UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA
Denkleiers • Leading Minds • Dikgopolo tša Dihlalefi

GORDON INSTITUTE OF BUSINESS SCIENCE
University of Pretoria

The role of culture in post-merger performance

Antony Barker

92334076

A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

7 November 2012

Abstract

Mergers and acquisitions remain a popular means of corporate growth but the role played by organizational culture remains poorly understood. Badly executed cultural integration is a leading cause of post-merger performance not meeting stakeholder expectations (Cartwright & Schoenberg, 2006). This paper reviews the literature on cultural integration in the context of mergers and acquisitions and provides insight into cultural assessment and integration.

The study takes the form of exploratory research with findings from twelve semi-structured interviews collated and tested against five propositions that together build a reference point for cultural integration. Five cultural assessment tools are incorporated into a single view to provide the reader with a clear framework against which to assess organizational culture.

The study validates the proposition that cultural integration plays a key role in post-merger performance and provides key elements towards a successful integration. The study goes on to find that cultural integration is necessary for post-merger performance, an integration plan should be built early in the pre-merger process, top management has an integral role to play in the post-merger integration of culture, large cultural differences can be an opportunity and that the level of learning and knowledge application in mergers and acquisitions is poor.

Keywords

merger, organizational culture, change, organizational learning,

post-merger performance

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Signed: _______________

Date: 7 November 2012

Acknowledgements

My heartfelt thanks go to my gorgeous wife, Zelda and my beautiful children Eryn and Richard for their never-ending love and support. To Max Mackenzie, my supervisor, thank you for your wisdom and input. Thank you for the freedom you gave me, I couldn't have had a better supervisor.

To my interview subjects, who unreservedly gave of themselves, I couldn't have done it without you.

Thank you

TABLE OF CONTENTS

FIGURES & TABLES

1 INTRODUCTION TO THE RESEARCH PROBLEM

1.1 Research title

The role of culture in post-merger performance

1.2 Research problem

Mergers and acquisitions are a critical part of the success of companies today and many companies use them as tools to increase their market share and improve their position relative to their competition. In theory, mergers are supposed to create synergy, cut costs or increase revenue, improve market share (Ismail, Abdou, & Annis, 2011) but in practice, many mergers fail to deliver the expected benefits and where there are positive returns, further investigation tends to show that the majority of the return vests with the shareholders of the target firm (Haleblian, Devers, McNamara, Carpenter, & Davison, 2009). A study by Gugler et al. found that only 56.7% of all mergers completed between 1981 and 1998 globally, exceeded their profit projects, the remaining 43% failed to meet profit forecasts (Gugler, Mueller, Yurtoglu, & Zulehner, 2003).

The term “merger” denotes a joining together but in most cases mergers can be classified as a form of takeover. A study of European and American mergers between 1985 and 2001 found that out of close to 200, 000 mergers and acquisitions only 145 were a true merger of equals (Zaheer, Schomaker, & Genc, 2003). In the rest, one of the entities was in a dominant position to the other, resulting in disruption to the identities of the individuals as well as the culture of the two organizations. A merger of equals brings with it expectations of equality when in truth, real integration cannot occur without each party subordinating their areas of weakness to the other party’s areas of strength. Confusion relating to who is in charge of the integration is also difficult to avoid when both parties expect to be equally in charge (Zaheer et al. 2003). This confusion leads to a culture clash, which in reality is struggle between the groups of employees to retain and assert their identity (Weber, 1996).

The four most commonly researched variables in post-acquisition performance, namely whether the acquisition was by a conglomerate firm conducting acquisitions in diverse geographies, markets or products, or a related firm in terms of similarity in resource, product or market; whether the acquisition was paid for through cash or equity and the level of acquisition experience present in the firms do not yield significant explanations for the variance in post-acquisition performance. Given that existing literature has not established an empirical link between these variables and post-acquisition performance, a new approach to mergers and acquisitions theory and research methodology may be required (King, Dalton, Daily, & Covin, 2004).

Recent studies have begun to question the role of organisational identity and human behaviour in post-acquisition integration and performance (Weber & Drori, 2011). Mergers are one of the most obvious platforms for initiating cultural change within an organisation, unfortunately, the questions of cultural compatibility are seldom raised before the deal is signed, leading to “cultural indigestion and the divestiture of units that cannot become culturally integrated” (Schein, 1990). To facilitate integration, organizations need to conduct more premerger cultural compatibility analysis and training. These interventions need to focus on reaching consensus at the deeper levels underpinning organizational culture and not make the mistake of reaching agreement at the superficial layers while not achieving resolution at the foundation layers (Schein, 1990). When one refers to “organizational culture” the question must be, “Which culture?” Culture is a multi-dimensional variable and includes national, industrial, organizational, functional, professional and occupational cultures. These cultures are inter-connected and how the variables are considered in the integration strategy will influence the post-merger performance of the firm (Terrikangas & Very, 2006). Culture plays a central role in M&A performance and the question is no longer whether culture has an effect on performance, but rather, how does it affect performance (Denison, Adkins, & Guidroz, 2011).

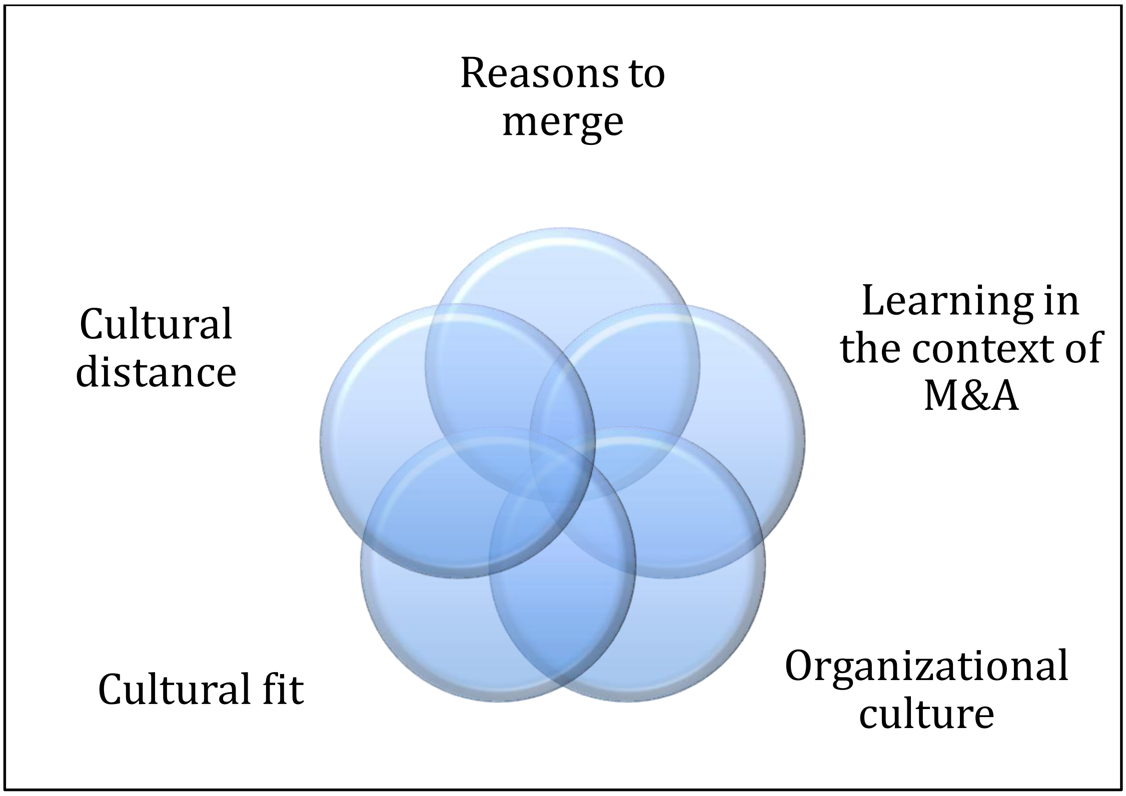
1.3 Research aim

The aim of this paper is to assess the impact of organizational culture and cultural differences in post-acquisition performance and to determine, through exploratory research, whether cultural integration and a plan for such integration are deemed necessary for success. The paper also looks at the value of learning and implementing knowledge gained from previous merger or acquisition experience and the applicabilty of such learning to future transactions. Furthermore, the impact of differences in culture on the success of the integration is discussed and the importance of executive involvement in the integration process.

2 LITERATURE REVIEW

The main areas to be addressed in the research report are highlighted in the literature review.

Figure 1 Overview of literature approach



2.1 Cultural fit in mergers and acquisitions

Mergers and acquisitions have been the subject of much research over the past decades and scholars from various disciplines including strategy, finance, organizational behaviour and human resources management have conducted studies into the reasons for success or failure of mergers (Denison et al. 2011). One of the reasons often given for the failure or lack of performance of mergers and acquisitions is the absence or quality of cultural fit (Cartwright & Schoenberg, 2006). Organizational culture tends to be difficult to change and this rigidity can lead to a battle of cultures as each company tries to preserve their own premerger practices and values. The shared post-merger integration experience can to some extent bridge the cultural gap but top management must consider the sensitivities and actively plan to create a merged culture for the best chance at success (Denison et al. 2011). Weber wrote that so called “culture clashes” were in effect identity struggles where employees of the weaker organisation felt they were being coerced to abandon their own identity in favour of that of the stronger organisation. This conflict leads to feelings of anger, dismay, threat, hostility or apathy towards the other parties to the merger (Weber, 1996). Despite the poor rate of success, mergers have grown in their popularity as a way to promote business growth and have become a key aspect of most corporate growth strategies (Denison et al. 2011).

2.2 Reasons for mergers and acquisitions

The rise in the number and value of M&A activity over the past two decades has resulted in significant amounts of research conducted around the topic. 2006 saw a record $3.79 trillion in worldwide acquisition activity (Thomson Financial in Barkema & Schijven, 2008) but despite the activity and the studies, the understanding of why companies acquire other companies, what makes such acquisitions succeed and what makes them fail is still incomplete (Stahl & Voigt, 2008). While the combined financial results of a merger may be positive, the acquiring company often experiences negative returns on their investment (Haleblian et al. 2009). The same study categorised the motivation for undertaking an acquisition into four groups:

- Value creation
- Managerial self-interest (value destruction)
- Environmental factors and firm characteristics, such as acquisition experience
- Company strategy and positioning (Haleblian et al. 2009)

2.2.1 Value Creation

Acquiring firms may attempt to create value through increasing their market power. The Market Power hypothesis states that a reduction in the number of firms in a particular market will increase each firm’s pricing power. While the Market Power hypothesis was not found to be a reason for acquisition activity in itself, a study in the railroad industry did find that rival firms share prices increase the week that the acquisition was announced, suggesting that the market perceived the reduction in the number of rivals as positive for the remaining firms. Another study of airlines found that ticket prices on routes serviced by merging airlines, increased disproportionately to those routes unaffected by the merger (Haleblian et al. 2009).

