowingly), further studies acculturation stress and models, cultural impact on communication and insights for an HR professional. The questions that were asked are as follows:

1. How Cultural differences matter in such acquisitions, how they are viewed in such organizations and by the acquired employees?
2. What typology best represents such acquisitions?
3. How do we best explain and summarize the experiences and/or psychological process for the employees undergoing the process? Can they follow any applicable models?
4. Were these acquisitions a success or failure according to the acquired employees and why?
5. How did the group of employees behave during and after the combination or acquisition?
6. How does the literature contrast with the findings of the study?
7. What are the implications for HR, is there a case for creating a process for pre-and post-acquisition integration planning and what acculturation modes or framework would aid the acquiring company especially in small and medium sized industries?

Capstone layout

Figure 1. Roadmap



In the introductory chapter, the initial paragraph presents the broad topic. It is followed by the rationale of the topic, the background, and the context. The rationale for the study including impetus and implications of the study. This would include some of the existing studies that help substantiate its significance. The study has relevance to HR professionals and many others who are interested in M&A studies.

The literature review chapter discusses the relevant literature and the interrelationships with the goals, theories, population, and bodies of literature.

The methodology chapter explains the methodological approach and the research design in its entirety. The chapter will describe the participant and site selection and criteria. It will contextualize the settings and it will present the limitations and selection with transparency.

The next section will describe the data collection methods and the selection method and the rationale. Additionally, the nature and scope of the information and knowledge that may be gained from the method. This sub-section will discuss the data collection strategies such as the primary and secondary data.

The chapter discussing the data collected will include the sequencing of methods. The section explains the data collected, what was not collected, and the reasoning for each. The chapter will also present the data summaries in text and other methods. Furthermore, the detailed metrics and principles will be highlighted. Finally, the linkages with earlier chapters are presented.

The 'data interpretation' chapter discusses data analysis. This will explain the broad approach and specific process by which the data is to be analyzed. How data was coded, how these were further grouped, themed and developed. Also described are the

measures that the study utilizes to validate data, such as triangulation, sequencing, participant validation and dialogic exercises as judged necessary. The rationale and limitations of these measures are delineated. The role of the researcher and positionality in this context is explained. Finally, we address the ethical considerations including IRB application and approval process, if any.

The final chapter includes a summary. The chapter puts forth a socialization tool or framework to help professionals undergoing acculturation. And explains other additional findings from the study.

CHAPTER 2

LITERATURE REVIEW

Background

My starting point was to gain a deeper understanding of M&A by reviewing related literature. This presented the question of why an enterprise would engage in M&A. M&A as a growth and diversification strategy has been around for a long time. The instances in which it has taken place have only multiplied over the decades, despite the fact that most of those instances have not yielded the expected benefit (Stahl & Mendenhall, 2005). The literature uses the terms ‘merger’, ‘acquisition’ and ‘M&A’ interchangeably (Reis, 2015). An interesting statistic to note was that the worldwide value of M&A was around UD\$3.5 trillion in 2000 (Thomson Financial Services, 2001). The worldwide volume of M&A in 2015 after the world-wide recession (WSJ, Dec 3, 2015) was a staggering 4.9 trillion, an indicator of M&A popularity.

The terms ‘mergers’ and ‘acquisitions’ as mentioned earlier are used interchangeably in most literature. This is, perhaps, because the distinction is rather elusive. A merger is the combining of two entities into a single entity. An acquisition on the other hand, is the taking over of a firm or organization by another in a friendly fashion based on shareholder’s agreement or a hostile manner if the shareholders disagree. But there are also acquisitions that are referred to as mergers for PR reasons, management reasons etc. (Cartwright & Cooper, 1992).

Definitions

An acquisition occurs when an organization acquires sufficient equity shares to gain control or ownership of the other organization (Cartwright & Cooper, 1992, p. 34). Mergers publicly represent an agreement of co-operation, usually for organizations that are nearly evenly matched in terms of size, valuation, etc. Cartwright and Cooper (1992) made another key distinction about mergers and acquisition: they refer to the difference in speed of change and integration being introduced once the deal is finalized. In the case of acquisitions, it is normally noted that the acquiring company swiftly moves to impose its own controls, changing signatories once the deal is signed.

Definition of Integration:

1. i. Incorporating as equals into the society or an organization of individuals of different groups (as races) ii: co-ordination of mental processes into a normal effective personality or with the environment. (Merriam Webster)
2. To integrate is also to combine two or more things to make something more effective. (Cambridge dictionary)

The term integration is used to define the melding of two organization. And this is common across, be it acquisition or mergers. The term integration is the preferred term. (I would risk to believe that it may have come from the strong democratic sense of equality or equity that it connotes. But that is another research area!)

Culture

‘Culture’ (Denison, 1990) refers to the underlying values, beliefs and principles that serve as a foundation for organizations management system as well as the set of

management practices and behaviors that both exemplify and reinforce those basic principles. These principles and practices endure because they have meaning for the members of the organization. They represent strategies for survival that have worked well in the past and what members believe will work again the future.

One of the most respected and prominent researchers and consultants in this area has been Schein. Schein emphasized shared assumptions in his approach to culture, defining culture as “a pattern of shared basic assumptions that has worked well enough to be considered valid and therefore to be taught to new members as the correct way to perceive, think and feel” (2004). Schein believes that culture will “manifest itself at the level of behavior and espoused values, but the essence of culture lies in the set of underlying assumptions that a group shares.” (any direct quote should have a page number!) Schein prefers to exclude behaviors from his definition of culture, owing to the many forces besides culture (shared assumptions) that influence behavior in the organizations.

Schein explains culture as a concept is an abstraction but its behavioral and attitudinal consequences were very concrete. His definition does not include overt behavior patterns (although some such behavior – particularly formal rituals – does reflect cultural assumptions). Instead he emphasizes that the critical assumptions deal with how we perceive, think about and feel about things. Overt behavior is always determined by the cultural disposition and by the situational contingencies that arise from the immediate external environment. Behavioral regularities can occur for reasons other than shared culture, a distinct difference from other Culture theorists. Another interesting direction that Schein takes is that he declares that Culture and Leadership are sides of the

same coin. The values and beliefs of an organization give rise to a set of management practices. Stated differently, they are concrete activities that are usually rooted in the values and beliefs of the organization. These activities stem from and reinforce the dominant values and beliefs of the organization. Concrete policies and practices are often difficult to separate from the core values and beliefs and the system of shared meaning that supports them. The reason why organizational culture often seems to be both mystical and practical at the same time.

Kotter and Heskett (1992) take a slightly different approach to defining culture, one that includes behavior as part of culture, they view culture as having two levels: values and behavior. “Values” are notions about what is important in life and they can vary greatly depending on the company; in some settings people care deeply about money, others about technological innovation or employee wellbeing. Once values are established in an organization, they tend to remain relatively stable; even as individuals come and go, values are typically difficult to change. In some cases, values are so taken for granted that people are not consciously aware of them. ‘Behavior’ is what people in the organizations do every day, the patterns or style in an organization that new employees are automatically encouraged to follow by their employers. An example would be that people in one group have been hard workers for years, while those in other groups are friendly and so forth. Behavior tends to be easier to change than values, though behavior can also be required to be ingrained.

Hofstede et al. (1990) had conducted a study on culture and concluded it was more meaningful to account for differences between organizations in terms of their practices (convention, customs, habits, moves) on the following dimensions: process

oriented versus results oriented, employee oriented versus job oriented, parochial versus professional, open versus closed systems of communicating, loose versus tight controls, normative versus pragmatic norms.

Trompenaars (1993) emphasized three aspects of organization structure as important in determining the culture: the general relationship between employees and their organizations, the hierarchical system of authority defining superiors and subordinates, the general views of employees about the organizations future, purpose and goals and their place in this. This caused four culture types to form:

- i) The family – a highly personal, hierarchical and power oriented culture with a paternalistic attitude.
- ii) The Eiffel tower culture – structured and bureaucratic with division of labor is a low efficiency and high effectiveness type .
- iii) The guided missile culture, a culture in which the logic of subordination is rational, coordinative and rule based, it is an egalitarian, impersonal and task oriented culture where the employees are intrinsically motivated.
- iv) The incubator culture – with minimal structure, and the belief being that if organizations are to be tolerated at all, they should exist as incubators for self-expression and self-fulfillment.

Additional studies:

- a. Culture is a potential predictor of other organizational outcomes (such as effectiveness) in the functional approach, whereas in the Semiotic approach (signs and symbols) it is a concept to be explained independent of any other phenomena (Cameron and Quinn, 2011).