Another form of value creation focused on costs and driving costs down through efficiency. Does the desire to create efficiency result in mergers? Studies of the first merger wave of the early 1900s found that the companies engaging in horizontal mergers did trade at a premium while their competitors suffered value destruction as a result of the merger. The potential for cost efficiencies, rather than the creation of monopolistic power created the changes in company value (Banerjee & Eckard, 1998). More recently, increases in the efficiency of the public accounting industry during the 1990s were driven mainly by technical progress and economies of scope, as firms were able to leverage new knowledge and new disciplines. Firms that exhibited the highest levels of value creation were those that diversified earliest into Management Advisory Services (MAS) through the acquisition of specialist MAS firms (Banker, Chang, & Natarjan, 2005).

Further support for efficiency as a result of merger activity came from Klein who found that the diversified acquisitions of the conglomerates in the 1960s yielded better performance than expected, although the reasons stemmed more from efficient financial gearing rather than successful mergers. Above average performance was achieved as a consequence of the conglomerate being able to create their own internal capital market at a time when external capital markets were poor and inefficient. As these markets became more efficient, the performance of the conglomerates declined, leading to the widely held belief that they were not efficient and resulting in the unbundling activity of the 1980s (Klein, 2001).

Mergers provide acquiring firms with the opportunity to redeploy assets and create economies of scope through competency transfers. The decision to acquire or merge is one of the most significant resource reallocation decisions management can make (Harford & Li, 2007). Returns on this reallocation of resources vary but abnormal acquirer returns were positively correlated to the degree of resource complimentarity between acquirer and target firms.

Acquirers demonstrated larger changes in their resource spread than non-acquiring firms, adding to their traditional power base as well as diversifying into new areas. Acquisition targets include recent entries into the industry suggesting that acquirers may use acquisition as a vehicle to innovate (King, Slotegraaf, & Kesner, 2008).

In line with Agency Theory, acquisitions can help maintain levels of industry performance and protect shareholders from under-performing or over-compensated managers. CEOs of the target firm are often dismissed following an acquisition and managers of the target firm that were over-compensated in relation to the acquiring firm's managers, receive reduced compensation after the acquisition. Realigning performance and compensation releases additional value for the acquiring shareholders (Haleblian et al. 2009). Aside from performance and compensation, the market also enforces discipline in terms of the relative values of acquirer and targets' resource pools. A firm with a low resource value may want to merge with a firm with a higher resource value, but poor bargaining ability due to the imbalance make a merger unlikely. Firms tend to merge with firms who have similar levels of resources. Stronger firms merge with strong firms and weaker firms tend to merge with or acquire weaker firms (Wang & Zajac, 2007).

2.2.2 **Value Destruction**

Mergers are assumed to create value; however that value is not always created for the shareholders. Often the drive of management to create value for them leads to shareholder value destruction (Haleblian et al. 2009). CEOs with higher compensation are generally more acquisitive than those with lower packages. The drive for larger packages is a strong self-interest motivator for management to acquire other businesses, a large percentage of CEO remuneration is structured around equity and equity linked instruments, generally, acquiring CEO compensation increases after an acquisition, regardless of the performance of the post-acquisition business (Harford & Li, 2007). This new source of equity and equity derivatives is often more than enough to offset any declines in the value of the CEOs pre-acquisition portfolio. Therefore while remuneration committees structure CEO packages to depend on the performance of the investment, often the CEO can increase his own wealth simply through the act of acquiring (Harford & Li, 2007). By presiding over a larger firm, a CEO increases their power while reducing employment risk, making an acquisition strategy attractive to the CEO, regardless of the potential returns to shareholders. CEO reward in owner-controlled companies is more closely linked to shareholder returns than in manager-controlled companies (Haleblian et al. 2009).

Aside from compensation, managerial hubris, an over-estimation of one's abilities, disconnected from reality may drive acquisition behaviour as the CEO engages in empire building and satisfying their ego. Research by Hayward & Hambrick (1997) demonstrated empirically that hubris increased the acquisition premium, the ratio of the price paid to the price prior to the announcement, reducing the performance and returns to shareholders (Hayward & Hambrick, 1997). Malemendier & Tate stated that over-confident CEOs over-estimate their ability to generate returns and pay excessive premiums on acquisitions that destroy value. Interestingly, this behaviour occurred more frequently in firms with internal capital than those seeking capital on the external markets (Malmendier & Tate, 2008).

2.2.3 **Environmental Factors**

Regulatory and environmental uncertainty drive firms together. Although uncertainty increased the likelihood of firms acquiring rather than entering into licensing agreements as a form of working together, as the levels of uncertainty rose, firms switched to collaborating rather than acquiring (Haleblian et al. 2009). A firm's failure to adjust its strategy to the changing environment increased the likelihood of the firm being acquired (Thornton, 2001), in times of uncertainty, diversified firms tended to acquire less than in times when environmental uncertainty reduced, whereas non-diversified firms tended to acquire more and diversify further during times of uncertainty (Haleblian et al. 2009). Governance is also an influencing factor in acquisition behaviour, countries with strong shareholder protection and stricter accounting standards tended to experience higher levels of acquisition activity while industries with impending regulation such as tobacco and gaming, saw higher levels of acquisition activity as companies attempted to build enough muscle to lobby for regulation that was favourable to their interests to be passed (Beneish, Jansen, Lewis, & Stuart, 2008).

2.2.4 Characteristics of the Firm

The level and depth of acquisition experience have an influence on acquisition activity. The more experience a firm or its directors have had in acquiring other firms, the more likely they will be to engage in an acquisition again (Barkema & Schijven, 2008). Yang & Hyland (2006) found that experience in a particular type of acquisition, be it vertical or horizontal increased the likelihood that subsequent acquisitions would be similar, and decreased the probability that the firm would try a different type of acquisition next (Yang & Hyland, 2006).
The firm's strategic positioning also influences the decision to acquire. Companies that are following a multi-domestic strategy are more likely to acquire than firms with a globalization strategy who are more likely to establish greenfields operations in new territories (Harzing, 2002).

Various reasons have been put forward as to why companies acquire but not only were none of the reasons found to be significant predictors of post-acquisition performance, but there was little evidence that the acquisitions had created much value for the acquiring shareholders (King, Dalton, Daily, & Covin, 2004).

2.3 Organisational learning in the strategic context of an acquisition

With the annual value of acquisition activity in the trillions of dollars, it is reasonable to expect to find literature describing the growth in experience and learning of firms undertaking acquisition activity. While this holds true in operational contexts, such as manufacturing and sales, the findings in strategic contexts are mixed. Some researchers (e.g. (Barkema, Bell, & Pennings, 1996) find a positive relationship between experience and performance in acquisitions, others like (Zollo & Singh, 2004) find a negative relationship and still others (e.g. (Haleblian & Finkelstein, 1999) & Zollo & Reuer (2010)) speak of a U-turn relationship. These diametric differences indicate that factors other than the prior experience of the parties are involved and further research is required (Barkema & Schijven, 2008). A reason given for this lack of apparent learning in strategic contexts is that acquisitions are far more complex than operational activities, relying on the function of interdependent variables such as due diligence, negotiation, deal structure and integration, each itself a complex activity (Hitt et al. 2009). In order to move along the learning curve in acquisitions, a firm must be able to apply knowledge gained correctly to the context it appears in (Yang & Hyland, 2006). The opportunity to increase knowledge is greatest where there is heterogeneity with some homogenous factors to create a common base of understanding (Finkelstein & Haleblian, 2002).

Research has shown however that prior experience of mergers increases the frequency and likelihood of success in subsequent mergers, Finklestein and Haleblian (2002) found that later acquisitions underperformed the first one, particularly where subsequent acquisitions were across industries. Performance was better in acquisitions between similar types of firms, the finding suggests that not only is learning transferable to new situations, but that they transfer most readily in similar industries (Finkelstein & Haleblian, 2002). Building on Organizational Theory as the framework, teams found that by engaging in mergers and acquisitions, companies learned a lot about what it took to succeed at M&A and that knowledge was utilised to pursue further acquisitions. Firms that had previously engaged in merger activity were more likely to do so again. Cross-border mergers or acquisitions, particularly in the country of the target were positive signals that the company would engage in similar transactions in the future (Denison et al. 2011).

2.3.1 **Drivers of performance from acquisitions**

The majority of acquisitions do not create value for the acquiring firm (King et al. 2004) so increasingly scholars are focusing on the deals that have delivered value to the acquirer to understand the characteristics that resulted in value creation (Haleblian et al. 2009).

2.3.1.1 Characteristics of the deal

King et al. (2004) argue that how a deal is financed, signals the relative over or undervaluation of the acquirer by its management. When they judge their company to be undervalued they will finance the acquisitions with cash and use shares when they perceive the company to be overvalued (King et al. 2004) Although the study goes on to find that there is no evidence to suggest that the method of payment is an explanation for changes in performance after the merger (Ismail et al. 2011). The method of payment, cash or shares has less effect on the returns generated than whether the acquisition was public or private. Public acquisitions delivered less returns for the acquirer than the private deals, although within the private deals, returns were higher when funded through shares as opposed to cash (Fuller, Netter, & Stegemoller, 2002).

2.3.1.2 Managerial Effects

Agency theorists hold that the alignment of management's interests with those of the shareholders is influenced by ownership and compensation. High or low levels of executive ownership promoted low levels of alignment, while moderate levels of equity-based compensation brought the best alignment between management and shareholder interests (Haleblian et al. 2009). In general, equity incentives produce mixed results from CEOs running the merger, research found a positive correlation between acquisition performance and ownership but not between ownership and acquisition performance, suggesting that performance leads to increased ownership and not the other way around. CEOs with more influence over the board tended to receive higher acquisition rewards but that the premiums paid did not convert into increased shareholder returns (Grinstein & Hribar, 2003). These CEOs also made larger acquisitions than their less powerful peers, but that the market response was more negative. As the CEO benefits the most from larger acquisitions, the use of equity to reward acquisitive CEOs could lead to opportunistic buying for personal enrichment (Devers, Cannella, Reilly, & Yoder, 2007).

Apart from compensation, the characteristics of managers have been shown to have an impact on acquisition decisions and performance. Top management's views on the cultural differences between the acquirer and the target have an influence on the perceptions of post-merger performance (Haleblian et al. 2009).

2.3.1.3 Characteristics of the Firm

Historical performance is an important influence on the performance of the merger. High performing acquirers with spare cash and underutilised debt that bought low performing targets, with poorer levels of slack (cash and capacity for debt) improved their post-acquisition performance. With reference to the managerial effects on post-merger performance, firms that experienced agency problems were more likely to invest in acquisitions with negative net present values, supporting the notion that CEOs with power over the board could undertake acquisitions that represented more value for themselves through acquisition compensation than for the shareholders (Haleblian et al. 2009).

The size of the companies also plays a role. Some research indicates that larger mergers produced higher post-merger returns, mainly due to better asset utilization, workforce productivity and improved customer value proposition. Gains on the announcement of the merger were less than those of smaller merger announcements. Larger firms tend to offer greater acquisition premiums, which supports the finding that the market reaction is less favourable to the announcements than to those of smaller firms (Fuller et al. 2002).