- b. Cameron and Ettington (1998), clarify the distinction between Culture and Climate studies. Climate studies refers to a more temporary attitude, feelings, and perceptions on the part of the individuals. Culture being more enduring, slow-changing core attributes of the organizations.

The term 'Culture' is originally described in social anthropology (Tylor, 1887). Late nineteenth and early twenty century studies of primitive societies – Eskimo, South Sea, African, Native American – revealed ways of life that were not only different from more technologically advanced parts of America or Europe, but were often very different among themselves. The concept of culture was thus coined to represent, in a very broad and holistic sense, the qualities of any specific human group that are passed from one generation to the next.

Most academics and others tend to use the Culture definition as a combination of values and behaviors and I have followed this framework. A common definition of culture is not available and it may still evolve. Kroeber and Kluckhohn (1952), found 150 definitions of culture.

A view of Culture in an M&A context by Stein Klepesto (1998), a person's collection of thoughts, views, materials that are present for the individual or group to create an understanding of that event. By extension, it means that an event like integration after a merger is not understood by the cultural material, but the how the material is used in the situation.

Acculturation

Cultural modification of an individual, group, or people by adapting to or borrowing traits from another culture; also, a merging of cultures because of prolonged

contact. The process of changing so that you become more like people from a different culture, or making someone change in this way (Cambridge dictionary). Integration in many ways is used as an umbrella term while Acculturation is a term borrowed from anthropology and used in the business context. In the present study, the term Acculturation is used to define and explain the socio-cultural integration.

Over the decades, M&A research has branched into several paths (Stahl & Mendenhall, 2005, p. 3). These include Strategic management, Capital markets, Economic performance, Organizational theory and Human Resources. In general, all the above research is integrated well enough to tell us what contributes to M&A success. At a more micro-level from a managerial perspective, the central question is one of M&A success and how value is created. M&A integration in business terms is the link between the method and outcome or value creation. The studies show that though there are successes and failures, the reasons for both are not fully understood.

As mentioned earlier my personal experiences with acquisitions, specifically in the small and medium industry domain, piqued my interest. It made me reflect on the strategy, processes, policies and structure followed. I began to think about the socio-cultural integration and acculturation that the acquired employees went through. In my experience, in a small medium sized organization M&A, there was negligible integration of best practices or policies and procedures in the final integrated or combined stage. The standard practices in a small medium acquisition were legal diligence, due diligence, pre-merger talks and combination or integration. They used project management tools, communication tools, meetings across in general and joint committees especially for the front-ending teams likes Sales, Account management and Consulting to manage the

process. The outcome in most cases were some employee fallouts and finally the newly acquired employees being submerged or becoming akin to the acquiring organization, at least that was my sense at the beginning of this journey.

This study was to assess such experiences, processes, conflicts and the final adaptations to have a set of convincing answers about post-acquisition acculturation in small medium enterprise and what could be done to analyze and perhaps intervene for better results. This required me to compare accepted models of such phenomena to better analyze my present context. To be able to examine and find practical tactics and answers to the problems of personnel management, group culture, communication and other concepts.

The concept of 'Acculturation' was appealing to me as it tried to capture most of the elements involved in the socio-cultural combination aspects within the organizational theory perspective.

This study attempts to make the understanding of acculturation richer by adding another real account of what transpires during such acquisitions and how it fits into the present theoretical frameworks. Further helping practitioners with additional perspectives in managing acquisition better.

Bodies of knowledge

Culture and Cultural impact, Organizational behavior, M&A integration, are some of the several paths of M&A studies that were reviewed. The topical reviews include culture and its implications, acculturation, acculturative stress, and models of post-acquisition integration/acculturation.

To arrive at a manageable set of relevant body of knowledge and research, required sifting through various categories of articles using Psych info and Business Primer online research databases. The investigations included M&A's, acculturation, stress, organizational behavior, culture and impact, culture change. Further narrowed down to a relevant set of articles and that included international studies giving it more breadth in understanding the subject matter. The literature reviews also included various books and texts on M&A's, Culture, Strategy, Research methodology. I have listed the relevant works as part of the reference list.

Theories and models

Acculturation review - The concept of acculturation appears as early as 1880 (Lakey, 2003). The earliest definitions come from Redfield, Linton and Herskovits (1936, pp 149-150):

Acculturation comprehends those phenomena which result when groups of individuals having different cultures come into continuous first hand contact, with subsequent changes in the original culture patterns of either or both groups. While (Berry, 2005, p. 701) cites Graves (1967) as being the person who introduced the concept of psychological acculturation. It states that acculturation is a group or collective level phenomenon while it is separate from psychological acculturation. In the former acculturation is the change in culture for the whole, in the latter it is the psychology of the individual.

Acculturation for this paper is the term used to describe the process by which two groups that have come in direct contact resolve those conflicts and issues that arise out of

such contact, it is also defined as the resultant change in culture of both groups because of the contact. This definition is, as mentioned earlier, prevalent in the cross-cultural psychology and anthropology field for a long period of time. Although such change in cultures and working in another culture can be very positive, it is not always so. The concept is now believed to be applicable to organizational cultures and is very relevant to the merger and acquisition context (Nahavandi & Malekzadeh, 1993, p. 59-61). Also for the purposes of this study we are limited to post M&A integration, which forms a part of organizational behavior perspective.

The acculturation stages as defined by Nahavandi & Malekzadeh, (1993) follow three stages of contact, conflict and adaptation. Contact stage is the pre-merger stage and therefore the initial contact sets up the relationship between the two groups. This stage regardless of the outcome is likely to engender some conflict. Conflict stage; the number of conflicts within a merger can vary depending on the generic type of M&A i.e. conglomerate, vertical integration, concentric and related and on linear scale the complexity of structural change increases from conglomerate to related. Structure is defined here as dimensions such as formalization, centralization, standardization, hierarchy, complexity, specialization, professionalism (among these complexity, formalization and centralization are focal to merger discussions). Complexity refers to hierarchical layers, job titles, divisions, departments, matrices, etc.

- i) As per definition, conglomerate mergers should have lesser structural change as the acquired unit is under a parent financial umbrella with few internal changes.

- ii) For vertical mergers, when firms merge with a buyer or a supplier firm, redesigning structure is relatively easier. The unit acquired is added as department or division and hence left with independent decision making.
- iii) In the case of Concentric mergers, firms from adjacent industries merge, e.g. auto manufacturer and motorcycle manufacturer. Here the structural complexity increases.
- iv) In related mergers the acquisitions are made within the same industry and hence similar or related lines of business. The maximum complexity occurs in such M&A's.

In a positive adaptation, the groups will work together, manage the different areas and aspects of their newer relationships. In case of a negative adaptation it will involve continuing conflict and lack of agreement on how to move ahead. These could cause various situations like a group or both feeling cheated and further escalating the situation.

Models of Acculturation

The most often cited and referred models are mentioned below.

(Note: Many variations of these models are used by various companies as best practices to name a few: Pathfinder model by GE, Epstein's 5 driver model or Merger Math – Bouchiki and Kimberly).

Post-acquisition integration typology: Many argue four or five distinct post acculturation or integration approaches the four most often cited are explained below:

I. Modes of Acculturation (Berry 1983; Nahavandi & Malekzadeh, 1993): The a priori typology dimensions indicate four acculturation styles or modes

- i. 'Separation' - preserving the culture (target organization or the acquired organization) by being independent and separate from the acquiring culture.
- ii. 'Assimilation' – the target organization completely adopting the identity, culture, practices and systems and cease to be the earlier entity.
- iii. 'Integration' – preserving the target organization basic assumptions, beliefs, practices and systems which make them unique but are willing to be integrated into the newer structure and culture.
- iv. 'De-culturation' - cultural and psychological contact between the merging firms are lost. The positive to this theory is that it focuses on the acculturative stress areas that employees go through while the weakness is that it assumes that the stress is negatively linked to post-integration performance.

II. Mirvis and Marks (2011) juxtapose the cultural and operational changes experienced by merging companies to explain five different modes:

'Preservation' – maintaining acquired company culture with low integration and few changes. 'Absorption' – assimilating the acquired company completely into the acquiring company. 'Reverse takeover' – a rare case where the acquired company leads the post-acquisition integration effort. 'Best of both' – an acquisition of equals with full cultural integration and full or partial organizational consolidation. 'Transformation' – both firms undergo fundamental

changes to the culture and operations to re-invent the merged entity (Marks & Mirvis, 2011).

The strength of this model is that it focuses on the extent of cultural changes in both companies during integration and top-level management retention or change. The weakness of it is that it does not focus on how value might be created or captured, and it pays little attention to functional and structural aspects.