Acquisition experience does influence post-merger performance but the impact is moderated. Both high and low levels of experience caused performance to suffer, firms with low experience levels tended to over engineer the acquisition process and suffered lower returns as a result, while firms with high levels of expertise were faced with an over reliance on tacit knowledge and generalisations that were incorrect (Zollo & Singh, 2004).

Post-merger performance was found to increase where the acquirer and target were similar, indicating the presence of a positive transfer effect. The same study found that acquirers first acquisitions, performed better than their subsequent acquisitions, indicating negative transfer effects. The negative effects were particularly prevalent where the acquisition took place across industries, suggesting that positive transfer effects are strongest when the merging companies are similar (Haleblian & Finkelstein, 1999).

2.3.1.4 Environmental Factors

Merger activity has moved in waves over the past century. Studies have found that post-merger performance is influenced by the merger's position in time relative to the wave (Weber & Drori, 2011). Matsusaka (1993) found that investor sentiment across the different waves of the twentieth century also had an influence on the returns; his study showed that changing attitudes towards diversification resulted in positive returns during 1968-1974, neutral returns during the period, 1975 to 1979 and negative returns from 1980 to 1987. While the reasons are not clear, first mover effects, regulation and shocks or changes in acquisition fashion was proposed as possible causes (Matsusaka, 1993).

Firms that moved early in the merger wave enjoyed higher combined returns than those that merged later, it was proposed that a "bandwagon mentality" was responsible for firms entering into acquisitions because everyone else was and paying higher premiums as a result. The premiums paid increased when equity indices were making new highs but decreased when the equity markets were depressed (McNamara, Haleblian, & Dykes, 2008).

2.4 M&A performance and human behaviour

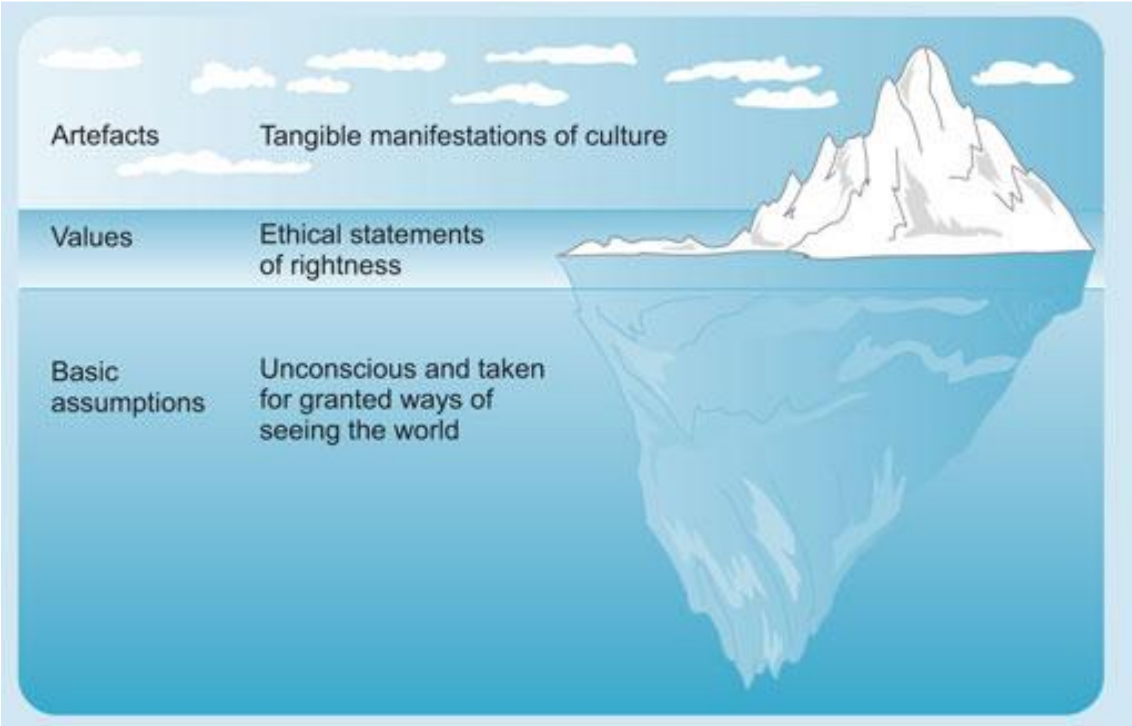
A study by Stahl and Voigt (2008) did not find much support for the negative consequences of cultural differences in post-acquisition performance and a number of studies have found a positive relationship exists between cultural differences and post-acquisition performance (Weber & Drori, 2011). However Weber & Drori found that cultural differences were associated with stress and negative attitude, in particular with the top management of the acquired firm's commitment to the success of the merger (Weber, 1996) (Weber & Drori, 2011). Many factors have been attributed to acquisition success and failure; one that is critical to the success of the integration process and may have an impact on performance is the behaviour of management and staff. Poor behaviour results in integration problems (Bjorkman, Stahl, & Vaara, 2007).

2.5 Organisational Culture

Hofstede defined culture as the “collective programming of the mind that distinguishes one group from another” (Kirkman, Lowe, & Gibson, 2006). While his Cultural Values Framework has been criticized for being too simplistic. The five dimensions of Hofstede’s revised framework remain a popular way for researchers to understand culture because of its clarity. While Hofstede himself argues against the use of the framework for anything other than studying culture at a national level, the majority of researchers in Kirkman et al’s study had used it for organizational or individual studies, provided that the cultural differences were stronger between the groups than within the groups (Kirkman et al. 2006).

Edgar Schein defined culture as “a pattern of basic assumptions, invented, discovered or developed by a given group as it learns to cope with its problems of external adaption and internal integration 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 in relation to those problems” (Schein, 1990). Organisational culture is multi-dimensional and complex to understand, by studying the dimensions of organisational culture, it is possible to isolate those that have the greatest impact on performance and knowing this, manage these dimensions to improve performance (Ginevicius & Vaitkunaite, 2006). Schein describes organizational culture as consisting of three levels: observable artefacts, values and basic underlying assumptions.

Figure 2 Edgar Schein's iceberg model of culture



Source: (The Open University, 2010)

Artefacts can be easily seen and felt; they are the dress codes, furniture and office design, facilities, behaviour of employees and the vision and mission statements of the company. This is the most superficial level of culture, easily observable but difficult to interpret accurately, observation of artefacts does not inform the observer why something is occurring or what it means to the members of the group. The second level refers to the values of the employees, these values determine their attitude and what they think and how. The thoughts and attitudes of the collective employee have a major impact on the culture of any organization. The final and deepest layer of organizational culture is the most difficult to measure and the most important. The basic underlying assumptions or assumed values strongly influence how individuals in the organization will behave. These are values that have transcended to become deeply held beliefs acknowledged as fact and no longer questioned and are not open for discussion (Schein, 1990).

The table below summarises the main measurements of organizational culture and noting the dimensions each researcher found important in assessing and describing organisational culture.

Table 1 Organizational culture assessment tools

Name of Instrument	Dimensions of organizational culture	Explanatory notes
Denison Organizational Culture Survey	1. involvement: a) empowerment, b) team orientation, c) capability development; 2. consistency: a)core values, b) agreement, c) coordination and integration; 3. adaptability: a) creating change, b) customer focus, c) organizational learning 4. mission: a) strategic direction and intent, b) goals and objectives, c) vision	Empirical test of the relationship between dimensions and measures of effectiveness
An instrument to measure organizational culture	1 conflict resolution, 2) culture management, 3) customer orientation, 4) disposition towards change, 5) employee participation 6) goal clarity, 7) human resource orientation, 8) identification with the organization, 9) locus of authority, 10) management style, 11) organization focus, 12) organization integration, 13) performance orientation, 14) reward orientation, 15) task structure	Dimensions focus mainly on financial performance
Perceived cultural compatibility index	1) encourages creativity and innovation, 2) cares about health and welfare of employees, 3) is receptive to new ways of doing things, 4) is an organization people can identify with, 5) employee participation, 6) measures individual performance in a clear, understandable manner, 7) bases promotion primarily on performance, 8) gives high responsibilities to managers, 9) acts in a responsible manner towards societal issues such as the environment and discrimination, 10) explains reasons for decisions to subordinates, 11) has managers who give attention to employees personal problems, 12) allows individuals to adopt their own approach to the job, 13) is always ready to take risks, 14) tries to improve communication between departments, 15) delegates decision-making to the lowest	The instrument was created to assess merged companies, the dimensions selected are linked to performance

	possible level.	
Critical factors of success and failure in organizational culture change	1) communication, 2) leadership, 3) employee participation, 4) Human Resources Management training and development, 5) improvements in teamwork, 6) regular feedback, 7) continuous change, 8) organizational structure, 9) empowerment, 10) creativity	Dimensions focus on the change within organizations
Organizational culture profile	1) competitiveness, 2) social responsibility, 3) supportiveness, 4) innovation, 5) emphasis on rewards, 6) performance orientation, 7) stability	

Source: (Ginevicius & Vaitkunaite, 2006)

2.6 Cultural distance hypothesis

Traditional research into the success and failure of M&A activity has focused primarily on financial or strategic factors but a growing body of literature is considering the impact of organisational and human behavioural factors. These studies are looking at the cultural dynamics of mergers and acquisitions and understanding the impact of cultural differences on the success of the integration and post-acquisition performance (Cartwright & Schoenberg, 2006). Cultural Distance Hypothesis briefly states that the difficulties, costs and risks associated with cross-cultural contact increase with the growing cultural distance or differences between the two parties. The findings of these studies though, are inconclusive and contradictory and further research needs to be conducted into the cultural dynamics of M&A (Stahl & Voigt, 2008). Cultural distance can be measured using Kogut & Singh's index of cultural differences, summed across Hofstede's cultural values of power distance, individualism, uncertainty avoidance, masculinity and long-term orientation (Kirkman et al. 2006).

The concept of cultural fit has been used to try and explain variances in M&A performance (Bjorkman, Stahl, & Vaara, 2007); however as with the learning of prior experience, the findings are confusing and contradictory. Some researchers found a negative relationship between cultural distance and financial performance whilst Weber found that cultural differences can actually have a positive effect on M&A performance, a finding that he related back to the removal of target firm autonomy necessitating better inter-firm coordination and ultimately better realisation of synergies (Weber, 1996).

The Cultural Distance Hypothesis is supported by the Cultural Familiarity Theory which states that companies are less likely to acquire firms from countries that are culturally distant and that post-merger performance is poorer in instances where they do (Denison et al. 2011), this is contradicted by the resource-based view of the firm which finds exactly the opposite, that cultural differences improve the potential synergies between the companies (Chakrabarti, Jayaraman, & Mukherjee, 2009). There are studies supporting both views and no conclusion on cultural distance has been reached. Cultural distance does not cause poor performance by itself; the level of integration that the companies are striving for has an impact. The study by Slangen (2006) of Dutch acquisitions across 30 countries found that performance decreased with higher levels of integration and increasing cultural distance (Slangen, 2006).

2.7 Conclusion

Over the past 120 years companies have sought to grow faster than their competition by acquiring each other, sometimes with spectacular results, more often with lacklustre performance or outright destruction of shareholder value. Despite the poor track record of merger successes, it remains one of the foremost methods for growth. This conundrum of high growth potential but low delivery has led to many studies being conducted and theories constructed as to why firms merge and what factors drive the success or failure of those transactions.

Haleblian *et al* stated that companies merge for four main reasons: value creation, value destruction, environmental factors or characteristics of the firm, such as their prior experience with similar transactions (Haleblian et al. 2009). Within each of these factors, studies contradict each other on the reasons mergers do not achieve their objectives, adding to the body of literature but still requiring deeper investigation to arrive at the root cause.

The 1980s saw an increase in the focus on culture as a key element in corporate performance in general and mergers and acquisitions in particular, Hofstede and Schein both published definitions of culture that formed a cornerstone for future research in the area of organizational culture. Researchers began to understand that people were an integral part of the company and that success could not be achieved without the collective efforts of managers and employees.

Later studies looked at mergers and acquisitions through the lenses of organizational culture. Cultural distance has been used to explain poor merger performance as well as improved realisation of synergies leading to increase performance. Slangen put forward that perhaps it is not the distance between the two cultures that is the problem, but to what level the companies want to force the creation of a new entity and culture out of the two (Slangen, 2006). The literature has shown that the impact of culture on the success of the merger is varied and significant but not yet fully understood. The widely divergent results of studies conducted in the area of merger success and organizational culture serve to underline that additional work is required in this area.

3 RESEARCH PROPOSITIONS

According to Zikmund (2003), propositions are statements concerned with the relationship between concepts and explain the logical linkage between the concepts by asserting a universal linkage between concepts (Zikmund, 2003).

Five propositions were developed and tested through this study.

3.1 Proposition 1 – Importance of cultural integration

A merger can achieve its objectives without integrating the culture of the merging firms.

3.2 Proposition 2 – Value of prior experience

Companies with prior experience of mergers or acquisitions demonstrate and apply knowledge gained from previous acquisitions.

3.3 Proposition 3 – Cultural differences impact on performance

Large cultural differences between the Acquirer and the Target contribute negatively to the post-merger performance of the company.

3.4 Proposition 4 – The importance of a cultural integration plan

A plan for cultural integration, designed during the pre-merger phase was important for successful integration.

3.5 Proposition 5 – The value of executive leadership in cultural integration

Successful cultural integration requires top executive leadership and commitment.

4 RESEARCH METHODOLOGY

The following section describes the research design chosen and motivates as to why it was most suitable for the research questions. The section also addresses the approach to data collection and analysis and discusses issues of validity and reliability.

4.1 Research Method

Zikmund (2003) proposed the use of qualitative research methods when a deeper understanding of the issues is required. Given that the factors contributing to each merger are unique, a standard questionnaire or quantitative analysis applied to each subject would not uncover the role that culture played in each set of circumstances (Zikmund, 2003).

To fully explore the role of culture in the post-merger environment, and gain a deeper understanding of the combination of factors at play, semi-structured, narrative interviews were conducted with the participants. This interview format allowed the interviewee to relate personal thoughts and experiences of the merger, not the official line communicated publicly (Soderberg, 2006).

4.2 Population and Unit of Analysis

4.2.1 Population

The population was defined as all mergers and acquisitions completed in South Africa, in the financial services and financial consulting sectors during the period 2002 to 2010.

4.2.2 Unit of Analysis

The unit of analysis was the impact of culture in post-merger performance in the individual companies.

4.3 Sample Size and Nature

4.3.1 Sampling Method

The sample was selected using non-probability sampling techniques. These techniques are appropriate when electing to use qualitative data where the population is not known (Saunders & Lewis, 2012). A combination of purposive and snowball sampling techniques were utilised. The purposive sampling technique allowed the researcher to select companies and individuals from the population that are best placed to understand the research problem and meet the research objectives (Saunders & Lewis, 2012). The snowball technique was employed due to the relative difficulty of gaining access to individuals within target companies. The objective was to interview Integration Directors, Human Resources Directors and other senior managers within the organisation that played a significant and influential role in a merger or acquisition, either as a Target or an Acquirer. Where circumstances permitted, interviews were conducted with both target and acquiring firms.

4.3.2 Sample Size

From the population, a heterogeneous sample of companies in the financial sector was selected to provide a non-statistical representation of sufficiently diverse characteristics that described key themes through any emerging patterns, (Saunders & Lewis, 2012). The table below lists the sample companies and interview subjects:

Table 2 Schedule of interview subjects

Name of Company	Position of Interviewee	Name of Interviewee
Absa Bank Limited	Executive: Private Equity	Andrew Dewar
Absa Bank Limited	Manager: Enterprise Solutions	Christiaan Rabie
Absa Bank Limited	Group Marketing: Chief Operating Officer	Jeff Hudson
Absa Bank Limited	Deputy Chief Executive	Louis Von Zeuner
Absa Bank Limited	Company Secretary	Nadine Drutman
Absa Bank Limited	Executive Assistant to Chief Executive Officer - Corporate & Investment Bank	Toy Radebe
Barclays Bank PLC	Director: Corporate Real Estate Services	Jon Couret
Ernst & Young	Transaction Advisory Services Leader	Sandile Hlope
Horwath Consulting	Director HR Services	Luisa Dehrmann
KPMG	Partner: Tax	Anton De Bruyn
Nedbank	Chief Executive Officer	Tom Boardman
SABMiller	Chief Procurement Officer	Ian Russell

The following table depicts the specific transactions that the interview subjects were a part of, whether the mergers fell within the definition of the population or not. The table does not list the mergers or acquisitions that the industry experts experienced as part of their role as transaction facilitators, only those that they were personally involved in as members of either the target company or the acquiring company.

Table 3 Schedule of M&A transactions

Acquirer	Target	Year
Nedbank	Natal Building Society (NBS)	1998
Barclays Bank	Woolwich Building Society	2000
Nedbank	Board of Executors (BOE)	2002
KPMG	Andersen	2002
Nedbank	Cape of Good Hope Bank	2003
Barclays Bank	Banco Zaragozano (Spain)	2003
Barclays Bank	Absa Bank	2005
Ernst & Young	87 affiliate E&Y firms globally. 3300 partners in EMEIA region	2008

4.4 Data Collection & Analysis

4.4.1 Data Collection

Semi-structured interviews were set up with senior executives in the sample firms, designed to explore the research proposals. The semi-structured interview was the means of primary data collection for this study. The benefit of this approach was it allowed the participants to talk freely around the topic whilst being loosely guided by the researcher to cover certain key aspects that need to address the research propositions (Soderberg, 2006). The objective in this approach was to gain new insights and attempt to identify general patterns; common to the sample (Saunders & Lewis, 2012). The interviewer took detailed notes during each interview. Some of the subjects consented to the interview on the condition that no recording was made of the interview. Although the population for this study was defined as mergers in South Africa between 2002 and 2010 in the financial services and consulting services industries, some of the interview subjects had experience of mergers that fell outside the parameters set by the population definition. As the interviews were semi-structured and subjects were encouraged to talk about their experiences and perceptions, it is unavoidable that these experiences and perceptions would have been affected by the transactions that fell outside the population.

4.4.2 **Interview Design**

A set of guiding questions was designed to enable the flow of conversation (Appendix 1). These questions addressed each research proposal to ensure complete coverage of each proposal during each interview. The companies were homogeneous in that all were active in the financial services and consulting sectors. The subjects were from a broad cross-section of the company in order to explore views from as many angles as possible.

4.4.3 **Data analysis**

Data collected through the interview process consisted of detailed notes taken by the interviewer. Analysis of the data and consequent identification and grouping of themes prior to the completion of all interviews allowed for a greater understanding of context and the inclusion of emerging themes in later interviews and to pursue insights gained in earlier ones (Saunders & Lewis, 2012). The frequency with which each characteristic was highlighted was noted in order to provide a basis for ranking of factors.

Tables were constructed to categorise the responses. Emerging themes were examined and framed in the context of the research proposals. Themes were organised in accordance with the dimensions of organizational culture first proposed by Edgar Schein (Schein, 1990), and expanded upon by Romualdas Ginevicius and Vida Vaitkunaite (Ginevicius & Vaitkunaite, 2006).

The dimensions listed in Table 2 are the result of a critical review of the following five organizational culture assessment tools; Denison Organizational Culture Survey, An instrument to measure organizational culture, Perceived Cultural Compatibility Index, Critical success and failure factors of organizational culture change and Organizational Culture Profile.

Table 4 Dimensions of organizational culture

1	Involvement
2	Norms, Rules & Values
3	Coordination & Integration
4	Learning
5	Adaptation
6	Innovations
7	Management Style
8	Cooperation (Collaboration)
9	Mechanism of control
10	Reward & Incentive
11	Climate
12	Communication
13	Transmission of information
14	Concern for employees
15	Strategy & Goals
16	System of employee selection
17	Behaviour with external subjects e.g. clients
18	Degree of employees responsibility & freedom
19	Empowerment
20	Organisational politics
21	Decision Making
22	Organisational Structure

23	Vision
24	Agreement
25	Mission

Source: (Ginevicius & Vaitkunaite, 2006)

4.5 Validity and Reliability

4.5.1 Validity

The semi-structured approach to sampling and data gathering introduced an amount of researcher bias. Asking an independent researcher to review the methodology and results helped to compensate for the bias and ensure validity of the data. Another influence on the validity of data is ambiguity about causal direction – Some factors attributed by the researcher, as effects may in fact be causes. A review of the outputs of the data will assist in reducing this effect.

4.5.2 Subject Selection

The sample was selected using purposive selection; a purposive sample is a non-representative sample of a larger population, and is designed to meet a particular need or purpose. The researcher attempted to engage with the specific target group by interviewing whoever formed part of the subset and was available and willing to be interviewed. The nature of purposive sampling introduced subject bias and selection bias into the sample.

Snowball sampling was another selection technique employed; it too forms part of purposive sampling. Participants were asked to refer the researcher to other participants either within the same company or at another company that fit the population profile. Snowball sampling is often used to access targets that are difficult to find or gain access to (Saunders & Lewis, 2012).

4.5.3 Reliability

Collection and analysis methods must produce consistent, repeatable findings. Factors that could impact on the reliability of the findings include:

Subject bias – Managerial hubris may increase acquisition behaviour among CEOs (Haleblian et al. 2009). The same pride may result in unreliable information or distorted views of the events. The interviewees may consciously or subconsciously have reflected a more positive view of the merger than reality.

Observer error – Given that the interview process was semi-structured, guidelines existed to ensure that all topics were adequately discussed in each interview. The researcher may have influenced the interview though through the way that questions were phrased or subjects discussed.

Observer bias – As the data collected was qualitative, a risk exists that the data could be interpreted in a number of different ways. By thematically grouping the data, the researcher overcame much of the observer bias and ensured consistent capturing and interpretation of the data (Saunders & Lewis, 2012).

4.6 Assumptions

Certain assumptions are implied in the research:
The interviewees were honest during the interviews and did not hide, or obfuscate information that would lead to incorrect impressions being created with the interviewer.

The interviewee accurately remembered the events and could answer questions and recount their experiences in a factually correct manner.