III. Another model suggesting integration styles is Pillage and Plunder, or asset stripping, where the acquired firm is broken down and with valuable assets retained and the remainder dumped (Siehl & Smith, 1990). One-night stand is the descriptor for an intense financial transaction that is in reality a superficial deal with no or minimal integration. 'Courtship/Just Friends' – the acquired firm remains independent and a stable working relationship is achieved while the operational cultural differences remain. 'Love and Marriage' – complete integration to form a new and stronger identity

IV. A model proposed by Haspeslagh and Jamison (1991) uses only 'related' deals and focuses on pre-acquisition as well as post-integration stages. It is essentially distinguished between strategic interdependence and organizational autonomy. The types presented were 'Preservation' – Low need for strategic interdependence and high need for organizational autonomy; 'Symbiosis' - high need for strategic interdependence and high need for organizational autonomy;

‘Holding’ - the residual is called holding, making it a mere holding activity;
‘Absorption’ – where there is a high need for strategic interdependence and low need for organizational autonomy.

Perspectives

Sociocultural integration perspective - much of the M&A has started with the basis that cultural differences are a major cause of integration problems (Lubatkin et al. 1998). Problems with focus on cultural differences include the fact that Cultural differences are unstable objects of analysis and are created during such mergers. Furthermore, Cultural identification is highly contextual and sociocultural mergers are the outcome of idiosyncratic processes of social interactions.

- Most researchers agree that national and organizational cultures tend not to be monolithic. So, in a complex organizational merger you will have multiple cultures and ambiguous views, thus cultural differences.
- Many scholars have argued that it is not the fit, but how sociocultural issues are dealt with or managed that matters.
- Specific studies have indicated that cultural differences can in specific circumstances be a source of value.

Organizational behavior perspective is where scholars have delved into strategic, cultural and organizational fit with target organizational fit. There have been mixed reviews to say the least about the evidence of relationship between cultural fit and M&A (Reis, 2015). The post M&A literature has given a great deal of attention especially to

HR, communication issues (Afsaneh & Malekzadeh, 1988; Haspeslagh & Jemison, 1991).

M&A Process perspective delves into the process of acquisitions which influences the M&A outcomes. The research suggests that acquisition process on its own does not seem to be the reason for reaping any benefits but the actions of managers after the agreement is what gets the results (Haspeslagh & Jemison, 1991). These produced work on both decision making and the integration process. Several scholars have examined different phases of acquisitions e.g. pre-combination, legal combination and post combination (Marks & Mirvis, 2011). Similarly, Haspeslagh and Jemison (1991) proposes four stages: idea, acquisition justification, acquisition integration, and results. However, each phase is influenced by uncertainties and ambiguities. Some of the Process based problems explained are as follows:

- a) determinism – the tendency to hold to the original justifications in the case of changing realities of the acquisition.
- b) value destruction – the impact on individual managers
- c) problems of employees through self-preservation, leadership vacuum to address the new purpose of the combined unit (Haspeslagh & Jemison, 1991).

On reviewing M&A's in the software industry, a study by Buxmann & Schiereck (2013) stated that M&A in the software industry had mixed results and in fact the rate of success was even lower than other industries.

Another study clarifies that during M&A, employees are attentive to the distributive, procedural and interactional fairness or organizational justice theory (Seo & Hill, 2005).

M&A review and Impact on value creation

Over the recent past M&A has branched along several paths including:

- Strategic management which examines strategic motives and the implications for merger performance. Bower (2002) identified five reasons: to reduce capacity, geographic expansion, product line extensions, acquire R&D capability and exploit emerging convergence of industries.
- Capital markets perspective looks at M&A with stock market based measures. In this approach, M&A are investments which get a higher return for purchaser than for the shareholders.
- Economic performance examines accounting based measures of M&A performance over a longer period.
- Organizational theory seeks to understand the processes by which previously independent organizations are combined to a new single entity. The focus here is to integrate/merge structures, systems and cultures to create greater value than as independent variables.
- Human Resources perspective focuses on psychological, leadership, and communication issues in an M&A.

Acculturative stress

As clarified by Cartwright & Cooper (1992) through their studies that the concerns are related to loss of identity, lack of information and increased anxiety, an obsession with survival, loss of talent, family repercussions. Prof. Philip Mirvis (1985) states the employees will pass through four stages: disbelief and denial, anger, emotional

bargaining, acceptance. This is an abridged version of Kubler Ross model introduced by Swiss psychiatrist Elizabeth Kubler- Ross in her book, *On Death and Dying*, and was inspired by her work with terminally ill patients that suggest the following stages be referred to as DABDA (Denial, Anger, Bargaining, Depression and Acceptance).

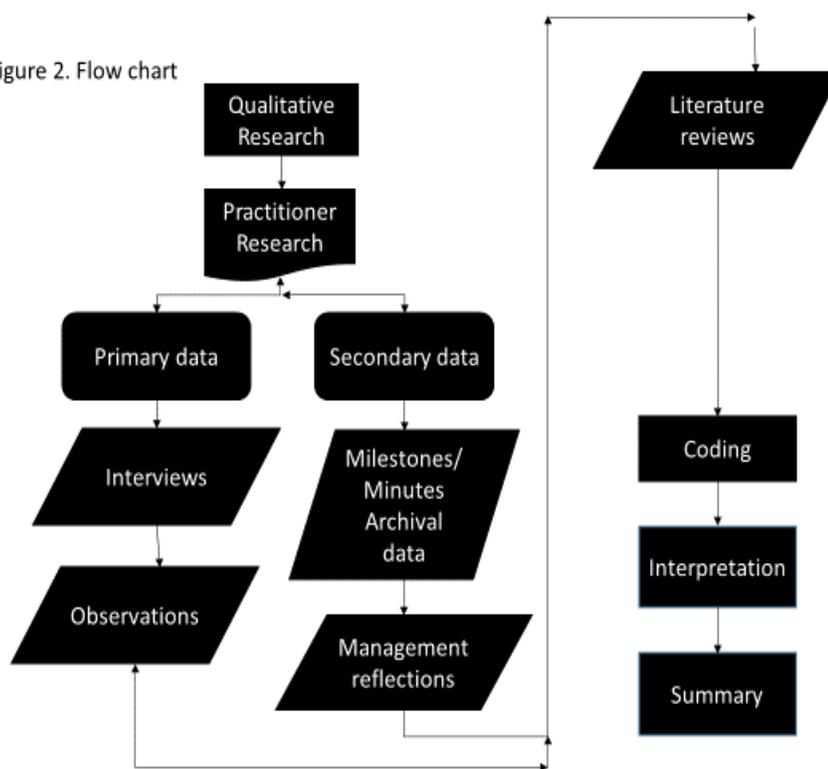
Limitations

The literature review is limited to the understanding of post-acquisition acculturation/integration and analyses, socio-cultural impacts, the most relevant cited integration/acculturation models, stress and stress models. Though these studies allow the research to compare, contrast, relate and reflect on the actual data and insights, they are very broad and paradoxically do not cover all the related literature.

CHAPTER 3

METHODOLOGY

Figure 2. Flow chart



Qualitative research – Practitioner research approach

This research uses qualitative research design and a practitioner research approach. In this approach the questions emerge from the practice (in this case, the acquisition acculturation/integration practice) followed by the design of the research, data collection then the analysis and interpretation of the practice based data answering the questions posed within their contexts. This type of research is to improve the practice through purposeful and critical examination, reflection on aspects of the work, on the

experiences of colleagues and constituencies, and on the institutional cultures and practices that shape these realities (Ravitch & Carl, 2016).

Practitioner research enables practitioners to engage in structured inquiries that are directed towards gaining formative insights into what concerns or confuses them, about professional roles of change management, about collaborators, about parameters, about the possibilities and constraints of their work settings (Ravitch & Carl, 2016).

Sources and groups

The research data sources are personal observations, documents spanning three years from 2013 to 2015, regarding four acquisitions by the company. The study is limited to one organization and its four separate acquisitions, three of which have been across various states within the US and one international acquisition with operations in the USA and India. My involvement as an integral part of the post-acquisition acculturation process for all the four acquisitions was helpful in many ways. The average sizes of these acquisitions were \$2 million to \$10 million in revenues and headcounts ranging from of 4 to 28 employees.

The data collection methods include archival data collection, semi-structured interviews and narratives of employees, observations and topical literature reviews. The relevant literature reviews, personal reflections, triangulation, dialogic and recursive processes have been used to bring in rigor and trustworthiness to the process.

Methods and Instruments

The acquisitions spanned 2013, 2014 and 2015. All four acquisitions were organizations of various sizes and types. Other characteristics were that

1. The acquisitions were broadly homogenous
2. From the same industry and similar domains
3. A variety of acquisitions were considered.