The output of the interviews was useful in determining the effects of the factors highlighted during the interviews and not just in confirming their existence either as an effect or as a cause.

4.7 Research limitations

This research project has the following inherent limitations:

- The population was selected from the years 2002 to 2010; the newer acquisitions took place under the conditions of the global economic crisis and may exhibit inherently different characteristics to the earlier population.

- The research ignored the economic cycles that may have had an impact on the performance of acquisitions.

- While the sample was selected as outlined above, participation bias may have introduced factors that were beyond the scope of the research project. Interviews were conducted with those executives that made themselves available and were willing to talk about their merger experiences.

- No statistical data was collected during the qualitative study; statistical tests could be run on the data but were beyond the scope of this project.

- The time lapse since the merger event in some cases was more than eight years. The passage of time could have influenced how the participants remembered events and not every company interviewed underwent a merger during the same year.

- The time lapse between the merger event and the interview varied between the interviewees.

4.7.1 Strengths & Limitations of Qualitative Research

When conducted well, qualitative research is a superior manner to obtain certain types of data (Anderson, 2010). While there are many methods of conducting qualitative research, including case studies, conversational analysis, ethnography, documentary analysis and observation, researchers are accused of favouring interviews and focus groups to obtain the bulk of qualitative data (Zikmund, 2003).

4.7.1.1 Strengths and limitations of qualitative research

Table 5 Strengths & limitations of qualitative research

Strengths	Issues can be explored to a greater depth and level of detail that with quantitative methods.
	Researcher is not limited by specific questions; the interview can be directed in real-time as further issues arise.
	The emergence of new information from respondents can be used to quickly refocus the research purpose and framework.
	Human experience can provide more compelling data and create more powerful images than quantitative methods.
	Nuances and subtleties in the research topic or subjects are more easily identified than with positivistic means of enquiry.
	While qualitative data is not transferable, the findings can be transferred to a new setting.

Limitations	Qualitative research relies on the skills and idiosyncrasies of the researcher. There is no empirical plumb line to ensure absolute reliability; the research is more easily influenced by the researcher's own biases than with quantitative methodologies.
	It is more difficult to maintain, demonstrate and measure rigor in the research process.
	Data analysis and interpretation is time-consuming due to the volume and non-numerical nature of the data.
	Responses can be influenced and affected by the presence of the researcher, which is not always avoidable, making it difficult to create the same conditions for each respondent.
	Confidentiality and anonymity of respondents can make presenting findings challenging.
	It can be more difficult and time-consuming to represent findings.

Source: (Anderson, 2010)

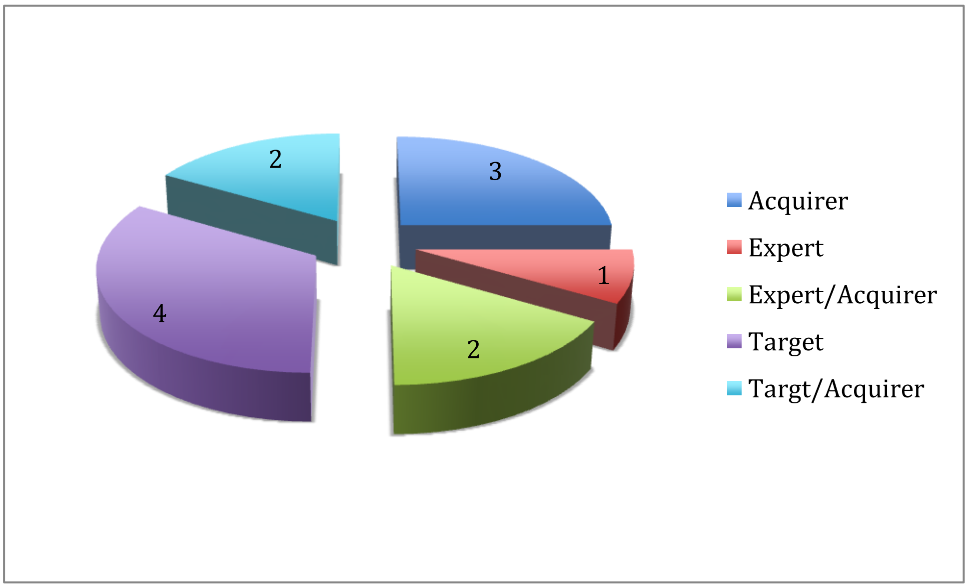
5 RESEARCH RESULTS

5.1 Profile of the sample

5.1.1 Merger Experience of sample

The results obtained from the semi-structured interviews are presented below. The interviews were conducted in accordance with the methodology discussed in Chapter Four; the subjects collectively had executive experience of seven merger events involving ten companies. Where possible interviews were conducted with people from both the target and the acquiring company. Four interviewees experienced mergers as part of a target company, three experienced mergers as the acquirer. Two interviewees had experienced more than one merger as a target and an acquirer. Three interviewees are industry experts, facilitating, structuring and running mergers and acquisitions between companies and a further two are industry experts who had personal merger experience as an acquirer.

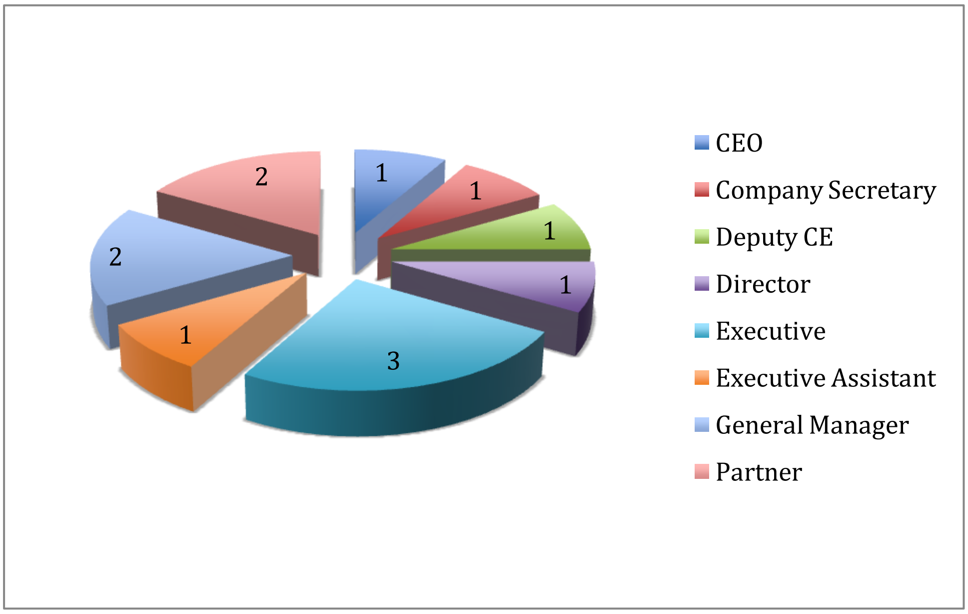
Figure 3 Merger experience of interview subjects



5.1.2 Role Profile of Sample

The subjects were selected from all levels of business; this was deliberate in an attempt to gain insight into how mergers were experienced by those making the decisions as well as those implementing the decisions. Two interviewees were either Chief Executive Officers or Deputy Chief Executive Officers of South African banks. Three interviewees were senior executives, heading up major divisions within a bank, two of them held such positions in local as well as international banks. Two interviewees are partners in Big Four audit firms in South Africa, while a third is a director in the South African office of a specialist advisory firm. Two general managers of large support functions within a South African bank were also interviewed. The Company Secretary of a South African bank and the Executive Assistant to the Chief Executive Officer of a South African investment bank were also part of the sample.

Figure 4 Role profiles of interview subjects



5.2 Proposition 1 - Importance of cultural integration

A merger can achieve its objectives without integrating the culture of the merging firms.

Table 6 The importance of cultural integration

Agreed	Acquirer	Target	Expert	Total
Yes	2	1	1	4
No	5	5	2	12
Total	7	6	3	16

25% of subjects felt that a merger could achieve its objectives without cultural integration. 29% of Acquirers held the view that a merger could succeed without cultural integration, while 17% of subjects that had experienced mergers as a target held the same view. 34% of the industry experts agreed that cultural integration was not important to the success of the merger.

5.3 Proposition 2 – Value of prior experience

Companies with prior experience of mergers or acquisitions demonstrate and apply knowledge gained from previous acquisitions.

Table 7 Value of prior M&A experience

Agreed	Acquirer	Target	Expert	Total
Yes	1	1	0	2
No	6	5	3	14
Total	7	6	3	16

14% of subjects from target companies and 17% of subjects from acquiring companies felt that their companies demonstrated application of prior merger experience in subsequent mergers or acquisitions. None of the industry experts felt that experience gained was applied in later transactions. 86% and 83% of subjects with experience as a target or an acquirer respectively reflected that they had not learnt from experience and applied that knowledge in subsequent integrations.

5.4 Proposition 3 - Cultural differences impact on performance

Large cultural differences between the Acquirer and the Target contribute negatively to the post-merger performance of the company.

Table 8 The impact of large cultural differences

Agreed	Acquirer	Target	Expert	Total
Yes	4	3	1	8
No	3	3	2	8
Total	7	6	3	16

Half of the interview subjects who had experienced a merger or acquisition as a target indicated that they did not see large cultural differences having a negative impact on the post-merger performance of the company, while the other half felt that cultural differences did have a negative impact. 57% of acquirers agreed that large cultural differences played a negative role in the post-merger performance while 43% did not agree that the impact was negative. 33% of experts agreed that large cultural differences impacted performance negatively, 67% felt that cultural differences between the target and the acquirer did not negatively impact on post-merger performance.

5.5 Proposition 4 – The importance of a cultural integration plan

A plan for cultural integration, designed during the pre-merger phase was important for successful integration.

Table 9 The importance of a cultural integration plan

Agreed	Acquirer	Target	Expert	Total
Yes	5	4	2	11
No	2	2	1	5
Total	7	6	3	16

66% of subjects interviewed from target companies confirmed that planning for cultural integration before merging was important for a successful integration. 33% did not agree that pre-merger planning on cultural integration was important. 71% of the acquirers felt that a cultural integration plan was important to the success of the integration while 29% did not state the importance of a cultural integration plan. 66% of industry experts interviewed spoke about the importance of having a cultural integration plan and the influence it had on a successful integration, 33% of experts interviewed did not agree that having an integration plan was important to the integration success.

5.6 Proposition 5 – The value of executive leadership in cultural integration

Successful cultural integration requires top executive leadership and commitment.

Table 10 Executive leadership's role in cultural integration

Agreed	Acquirer	Target	Expert	Total
Yes	5	4	2	11
No	2	2	1	5
Total	7	6	3	16

66% of subjects with experience as a target company said that the commitment of executive leadership played a critical role in the success of the cultural integration. 71% of subjects with experience as the acquiring company said that executive leadership's commitment was critical. 66% of industry experts interviewed stated that the commitment of the executive leadership was highly important to the success of the integration.

33% of target subjects, 29% of acquirers and 33% of experts felt that the role played by the executives was less important to the success of the overall integration

6 Discussion

Twelve semi-structured interviews were conducted with executives who had experienced mergers or acquisitions either from as an acquirer or a target. Three of the interviewees have experience in facilitating mergers, acquisitions or the integration process following such a deal as a third party to the transaction. This chapter will focus on the five propositions raised in chapter three and discuss the results of the interviews in light of the theory and literature base from chapter two.

6.1 Proposition 1 - Importance of cultural integration

A merger can achieve its objectives without integrating the culture of the merging firms.

The interview process reflected real life in the way the subjects' answers and values were not always aligned. Every single interviewee said that appreciating the differences between the cultures and consciously working to integrate them were important however analysis of the interview notes in the context of the cultural dimensions indicated some degree of incongruence.

In total, 75% of the sample felt it was not possible to achieve the objectives of the merger without integrating cultures. Those subjects that had experienced more than one merger transaction or facilitated mergers as their business felt strongly that cultural integration was key to merger success. This view was maintained even where the objectives of the merger or acquisition were purely to obtain assets or technology and not necessarily to integrate human resources.

*"Distilled to the bare bones, companies create jobs, put food on tables. It's about the people isn't it?" (*Respondent 6)

71% of acquirers believed that cultural integration was key to achieving the objectives, while 83% of those from target companies felt that it was important. When the results are overlayed with those of Research Proposition 4 – A plan for cultural integration, designed during the pre-merger phase was important for successful integration, it becomes apparent that while both acquirers and targets alike recognise the importance of cultural integration, the acquirers are more inclined to see the value of creating a plan to ensure this integration happens.

Possibly, executives from acquiring companies were under more pressure from shareholders and the markets to ensure integration success than executives from the target firm. While the literature says that the acquiring CEOs benefit personally from acquisitions regardless of the level of post-merger success achieved (Harford & Li, 2007), the pressure to deliver a return on the investment is high given that an acquisition is likely to be one of the biggest single capital outflows that a company will experience.

33% of the industry experts agreed with the proposition that cultural integration was not critical for a successful merger. Where the objective of the transaction is to acquire a patent, technology or other innovation this may be the case as the success of the merger is less dependent on people (King, Slotegraaf et al. 2008).

The financial services and management consulting industries are particularly dependent on human capital and this may create a higher perceived value of cultural integration in a merger than a merger undertaken in a more mechanised industry such as the automotive industry. It is feasible in non-services industries that the importance of cultural integration is lower than in a services industry such as financial or consulting services. This study focused on the financial and consulting industries, there would be merit in conducting a similar study in a non-services industry to determine the transferability of these findings.

The issues do not centre around differences in culture but rather on whether or not the companies can find a way to create a new culture that encompasses elements of the old cultures and whether the values of the new culture resonate with employees of the merged entity. Studies found little to support negative consequences as a result of different cultures in the merged companies (Stahl & Voigt, 2008) and in fact Weber and Drori (2011) found that cultural differences could have a positive relationship to post-merger performance (Weber & Drori, 2011).

Can a merger achieve its objectives without integrating the culture of the merging firms? This study suggests that success is not possible without cultural integration. There may be situations and industries however, where success is less dependent on the human element and where a different answer may be derived.

6.2 Proposition 2 – Value of prior experience

Companies with prior experience of mergers or acquisitions demonstrate and apply knowledge gained from previous acquisitions.

The results of the study indicate that 12.5% of respondents had worked in a company where the knowledge gained from previous deals was applied in later deals. The respondents that had seen knowledge gained and applied were from the general management level in their companies where more tactical responses are required. None of the senior executives or the industry experts had seen prior knowledge applied, although 81% of the subjects had experience of more than one transaction. The split between acquirer and target was also very even with 86% and 83% of acquirers and targets respectively not recognising that the organisations had engaged in any form of knowledge retention and transfer from one acquisition to the next. 100% of industry experts agreed that knowledge and experience gained from a merger did not transfer well to the firm's later transactions.

Learning is an iterative process whereby individuals and organizations have an experience, infer some knowledge gained from the experience and store that knowledge for use in future experiences. Mergers or acquisitions that are highly similar, or highly different relate negatively in terms of performance, either because the learning acquired are too narrowly focused and the acquirer lacks the experience to identify and pursue opportunities that are different, or the acquirer has broad skills but not sufficiently focused to be able to fully extract the value from any one particular type of acquisition (Hayward, 2002).

Acquisitions are complex processes that rely on other, interdependent complex processes such as deal structures, integration and change management in order to succeed (Hitt, et al., 2009). The poor alignment of the sample to the research proposition could demonstrate how difficult application of prior learning really is. In order for the company to gain the benefit of the knowledge and experience gained, it would have to correctly identify the context as similar to the previous context and be able to apply the knowledge in that context (Yang & Hyland, 2006). More emphasis on management of the integration processes and an focus on knowledge management could be beneficial in terms of creating knowledge that the firm could easily access when faced with a similar situation in the future.

6.3 Proposition 3 - Cultural differences impact on performance

Large cultural differences between the Acquirer and the Target contribute negatively to the post-merger performance of the company.

Overall, 50% of the subjects supported the proposition that large cultural differences had a negative influence on the post-merger performance, and 50% did not agree. 53% of acquirers agreed while 66% of the industry experts disagreed. Interview subjects that had experience as targets were evenly divided, 50% agreeing and 50% disagreeing.

This seeming lack of a definitive finding is characteristic of the studies that have taken place in this area. Studies are largely inconclusive on the polarity of the impact of cultural differences (Stahl & Voigt, 2008), (Terrikangas & Very, 2006). Denison talks about Cultural Familiarity Theory and that firms investing in organizations that are culturally distant from their own tend to perform poorly (Denison et al. 2011) while in the same paper, he argues to the contrary using the resource-based view of the firm to support findings that large cultural differences allow companies to more fully explore synergies which would not have been apparent had their cultures been too similar (Denison et al. 2011). The literature agrees that cultural differences do have an impact and perhaps

Slangen summed it up best when he said that it's not the differences but the degree to which you try and integrate them that determines the impact (Slangen, 2006).

The conclusion that the researcher draws from the results of the study is that while management is certainly aware of the impact that cultural differences have on an integration, the nature of the impact depends on factors other than merely the size of the differences. Whether the impact is negative as cultural familiarity theory would have us believe or positive, as the resource-based theorists propound, depends on how management views the merger and interprets the changes that are happening and their levels of commitment to the success of the integration (Terrikangas & Very, 2006). Awareness of the potential impact allows management to plan better for the integration through conducting thorough assessments of the cultures of both companies and incorporating the cultural integration work stream into the project as early as possible.

6.4 Proposition 4 – The importance of a cultural integration plan

A plan for cultural integration, designed during the pre-merger phase was important for successful integration.

The results of the study showed that 69% of interviewees felt that a cultural integration plan was important to the success of the merger. Acquirers felt more strongly that this was important with 71% of acquirers agreeing with the proposition. 66% of interview subjects from target companies of also agreed that the plan, designed during the pre-merger phase was important. 33% of the experts did not think that a pre-merger cultural integration plan was important.

"Value creation or destruction has less to do with what you pay and more with what you integrate" (Respondent 5)

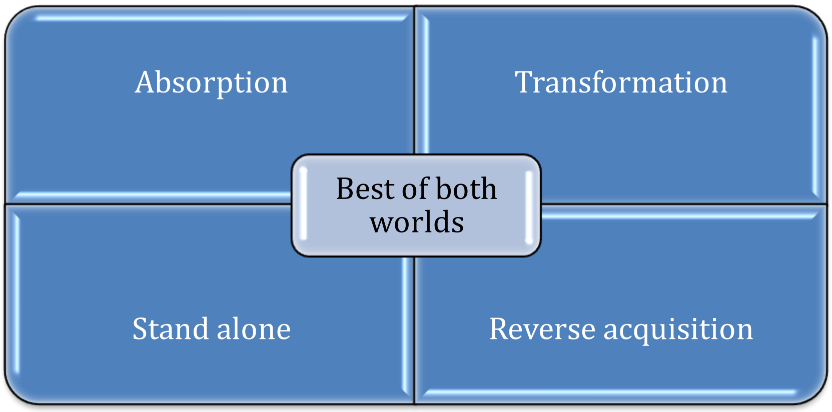
"Culture clashes" are often the reason given for mergers not working out. In reality the culture clash is a form of identity crisis from which the parties undergoing the crisis can think of only one thing, to get out with their identity intact (Weber & Drori, 2011). A big part of the ability to successfully integrate two organizational cultures is to understand the individual cultures on their own. Often culture is only thought of after the merger event, once the deal is completed, in truth, culture needs to be thought of going into the merger and form part of the due diligence that signals whether or not the two companies are suited to teach other.

"If there isn't chemistry between the two CEOs, I walk away from the deal…" (Respondent 6)

Part of the reason for contradictory findings when it comes to cultural integration is that there is tremendous scope and variety in the possible integration options. Where a high degree of change is required from both the target and the acquiring firm, a strategy of transformation is required. Where neither party needs to change significantly, it is likely that the merger is an arrangement where each party stands alone and only combines those factors o production that are required to achieve the merger objectives. If the acquiring company is required to change more than the target company, they could be faced with a reverse acquisition scenario. The target would be absorbed into the acquiring company if all the change in the merger were expected to happen on the side of the target company.

Denison goes on to say that the best scenario is where both companies need to change to some extent as this ensures that both target and acquirer are experiencing a change process that in some ways touches on their own identities. In most cases the speed and degree of integration are within the control of the acquiring firm's management, and therefore integration on its own is not a problem, the problem arises when the two companies have not understood the implications of their decisions, when "absorptions" morph into "reverse acquisitions" or when one company tries to dominate what began as a merger of equals. In cases like these, a cultural integration plan would help all stakeholders to be clear what the status quo is when it comes to organizational culture and how this will change given the integration strategy the company has chosen.

Figure 5 Integration options based on the required degree of change



Source: (Denison, Adkins, & Guidroz, 2011)

A cultural integration plan designed during the pre-merger phase achieves a number of important objectives. It requires that the acquiring firm assess and understand their culture first. This awareness would allow for better decisions to be made on aspects that require people involvement to materialise successfully, such as large-scale change initiatives, or a merger or acquisition. The self-awareness could even become a filter, used as a high level screen to ensure that less viable options are removed before much time is spent on the due diligence aspects of the deal.

Together with self-awareness of the acquiring company, the target company is put through a similar process and through the development of an understanding of their culture will be better placed to evaluate and seize opportunities. During the pre-merger, deal and post-merger phases, the cultural integration plan will assist by determining which change and integration strategy should be applied.

6.5 Proposition 5 – The value of executive leadership in cultural integration

Successful cultural integration requires top executive leadership and commitment.

69% of the interview subjects agreed that successful cultural integration requires top executive leadership and commitment. Acquirers appeared to experience the need as more important than target companies with 71% of acquirers agreeing with the proposition as opposed to 66%. This will have to do with the control that the acquiring company is expected to and in most cases, does bring to the deal although the leadership of the target company has a vital role to play in the change management processes in action within their company. There were still 30% of subjects from target companies and 29% of subjects from acquiring companies who did not see top leadership commitment and involvement as important to the cultural integration. This sentiment echoes statements made by some of the industry experts that top management does not see the importance of the human side and that they relegate the cultural integration to a Human Resources Management work stream.