The data collection phase included literature reviews, other archival data like meeting minutes, dashboards, agendas, integration project plans and completion documents. The next phase included creating the questionnaire and setting up the interviews with 12 employees and to cover 10 employees, in addition keeping one as pilot and another as a buffer. After the first pilot interview, the questions were further fine-tuned. The semi-structured interview made it flexible to gather more in-depth information remaining objective and focused.

Interviews were a key to the primary data collection for this research. The considerations that were followed while developing the interview questions were:

- Relational – How are expectations being set? how are you presenting and engaging? How are you describing the research in terms of topic, goals and process? Explaining how you intend to use the data. After speaking to each participant via telephone, an initial mail was sent ahead of time indicating the time and venue for the meeting. In addition to this, a consent letter was developed and signed.
- Contextual – Consideration for the multiple intersecting contexts including socio-political contexts that shape people. How to capture the right context at a micro

and macro level of interactions and their relations to specific questions. To determine what is implicit in the conversations and explain those implications. To get to a better understanding, the questions were broken down as phases i.e. initiation, contact, conflict, adaptation, and finally stress.

- Temporal – What specific questions do you ask if there are temporal elements? To know how the contexts have changed for them? What are the influences that participants have undergone and are these local or macro? (Ravitch & Carl, 2016).

A semi structured interview process was used to gather the answers to the questions. Appendix A, shows the questions and the contexts. Semi-structured interviews allowed me to add specific questions as needed to get more detailed information.

Patton (2015, pp. 444-445) notes six kinds of interview questions to understand the people's experiences and interpretive processes. Experience and behavior questions, opinion and values questions, feeling questions, knowledge questions, sensory questions, background/demographic questions

The interviewing process was daunting at the beginning especially during the first interview. The semi-structured interview had to be streamlined and the flow aligned to gather the right information. But this improved from the 2nd interview onwards. This caused an increase in the time taken for these interviews from an initial 20 minutes to 30 to 45 minutes in most cases, which helped in the data collection and later to form structured inferences. The interviews in the final analysis included 10 interviews from employees of the four acquisitions. The employees varied in demographics; it was a healthy mix of national, international, regional, educational and position levels. Interestingly the company average age is around 40 years and the average of the

interviewees was around the same. The interviews were administered using either a video phone or in person. The intent was to ensure a conversational atmosphere for the interviewees.

In summary, the tools utilized were observations (e.g., human actions or a physical environment), Interviews (semi structured and open ended conversations with key participants), Archival records (e.g., minutes of meetings and records), Documents (e.g., newspaper articles, letters and e-mails, and reports).

The initial process started in April 2016 and continued until mid-September 2016 after which data analysis and writing of the capstone commenced. The analysis work started in August and ended in October, the study was ready for review in November. All the interviews were transcribed using third party (Scribie) to be able to save time and to ensure accuracy in recording interviews.

The collected data was analyzed with NVIVO software. The answers to the questions were clubbed together and then words and phrases were analyzed to form broad patterns. Based on these patterns further themes were built and again analyzed for relevance and efficacy in answering the key questions of the research. This was then contrasted and compared to other information gathered like minutes and personal notes. The interviews with non-managers and managers helped in ensuring more objectivity. The fine-tuned and analyzed information formed the basis for informed inferences after triangulating with observations, managerial interview analysis, advisor feedback and cited literature.

Trustworthiness

Other discussions with managers to get face validity was a deliberate process during the interviews. Executive decisions were studied by revisiting the projects, milestones and minutes during the events. The validations come from, the interviews, observations and the literature reviews, the recursive nature of the study as a practitioner in the process enabled insights and views. The topical review and rigor also comes from the mechanics of the interviews collated and analyzed. The interviews were transcribed from a recorded interview using professional tools. This was uploaded to QSR qualitative analysis software called NVIVO to create a more accurate interpretative format for analysis and relevant insights.

Multiple coding is one of the ways the research tries to build in reliability, but it is well known that reliability as a concept in such contexts is difficult (Ravitch & Carl, 2016). In this research, no such method was included. The idea of validity through trustworthiness is addressed. The potential aspects covered include describing the research questions and goals, using a triangulation strategy while interpreting data, participant validations during the process, the sequencing of the methods, external audits by my advisor and readers and being factual about the process of the study in complete integrity.

Integrity

The process involves careful analysis, building true representations from various data sources and being reflexive are very important. It required me to be objective and observe critically my own views especially when it was about interpreting the narratives based on the questions asked and replies recorded. This was analyzed using a couple of phases after the data collection and involved using qualitative analysis software ensuring better coding, abstracting, evolving themes and insights.

CHAPTER 4

DATA COLLECTION

To collect this data the interviews were all recorded on a digital audio recording device – a dicta-phone. Scribie, a transcribing company, was used for transcriptions which included 10 interviews ranging from 30 to 45 minutes each and totaling about 130 pages of transcriptions. NVIVO a software tool was used for coding and qualitative analysis.

Data

The **secondary data** included the minutes of the meetings archived every month, the minutes of the quarterly meetings and the acquisition integration project review meetings. The notes of the conversations with senior members of the team. Finally, the literature research across relevant topical areas were part of the data set.

The **primary data** included the interviews. The semi-structured interviews had a set of 16-20 (Appendix A) questions asked in a gradual fashion as per the steps mentioned earlier. The interviews were set up prior to the meetings with a brief discussion and introductory information mail to that effect. Every person had to sign on a consent and disclosure agreement (Appendix G). The content of the consent letter was earlier vetted through the Penn library support. Each employee was selected based on the acquisitions, responsibility levels in the organization, experience, openness, personal rapport and enthusiasm towards the project.

The primary data was collected by interviewing ten employees who were part of four separate acquisitions and were now acculturated. The interviews included two kinds of employees: individual contributors, specialists or non-supervisory and the second type who had more business and managerial experience. The expectation and idea was to get a more holistic view and a more complete understanding through different perspectives. In addition, as a practitioner I have collected data from observations, various conversations and my personal notes (attached Appendix F).

Table 1. Acquisitions and types of relatedness

Organization	Employees	Senior employees	types of mergers		
			vertically integrated	concentric	related
A	1	1	no	no	yes
B	0	1	no	yes	no
C	1	1	yes	no	no
D	4	1	no	yes	no

The acquisitions were varied, two were relatively large acquisitions one in the similar but complimentary domain with an international operation and another in a related domain, 'B' and 'D' headquartered in a fast-paced metropolis. A friendly acquisition of a smaller but similar business, 'A', and finally a family owned horizontal acquisition of an organization, 'C' from a similar but support environment.

As per above Table 1, Company B interviewees included one employee who was a manager, Company D had five interviews including 4 specialists and 1 manager, as the most recent acquisition as planned more numbers were part of the process. While with Company A two employees including a staff member and a manager were interviewed and finally Company C where again a manager and a staff were interviewed.

The design was to get a detailed view from employees and managers and to try to form a more vivid and detailed view from the most recent acquisitions. The attempt was to gather such information from employees who were handpicked for their candidness and length of service.

The first acquisition took place in Jan of 2014, the 2nd in September of 2014, the 3rd in March of 2015 and the last in Oct of 2015. The transactions involved 28 employees, 4 employees, 10 employees and 21 employees respectively. These were acquired during the process. The acquisitions took place in California, India, New York city, Connecticut and Florida.

To make the interviews more relevant, a higher number of members of the latest acquisition were interviewed for a more vivid recollection to the questions asked. The artefacts were gathered as minutes, milestones, reflections. The interviews were gathered using video calls or were in person and recorded using a recording device. All the 10 recorded interviews were professionally transcribed before the analysis was conducted. The analysis used both NVIVO, a qualitative analysis tool followed by creating themes and further analysis logical groupings and inferencing.