"*Leadership is not prepared to pay as much for an HR due diligence as for a financial due diligence"* (Respondent 7)

Despite studies concluding that the question is no longer if culture has an impact on post-merger performance, but rather how culture impacts performance (Denison et al. 2011), top management, particularly specialists in their field, see the planning and management of cultural integration as somewhat less strategic than other integration work streams.

"Minimal cultural invasion contributed to success. Company X's way of working continued….old habits die hard" (Respondent 1)

If the leadership in the target company is not involved and committed, the staff will be even less committed. The resultant poor behaviour will result in problems with the integration (Bjorkman et al. 2007). One of the major concerns voiced by the target companies is a loss of autonomy, brought about by the new management, strategies and processes. This needs to be addressed as part of change management and ensuring that the remaining leaders are all placed in a role with a portfolio to look after.

*"(it is) fine to integrate processes but it is pivotal to get the directors to be able to work together" (*Respondent 7)

As with many things, leadership's role is to lead and hence cultural acceptance and change starts with and is driven from the top of the firm. The art of post-merger integration may not be an exact science and is fraught with pitfalls that threaten to destroy the company at any turn but with committed executives, living the values visibly in front of their staff, there is little that the company cannot accomplish. Values consciously lived from the executive team downwards, *"…doing the right things. Little actions every day change the culture…"* (Respondent 1), become entrenched as basic assumptions, no longer open for discussion or questioned (Schein, 1990).

7 Conclusion

"The analysis of qualitative data involves creativity, intellectual discipline, analytical rigor, and a great deal of hard work." (Patton, 2005)

7.1 Highlights

The study aimed to assess the impact of organizational culture and cultural differences in post-acquisition performance and to determine whether cultural integration and a plan for such integration is deemed necessary for success. The researcher also looked at the value of learning and implementing knowledge gained from previous merger or acquisition experience and the applicability of such learning to future transactions and discussed the impact of differences in culture on the success of the integration and the importance of executive involvement in the integration process.

The study yielded valuable insights into the minds of executives and in particular how they positioned the role of culture for themselves in the mergers and acquisitions process. Notably some of the renowned specialists in their fields were not able to converse easily about culture and preferred to talk about their areas of expertise, a clear message coming out of those sessions was how low a priority organizational culture appeared to be for the executives concerned. On the opposite end of the spectrum there were those executives to whom the people were everything and who came ready with whole presentations on how they had appreciated and changed the organizational values and behaviours over time to create an entirely new culture, one that delivered significantly more for the company concerned than the old.

The different points of view on the same issue, depending on whether the subject came from an acquiring firm or a target firm served to highlight that people perceive issues differently despite looking at the same issue. The acquirers were consistently more in favour of creating an environment conducive to integration than the targets were and perhaps this centres around the a fundamental issue evident in all mergers or acquisitions, that the target firm, no matter how equal the post-merger structure is intended to be, will always feel that it is giving up some if not all of its autonomy and decision-making powers. The acquirers, meanwhile, have sold the idea of the merger to their shareholders and are under pressure to make a success of it, more so than the target firm's management, who may not be sure that they have a role in the new entity or are incorporated into the strategic plans for the company.

The subjects were divided on the matter of whether or not large cultural differences have a negative influence on the post-merger performance of the company and this stands up well against the current literature, there was no dispute that cultural differences have an influence on the performance, but that influence could be positive or negative,

"Culture can be powerfully positive or powerfully negative" (Respondent 1)

Coming from an angle of trying to merge cultures and create a single organizational culture, the differences would be seen as negative, while approaching the same differences from the perspective of synergies and benefiting because of the differences would make the same circumstances appear far more positive.

While all subjects appreciated that building experience and knowledge through undertaking merger or acquisition transactions was a good idea, almost universally there seemed to be a problem with being able to implement that knowledge in subsequent transactions. Despite the number of transactions taking place and despite the large amount of research papers published on the subject, companies don't seem to be able to integrate the experiences and benefit from them. The complexity of all the interdependent variables coupled with the human element serves to make each transaction unique enough that prior learning is only marginally applicable each time.

7.2 Recommendations to stakeholders

7.2.1 Business leaders

Mergers and acquisitions are not just about the numbers; the people are an integral part of realising any integration benefits identified by the dealmakers. When planning a merger, executives should take sufficient time to understand their organizational culture and know their real values, not the ones on the wall but the values lived each day by the top leadership in the company. A cultural due diligence should be part of the initial due diligence and cover aspects such as who are the leadership? What are their aspirations and goals? What are the ways of working? What are the organizations values and are they compatible with those of the acquiring organization.

Leaders need to get involved in the deal and stay involved throughout the integration. Top leadership's commitment to the process of integration sends a powerful signal to the employees and increases the level of commitment of employees both to the leaders as well as to the company and the integration objectives.

7.2.2 Dealmakers, facilitators and advisors

This study has brought a significant amount of literature together that demonstrates the dependence on leaders and employees from both the acquiring and the target firms to achieve a successful integration. Facilitators and advisors need to broaden their arsenal to include change management models and cultural and values assessment tools. Including a focus on these elements of a company will increase the probability of a successful deal, followed by a successful integration and enhance the reputation of the advisory firm in terms of being able to facilitate a transaction while working with all aspects of the acquiring and target firms; strategic, financial, operational and human resource elements.

7.2.3 Academics and scholars

The study of mergers and acquisitions is evolving to include a much deeper focus on the softer elements of the deal and particularly the post-deal integration challenges. The linkages and interdependencies between factors that influence the performance of the merger are complex and should be studied in narrowly defined ranges until the body of literature has grown sufficiently to enable cross linking of factors in a manner that can empirically demonstrate the relationships between the factors.

7.3 Recommendations for future research

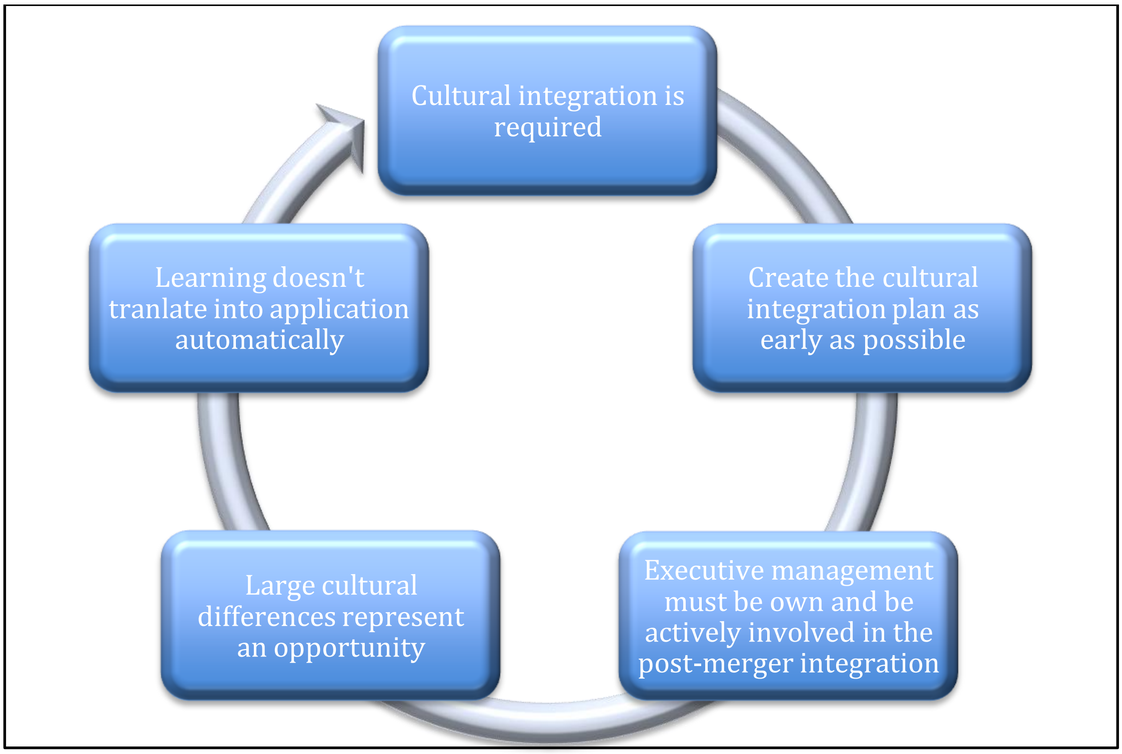
Scholars wishing to conduct further research into organizational culture and the role it plays in M&A should look to address the following questions that the researcher asked himself during the course of this study but were beyond the scope of the study; If cultural distances can be powerfully positive and powerfully negative influences on post-merger performance, what are the factors and how can management affect them to achieve a positive influence. Secondly, the post-merger integration process has emerged as a key element in the attainment of the merger objectives, what does a best practice integration model look like and can general principles be derived that hold true for most integrations? Lastly, this study was conducted in industry sectors that are human capital intensive and performance is heavily dependent on people. Would a duplicate study in a non-human capital-intensive industry yield similar results?

7.4 Implications for management

The study has confirmed that culture and in particular organizational culture plays a significant role in post-merger performance. The data gathered from twelve interviews has shown that cultural integration is important in order to achieve the objectives of the merger, even if those objectives, at face value do not include human resources objectives. Part of a successful integration is the development of a plan for cultural integration, as early in the pre-merger process as possible and that having developed the plan, top management needs to be involved in the execution of it.

The study has further shown that cultural differences have an impact on the post-merger performance but that the impact can be positive or negative and management needs to be aware of what factors in their environment will influence the effect of the cultural differences. Throughout the literature and the study, a most telling finding is that when it comes to mergers and acquisitions, companies do not learn. Management should ensure that post-integration reviews are designed to extract the most value for future integration teams but also to be aware that the application of learning and experience to the next acquisition will not happen naturally, there will need to be a very specific plan to tap the knowledge to the benefit of the acquisition and subsequent integration.

Figure 6 Improving post-merger performance through cultural integration



7.5 Conclusion

The complexity inherent in the integration of two cultures predisposes the exercise to failure or at best worse than anticipated performance. The aim of the study was to investigate some elements of the integration and arrive at answers to help clarify the influence of those elements on the integration and performance of the entity. The exercise has achieved the objectives of the researcher and added something of value to the growing body of knowledge around organizational culture in mergers and acquisitions.

8 References

Anderson, C. (2010). Presenting and evaluating qualitative research. *American journal of pharmaceutical education , 74* (8), Art 141.

Banerjee, A., & Eckard, E. W. (1998). Are mega-mergers anticompetitive? evidence from the first great merger wave. *The RAND Journal of Economics , 29* (4), 803-827.

Banker, R. D., Chang, H., & Natarjan, R. (2005). Productivity change, technical progress, and relative efficiency change in the public accounting industry. *Management Science , 51* (2), 291-304.

Barkema, H. G., & Schijven, M. (2008). How do firms learn to make acquisitions. *Journal of Management , 34*, 594-634.

Barkema, H. G., Bell, J. H., & Pennings, J. M. (1996). Foreign entry, cultural barriers & learning. *Strategic Management Journal , 17*, 151-166.

Beneish, M. D., Jansen, I. P., Lewis, M. F., & Stuart, N. V. (2008). Diversification to mitigate expropriation in the tobacco industry. *The Journal of Financial Economics , 89* (1), 136-157.

Bjorkman, I., Stahl, G. K., & Vaara, E. (2007). Cultural differences and capability transfer in acquisitions: the mediating roles of capability complimentarity, absorptive capacity and social integration. *Journal of International Business Studies , 38*, 658-672.

Cartwright, S., & Schoenberg, R. (2006). Thirty years of mergers and acquistions research: recent advances and future opportunities. *British Journal of Management , 17*, s1-s5.

Chakrabarti, R., Jayaraman, N., & Mukherjee, S. (2009). Mars-venus marriages: culture and cross-border M&A. *Journal of International Business Studies , 40*, 216-236.

Denison, D. R., Adkins, B., & Guidroz, A. M. (2011). Managing cultural integration in cross-border mergers and acquisitions. In D. R. Denison, B. Adkins, A. M. Guidroz, W. H. Mobley, M. Li, & Y. Wang (Eds.), *Advances in global leadership* (Vol. 6, pp. 95-115).

Devers, C. E., Cannella, A. A., Reilly, G. P., & Yoder, M. E. (2007). Executive compensation: a multidisciplinary review of recent developments. *Journal of Management , 33*, 1016-1072.

Finkelstein, S., & Haleblian, J. (2002). Understanding acquisition performance: the role of transfer effects. *Organization Science , 13* (1), 36-47.

Fuller, K., Netter, J., & Stegemoller, M. (2002). What do returns to acquiring firms tell us? evidence from firms that make many acquistions. *Journal of Finance , 57*, 1763-1793.

Ginevicius, R., & Vaitkunaite, V. (2006). Analysis of organizational culture dimensions impacting performance. *Journal of Business Economics & Management , 7* (4), 201-211.

Grinstein, Y., & Hribar, P. (2003). *CEO compensation and incentives - evidence from M&A bonuses.* Cornell University, Johnson Graduate School of Management. Cornell University.

Gugler, K., Mueller, D. C., Yurtoglu, B. B., & Zulehner, C. (2003). The effects of mergers: an international comparison. *International Journal of Industrial Organization* (21), 625-653.

Haleblian, J., & Finkelstein, S. (1999). The influence of organizational acquistion experience on acquisition performance: A behavioral learning perspective. *Administrative Science Quarterly , 44*, 29-56.

Haleblian, J., Devers, C. E., McNamara, G., Carpenter, M. A., & Davison, R. B. (2009). Taking stock of what we know about mergers and acquisitions: a review and research agenda. *Journal of Management* (35), 469 - 502.

Harford, J., & Li, K. (2007). Decoupling CEO wealth and firm performance: the case of acquiring CEOs. *The Journal of Finance , 62* (2), 917-949.

Harzing, A.-W. (2002). Acquisitions versus greenfield investments: international strategy and management of entry modes. *Strategic Management Journal , 23* (3), 211-227.

Hayward, M. L. (2002). When do firms learn from their acquistion experience? evidence from 1990-1995. *Strategic Management Journal , 23* (1), 21-39.

Hayward, M. L., & Hambrick, D. C. (1997). Explaining the premiums paid for large acquisitions: evidence of CEO hubris. *Administrative Science Quarterly , 42* (1), 103-127.

Hitt, M., King, D., Krishnan, H., Makri, M., Schijven, M., Shimizu, K., et al. (2009). Mergers and acquisitions: overcoming pitfalls, building synergy, and creating value. *Business Horizons , 52* (6).

Ismail, T. H., Abdou, A. A., & Annis, R. M. (2011). Review of literature linking corporate performance to mergers & acquisitions. *The Review of Financial and Accounting Studies* (1).

King, D. R., Dalton, D. R., Daily, C. M., & Covin, J. G. (2004). Meta-analysis of post-acquisition performance: indicators of unidentified moderators. *Strategic MAnagement Journal , 25* (2), 187-200.

King, D. R., Slotegraaf, R. J., & Kesner, I. (2008). Performance implications of firm resource interactions in the acquisition of R&D intensive firms. *Organization Science , 19*, 327-340.

Kirkman, B. L., Lowe, K. B., & Gibson, C. B. (2006). A quarter of a century of "culture's consequences": a review of empirical research incorporating Hofstede's cultural values framework. *Journal of International Business Studies , 37* (3), 285-320.

Klein, P. G. (2001). Were the acquisitive conglomerates inefficient? *The RAND Journal of Economics , 32* (4), 745-761.

Malmendier, U., & Tate, G. (2008). Who makes acquisitions? CEO overconfidence and the market's reaction. *Journal Of Financial Economics , 89* (1), 20-43.

Matsusaka, J. G. (1993). Takeover motives during the conglomerate merger wave. *Rand Journal of Economics , 24*, 357-379.

McNamara, G., Haleblian, J., & Dykes, B. J. (2008). Performance implications of participating in an acquisition wave: early mover advantages, bandwagon effects, and the moderating influence of industry characteristics and acquirer tactics. *Academy of Management Journal , 51*, 113-130.

Patton, M. (2005). *Qualitative Data Analysis*. Retrieved 2012 йил 21-September from The Qualitative Researcher: http://www.qualitative-researcher.com/qualitative-methods-consulting/qualitative-data-analysis-excel/

Saunders, M., & Lewis, P. (2012). *Doing Research in Business Management, An Essential Guide to Planning Your Project.* Pearson Education Limited.

Schein, E. H. (1990). Organizational culture. *American Psychologist , 45* (2), 109-119.

Slangen, A. (2006). National cultural distance and initial foreign acquistion performance: the moderating effect of integration. *Journal of World Business , 41*, 161-170.

Soderberg, A.-M. (2006). Narrative interviewing and narrative analysis in a study of a cross-border merger. *Management International Review , 46* (4), 397-416.

Stahl, G. K., & Voigt, A. (2008). Do cultural differences matter in mergers and acquistions? A tentative model and examination. *Organization Science , 19* (1), 160-176.

Terrikangas, S., & Very, P. (2006). The culture–performance relationship in m&a: from yes/no to how. *British Journal of Management , 17*, 31-48.

The Open University. (2010). *3 Organizational Culture*. Retrieved 2012 йил 24-September from Learning Space - The Open University: http://openlearn.open.ac.uk/mod/oucontent/view.php?id=403948&section=3

Thornton, P. H. (2001). Personal versus market logics of control: A historically contingent theory of the risk of acquistion. *Organization Science , 12* (3), 294-311.

Wang, L., & Zajac, E. J. (2007). Alliance or acquisition? a dyadic perspective on interfirm resource combinations. *Strategic Management Journal , 28*, 1291-1317.

Weber, Y. (1996). Corporate culture fit and performance in mergers and acquistions. *Human Relations , 49* (9), 1181-1202.

Weber, Y., & Drori, I. (2011). Integrating organizational and human behavior perspectives on mergers and acquisitions. *International Studies of Management & Organization , 41* (3), 76-95.

Yang, M., & Hyland, M. (2006). Who do firms imitate? a multilevel approach to examining sources of imitation in the choice of mergers & acquisitions. *Journal of Management , 32*, 381-399.

Zaheer, S., Schomaker, M., & Genc, M. (2003). Identity versus culture in mergers of equals. *Eurpoean Management Journal , 21* (2), 185-191.

Zikmund, W. (2003). *Business Research Methods* (7th ed.). Mason, Ohio, USA: Thomson.

Zollo, M., & Reuer, J. J. (2010). Experience spillovers across corporate development activities. *Organization Science , 21*, 1195-1212.

Zollo, M., & Singh, H. (2004). Deliberate learning in corporate acquisitions: post-acquisition strategies and integration capability in U.S. bank mergers. *Strategic Management Journal , 25* (13), 1233-1256.

9 Appendices

9.1 Appendix 1 – Data Analysis

Target/Acquirer/ Expert	T/A	T/A	T	A	E/A	E/A	E	T	T	A	A	T	
Respondent Number	1	2	3	4	5	6	7	8	9	10	11	12	
Dimension	**Responses per subject**												
Involvement	1	2	2	2	2	1	3	2	2	1	2	1	1
Norms, Rules & Values	4	1	1	4	2	1	1	1	3	1	1	2	1
Coordination & Integration	3	2	2	2	1	1	5	2	2	1	2	2	1
Learning	3	1	3	3	4	3	3	2	3	2	2	1	2
Adaptation	5	4	1	2	2	3	3	4	2	3	1	2	2
Innovations	2	5	4	3	4	5	5	5	5	3	3	3	2
Management Style	4	2	3	1	2	1	1	1	3	1	4	1	3
Cooperation (Collaboration)	1	3	1	4	2	3	3	2	1	2	1	2	3
Mechanism of control	1	2	3	3	2	2	3	1	4	2	1	1	3
Reward & Incentive	4	3	5	3	1	3	2	3	5	4	4	4	3
Climate	2	5	5	3	4	4	4	2	5	3	2	3	3
Communication	1	2	1	2	3	1	1	1	2	1	1	2	4
transmission of information	2	1	1	2	1	2	1	1	1	1	3	2	4
Concern for employees	3	2	3	2	1	2	1	1	4	5	4	2	4
Strategy & Goals	1	2	3	4	2	3	5	3	3	2	2	1	4
System of employee selection	4	3	3	5	2	1	5	2	1	2	1	4	4
Behaviour with external subjects e.g. clients	2	1	5	2	3	3	2	3	4	3	3	4	4
Degree of employeesresponsibility & freedom	4	5	3	2	2	3	3	4	2	5	2	4	4
Empowerment	2	1	1	2	1	3	2	1	1	3	2	2	5
Organisational politics	1	2	1	1	2	2	2	4	2	1	1	2	5
Decision Making	2	1	2	2	1	1	2	1	1	1	2	3	5
Organisational Structure	1	2	1	1	6	2	2	2	2	2	1	2	5
Vision	2	1	4	5	4	4	1	1	3	4	2	3	5
Agreement	1	3	2	4	4	1	2	3	5	2	5	3	5
Mission	3	3	4	5	4	4	5	5	5	4	2	3	5
Propositions - Mean Scores													
1	2,67	1,67	1,67	2,67	1,67	1,00	3,00	1,67	2,33	1,00	1,67	1,67	
2	3,33	3,33	2,67	2,67	3,33	3,67	3,67	3,67	3,33	2,67	2,00	2,00	
3	2,40	3,00	3,40	2,80	2,20	2,60	2,60	1,80	3,60	2,40	2,40	2,20	
4	2,43	2,29	2,71	2,71	2,00	2,14	2,57	2,14	2,43	2,71	2,29	2,71	
5	1,71	1,86	2,14	2,86	3,14	2,43	2,29	2,43	2,71	2,43	2,14	2,57	
Key to analysis													
	1	2	3	4	5								
	Central to discussion	Important to discussion	Spoken about	Mentioned	Not mentioned								