About the four acquisitions

- i. The first international acquisition designated Company B, was the initial one in such a combination of national and international acquisition. The organization was bought over from a business that had diversified businesses under a single umbrella and had decidedly sold a part that did not want to hold on. It was essentially an Enterprise Resource Planning (ERP) consulting business group that

- was catering to the enterprise business and not part of their core business specialty of Microsoft and Business Intelligence practices. The other characteristics were that it had a well laid out structure, was a process driven organization, had a strong offshore presence in South Asia, part of the acquisition was the offshore unit and this meant an offshore addition and international outlook to the organization. The process of acquisition was swift, inferred based on the archival data the minutes of the project and joint committee meetings. The same was further corroborated by the interviews.
- ii. The 2nd acquisition let us call it as A was a small business in Connecticut and the company was going bankrupt. The acquiring company saw great value in adding them to get a better regional foothold and by extension to a larger regional customer base. It was in the same IT domain as the source (acquiring) organization, and another swift takeover with 1 employee lost during the acquisition process. The rest of the 4 employees joined the acquired company and continue to be part of the organization. The earlier company was a family run business, trust based, familial, and opportunistic in business as per one of the interviews.
 - iii. The 3rd acquisition designated Company C was done in Florida. Of the 11 employees all but one was brought in by the buyer. The employees were part of a smaller company that could not manage the growing costs and the shrinkage in business. They were an engineering support company, a horizontal acquisition with engineering capabilities, working as a third-party support business for some of the Microsoft practices. The acquiring company being a closer partner to

Microsoft in the Enterprise Resource Planning space were asked to take over or acquire this business. The acquiring company had an arrangement with Microsoft which made the acquisition favorable for both the organizations. The earlier owners were a couple who were brought over to the new entity as employees after the acquisition. This company seemed to have had structure, IT infrastructure, policies and procedures but were not structured corporately with various practices similar to what the acquirer had. The business teams in the earlier organization did not do a great job of building the business in a systematic fashion as a Microsoft partner. It was found that many employees were working with the organization for more than a decade. This meant that the managers there had great influence over the employees as explained by one of employees. The company and the owners had now become part of the acquired company and the earlier owners had become managers relinquishing much of their earlier power and influence, according to one of the managers interviewed.

- iv. The last acquisition designated Company D, was recent and was very different from the others as it was an acquisition in a major metropolis. The employees were residents near the city and mostly worked in the city. They were a tight-knit, savvy team. The initial meetings revealed that over the past 3 years it had changed hands twice. The last owner was in the staffing business who had no clue about this new enterprise resource planning tool company and how to make it a successful business. It was a buyout or a distressed sale acquisition. The acquisition brought in a few seasoned managers and a set of employees. The initial headcount was 25 of which 21 initially joined with the acquisition.

However, within half a year only 14 remained, about half of that voluntarily left or had become redundant. Some of the managers though, had senior management roles in the new company, there were rumblings all throughout the integration. And two of the most senior employees had resigned late in the process.

Triangulation

The data collection included my personal observations during the actual events as indicated earlier, the interviews from a select set of participants including alternate perspectives through diverse management views within the selected interviewees, and literature reviews on the same to form a triangulation. What was not collected were focus groups feedback that could have been an added perspective in strengthening the triangulation.

CHAPTER 5

DATA ANALYZED

Structure

- General findings followed by comparison of the most cited models of acculturation/integration vs the actual experience in this case.
- The actual experiences of the employees summarized – pre-, during and post-acculturation.
- The emergent understanding and interpretations.
- The results compared to various cited research studies.
- A stress model was then compared to understand the psychological process for the employees in the study.
- Finally, findings and paradoxes are explained. Relevant figures and tables are included.

General findings

Outlook -The participants or interviewees mostly had a positive outlook to the interview questions about the acquisitions. The interviews were eliciting reflections on behaviors, opinions and actions on the various issues during the process of acculturation. Though all of them had the choice of not answering questions but all were forthcoming in this respect. As two distinctive groups, i.e. a set of managers and non-managers had different views, the managers seemed more articulate over communication, structures, acculturation, stress and culture.

Culture - People described events when culture was being discussed. The concept of culture varied even when it was clearly defined or explained. The understanding changed in depth as one discussed the same question with different employees and varied even more as employee levels changed. The higher the level in the hierarchy the better the understanding. The cultural differences were more significant and pronounced during discussion with employees and as a group who were part of the larger acquisitions where they were acculturated in larger numbers. The same was true for the international acquisition and its acculturation. The cultural change discussion was also more prominent in cases with more senior level employees. The employees from the smaller organizations were most concerned with immediate personal gains or losses rather than the organization or group in general.

Models compared and mapped

Figure:1 & 2, below gives a graphical view of a combined two by two matrix of the most cited acculturation or post-acquisition integration models (Haspeslagh & Jemison, 1991; Marks & Mirvis, 2011; Nahavandi & Malekzadeh, 1993; Siehl & Smith, 1990). The study reveals that all but two kinds of modes were most referred in the interview narratives. The employees either felt, said or meant that they were ‘assimilated’ or they wanted to remain ‘separated’. Other modes of acculturation like ‘deculturation’ or ‘integration’ was not perceived by any of the employees interviewed. And on further questioning it was evident that other kinds of acculturation modes were not in their vocabulary nor did they describe it in any stemmed word form. They did not indicate or make faint references, it was specifically either getting ‘absorbed’ or ‘assimilated’ and

none of the other three. In the case of the mode of separation, it was viewed in relation to the process and how some of the interviewees felt, but interestingly all of them were still employed with the organization. They were either accepting to the new reality or that they relegated to accepting the fact that they were now assimilated into the acquired organization.

Figure 3. Co-herence in post-acquisition integration modes
Strength of culture/ acquired firm level of autonomy

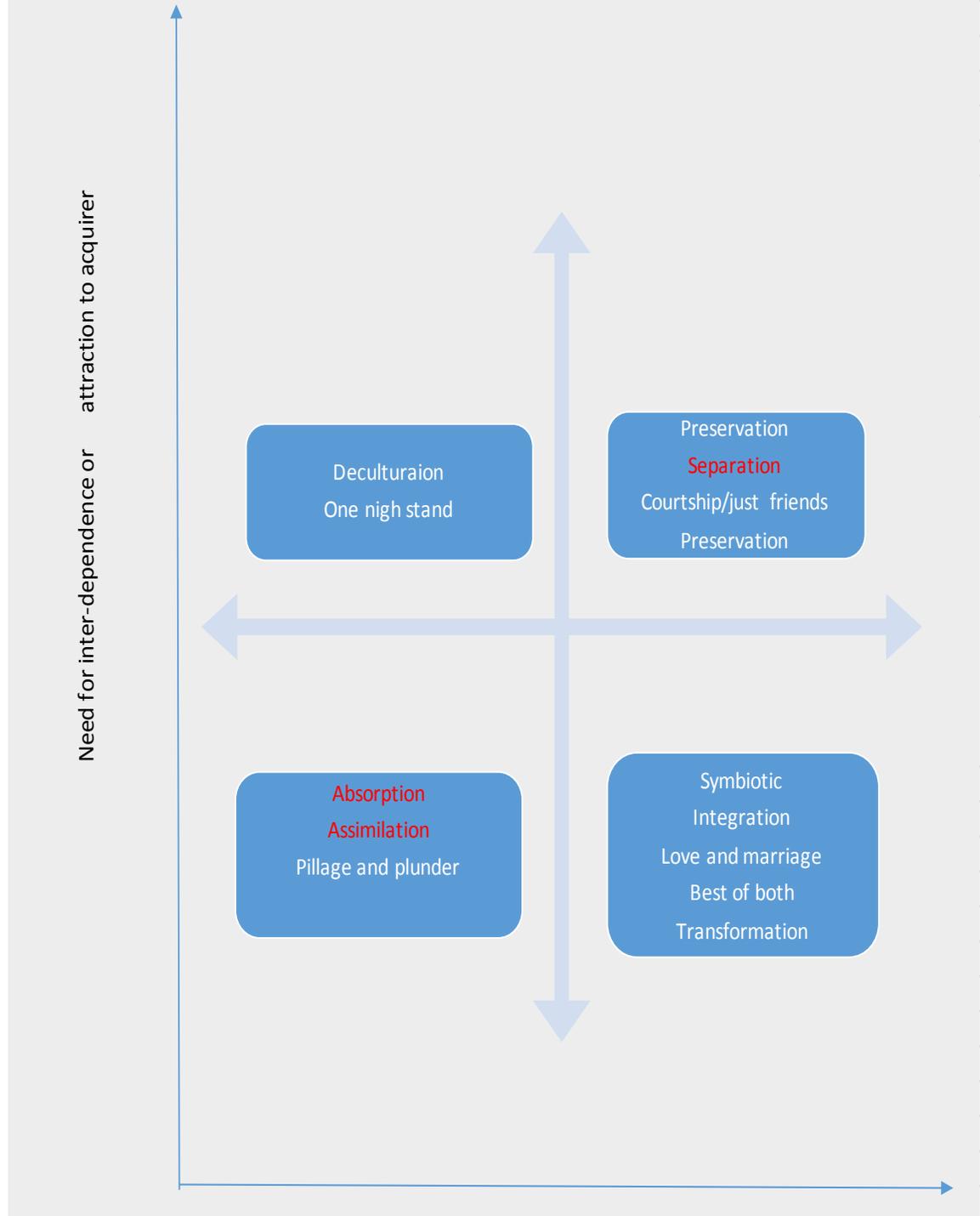


Table 2. Modes of acculturation

Modes	Organizations			
	A	B	C	D
De-culturation	0	0	0	0
Separation	3	0	0	0
Assmilation	0	0	0	7
Integration	0	0	0	0

Acculturation - cultural differences seemed to matter more in the larger acquisitions, the international acquisition and for the senior employees. This was evident from the way both the junior and senior employees described cultures differently during interviews and while explaining the combination phase during the acquisitions. The commonality throughout was that everyone presented it as if it was in their best interest.

It was noticed that in a few of the cases the interviewees were interpreting the past practices as cultural yardsticks while explaining culture. To give an example, the familial environment of an earlier organization was perceived as the culture and then contrasted to a relatively larger acquiring organization's bureaucracy. Another revelation was that all the five employees from the latest acquisitions and larger acquisitions were most vociferous about earlier culture and present culture. They spoke more about culture and had opinions about new and old. In contrast the various interviews with junior employees brought to light that they were more concerned with immediate impacts, gains, their customer base and less with organizational level impacts and cultural implications to the group getting acquired.

Experiences of employees during the initial contact, during and post-acquisition

The various experiences and behaviors of these ten interviewees in their words as snapshot is tabulated below in the Table: 3.

Table 3. words used during the three phases

How employees used words to describe during the three phases?

Employees	Phases - words used to describe		During		After	
	Initial					
	Previous culture	Present Culture	conflict experiences	wanting/ desire	Positive feedback	Negative feedback
(all)	inhibitions about new familial friendly few people doing most more processes team	work harder now over-worked work is typical good here stronger proud flexibility growth	loss of power infrastructure familial allegiance team	less customer centric learning curve earning trust easy adapt condescending struggle flexible	open, transparent have a voice better working financially better vision, engaged serious process driven employee friendly great number of activities better benefits	left a bad taste communication frustrating to get answers micromanagement taxing meetings documentation narrow focus pressure tough step child

The employees overall were happy to be absorbed. Some during the process of acculturation felt a loss of control and in some cases, during their answers around adaptation, alluded to their desire for more administrative powers and management visibility but added without hesitation that it did not matter as much now and left it at that. There was one manager among these who did not seem too happy with the fit and a few weeks after the interview separated from the company. The last acquisition highlighted a much higher turnover rate which supports the stress concerns explained earlier.

The acquisitions outcomes were a mixed bag, the organization had gained financially and market wise but on the other hand also paid a price by losing people which may have some longer-term impact.

Confirmations and Contrasts

To contrast or confirm some of the academic works relative to what was discovered:

- Based on the research findings, all M&A's are not prone to cultural clashes and cultural clashes may also have benefits (Larsson & Lubatkin, 2001).
- There are various theories and isolated cultural impact variables, say for example anxiety theory, role conflict etc. but these are not necessarily impacting in a linear fashion but as combinations and that is research question that needs also to be considered (Seo & Hill, 2005).
- Irrespective of the M&A impact and acculturation impact, proper usage of socio-cultural process would go a long way in making the progression more positive, which will have its impact (Stahl & Mendenhall, 2005).
- Strong cultural differences in some of the acquisitions did not make a dent. The newer culture prevailed and these were visible in the studied acquisitions. It also implies more systematic work required during pre-merger and post-merger phases for Human Resources (Weber & Drori, 2011).
- In all the studied cases the acculturation outcome was assimilation or absorption, and not any of the other typologies.

The understandings and implications from the above analyses allowed designing a framework for a more proactive management of such socio-cultural acculturations. The suggested model for such a situation is added in the final chapter.

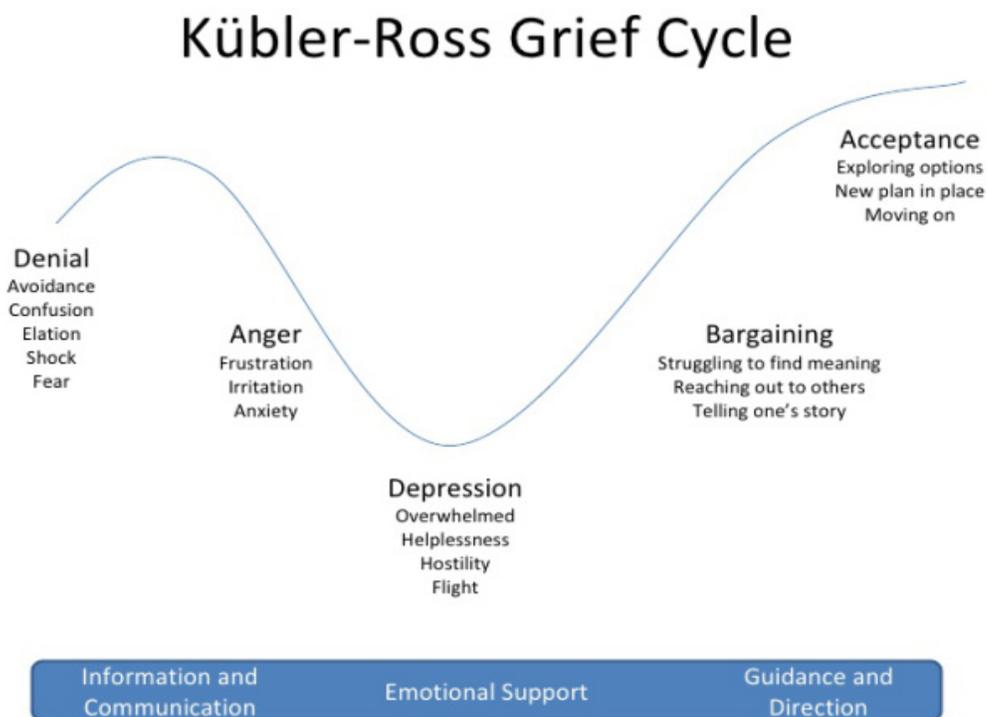
Stress and models compared

Cartwright & Cooper (1992), who had done some extensive work on stress and had brought together various aspects of stress, had five broad categories of stress that were grouped. Table 4. describes the interviewees frequently used words when explaining how they felt. This framework is used to analyze how the present study compared and explained the data. And as can be seen, ‘survival’ and ‘family repercussion’ did not figure in these interviews. This outcome explanation may have to do with many changed factors in today’s work environment relative to when Cartwright et al. studied the same topic. Similarly, survival may have been a concern elsewhere in the larger group not interviewed but not apparent for this sample.

Table 4. Five categories of stress

Concerns	repeated words
loss of identity	8
anxiety	5
survival	0
lost talent	13
family repercussions	0

Figure 4. Kubler Ross Grief cycle



In addition, when stress as a process was compared to the most cited grief model to see how the employees felt or the phases they may have undergone during the acculturation phases, the model did not really affect all the phases in almost all cases. The degrees of the impact of these phases differed, for example some of the managers did not feel depressed but took to flight yet within the same realm of exhibiting depression. In all the cases, most of the phases of information and communication, emotional support and guidance and direction were impacted.

Prof. Philip Mirvis (1985) stated the employees will pass through four stages, disbelief and denial, anger, emotional bargaining, acceptance. This is an abridged version

of the Kubler-Ross model. When this was compared almost all the participants seemed to have undergone these steps without any exception.

The questions on coping mechanisms when probed were not well articulated. It seemed that each member who was interviewed had a personal way of managing stress but this was described in a more casual fashion and without much detail. The common answers were similar to ‘you had to adapt to the new environment’. Communication processes during various phases and its impact were not part of the study, though some of it was inevitably captured. Another process that was not part of the study was about acquired employee’s exposure to new processes during acquisition causing employees to spend time due to the learning curve required. These additions would have brought out a more complete picture to this study of acquisitions in a small medium industry context.

Lessons

No.	Lessons and surprises:
1.	Acquisitions of smaller organizations with lower employee headcounts and smaller business in scale, are normally done at a rapid pace. It had an element of surprise to the acquiring management team members. Normally, only a few of the management team member knew about it. This was true in almost all the four acquisitions presented.
2.	The acquired company employees always knew that they were getting acquired. The employees getting acquired were normally surprised and mostly knew the sale to be a distress sales but informed to be a friendly

	<p>acquisition but it was made known or communicated well to these employees.</p>
3.	<p>The due diligence in such acquisitions was normally limited at a legal level, including acquiring team managers stealthily going in to check information. The operations and finance heads did this in all the acquisitions that are mentioned in the study. There was no other structured due diligence.</p>
4.	<p>Quite a few decisions about the acquisitions were done by the owners in isolation.</p>
5.	<p>The employees getting acquired were given sometime to decide i.e. to join the acquiring company but overwhelmingly employees gave feedback that the available time in most cases was falling short of expectations. The acquisition integration followed a standardized project plan or template that included various checklists.</p>
6.	<p>The acquired employees were harmonized into the new structure and rarely were senior management positions made available to the acquired employees. The acquired employees were made aware of what was available through various communication tools and Human Resources scheduled meetings and calls. The senior management intervention in this phase was limited.</p>

7.	<p>Almost all employees had issues during the new on-boarding. The process across always had implementation problems. The structured HR onboarding and semi-structured department on-boarding were always an issue. From the employees view it was mostly about knowing more; wanting to know about processes, procedures, and information that was communicated.</p>
8.	<p>Almost on all occasions there were employee fallouts. The fallouts were usually the most eligible of the team getting acquired. However, acquisitions in these cases were more clearly for reasons other than people skills or expertise.</p>
1.	<p>Counterintuitive discoveries and paradoxes:</p> <p>M&A in small and medium sized enterprises is mostly about acquisitions. And the process followed is shorter than the required time for such harmonization, even when the acquisition is in the similar domain and complicated.</p>
2.	<p>There may be processes and structures to the integration but it still is about absorption. It is not about building a new organization or taking the best from both worlds and evolving, at least there were no evidence in the acquisitions that was studied.</p>

3.	<p>To pursue at a high speed or low speed, the need to act quickly and fully be in command have always been the principal objectives communicated internally when acquisitions occurred. This contradicted the need for employees to be better socialized and prepared and to ensure smoother transitions.</p> <p>This is a question I am sure that will see more research literature. The question is not answered adequately based on whatever literature was available. Many expound on the importance of the first 100 days of the integration when employees are open because they expect change, etc. Thus, this raises the argument that one must move quickly to get the integration completed.</p> <p>The flipside is that speed could cause a lot of damage through failures. And so, a moderate speed of change or integration is argued for (Stahl & Mendenhall, 2005). Haspeslagh and Jemison (1991) argue that speed as a variable is moderated by other variables like strategic intent, nature of integration etc.</p> <p>In a way, the ideal speed of change and factors that influence it are still not well understood. What we have, are notions and anecdotes; speed of implementation needs more consideration than what we know so far.</p>
4.	<p>Culture's relevance – the culture mattered, perhaps in the long term, however short term gains overshadowed the longer term in all these acquisitions.</p>

5.	<p>Based on the hypothesis of Hofstede (1980), in most general terms difficulties, costs, and risks increase with growing cultural differences. Additionally, cultural differences are negatively related to post combination integration outcomes. But the empirical support is weak in the M&A context. Some studies have shown the negative impact on financial, Stock and other performance criteria but there are other studies that show no impact or positive impact related to M&A performance (Stahl and Voight, 2004).</p> <p>Executives and scholars sense that Culture matters intuitively. However, when it matters, under what conditions it matters and how it matters needs more research.</p> <p>Relevance of power – In these acquisitions the overt communication was that all are to be treated equally, however power was never distributed equitably.</p> <p>It is very difficult to say if this is right or wrong in the short and long term. Asymmetrical power and impositions may not lead to conflict in M&A. In the cases that were presented and where the approach to absorption may have been beneficial for the employees, it may have helped them overcome the fear of losing their jobs and see the dominant organization as a savior or having a better culture or see other positive outcomes like better pay and benefits etc.</p>
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6.	<p>In some cases, extra precautionary cultures or cautious cultures that the dominant culture imposes may sound arrogant but may be beneficial in the long run. Stated simply, a safety protocol that seems irrelevant may be relevant over a long period and save the organization from unforeseen safety issues.</p> <p>Employees though, after getting absorbed in all the four cases, unanimously seemed happier.</p>
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CHAPTER 6

SUMMARY AND CONCLUSIONS

Comments

Cultural differences are not stable objects of analysis but something constructed in the merger process. Cultural identification is highly context specific and the socio-cultural integration among the merging organizations is the outcome of idiosyncratic processes of social interactions.

A general cultural fit can be identified and analyzed using the combined model illustrated earlier. The HR integration factors that need preparation and readiness are cultural differences articulation, a new culture creation, communication solutions, true information sharing, and individual level career implications (adapted from Stahl & Mendenhall, 2005, p. 188).

The other paradoxes that were analyzed are 1. Power matters vs does not matter - the overt communication was that all are to be treated equally however power was never distributed equitably. 2. Culture matters vs does not matter - short term gains overshadowed the longer term in all these acquisitions. 3. Speed matters vs does not matter - the need to act quickly and fully be in charge contradicted the need for employees to get better socialized, prepared and to ensure smoother transitions.

In today's context based on research the biggest impact could come from involving the effected employees in such socialization activities as introduction programs, training, cross visits, retreats, celebrations and such other socialization rituals that are more likely to create a joint culture of their own volition (Larsson & Lubatkin, 2001) . And in case autonomy is restricted as in most acquisitions, then including

informal coordination efforts such as transition teams, senior management involvement, temporary personnel exchanges or rotations would be helpful.

This study presents a few tools for any practitioner to be able to quickly understand the acculturation modes using the combined adapted acculturation model. The study suggests the stress modes of Mirvis as another tool for reference when deciding the stress management process for acculturation. And finally, the socialization framework as a model/tool explained later, forms a solid basis for managing the socialization process and for managing various kinds of stressors.

Suggested Model

An adapted model to better serve the post-acquisition acculturation needs of organizations (Seo & Hill, 2005) is one way of easing this issue. A detailed program based on this model could serve many purposes but needs customization for every organization.

Table 5. Tools for acculturation socialization

Stressor	underlying theory	Socialization	
		Autonomous	Controlled
Uncertainty	Anxiety theory	introductions and initial communication	informal coordination
Loss of identity	Social identity theory	trainings	joint committees
Intergroup conflict	Social identity theory	cross visits and training	personnel rotation and transition teams
Perceived unfairness	organizational justice theory	senior management involvement	senior management involvement
Role conflict	Role conflict theory	true information sharing and involvement	true information sharing and involvement

Table: 5, explains strategies and tactics as activities to reduce the different stressors. This could over a period based on the actual implementation feedback be further standardized. To manage uncertainty, having either introductions and “meet and greets” in a more autonomous condition would be helpful. And in a more controlled condition like an acquisition, having informal coordination meetings would be most appropriate. To manage loss of identity in an open environment, utilizing training as a tool as it helps reduce anxiety and build sense of worth and identity. While in a controlled environment, the use of joint committees would be recommended. In case of intergroup conflicts for an autonomous environment cross visits to the sites and familiarization and training is suggested. While in a controlled environment personnel rotation and the formation of transition teams with a clear goal is suggested. In cases of perceived unfairness, procedures for the senior management involvement is suggested in both autonomous and controlled environments. In cases of role conflict, be it either an autonomous or controlled environment, true information sharing and activities for higher involvement is advocated.

Summarized learnings

The learnings from the research that went beyond the purpose like:

- The seller especially in the small medium sized organizations broadly used the term merger when they were selling the idea to their employees. In at least three cases the management did not say that they were being acquired or selling the organization, but rather that they were merging with a larger organization.

- The management staff had a more complex and holistic view and appreciated the need for a certain process, communication and structure to the acculturation. The broad staff mostly required to see a set of activities and communication that conveyed that things were moving forward and that it reduced the threats in the situation.
- The key distinctions that employees getting acquired made in terms of culture were that 1. if things were formal or informal in the new context and 2. if information was readily and easily available to smoothly deliver customer results or if they had to discover policies and techniques over time.
- Employees, even when undergoing stressful acquisitions, are mostly sensitive about the customers and what is best for them. Employees would want the best to come out of the situation for the customers for whom they were working.
- Employees and people have a strong need for social interaction and that was evident in all the four acquisitions.
- The acquirer in these cases of acquisition gave short notices and did not give ample time to the employees to evaluate before making their decisions to be part of the acquisitions. The choice had to be made quickly. The acquirer through some action, was perceived to be condescending. Perhaps because acquisition signaled strength and the ability to do better business.
- In case of larger acquisitions within the context, as observed in two of the four acquisitions that the employees of the acquired group had forged an internal informal clique like approach. A kind of need based self-organized team with an active internal communication was faster than other groups. There was a lot of

information sharing and internal advising in that group. Employees who remained in the acculturated environment were far happier than the earlier situation that they were in. They all seemed to only say it was nicer and better eventually.

Closing remarks

The study enables handy access to:

- i. Comparative Acculturation models
- ii. Stress models
- iii. A ready socialization model to manage acculturation
- iv. Explains Acculturation in small medium enterprise and how they may be slightly different from Integration in popular literature.

One of the biggest takeaways personally from the research was that any such endeavor is a painstakingly slow process, it may become easier as you progress but remains a war against time. The experience has been deeply enriching. It has helped me refine my planning method, be more patient, cultivate my organizational skills and forced me to think differently about communication.

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APPENDIX A

The questions for employees:

Questions and supporting questions.	The implications, intent and expectations of the question.
During the acquisition or merger questions for the acquired employees	
General	- To initiate the conversation
For all: Introductions, followed by a wide question- What was your pre, during and post-acquisition and integration experience.	
Contact stage (to identify how cultural differences, matter and how it is viewed, typology,)	To ask relevant questions amongst the five based on the information flow.
1. How would you define your previous organizations culture	To know if they valued their earlier culture, did they want to preserve those, did they perceive the acquired as attractive too. Integration as the mode of acculturation
2. What were the differences to the new culture	
3. What would you have liked if any or many of the older culture carried forward	If members did not value culture and practices and did not want to preserve them, and if they perceived the acquiring company attractive, assimilation as mode
What was the initial reaction when you realized that you getting acquired?	(used in case)
4. Who gave you that information? And how did you react?	When the acquired company values their culture and wants to preserve that and not find or perceive the acquiring company attractive, separation was the mode
How was the acquirer presented?	(in case this was not covered)
	When the acquired company found their culture and practices not attractive and did not want to preserve them and not like the acquiring company, enculturation as the mode.
5. Why did you decide to be part of the process	
Conflict (group and individual behaviors, how was the experience, summary of the psychological process, any model it followed, coping with the process, literature contrasts, implications)	

1. Where any of the earlier practices continued, or followed	
2. What kind of co-operation ensued, what was your thought process then?	(to check if there was a re-collection of any processes followed)
3. Do you see any of the older company culture or practice still existing	
	If the culture or part was retained
4. Do you think there was structural assimilation	Structural assimilation defined as hierarchy, departmentation, span of control, based on complexity say layers, formalization say rules and regulations, centralization say less people or groups deciding or more,
5. What was distinctly that was continued from the acquired company.	
	If the acquiring company decide to remain separate
6. Did you guys reuse to change to the acquired company	
How did you remain the same?	In case of separation or de-culturation situation
What was attractive about the old culture and would you call it a strong culture or better culture and why?	
7. What kind of conflicts did you experience	
	When the acquired culture was not strong and yet rejecting the acquiring company culture.
8. Why did you reject the new culture	
9. How was the process felt and how would you describe it pre, during and post-acquisition?	General re-cursor to Stress questions
Adaptation (Was it a success or failure in the employee's eyes, how did they finally behave adapt)	
1. How was the adaptation process	
2. Was it positive or negative and how would you explain the process	
Stress	To study stress
How would define the mental state and if we were to call it stress what words would you use to define it?	
How would explain that state and why did that happen?	
How does that stand today?	

APENDIX B

00:01 Interviewer: So thank you once again. So my first question would be, if you would quickly tell me about the earlier organization, and how did you feel, what was your role, maybe a two, three minute introduction of how that organization was where you were before we acquired the company.

00:28 Speaker 2: Okay.

00:31 Interviewer: Yes.

00:32 S2: Out of

00:34 Interviewer: Right.

00:36 S2: And I had already, well, I don't know if this is even pertinent to you, but I had already decided I needed to leave, because they were not using ethical business practices. So I had already been sending out resumes and interviewing with other companies to make a change, when I got the email over a weekend that said ..will be no longer as of 9/1, and you will be under X Group or unemployed.

01:11 Interviewer: Okay, okay.

01:15 S2: So flew us into, and we met with David Drouin and Dan Studzinski, and the two other people, there were four of us that were left basically. The one had already decided to move to another organization, and the other two had been their own Microsoft partners at one time, and were basically contracting with

01:45 Interviewer: Right.

01:46 S2: They did not want to become employees, so basically that just left me.

01:50 Interviewer: Right, right, right.

01:52 S2: Couple days later, I have no access to email or any of my documentation on any of those companies that I had been working with, but well... Okay, so I'd also gotten two other offers; one to work with those two contractors, and one to work with a company out of Atlanta, and I was interviewing and pretty far into it with a company here in Illinois, who said they weren't ready to make an offer. So there was a bad taste in my mouth about, but when I looked at it from the standpoint of, "If I had found on my own and interviewed and sent a resume, and interviewed with them, would it be a company that I'd want to work for?" I said, "Yes," which is why I accepted the offer.

02:44 Interviewer: Excellent. Excellent way of looking at it. [chuckle]

02:49 S2: And it allowed me to talk to all of those former customers, and calm them down, and tell them that this was a good thing, because a lot of them were getting phone calls from people they'd never heard of before, from X....., trying to tell them, "Well, now you're gonna be with us." They're like, "What? What's going on?" So I contacted many of them and said, "This is what's happening.

APPENDIX F

A sample of the collated meeting notes:

Management team meeting held on Jan 14, March 18 and April 14, 2016, at 4:00 p.m. A meeting that used to occur once every week was turned into a monthly meeting, a change due to the fast growth and work pressures. *Meeting on Jan 15. Meeting held on April 13, 2016 and Quarterly meeting held on April 20, 2016.*

I had collected observations from three monthly meetings and in addition a quarterly review meeting held on April 20 for full day. The formal monthly and quarterly meetings were based on the monthly performance and future monthly outlook. The quarterly meeting is review of the monthly as whole for the quarter. The quarterly meeting was a full day review. A very comprehensive meeting with all members coming together for a day at a place.

A blend of virtual and live meeting. As mentioned earlier during the monthly meeting the CEO, CRM, S-SMB, D-SMB, M-H, H-H, A-CEO, F-C together in the meeting room and all the rest joined remotely including AX-S, AX-D, SB-S, PH-H for the monthly meetings while all the above was present for the quarterly meetings. The dynamics or physical dynamics were limited in the first three meetings but it was great to see in detail the behaviors and actions during the actual quarterly meeting when all were together under a roof.

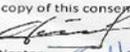
I further collected data via interviews with two of the leaders in the team let's call them 'big' and 'small'. The interview was semi structured using a set of twenty-four questions. Each question was linked and in some ways, sequential, both individuals were apprised of the reason for the interviews the reason, confidentiality was clarified. I was lucky to record the meetings.

APPENDIX G

The following is a consent form for a research project. It is a research project on Acculturation – a small medium sized organization experience, carried out by the principle investigator (PI) of this project from the University of Pennsylvania. The interviewer (the investigator) should have the interviewee read this form carefully and ask any questions the interviewee may have. Before the interview can start, the investigator and the interviewee should sign two copies of this form. The interviewee will be given one copy of the signed form.

Consent for Participation in Interview Research I volunteer to participate in a research project conducted by Sanjeev Panicker from University of Pennsylvania. I understand that the project is designed to gather information about academic work of faculty on campus. I will be one of approximately 10 people being interviewed for this research.

1. My participation in this project is voluntary. I understand that I will not be paid for my participation. I may withdraw and discontinue participation at any time without penalty. If I decline to participate or withdraw from the study, no one on my campus will be told.
2. I understand that most interviewees in will find the discussion interesting and thought-provoking. If, however, I feel uncomfortable in any way during the interview session, I have the right to decline to answer any question or to end the interview.
3. Participation involves being interviewed by researchers from Century University. The interview will last approximately 30-45 minutes. Notes will be written during the interview. An audio tape of the interview and subsequent dialogue will be made but for academic purposes alone.
4. I understand that the researcher will not identify me by name in any reports using information obtained from this interview, and that my confidentiality as a participant in this study will remain secure. Subsequent uses of records and data will be subject to standard data use policies which protect the anonymity of individuals and institutions.
5. Faculty and administrators from my campus will neither be present at the interview nor have access to raw notes or transcripts. This precaution will prevent my individual comments from having any negative repercussions.
6. I understand that this research study has been reviewed and approved by the Institutional Review Board (IRB) for Studies involving Human Subjects: Behavioral Sciences Committee at the University. For research problems or questions regarding subjects, the Institutional Review Board may be contacted through [information of the contact person at IRB office of the University of Pennsylvania].
7. I have read and understand the explanation provided to me. I have had all my questions answered to my satisfaction, and I voluntarily agree to participate in this study.
8. I have been given a copy of this consent form.

My Signature & Date:  09/08/16 My Printed Name: IGOR ASTOU
 Signature of the Investigator:  08/02/2016
 For further information, please contact: