Barriers and Enablers of Culture Integration during the Process of Mergers and Acquisitions.

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Abstract

Mergers and Acquisitions (M&A) deals are major economic phenomena organisations use to increase their market share and expand rapidly. However, to date, they remain a renowned approach for business growth, with a dearth of a thorough understanding of the impact of organisational culture. Research studies suggest that many mergers and acquisitions (M&As) do not achieve the expected value, prompting extensive scholarly investigation into the underlying reasons for this phenomenon. One of the most prevalent reasons mergers and acquisitions fail is because of a failure to integrate the two organisations' cultures successfully. The study explored culture's impact during the integration process in mergers and acquisitions.

A qualitative, exploratory research approach was adopted to gain deep understanding and insights from participants who had experienced or were involved in mergers or acquisitions. The method chosen was semi-structured interviews with in-depth data collected from fourteen individuals. The findings of the literature review indicate that culture plays a significant influence in the process of integration. Nevertheless, the study's findings indicate that organisational culture can serve as both a barrier and a catalyst. The study offers fresh perspectives on the value of communication and change management in bridging cultural gaps.

Keywords:

Mergers and Acquisitions (M&), Organisational culture, Integration process

Plagiarism 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.

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Table of Contents

APPENDICES

LIST OF FIGURES

LIST OF TABLES

Glossary

Culture refers to Organisational culture.

Chapter 1: Introduction and Background of the study

The environmental exigencies continuously increase the complexity and volatility in most companies worldwide. The political, economic, social-economic, and technological landscapes, globalisation, and competitiveness among business, including the COVID-19 pandemic, has transformed the external environments of the companies. These circumstances have led to several challenges and opportunities regarding companies' strategic direction. Mergers & acquisitions (M&A) have been used as a defensive mechanism to respond to business strategy contextual economic factors or alternative routes to organic growth. It has been a corporate strategy for many businesses across the globe, mainly to gain a competitive advantage (Mehrotra & Sahay, 2018) and realised synergies (Oh & Johnston, 2021). However, over the years, mergers and acquisitions have been used as a strategic combination to expand markets and strengthen the competitive advantage. Furthermore, (Goksoy, 2019) mentioned the various reasons why M&A is taking place, namely, cost and risk reduction, improving efficiencies and creating synergies, easy market entry, diversification, shared resources, economic of scale, and building organisation generational means. In addition, Bergamin & Braun, (2018), acclaim that M&A likewise are used to transform businesses to venture into new markets, eliminate competition, and attain valuable resources and assets. Tarba, et al., (2019) state that although many M&As have occurred globally, several studies have mentioned their high failure rate. Despite the increasing popularity of M&A (Thorwid & Vinge, 2020, Denison & Ko, 2016), many scholars have noted that between 20% and 70% of M&A fail during the integration phase. Yet, despite the high failure rate, M&A is still touted as a key (Ikhwan Maulana & Haeruddin, 2017) method for achieving organisational growth, diversity, and profitability. On the contrary, Shah, (2019) noted that two-thirds of M&A fail due to many factors, including culture elements during the integration process.

Although many factors may be attributed to M&A failures, Goksoy (2019), implies that there are supplementary factors as well that contribute, for example, lack of clarity and execution of the integration process, over-paying, and negotiation errors; most apparent failures are related to people side (Gautam, 2022). The success and failure (Stahl & Voigt, 2008) of M&A conventionally have always been determined by financial and strategic factors. Nonetheless, a prominent change recently requires research to focus on the implications of human resources in M&A because minimal work is done to engage employees and integrate culture (Shah, 2019). The compatibility of organisational cultures and managing these dynamics is one of the most prevalent themes cited to explain the high failure rate (Denison & Ko, 2016). A similar point has been asserted by Shah (2019), that many studies have been undertaken to propose the root causes behind the M&A failures. Yet, Shah (2019), most importantly,

culture was found to be one of the prominent root causes during the M&A integration process. Hence, it is worth noting that when organisations combine, it is significant that they need to realise that it is not only the building, technology, and market share that combine; there are also human beings, structures, and cultures. Because financial and legal aspects are often well confirmed during the process of Merger and Acquisition, it is imperative that culture needs to weigh in a similar fashion. Rebner & Yeganeh (2019) suggested that businesses should not forget that their workforce is human beings with emotions and expectations; they need to be engaged with organisational changes. Sciriha & Debono (2017) noted that the human capital aspects often get ignored during pre- and post-M&A, as results thus end up causing unnecessary panic and resignation of key talent.

1. Problem formulation

This section attempts to determine the nature of the research problem and explain why the study needs to be conducted. The study will view the research problem formulation from four perspectives, namely, M&A value, M&A success, the role of organisational culture post-M&A, and the importance of addressing culture. This analysis will highlight the study's business and theoretical purpose in each perspective.

1.1. M&A value

In the 21st century, developed countries, as well as emerging countries, have participated in many mergers and acquisitions. In 2018 and 2019, reported activity M&A deals in South Africa reached ZAR421 billion and ZAR573 billion, respectively (Magubane & Sonnebergs, 2020). In 2017 and 2018, the global M&A market reached $3.7 trillion and $ 4.1 trillion (Morgan, 2018). 2017 was the fifth most active year ever in terms of volumes, right behind the top two best years for mergers and acquisitions, 2006 ($3.9 trillion) and 2016 ($3.8 trillion) (Morgan, 2018). This illustrates the importance of M&A in developed and emerging countries. Besides, the appeal of such deals further enhances the importance of this study in supporting efficient mergers and acquisitions in emerging economies like South Africa.

In fact, in South Africa, after the democratic elections in 1994, there was a gradual rise in mergers and acquisitions (Anwar, & Mughal, 2017). This democratic dispensation boosted foreign direct investment, as shown by M&A activity (Wilson and Vencatachellum, 2016). According to (Anwar, & Mughal, 2017), larger and larger organisations have emerged due to mergers, and this trend is evident in several places in the world. Furthermore, (Anwar, & Mughal, 2017), states this also applies to South Africa. Ellis, et al., (2015) noted that approximately 50% of M&As have South Africa as their target country. Wilson and

Vencatachellum (2016), in a comparison study of mergers and acquisitions between 2010 - 2011, affirm that almost a third of M&A activity is in South Africa.

John, Scott, & Zenobia (2008) indicates that South Africa offers a unique dual economy with a highly industrialised sector and is largely still impacted by the effects of nearly a century of racial struggle. According to Rathogwa (2008), cultural diversity is one of the biggest problems facing South African businesses today, and if not embraced, it drives companies apart—however, Savović, et al., (2022) state that little research on organisational culture differences has received attention about emerging economies such as South Africa. This unique nature of the South African context suggests an opportunity for the study to understand the impact of cultural integration in M&A.

1.2.   Merger and Acquisition Success

The failures of mergers and acquisitions outlined in the previous section, have been a hot topic for several years because of the amount of money involved (Jordão, et al., 2014). However, there are several factors that contribute to successful mergers and acquisitions. (De Camara, & Renjen, 2004), identifies the critical success factors underlying integrations that generate shareholder value, such as early and thorough planning, a focus on expanding the existing business, and effective communication. On the contrary, Tripathi, (2018) highlights the significance of conducting pre-deal analysis, engaging in due diligence, fostering effective communication, and implementing integration planning. Nugroho, (2020) findings underscore the significance of human resource management before, during, and after a merger or acquisition.

According to (Suryani, et al., 2022), it is important to remember that mergers and acquisitions do not consistently yield favourable financial outcomes. Therefore, it is imperative for entities engaging in such activities to have a long-term perspective and purpose to realise success. According to Iankova, (2014), ten primary elements might influence a merger's success. These factors encompass several aspects, such as leadership qualities of managers, cultural fit, strategic similarities, fast post-merger integration (Iankova, 2014). According to (Dong, et al., 2023), three primary elements have been identified: synergy, technology, and market share. This implies that the success of mergers and acquisitions depends on various factors in particular, one must prepare ahead, take cultural differences into account, and communicate effectively.

1.3.   The Role of Organisational Culture post-M&A

When discussing the culture role in post-merger and acquisition, it is evident that once two organisations interact (Hinner, 2019), there is a likelihood of misunderstanding and

disagreements because of culture differences. The term integration process refers to this research's post-merger and acquisition or integration phase and will be used interchangeably. In simple terms, the culture within the organisation is part of internal norms and policies that are known to the employees and inherited by new employees (Hsu, 2022). Despite mergers and acquisitions being frequently used as a strategic advantage to unlock the growth for organisations across the globe (Goksoy, 2019, p101), "incompatible cultures," "incongruent cultural fit," and "misalignment between the two organisations' cultures" are mentioned as sole failures in many cases. Zhao (2022) noted that cultural alignment contributes to the success of mergers and acquisitions. It has also been highlighted that in the past (Šliburytė, 2005), the problems arising during the integration process were often due to culture disparities. However, evidence points out that culture differences could lead to failures in mergers and acquisitions (Chmielecki & Sułkowski, 2016). In the key findings, Otterspeer (2016), on the contrary, with empirical support, discovered that cultural differences negatively affect the performance of M&A as well.

1.4. The importance of addressing culture

In defining the importance of addressing organisational culture in M&A, Thorwid & Vinge (2020), noted the disagreement among scholars because of the intricacy of M&A, whether to perform culture due diligence as part of M&A or not. However, Denison & Ko (2016), state that due diligence is a critical stage in the M&A process, so the culture of due diligence is pivotal to the due diligence process. According to Hutzfeld (2019), due diligence should provide a compressive analysis of the organisation's human resources aspects. Considering the preceding remarks, it is implicit that culture is still disregarded as part of due diligence. It is also emphasised that culture is still neglected as one of the factors that have influenced the M&A integration process (Sciriha & Debono, 2017, Rebner & Yeganeh, 2019, Engert, et al., 2019,). It is obvious that culture is not given the importance it deserves; it would be important to evaluate the role and management of culture during the M&A integration process. The challenges faced post-integration regarding people and organisational change issues (Naz, et al., 2022) have emerged as the reasons for M&A failures; as such, it is important for the organisation to focus more on the human resource integration process during M&A. However, the blind spots of most organisation are largely financial and legal aspects. Terjesen, (2014) suggests that if organisations are not careful, they won't be able to realise synergies even long after the integration process is completed because of culture differences. In addition, (Thorwid & Vinge 2020) suggest that as it is required before the merger and acquisition

process start due diligence is done from a financial perspective, so expected to be performed on culture. To evaluate - the research around culture implications in the merger and acquisition integration process should not be the centre point of the researcher's interest only, but business leaders should make it part of business strategy if M&A failures are to be avoided.

1.5.   Research Gap and Purpose of the study

Following an in-depth review and analysis, it is explicit that there is a lack of research on culture integration in M&A, while post-merger and acquisition financial performance has been widely researched. Furthermore, although many studies (Yang, et al., 2019) at points have revealed that organisational culture is one of the valued focal areas linked with M&A performance, there is little research in assessing its influence on the integration process. The survey conducted by Graham, et ai., (2022) noted that executives believe that organisational culture influence is under-researched and is one of the items that drive value in the business.

Chmielecki & Sułkowski's (2016) study coincides with the findings by Yang et al. (2019) that despite the importance of corporate culture in mergers, there is very little research on the topic. Arguably, much research has been done in the area (Chmielecki & Sułkowski, 2016) of organisational behaviour and different models of culture creation, but less in the context of M&A culture integration. Due to the lack of research, the role of organisational culture remains implicit and unelaborated in many M&A (Yang *et al.*, 2019).

This study investigates the barriers and enablers of culture integration during M&A in the various Mergers and Acquisitions in South Africa. The research will explore the two objectives to fulfill the purpose of the study.
- To investigate the influence of organisational culture changes during the M&A integration process
- To investigate the management of culture change during merger and acquisition integration process

1.5.1. Research question
- "What is the impact on the integration process caused by culture disparities?" (Sciriha, & Debono, 2017, p. 3)

Chapter 2: Literature Review

2. Introduction

The base of this chapter is to review literature related to the influence of organisational culture

and management change during the integration process in mergers and acquisitions. However, the research content review is divided into two categories, as illustrated in Figure 1. Firstly, it outlines the holistic view of M&A, followed by the role played by each phase during the integration process. Secondly, focuses on the construct of organisational culture, culture-related factors that influence M&A performance, and the impact of culture differences. Furthermore, presents the concept of culture integration during M&As, subsequently dealing with the culture change process in M&A. Figure 1 overview of the literature approach highlights the main areas to be addressed in the research content.

Figure 1: Overview of literature approach

Furthermore, the literature review aims to identify key topics and themes related to the prohibitions and inhibitors of culture impact during the integration process in mergers and acquisitions.

2.1. Mergers & Acquisitions

Mergers and acquisitions (M&A) have emerged as a transformative approach to integrating organisations, yielding diverse advantages for various entities to date. The history of mergers

and acquisitions began in the 19ᵗʰ century. It has been a topic of interest for other stakeholders, such as managers and researchers, due to beneficial reasons despite the high failure rate (Junni, & Teerikangas, (2019). Although mergers and acquisitions terms will be used interchangeably in this study, they have several definitions according to different studies. A merger is a corporate event in which one or more companies combine with another company, resulting in the dissolution or cessation of the merged entity, whereas acquisition refers to the process of transferring ownership of shares in a company to another company – in simpler terms, the buyer purchases the shares or assets of the target company (Reed, et, al., 2007). On the other hand, Scott (2012), describes a merger as the joining together of two or more firms of the same size or of different sizes to form a new entity; meanwhile, Candra, et al., (2021), describe an acquisition as the process of purchasing a firm's assets or shares, which may include the entire company or simply a certain section. Furthermore, (Kumar, et al., 2020) refer to a merger as a process whereby the two companies combine to form a unified structure, mostly with name change, whereas an acquisition is a friendly mutual agreement between buyer and seller. When companies combine under a merger and acquisition, individuals have their own cultural existence to be considered despite legal and financial matters. Kansal & Chandani, (2014) highlight that financial considerations are important, but it's also important to remember that this merger represents two firms with quite different cultures.

2.2. Types of M&A

According to Roberts, et al., (2003), three main varieties of mergers have emerged because of the numerous merger waves that have occurred since the 1890s. Hariyani, et al., (2011) argued that there are five categories of M&A based on the motivations behind the corporate move. Despite this, Anton, et al., (2022) agree with Roberts et al., (2003) that there are three types of mergers and acquisitions: "horizontal integration, vertical integration, and conglomerate takeover". These mergers and acquisitions are discussed to illustrate potential synergy existence and non-existence in minimising the impact of culture disparities: According to Hariyani et al., 2011), horizontal M&A refers to the consolidation of companies operating within the same market or offering similar products. However, Anton et al., (2022) state that horizontal integration is a form of merger where companies produce or deliver similar services or goods. Illustrations of horizontal mergers can be observed in the beer production industry through the merger of Anheuser-Busch InBev and SABMiller. Gaughan (2010) uncovered that horizontal M&A is when two competitors join forces to gain more market power and ownership for their shareholders. These mergers and acquisitions are the most common form (Anton et al., 2022). When companies in the same industry combine, they get an edge over rivals because they are considerably larger and can participate in unethical behaviour like price-fixing. Hence, competition regulators frequently focus on these types of mergers due to their

potential to enhance market power for the surviving companies and the acquiring firm by reducing the number of firms operating within the same industry (Lipczynski, et al., 2017).

Vertical mergers and acquisitions (M&A) refer to the consolidation of companies operating in different supply chain stages, specifically in the upstream or downstream sectors of an industry (Hariyani et al., 2011). Furthermore, (Hariyani et al., 2011) state that in the context of supply chain management, the term "downstream" is commonly used to denote the process of forward or upward vertical integration, while "upstream" is typically employed to describe the practice of backward or downward vertical integration. ExxonMobil is an example that represents the vertical integration model with upstream, exploring, developing, and producing oil while downstream refines, markets, and transports it. It is a form of business consolidation when two companies, with a buyer-seller relationship consolidate their operations into a single proprietorship (Arnold, 2013). Conversely, (Anyanwu & Agwor, 2015) states that vertical integration refers to combining two companies in the same industry but at separate stages of producing and selling goods. Inditex, as an example of vertical integration acquisitions, in 2017, acquired Indipunt, its primary textile supplier.

Conglomerate mergers and acquisitions (M&As) entail the integration of enterprises that produce unrelated items; the products are neither replacements nor complements of one another (Tremblay & Tremblay, 2012). An exemplary conglomerate merger can be observed in the 2005 merger between Proctor & Gamble, a corporation specialising in consumer goods, and Gillette, a company focused on men's personal care products. The objective of this particular type of merger and acquisition are to result in market diversification and mitigate business risk (Gaughan, 2010)

The study comparing M&A (Rozen-Bakher, 2018) discovered that horizontal and conglomerates lead to integration and synergy success in the industrial sector, while vertical integration is unsuccessful in both instances. Furthermore, (Rozen-Bakher, 2018) states that horizontal M&A may also have an easier integration period than vertical M&A with no commonalities. It can be concluded that this results from the case when rival businesses share similar methods and procedures. Yet, Ibrahimi & Meghouar (2019) argue that the integration process is complicated in a horizontal merger because two similar industries merge. As a result, there are duplicate jobs, whereas vertical and conglomerates is less complicated because of fewer duplicate jobs (Rozen-Bakher, 2018).

2.3.   Mergers and Acquisition phases

To better understand the acquisition process, one strategy that has been used relatively

frequently in the relevant body of literature is to break down the process into its component parts, known as phases (Risberg, 2003). According to Gomes, et, al., (2013), it is vital to understand how the process is conceived of in the M&A literature to be sensitive to the process-related part of mergers and acquisitions. The interest in merger and acquisition is often discussed at different phases with different focus points. According to (Marks & Mirvis, 2011), different literatures focus on different stages; for example, Human resources focus on post-integration, whereas strategic and finance literature focus on pre and legal integration, respectively. Hence, describing each phase is important to determine the inclusion and exclusion of culture. Šliburytė (2005) concluded that the outcomes of the M&A depend on how well these phases are managed, namely, negotiation, planning, and integration. On the contrary, Mark & Marvis (2011) describe these phases as pre-combination, combination, and post-combination. Debatably, Gomes et al. (2013) state that the division of the process is legally established and delineates the M&A process into two primary stages, namely the pre-acquisition and post-acquisition phases. Furthermore, Gomes et al. (2013) state that the other phases of the mergers and acquisitions process are not as well defined because the demarcation between them is not entirely determined, and the phases might be done simultaneously or even in reverse order. This may result in difficulty in comparing the phases. Despite these views by Gomes et al., the study will explore special emphasis on each phase noted by Šliburytė (2005) and Mark & Marvis (2011) in terms of activities in M&A:

Stage 1 – Pre-Combination Stage

According to Šliburytė (2005), the negotiation phase is the discussion between the stakeholders of each company to reach a mutual agreement. It is the beginning of a marriage proposal where the companies still weigh each other. On the contrary, Mark & Marvis (2011) describe the pre-combination phase as the negotiation of the deal beginning with the executive and legally approved by the shareholders; however, they emphasise that this is for financial and strategic reasons. According to Schuler and Jackson (2017), it is crucial to do due diligence when implementing human resources (HR) actions, as they are considered the most significant. Denison & Ko (2016) conclude that one of the primary considerations in conducting due diligence is examining the organisational culture during the initial phases.

Stage 2: Combination – Integration Stage

The planning phase (Šliburytė, 2005) is the stage whereby the level of negotiations has advanced. This is when the legal process starts while both companies operate standalone. It is the stage where organisational change decisions regarding leadership structure must be made once the integration deal goes through. On the contrary, Mark & Marvis (2011) describe combination as a phase where integration planning is initiated and decision occurs; however,

this is for political and transition preparation. At this stage, Schuler & Jackson (2017) suggest that the most critical HR issues are communication and establishing a new culture, structure, and policies.

Stage 3: Post- Combination Stage

In the integration phase (Šliburytė, 2005), one company's identity is formed with name change and ownership dominance. This is like in marriage, where the two parties must reach together to make the marriage work as both come from different backgrounds. On the contrary, Mark & Marvis (2011) describe the post-combination as the implementation phase with the employee starts settling into the new or formed organisation. This is the last stage, where the new structure and culture and solidifying leadership and staffing are evaluated.

Earlier studies cited by (Koi-Akrofi, 2016), shown that the human aspect, in many cases relegated to background concurrently, indicates that is a deal maker in the post-merger and acquisition integration phase. Rodríguez-Sánchez, et al., (2019) implies that in these three stages, there is a lack of studies on the integration stage is often the most complex as it determines the success of the M&A. Furthermore, (Koi-Akrofi, 2016) states that the integration phase is where organisational culture concerns are dealt with.

2.4. Defining organisational culture

Both academics and professionals in the management field have found it difficult to settle on a single, universally accepted definition of organisational culture. Mavondo & Farrell (2003) defined culture as a term that describes a set of rules and procedures that are unspoken but widely recognised among members of an organisation. Furthermore, Mavondo & Farrell (2003) state that these rules and procedures offer members of the organisation direction for what to do and how to do it in various unknown scenarios. On the contrary, Robbins & Judge, (2019) define organisational culture as exclusive characteristics that are identified to be different from one organisation to another. These distinct features are defined as shared values, beliefs, and assumptions that are perceived to differentiate an organisation (Robbins & Judge, 2019). As a result, Shaari (2019) states that the term "organizational culture" refers to the shared mental programming that differentiates the members of one organisation from those of another. The understanding is that each company operates in a distinct manner specific to its organisation. According to (Odor, 2018), every other organisation highlights this distinctive quality when describing itself. Hence, organisational culture can be defined as the collective behaviour exhibited by a corporation in alignment with its guiding principles (Odor, 2018). Given the definitions, an organisation's culture can be characterized as a collective and coordinated collection of individuals who share a common way of being, thinking, and

behaving, in addition to having reciprocal expectations for one another Serpa (2016).

The study by Schein, (2010) demonstrates that culture may be examined from three levels of analysis. In this context, "level" refers to the extent to which an observer can perceive a cultural phenomenon. Schein states these main levels are artefacts, espoused beliefs and values, and underlying assumptions, as per Schein's culture iceberg model (Figure 2).

The artifacts layer represents visible organisational structures such as buildings, staff uniforms, how people dress, ceremonies, rituals, and expressions of feeling. Peters, et al., (2022) assert that they can express particular characteristics of culture but that their meaning can be interpreted in various ways depending on the observer. The study by Roozi & Tetik, (2022), further asserts that things like symbols, slogans, stories, jargon ceremonies, including values, beliefs and assumptions, and norms visible from the outside uniquely describe the organisations. The second layer represents the intangible beliefs or values of the organisation. According to Schein, it is commonly seen that these origins can be traced back to the founder or leader and subsequently transmitted to organisational members through mission statements and strategic initiatives. The last layer holds the deepest values and assumptions, such as perceptions, feelings, thoughts, and unconscious (Peters, 2022). According to Schein, assumptions constitute the backbone of a culture, and when those beliefs are challenged, people become defensive and anxious. Each of these three factors is important to the success of an organisation's culture (Pathiranage, 2019).

According to (Ismail, et al., 2016), organisational culture is an attributable element in ensuring employees fit in the new organisation (Dunger, 2023) because organisational culture is so important, organisations should promote it holistically to gain employees' involvement and loyalty. Yet, according to the view of (Katzenbach, et al., 2016), organisational culture is the personality of how employees interact at work and evolves gradually with the change of leadership, strategy, and other settings. On the other hand, (Awal, et al., 2006) opinion is that organisational culture is more critical whenever the organisation chooses to be more effective in dynamic and competitive environments as it may be required to change as the strategy change. In principle, based on these viewpoints, organisational culture is the essential tool to drive the organisation to be more impactful. Organisational culture is the guiding framework that influences employees' behaviour in alignment with the organization's principles, beliefs, and perceptions, shaping their understanding of what is deemed favourable, unfavourable, unattractive, or desirable within the organisational context (Pirjol & Maxim, 2012). A study by Shaari, (2019) highlights that its importance is now recognised as a fundamental intangible source that significantly impacts an organisation's overall performance. In addition, (Awal et al., 2006) describe organisational culture as being accustomed to how employees think and

do things that shape and guide them. Martins & Terblanche (2003) describe the role of culture as two folds – as a function in the organisation or as an influencer in the processes of the organisation. Hence, Neagu & Nicula, (2012) maintain that organisational culture helps clarify the acceptable and unacceptable guiding behaviour declared formally and officially by management.

2.5. Culture related factors influencing M&A performance.

Departing from the definitions above, organisational culture differs from one organisation to another. It can also be uttered that organisational culture is the personality and reputation of the company. Therefore, the phenomenon requires full attention during the pre- and post-deal stages. However, it will be important to understand culture-related factors or predictors that influence the M&A integration process. Because the success of the merger and acquisitions relied on how well the integration process is executed. Hence, Šliburytė (2005) concluded that the three culture-related factors that impact the performance of mergers and acquisitions are the degree of integration between two organisations, the kind of cultural exchange, and the extent to which the own cultural identity of the firm is valued, and the other firm's culture is regarded as attractive.

These factors are discussed further to deepen the understanding in terms of the influence of the culture in mergers and acquisitions. In the first factor, the author states that the degree of integration between two mergers/acquisitions can have weak or robust post-merger integration, depending on how much the two organisations' financial and operational systems can adapt. Organisational divergence becomes more likely when interaction levels are high, whereas the integration of operations and resources is kept to a minimum in the case of unrelated M&As. Synergy is achieved through well-integrated related M&As. In the second factor, Šliburytė discussed it based on two modes of acculturation, namely, assimilation and integration. According to Šliburytė, during the assimilation phase of a merger or acquisition (M&A), the acquired company becomes fully incorporated into the parent company, often leading to the disappearance of the acquired company as a distinct legal entity. Integration also occurs, with elements of both cultures being shared by each party. In the last factor, the Šliburytė, explained that mergers and acquisitions are easier to integrate if the parties have similar goals and priorities. Things could go wrong if the purchased company loses its culture. This may occur if the culture is disregarded or seen as a barrier to success.

"On the contrary", Tarba et al. (2019) research findings indicate that synergy potential, the effectiveness of post-acquisition integration, and organisational culture differences influence

merger and acquisition performance. To begin with, Tarba et al., (2019) suggest that managers should carefully choose target organisations with strategic similarities and complementarity to maximise the success of acquisitions. This is because the potential for synergy plays a crucial role in influencing the acquisition process. Although the integration process aims to boost performance through synergy, it may also lead to problems with human resources, such as increased stress, negative attitudes, low levels of cooperation and commitment, and high levels of executive turnover (Weber & Tarba, 2011). In addition, integration, before and after a merger or acquisition, is a challenging organisational change process that calls for effective leadership and management. The failure of post-integration execution is a critical factor in the failure of mergers; therefore, it is vital for managers to focus on the effectiveness of post-integration execution (Tarba et al., (2019).

Furthermore, Tarba et al., (2019), findings indicate that culture differences positively influence acquisition performance. As such, the companies can gain a competitive edge by leveraging the knowledge and connections available in culturally diverse acquired businesses. On the other hand, Weber & Tarba, (2011), highlighted that during the post-merger integration phase, it might be difficult to relocate and integrate resources owing to cultural differences, which can result in conflicts, difficulty in communication, and opposition from employees. In conclusion, Werber & Tarba, (2011) noted the following in their study: achieving significant synergy may necessitate considerable integration. However, a high level of integration can lead to human resource issues that can lower the value of the acquired company and raise expenses that outweigh the merger's benefits (Werber & Tarba, 2011). Both researchers above agree that organisational culture affects M&A performance.

Equally, Denison et al. (2011) identify four attributes of organisational culture that influence performance: adaptability, consistency, involvement, and mission. These attributes are the driving forces behind the effectiveness/performance of the organisation – "involvement, and adaptability are the predictors of growth, while consistency and mission are predictors of profitability" (Denison et al. 2011). However, Yang et al. (2019) argued that there are five attributes that influence the integration levels and performance post-merger, which are adaptability, consistency, involvement, balance, and flexibility. Carroll & Harrison (2002, p. 350) acknowledge that "although integration may be thwarted by any number of factors, existing cultural differences between the organisations involved in a merger often prove problematic. Hirsch, (2015) underscores the need to give due priority to cultural factors at the outset of the merger and acquisition (M&A) process, as well as fostering open and transparent communication regarding culture to enhance the rates of success.

2.6.   The impact of culture differences in M&A

Cultural differences can have far-reaching consequences, as evidenced by several aspects of merger and acquisition talks. According to (Ziping, & Kan, 2010), the impact of cultural differences on M&A success is minimal, but it has a detrimental effect on executive commitment. In addition, the literature posits that cultural disparities among firms engaged in mergers and acquisitions (M&A) can exert both advantageous and detrimental effects on the outcomes of negotiations, anomalous returns, and synergy gains ((Lin, & Pursiainen, 2018, Alexandridis, et al., 2016, Fong, et al., 2014). However, (Shah, 2019) states that some research has found that cultural differences are unrelated to or positively associated with the success of mergers and acquisitions, even though most studies have concluded that differences in organisational culture are negatively associated with various performance metrics. Remanda (2016) acknowledges that the difference in culture impacts the shareholders' value and the economic trends of the business. According to Lodorfos & Boateng, (2006), the presence of cultural differences between merging organisations plays a significant role in influencing the effectiveness of the integration process and, subsequently, the overall success of the merger. "On the contrary", Remanda, (2016) argued that it is not the determining factor of M&A outcome, but it's worth is crucial in achieving new synergies. In assessing the above, cultural differences can certainly be either an asset or a liability in the integration process, depending on the management of the entire process. According to Zhang (2010), cultural differences not only have the potential to have a significant negative impact on the integration process, but they also play an important role in the process itself. However, cultural disparities between the merging organisations may lead to emotional and cultural conflicts, commonly called cultural clashes (Bajaj 2009). These clashes occur when employees from both sides strive to uphold the symbols, attitudes, values, and beliefs associated with their respective cultures. Denison et al., (2011) places an emphasis on the necessity of cultural integration throughout the M&A lifecycle to decrease the impact that a bad culture-fit has on an organisation's chances of being successful.

In the empirical study conducted by (Stahl & Voigt, 2008), the meta-analysis findings suggested that the impact of cultural differences is on sociocultural integration, synergy realisation, and shareholder value. Furthermore, mergers and acquisitions are not affected similarly because it depends on the relationship between the buyer & seller concerning the dimension of cultural difference separating the two organisations and the degree of relatedness (Stahl & Voigt, A, 2008). Despite this, (Tarba *et al.,* 2019) opined that organisational culture differences positively affect acquisition performance, including synergy potential. These differences can serve both organisations with a win-win situation as all depend on the benefits and value needed to be extracted on both sides for the betterment

future of the business. It is further asserted that this will serve as an opportunity for both firms to learn and tap into the valuable resources of the diverse culture (Tarba et al*.,* 2019). According to (Stahl, & Voigt, 2004), the empirical investigation of the influence of cultural differences on the performance outcomes of mergers and acquisitions (M&A) has produced inconclusive results. Various studies have reported contradictory findings, with some indicating negative associations, others indicating positive associations, and some indicating no discernible association (Stahl, & Voigt, 2004).

Based on Fong, et al., (2019) research, it can be inferred that a higher degree of cultural divergence between two organisations is associated with a reduced probability of engaging in merger and acquisition (M&A) negotiations. Nevertheless, it can be argued that cultural variations have a slightly favourable impact on the negotiation's success rate after the commencement of the negotiation process. Moreover, these disparities have a notable favourable impact on the immediate abnormal return of the target firm and a slightly positive impact on the long-term abnormal return of the acquiring firm (Fong et al., (2019). Furthermore, (Bereskin, et al., 2018) concluded that the M&A integration process is impactful to the acquirer; hence it is important to ensure the smooth incorporation of the targeted firm so that there is a realisation of cultural fit or similarity as it is evident that it can be attributed to success or failure of M&A deal. Sarala, et al., (2019) argues that a deeper understanding of the "human aspect" of M&As is necessary to improve understanding of the impact of cultural differences on the efficacy of M&As. Among the many facets that fall under this umbrella are emotional processes, people's willingness to get involved and take charge of implementing change, people's opposition to this change, and methods and tools for managing human resources. Overall, it is possible to bridge cultural differences and turn a negative influence into a positive one through the implementation of strategies such as leadership, cultural education, information systems, and the adoption of tools that facilitate cultural integration (Wang, 2019, Reddy, & Swetha, 2017).

2.7.   Culture Integration during the merger and acquisition

The literature suggests that many tactics can be employed to integrate organisational cultures in a merger or acquisition context successfully. These tactics can be found in diverse literature and online resources. According to Brahy (2006), six phases can be utilised to identify potential risk areas, eliminate detrimental cultural assumptions and misinterpretations, and provide all those involved with the essential cultural awareness required to effectively leverage organisations mergers or acquisitions for long-term success. The steps involved in this process encompass eliminating detrimental cultural assumptions and misperceptions, eradicating damaging cultural assumptions, and providing all participants with essential

cultural awareness (Brahy 2006), The following procedures can be advantageous in detecting potential risk areas, addressing, and dispelling cultural preconceptions and misperceptions that may be damaging, and fostering a greater level of cultural understanding among all participants. One of the processes involved in this process is the eradication of detrimental cultural preconceptions and misperceptions, alongside eliminating damaging cultural assumptions. Lakshman, (2011) proposes that effective practices for integration in mergers and acquisitions should encompass knowledge leadership, cultural knowledge integration, early involvement in integration process design, and variables associated with causal ambiguity.

These components are crucial elements within Lakshman's knowledge-based theoretical framework for cultural integration. According to Lakshman, (2011), the methodology employed for cultural integration in mergers and acquisitions is grounded in knowledge. Identifying these important components as integral elements of successful integration procedures, specifically in the context of mergers and acquisitions (M&As), has established their significance. Lakshman (2011) posited this notion as a potential resolution. In concluding remarks, (Appelbaum, Roberts, & Shapiro, 2013), engage in a comprehensive analysis that juxtaposes and evaluates the cultural alignment, cultural prospects, communication strategies, and managerial direction and leadership in both prosperous and unsuccessful mergers and acquisitions. The individual places significant value on the role of communication and cultural evaluation in assessing the suitability and compatibility of individuals, as well as in providing essential advice and direction for decision-making and planning processes crucial to management during all phases of a merger or acquisition.

The studies suggest that cultural integration is a crucial factor in the success of mergers and acquisitions (M&A). Krohwinkel & Svensson, (2005), argues that cultural aspects are often overlooked in M&A and that Executive Committees must focus more on core values, beliefs, and attitudes. Furthermore, studies suggest that leadership is one of the most important factors in determining whether or not an M&A transaction will successfully integrate different organisational cultures. Kavanagh & Ashkanasy (2006) strongly emphasizes the significance of communication, openness throughout the change process, and the development of capable and educated leaders who can transform organisations. Accordingly, to have successful cultural integration following a merger or acquisition, strong leadership, communication that is both open and honest, and a pre-merger cultural audit are required (Saunders, et al., 2009).

The tension produced because of the merger of two organisations not only puts into question the established organisational forms, practices, and cultures but also makes room for the

emergence of a new narrative (Garcia-Lorenzo & Nolas, 2005). Horwitz, et al., (2002), emphasise how important it is to have a unified plan for integrating the two organisations, including joint teams, efficient communication, and appropriate HR practice (Michael & Kai-Uwe, 2017) places a strong emphasis on the importance of an individual's readiness to understand, adapt to, and tolerate differences in cultural norms. Furthermore, (Michael & Kai-Uwe, 2017), suggest that top management should plan for cultural integration to be systematically and precisely integrated to achieve effective change. The failure to effectively manage cultural differences during mergers and acquisitions can result in flaws that slow down the integration process and threaten its success (Sciriha & Debono 2017).

Mergers and Acquisitions are one of the ways that effect the change process in the organisation that is either acquired or targeted. Among other things, mergers often produce change that is imposed on the leaders (Kavanagh & Ashkanasy, 2006), and one way or another, organisational culture becomes part of the change process. Subsequently, Chmielecki & Sułkowski, (2016) states that culture is the personality of an organisation, and (Shaari, 2019) called it the infrastructure of an organisation, changing it will be faced many challenges. Kavanagh & Ashkanasy (2006) suggested that for change to be effective top leadership must drive the change process. Hence, Naz et al. (2022) further suggested that in managing change during post-merger integration, it is imperative that middle managers are involved in the process to balance the employees' emotions.

Kavanagh & Ashkanasy, (2006). concluded that "during times of change, it is important that the organisation's leaders create an atmosphere of psychological safety for all individuals to engage in the new behaviours and test the waters of the new culture." Denison & Ko (2016) highlight the fact that many organisations and leaders are fully aware of the importance of culture in M&A. Hence, (Gautam, 2022) suggest that management should play a crucial role in supporting of integration process by arranging a socialisation program and training and development, team responsibility for culture and knowledge sharing culture at work to subsidise fear, anxiety, stress among employees. The role of Leadership during these circumstances is to create communication channels and collective culture to countermeasure resistance to change from the employees, which may arise because of fear of losing their jobs. Over and above this, the leadership of both acquired and targeted should ensure that they are well vested (Sciriha & Debono 2017) in the cultures of both organisations and the third emerging culture differences to win the employees' trust. Accordingly, in organisational culture, managers and leaders are the ones who both define and transfer cultural traits across their organisation. In general, it can be suggested that businesses can ensure the effective integration of organisational cultures by first comprehending and acknowledging the existence

of cultural differences and then planning and putting integration strategies into action methodically and precisely.

2.8.   Dealing with culture change process during Merger and Acquisition

According to the literature, dealing with organisational change in the context of mergers and acquisitions is a complicated process influenced by several factors. (Kansal & Chandani, 2014), identifies several factors that contribute to change, some of which are system dynamics, change that is structure-focused, change that is person-focused, and issues related to profitability. Furthermore, (Kansal & Chandani, 2014) underscored those factors such as lack of communication, an unclear vision, an improper reward system, confusion and frustration, the power of habit, fear of the unknown, fear of insecurity, loss of competency, and a lack of support contribute as factors to resistance to change. Once the organisations have joined forces either through merger or acquisition, change will inevitably take place. Employees will be expected to either adapt or change to a new way of working, for example, reporting structures, practices, and policies. Organisations always evolve to become more productive, efficient, and effective in their mission (Briody, et al., 2012). Hence, (Kang, et al., 2020), state that once engaged in a merger/acquisition, they will be deeply impacted by culture and organisational change.

Above and beyond, Kavanagh (2006) discovered that individual perceptions about how the process is handled and the direction in which the culture is moved significantly impact the success of a merger. Sørensen, et al., (2011) emphasise that organisational change creates new circumstances and affects work environments to the extent employees become uncertain, vulnerable, and distrust the organisation. Furthermore, Guzey & Yurtseven (2011) discovered that employees' expectations can be dashed during mergers and acquisitions, resulting in feelings of betrayal. It is, therefore, crucial for organisational culture to be managed during M&As. Feng, (2005) and Cullen, (2017), suggest that to successfully change a company's culture after a merger or acquisition, it is necessary to establish trust among employees, have strong leadership, selectively integrate cultural characteristics, encourage participation from workers, and utilize evaluation methods for evaluation and direction.

Mbeba, (2018), underlines the significance of cultivating adaptable organisational cultures to respond effectively to changes, particularly those arising from mergers and acquisitions (M&A). Thus, justify the introduction of change management whenever organisations deal with culture change in mergers and acquisitions. Change management has numerous meanings, but for the purpose of this research, (Radović-Marković, 2008) describes it as a process of recognising, guiding, and managing aspects of human reactions in the essence of minimising

the impact on productivity that come with change. According to the findings (Rafferty & Restubog, 2010), an employee's perception of the change process and context can influence the employee's reactions to a merger, affective commitment to change, job satisfaction, and intentions to leave the company. Giving to the study conducted by Gayathri, (2019), it was observed that employees undergo feelings of uncertainty and fear throughout and following mergers and acquisitions (M&A), which might have an impact on the overall work culture and job satisfaction. (Lebghadi & Zammar, 2023), emphasised the significance of change management in accomplishing the goals of mergers, naming resistance and difficulties in integration as two of the most common obstacles.

Kavanagh (2006) placed a strong emphasis on the significance of leadership and change management strategies in the process of encouraging individuals to accept cultural shifts. According to (Sanda & Adjei-Benin, 2011), improving employee satisfaction with merger-induced organisational changes requires effective communication and approaches that encourage staff members' participation. (Soundarya, et al., 2019), proposed several solutions to the challenges posed by human resource issues, which were discussed along with their potential effects on the success of mergers and acquisitions. The overall view is that organisational change during mergers and acquisitions requires careful planning, effective communication, leadership, change management, and attention to issues about human resource management.

The literature indicates that organisational culture substantially influences the process of organizational change. The approach in dealing with culture change in M&A, Engert et al. (2019) asserts that the real questions begin in managing and aligning how things are going to work. Furthermore, things can get hard because of different views and opinions. According to Kang (2020), confusion and conflicting evidence from previous literature regarding the outcomes of M&A suggests that there is a need for a guiding process to help two cultures synergize. It is further suggested that governance model(s) should mirror the importance of cultural aspects if a change is to stay (Engert et al., (2019). Andriukaitiene, et al., (2018), examines the significance of effectively managing organisational culture as a crucial element in facilitating organisational change. Conversely, (Banutu-Gomez & Banutu-Gomez, 2016), underscores the significance of organisational change and development. Hence, (Hussain, et al., 2018) provide an analysis and critique of Kurt Lewin's change model, which consists of unfreezing, movement, and refreezing. In addition, Marks & Mirvis (2011) suggest a similar Kurt Lewin model to deal with culture change in mergers and acquisitions, which incorporates three phases in M&A. However, effective change management is characterised by several key variables, including change leadership, communication, employee engagement, and

employee commitment (Makumbe, 2016). In addition, (Dempsey, Geitner, Brennan, & McAvoy, 2021) determined that top management commitment, early active participation from all individuals, effective communication, and creating a vision or change message are key success factors. Equally so, determined that failure factors include resistance to change, standardized concepts, and viewing change initiatives as having a short-term focus (Dempsey et al., 2021)

2.9.   Conclusion of Literature Review

The literature above has highlighted why companies have been merging or acquiring each other over the years and continue to do so. It has been demonstrated that mergers and acquisitions will continue to be an attractive vehicle to achieve growth strategy in emerging and developing countries to mitigate economic pressures and address other economic variables. Despite the unsuccessful track records of mergers and acquisitions failures, they remain the foremost strategy for growth. This paradox of high growth potential but low delivery resulted in several research and theories to be carried out and developed to investigate why organisations merge and what elements influence the success or failure of such transactions. It has, however, emerged that culture plays a significant role in the success of mergers and acquisitions. According to Kazík (2012), failure rates in post-merger integration can be relatively high if the cultural influence is underestimated. Hence, the importance of managing cultural differences and dealing with cultural change during the integration phase will require a holistic perspective when integrating different cultures. Sciriha (2017), noted that inadequate management of cultural differences in the context of mergers and acquisitions can lead to deficiencies that impede and jeopardize the integration process. It is also worth noting that the literature demonstrated that the impact of cultural differences is multifaceted and substantial, while is not fully understood. The disparate outcomes observed in studies about the effectiveness of mergers and the influence of organisational culture envisaged that the study would guide in identifying barriers and enablers of culture during the integration process in M&As.

Chapter 3: Research questions

3.1. Primary research question

Based on post-merger and acquisition failure rates and culture influence, the research will provide insight into factors prohibiting or enabling culture integration in mergers and acquisitions. Therefore, the primary question is framed as follows.

Primary question: What is the impact on the integration process caused by culture disparities?

Sub-research questions

In addition to the research question - to evaluate the influence of culture differences post-merger and acquisition, the four supplementary research questions are formulated as follows.

Research question 1: What is the motivation that led to M&A?

Research question 2: What is the effect of culture differences in the integration process?

Research question 3: In what way are both organisations managed and integrated during the integration process?

Research question 4: In what way are both organisations dealing with culture change?

Table 1 displays the proto themes together with their respective research questions and distinctive knowledge gaps derived from the literature in Chapter 2.

Table 1: Mapping Research Questions to Knowledge Gap

Knowledge Gap	Research Questions
Theme: Motivation organisations merged or acquired **KG 1:** Over the years, mergers and acquisitions have been used as a strategic combination to expand markets and strengthen the competitive advantage. Furthermore, (Goksoy, 2019) mentioned the various reasons why M&A is taking place, namely, cost and risk reduction, improving efficiencies and creating synergies, easy market entry, diversification, shared resources, economic of scale, and building organisation generational means. Likewise, (Bergamin & Braun, 2018) state that M&A is used to transform businesses to venture into new markets, eliminate competition, and attain valuable resources and assets. Although the objective of many organisations for choosing this strategy is to realise better performance, the results show the opposite effect (Pranajaya, 2022)	**RQ1:** What is the motivation that led to M&A?
Theme: Influence/Impact of culture differences in M&A **KG 2:** According to Lodorfos & Boateng (2006), the presence of cultural differences between merging organisations plays a significant role in influencing the effectiveness of the integration process and, subsequently, the overall success of the merger. On the contrary, Remanda (2016) states that it is not the determining factor of M&A outcome, but it's worth is crucial in achieving new synergies. In assessing the above, cultural differences can certainly be either an asset or a liability in the integration process, depending on the management of the entire process. According to Zhang (2010), cultural differences not only have the potential to have a significant negative impact on the integration process, but they also play an important role in the process itself. However, the presence of cultural disparities between the merging organisations may lead to emotional and cultural conflicts commonly referred to as cultural clashes (Bajaj 2009). These clashes occur when employees from both sides strive to uphold the symbols, attitudes, values, and beliefs associated with their respective cultures	**RQ2:** What is the effect of culture differences in the integration process?

Theme: Integration impact on management and performance

KG 3: Furthermore, studies suggest that leadership is one of the most important factors in determining whether or not an M&A transaction will successfully integrate different organisational cultures. Kavanagh & Ashkanasy (2006) strongly emphasizes the significance of communication, openness throughout the change process, and the development of capable and educated leaders who can transform organisations. Accordingly, to have successful cultural integration following a merger or acquisition, strong leadership, communication that is both open and honest, and a pre-merger cultural audit are required (Saunders, et al., 2009). Hence, (Gautam, 2022) suggests that management should play a crucial role in supporting of integration process by arranging a socialisation program and training and development, team responsibility for culture, and knowledge sharing culture at work to subsidise fear, anxiety, and stress among employees. The failure to effectively manage cultural differences during mergers and acquisitions can result in flaws that slow down the integration process and threaten its success (Sciriha & Debono 2017)

RQ3: In what way are both organisations managed and integrated during the integration process?

Theme: Dealing with culture change during M&A

KG 4. Kavanagh (2006) placed a strong emphasis on the significance of leadership and change management strategies in the process of encouraging individuals to accept cultural shifts. According to (Sanda & Adjei-Benin, 2011), improving employee satisfaction with merger-induced organisational changes requires effective communication and approaches that encourage staff members' participation. In addition, (Dempsey, et al., 2021) determined that top management commitment, early active participation from all individuals, effective communication, and creating a vision or change message are key success factors. Equally so, determined that failure factors include resistance to change, standardised concepts, and viewing change initiatives as having a short-term focus (Dempsey et al., 2021). The overall view is that organisational change during mergers and acquisitions requires careful planning, effective communication, leadership, change management, and attention to issues about human resource management.

RQ 4: In what way are both organisations dealing with culture change?

Chapter 4: Research Methodology and Design

4.1.　Research Paradigm

Firstly, this section will explain and justify the research paradigm, choice of research methodology, and research design strategy. Secondly, will present and explain the selected approach in which data was collected and analysed.

Given the research questions, qualitative research was used to explore the effect of organisational culture in the M&A integration process. The qualitative and quantitative research are regularly compared, although they have different perspectives of word views. According to (Hammarberg, et al., 2016), quantitative research methods are characterised by factual data or numbers to answer a research question. In contrast, qualitative research methods are characterised by non-numerical data, for example, interviews to answer a research question. Furthermore, quantitative can also be heterogeneous and deliver better generalisability of the findings given the typically large sample sizes. However, qualitative can offer more insight into what a phenomenon looks like (how it manifests), why it occurs, or how it plays out under certain conditions. Qualitative is also useful in studies where full construct clarity has not yet been achieved in the literature, or a particular phenomenon has been under-investigated (in general or in a specific research setting).

Qualitative research is considered (Hammarberg et al., 2016) because it aims to understand experience, meaning, and perspective from participant natural settings. The method intends to answer questions about the 'what', 'how', and 'why' of an event rather than 'how many' or 'how much', which are usually quantitative questions (Patton & Cochran, 2002). The research intends to understand M&A's high failure rate that culture depicted as one of the causes. Since the impact of culture cannot be quantitatively evaluated, it can be argued that a qualitative study is appropriate for this research because different participants from various organisations were interviewed. Anas & Ishaq, (2022) state that a qualitative study is holistic in nature as it focuses on a wide range of populations for a specific problem that impacts the total population.

4.2.　Research design

The main research question was determining the impact of culture disparities during the integration process in M&As. The knowledge gaps that underpin this research and inform the primary research question (see Chapters 1 and 2 and Table 1 of the previous chapter) suggest a lack of scholarly consensus regarding the topic. Therefore, this study proposed an interpretivist research approach within a broad qualitative paradigm. The researcher asked the question to gain insights from multiple points of view and multiple participants to achieve

triangulation (Tracy, 2019). Rahman (2020), states that interpretivist analysis is the social phenomena from the participants' standpoint - "to gain insights into others' viewpoints, beliefs and attitudes" (Tracy, 2019, p.41). This illustrates that the study gained insights from individual participants across organisations who had life experience in culture integration during the process of M&A.

The phenomenology strategy was chosen because the nature of the problem that was under investigation required in-depth exploration of one or more individuals who had experienced culture integration in M&As (Mohajan, 2018). In addition, Petty, Thomson, & Stew, (2012, p. 379) state that "the focus of this methodology is on understanding the unique lived experience of individuals by exploring the meaning of a phenomenon". Exploration helped to gain a deeper understanding of participants' experience with the factors that prohibit/enable culture integration in M&A. Qualitative research is inductive in its nature (Saunders et al., 2019). It is appropriate for the context because (Mohajan, 2018, p. 1) "explore meanings and insights in a given situation".

Since the study intended to adopt an interpretivist paradigm and inductive approach to create a deep understanding of the context, a mono method within a cross-sectional timeframe is appropriate. A single data collection tool was administered, while triangulation was achieved through the composition of a sample group. The interpretivist paradigm was chosen in this study because it provided an in-depth understanding of respondents' perspectives and an in-depth analysis of the data obtained (Alharahsheh & Pius, 2020). In this regard, individuals' views about culture integration in M&A were established through semi-structured interviews to gain deep insight and understanding. As stated, semi-structured interviews were utilised as a single data collection instrument (Al-Ababneh, 2020). According to (Mashuri, et al, 2022), the utilisation of semi-structured interviews enables researchers to acquire comprehensive information while ensuring alignment with the objectives of the study.

The research adopted a cross-sectional approach, given the time constraints of the study. This implies that data was gathered at a moment in time and, therefore, not revisited, as would be data obtained through a longitudinal design. In this approach Due to the limited time available, this study's data gathering strategy (Al-Ababneh, 2020; Saunders et al., 2019) proved most appropriate.

4.3.   Population

The population was defined as a complete set of group members/people or items, which could be individuals or organisations one needs to understand for the purpose of the study (Rahi, 2017, Saunders & Lewis, 2018). Given the chosen phenomenological approach, this study considered the research universe to consist of individuals who had been involved in M&A activity in South Africa within the last five years. Due to the respondents' very close temporal proximity to the event, the recollection of this experience has not yet significantly diminished. These individuals comprised senior or middle managers or Human Resource professionals with direct experience of the phenomena under investigation.

4.4.   Unit of analysis

The unit of analysis (Roy, et al., 2015, p. 244) is defined . . . as the "who" or "what" for which information is analysed and conclusions are made. The unit of analysis in this study were the individuals who were in senior, middle, and human resource management, who worked for either acquired or targeted organisations, and who had direct experience of an M&A event within the last five years. The researcher obtained insights about the relationship between M&A activity and organisational culture effects from targeted respondents. It should be noted that the unit of analysis operated at the individual level, however, the researcher drew inferences at the meso/organisational level during the analysis phase of the research.

4.5.   Sampling method and size

Since the purpose of this research design was exploratory, heterogeneous purposive and snowball sampling techniques were utilised. Therefore, heterogeneous purposive sampling technique was employed for individuals within the organisations, while snowball sampling was adopted to identify potential individuals beyond the researcher's professional network. These mixed sampling methods were unavoidable given the time constraints and arguably a small pool of participants to gather and analyse data from (Saunders et al., 2019). The method utilised to obtain non-probability heterogeneity was judgemental sampling to provide information about factors that influence culture integration in M&As. Furthermore, heterogeneous purposive sampling was used because it was significant for the research sample to have an adequately diverse group to provide maximum variation in the data collected (Saunders, et al., 2019). The underlying premise is that the study intended to find patterns in factors that influence the culture integration in M&A positively and negatively.

Given the need for data saturation, coupled with the time constraints of the research, a sample size of fourteen interviews were conducted for qualitative data analysis. The individuals were selected from the researcher's professional networks within industries in South Africa and

business school. Table 2 presents the summary information of all fourteen interview participants. According to Saunders and Lewis (2019), when dealing with a heterogeneous sample population that exhibits greater variability than a homogeneous sample, it is recommended to have a sample size ranging from 12 to 30 to achieve data saturation. (Busetto, Wick, & Gumbinger, 2020), argued that in qualitative research, no specific sample size is needed, nor is it required to be determined a priori, and should be a continuous process until saturation is met.

Table 2: Information Summary of Interview Respondents

Industry Sector	Type of transaction	Respondents
Consumer Healthcare X	Acquisition	1
Consumer Healthcare Y	Acquisition	1
Pharmaceutical P	Merger	2
Pharmaceutical Q	Acquisition	2
Manufacturing	Acquisition	1
Fast-moving consumer goods	Merger	1
Mining	Acquisition	1
Agro processing	Acquisition	1
Construction	Acquisition	1
Financial Services K	Acquisition	2
Financial Services R	Merger	1
	Total	**14**

4.6. Measurement instrument

The semi-structured interviews were set up with senior or middle managers and HR professionals to collect primary data. The measurement instrument utilised in this study consisted of an interview guide incorporating a semi-structured interview strategy. The guide helped provide uniformed questions to ensure that the interviewer and respondents stay within the parameters of the research's intended topic question, while still allowing for a brief investigation for unanticipated avenues of inquiry. This was the benefit of a semi-structured approach. Furthermore, the interview guide was developed with open-ended questions that were used by the researcher to compare their responses with the intention of revealing the purpose of the research study. The study adopted semi-structured interviews to explore further or investigate the research dilemma stated in section 4.1. Saunders, et al., (2019), suggest that before the interview process, the researcher needs to start with pre-formulated topics that guide the interview sequence. The researcher ran a pilot test prior to the official launch of the

process. Saunders, et al., (2019) describe the pilot test as a method in which the interviewer collects data from a small group of similar respondents to the actual sample. The purpose of the pilot test was to establish whether the interview questions were clearly formulated by the researcher and understood by respondents. This allowed the interview schedule to be tested under live conditions and benefits the instrument's validity and reliability. The interview guide was adapted and developed from the study conducted by Otterspeer (2016). To enable the flow of dialogue the interview guiding questions were rearranged and grouped. This was purposefully done to address knowledge gaps discovered in the literature review and research questions to suit the parameters and research intended for the researcher's current investigation. Table 3 below represents a developed interview guide incorporating these merger and acquisition stages to ensure complete coverage of each research question.

▪ Pre-combination stage - Merger/Acquisitions,

▪ Combination stage - During the integration process

▪ Post-combination stage - After the completion of the integration process

Table 3: Interview Questions mapped to align with knowledge gap and research questions.

Knowledge Gap (KG)	Research Questions (RQ)	Interview Questions
Theme: Motivation organisations merged or acquired **KG 1:** As per Table 1 in Chapter 3	**RQ1**: What motivation led to M&A?	1. What was the motivation for the merger/acquisition? 2. To what extent are both companies integrated? 3. How did employees feel about the merger/acquisition prior to the merger/acquisition
Theme: Influence/Impact of culture differences in M&A KG 2: As per Table 1 in Chapter 3	**RQ2:** What is the effect of culture differences in the integration process?	1. What were the main cultural differences between the two companies before to the merger/acquisition? Were the two cultures close to each other or were there major cultural differences? 2. What are the main cultural differences encountered during the integration process between both companies? 3. How, if at all, have cultural differences contributed to miscommunications and perhaps decreased performance? 4. Have cultural differences led to other consequences within the merger or acquisition? 5. What impact do you think cultural differences have on the integrating process?

Theme: Integration impact on management and performance **KG 3:** As per Table 1 in Chapter 3	**RQ3:** How are both organisations managed and integrated during the integration process?	1. How was the integration plan set up in advance? What has been done to both companies /integrate management styles as well as possible? 2. Has the business structure, management and/or procedures been improved after the merger? Where, how, and why?
Theme: Dealing with culture change during M&A **KG 4.** As per Table 1 in Chapter 3	**RQ 4**: In what way are both organisations dealing with culture change?	1. What do you believe is the most effective way for overcoming cultural differences? 2. Do you have suggestions for the simplest way to bridge cultural gaps during the integration process both before and after the M&A? 3. Will mergers/acquisitions be more successful between companies that are closer or further from culturally different, do you think? Why

4.7.   Data gathering process.

The data-gathering procedure adopted was semi-structured interviews. The semi-structured interviews were most suitable as they allowed the researcher to dig deeper to find more information, insights, and critical comments. In addition, the reason for this approach was because it helped the researcher (Al Balushi, 2016), to gain in-depth data from participants' perspectives. A semi-structured technique was used since it allowed the interviewer to ask a series of integrated questions about specific themes discovered in the literature that corresponded to the study question (Saunders, et al., 2019). As the interviews progressed, new information emerged, and, in some instances, information was not forthcoming, and as such, it allowed the researcher to probe for more clarity or details. A total number of 23 interviews were scheduled, although only 14 respondents participated. Five respondents withdrew at the last minute, and four did not honour the appointment. Due to time constraints and short notice, the replacements were not scheduled. The approach used to collect data was by conducting online semi-structured interviews through Microsoft Teams and Zoom. The online platform was chosen because the participants preferred to be interviewed while on lunch, after hours, and in the evenings from their private homes. The semi-structured interviews lasted between 30minutes to 50minutes. The interviews with senior or middle or HR professionals were conducted. All participants were informed about the consent letter and requested to send a signed copy. Additionally, the participants' interviews were digitally recorded and transcribed by an online platform through the permission granted. Furthermore, the notes were taken during the interviews to record the participants' responses and any relevant observations. The cleanup of digitally transcribed data of interview responses was done and analysed using text format as suggested by (Saunders, et al., 2019). In conclusion, to ensure confidentiality in Chapter 5, the participants will be given an alphabetical identifier.

The maximum number of participants who were interviewed who worked in a similar organisation did not exceed three personnel. Conducting interviews with a maximum of three persons from the same organisation served as an effective method of triangulation, as it aimed to verify the implementation of cultural change from many perspectives. According to (Saunders, et al., 2019), triangulation can be accomplished by utilising two or more independent data sources simultaneously.

4.8. Analysis approach

The data analysis approach adopted was the inductive approach (Saunders, et al., 2019), which seeks to build a theory by analysing data collected already. According to (Thomas, 2006, p.238), inductive analysis is "an approach that uses detailed readings of raw data to derive concepts or themes or model." The inductive analysis uses computer-aided qualitative data analysis software (CAQDAS), which is Atlas Ti, to enable data to be prepared and analysed (Saunders, et al., 2019). The inductive analysis helped to describe the codes about key constructs of the research questions and objectives. The thematic analysis was used (Saunders, et al*.,* 2019), to identify themes and patterns across the data.

The initial phase in the procedure involved uploading the transcribed data into the Atlas Ti. Before uploading the data, the transcription underwent a process of removing the names of the participants or organisation. Consequently, the file was stored using generic headers such as Respondents, A, and B. The second phase entailed a comprehensive review of all transcripts to identify the diverse activities that either facilitated or impeded cultural integration. Each operation was documented within the specific phase of the merger and acquisition process. Over time, a pattern emerged where comparable behaviours were recurrently observed upon introducing fresh transcripts. The utilisation of Atlas Ti was employed for this task. After identifying each action, a thematic analysis was conducted on them. The themes served as the foundational basis for the extensive theoretical framework that will be elaborated in the sixth chapter.

4.9. Quality controls

Due to the subjective nature of qualitative research, it was important that strict quality control was done throughout the entire process. This guaranteed reliable, accurate, repeatable, and authentic results. Hence, Tracy, et al., (2019) state that quality controls provide rigour in qualitative research to ensure the researcher does not influence the data collection and analysis. Evaluating the data collection and measurements through data validity and reliability was a crucial requirement to guarantee this result (Saunders, et al., 2019). Validity ensured that the data collection method accurately measures data that addresses the purpose of the study (Saunders, et al., 2019). A deliberate effort was made to remove preexisting biases from the participants' selection process to ensure the validity of the data sample, as doing so prevented the collection of a comprehensive and diverse sample. Furthermore, (Saunders, et al., 2019), state that the data gathered, assessed, and interpreted may potentially be impacted by researcher biases. To lessen the impact of possible biases, the researcher ensured that the interview guide had contained a set of questions that were consistently applied to all respondents (Appendix B). The researcher has maintained objectivity and refrained from

expressing personal opinions in response to the interviewee's answers. In addition to having reliable findings from data analysis, it was crucial to have repeatable results from the chosen data-collecting technique (Saunders et al., 2019). Reliability was about ensuring consistency with research findings based on the chosen data collection method (Saunders, et al., 2019). In this instance, the reliability was guided by the consistency of questions from the interview guide. The method of gathering and analysing research data was organised and standardised to ensure reliability. Interviews were recorded, transcribed, documented, and processed by the established procedure. To further strengthen the reliability of the findings, (Saunders, et al., 2019), suggested a thorough process of triangulation with the use of multiple data sources, which was done in the researcher's study. In addition, (Tracy, et el., 2019) further state that various types of data were seen through multiple lenses to achieve triangulation.

4.10. Limitations

The research study was limited to M&As in the South African context, with data collection only at senior, middle, and human resource management. Another limitation stemmed from the fact that many respondents held positions of senior management and, as a result, introduced the potential of their own bias. (Vaara, et al., 2014, and Asaoka, 2019), have previously established that managers exhibit a certain level of attributional bias when providing explanations for the outcomes of mergers and acquisitions. The recollection of thoughts was another limitation, as some merger or acquisition events happened five years ago. The interviewees' recollections may have faded over time, and not all the businesses included here were merged or acquired in the same year. According to (Homburg, & Bucerius, 2006), this study has the same limitation as many previous primary-data M&A studies: it takes three to five years to accurately assess the results of a deal.

The small sample size of 14 respondents introduced limitations to the study. As a result of the small sample size and research methodology used, the study raises the issue of generalisability; therefore, it cannot be generalised. Furthermore, there were limitations in terms of cross-sectional versus longitudinal study. Expanding the study's time to include a longitudinal study, in which participants are questioned many times to follow their thoughts and experiences, may assist in acquiring better insight. According to Saunders, et al., (2019), the cross-sectional design is the "snapshot" research with time constraints, while the longitudinal design is the study of the subject over a lengthy period.

Chapter 5: Results

5.1.   Introduction

This chapter provides an overview of the results from the semi-structured interviews with middle, senior, and human resource managers who were part of the organisations that went through M&As in the last five years. The interview questions were adapted from Otterspeer's (2016) interview guide to align with knowledge gaps and research questions in Chapter 3. The consistency matrix presented in Appendix A was utilised to validate the congruence between the knowledge gaps, research questions, and the data collection and analysis methods. The initial section of this chapter provides an overview of the participants, while the subsequent sections go into the findings of each study research question. In addition, several frequent themes emerged, which will be discussed in detail within the framework of each study research question.

5.2.   Participants

The organisations and participants were wide-ranging across all South Africa. As part of this research study, having diverse participants within different organisations was important. The aim is to spread the research findings to a broad range of individuals. Fourteen semi-structured interviews were done using purposive and snowballing sampling methods. These interviews were conducted using online platforms such as Microsoft Teams and Zoom. The face-to-face interviews did not take place because of geographic spread of the respondents and the corresponding need to gain apples-to-apples comparability by using a standard interview protocol (i.e., all virtual). The interviews in Microsoft and zoom platform were recorded and transcribed to conduct a thorough thematic analysis. During this analysis, certain codes and themes were identified and carefully examined about the study research questions—the software ATLAS. Ti was used to identify frequent codes, and these codes were employed to assess data saturation. Table 4 below summarizes the sample participant code, industry sector, type of transaction, position in the company, and ranking in the management position. One of the participants has been in a non-executive director position for various organisations with experience of more than 40 years. As for the rest of the participants, experience ranges from 4 to 25 years. All the interviewees expressed their involvement in organisations that went for either merger or acquisition. The first-line codes were 110 and were reduced number following a process of compaction where codes were consolidated, for example different respondents used different language to describe the same phenomenon). As a result, total of 69 codes emerged from 14 interviews and are listed in Appendix C

Table 4: Summary of the research sample

Participant code	Industry Sector	Type of transaction	Position within the Company	Ranking in Management
Respondent A	Consumer Healthcare X	Acquisition	Assistant Transformation Manager & Communication Champion	Human Resources
Respondent B	Consumer Healthcare Y	Acquisition	Regulatory Affairs Manager	Middle
Respondent C	Pharmaceutical P	Merger	Senior Administrator Operations	Human Resources
Respondent D	Pharmaceutical P	Merger	Human Resource Consultant	Human Resources
Respondent E	Pharmaceutical Q	Acquisition	Production Supervisor	Middle
Respondent F	Pharmaceutical Q	Acquisition	Production Pharmacist	Middle
Respondent G	Manufacturing	Acquisition	Sales Manager	Senior
Respondent H	Fast-moving consumer goods	Merger	Packaging Manager	Senior
Respondent I	Mining	Acquisition	Non-Executive Director	Senior
Respondent J	Agro-processing	Acquisition	Process and Projects Engineering Manager	Senior
Respondent K	Construction	Merger/ Acquisition	Financial Director	Senior
Respondent L	Financial Services K	Merger/ Acquisition	Information Technology Head	Senior
Respondent M	Financial Services K	Merger/ Acquisition	Senior Compliance Officer	Senior
Respondent N	Financial Services H	Acquisition	Financial Director	Senior

5.3.   Results Presentation

This section will present the study results guided by the research questions from Chapter 3. After discovering the codes, descriptive tags were assigned to each research question. The codes were grouped according to the themes and research questions related to interview questions in Chapter 3. The overarching approach to presenting the results and the themes uncovered in the thematic analysis were used to classify research questions. To ensure the preservation of anonymity, the participants have been allocated alphabetical identities ranging from A to N with no specific name to the organisation. Instead, the name of the industry sector is used.

5.4.   Research question 1: What motivation led to M&A?

The primary objective of research question 1 was to understand the underlying motivations that drove mergers and acquisitions (M&As), encompassing the extent of integration and the sentiments expressed by employees. The three accompanying interview questions were formulated to gather insight from respondents. Furthermore, the questions were to ascertain employees' awareness and feelings regarding the impact of mergers and acquisitions before they occur. This was important information to determine the level of concern among employees and the opportunity to influence M&As positively or negatively. The most frequent codes related to research question 1 were identified as per table 5 below.

Table 5: Most frequent codes related to Research Question 1

#	Codes	Frequency count
1	Mergers and acquisitions sale	20
2	Employees feeling	17
3	Degree of integration	17
4	Employees experience	11
5	Employee perspective	8

Codes with a frequency count of 8 or above were deemed significant and subsequently subjected to thematic analysis to identify patterns or themes. The following section will critically analyse the findings concerning the discovered themes. There are three themes related to research question 1: the purposes for a merger and acquisition, the level of integration, and employees' reactions to a merger or acquisition.

5.4.1. Motivation behind merger and acquisition

The interviewed participants provided different reasons that led to mergers or acquisitions in their respective organisations they work(ed) for now and previously. Upon analysing the rationales provided by the participants, it becomes evident that organisations merge because of growth to fulfill or create certain markets and leverage each other in terms of products. In some instances, the respondents indicated reasons such as enlarging the business, becoming the powerhouse of the industries, and ensuring the skills required to drove the business forward were under one roof. The misrepresentation of finances and offloading of assets were other reasons respondents brought forward. Respondent C's organisation had different reasons to be acquired. This organisation was in the agro-processing/fast-moving consumer goods space. It was acquired by a company that specialised in mining equipment. The company had no choice but to be sold because the parent company misrepresented its financials, and it was in excess debt. This was a force sale to safe the organisation.

However, the researcher noted that besides strategic reasons, purchasers' table offers sometimes exceed expectations. As a result, it was difficult for other businesses to decline. Hence, this ended up being an acquisition or merger, depending on the terms and conditions set by an individual organisation. When the respondents were asked the reasons behind the mergers and acquisitions, they all gave different reasons as stated below:

Respondent A: *"That was the main motivation for the sale of the company. They were offloading. They're really. Offloading an asset."*

Respondent B: *"Now, in terms of the motivation behind a merger or an acquisition, in my earlier years, I've had two majors that I was part of, and the only reason why was because of growth. To try and create market share in the business space. Now I have also been involved in other smaller acquisitions more for as an opportunity for growth capital and an opportunity to dispose of an investment at a later stage after you have actually managed to turn around certain."*

Respondent C: *"The business had to be sold as the parent company had misrepresented its balance sheet to shareholders and incurred a total of in excess of 13 billion rand and the credit is called upon."*

Respondent D: *"In our case, it's more strategic to allow the business to fulfill a certain market space. I guess the opportunity that they saw allowed the insurance and the asset management to leverage off each other."*

Respondent E: *"So, in fact, that's how it happened. It was not just an acquisition. It was a merger for strategic reasons."*

Respondent F: "We actually didn't want to have only a 50% shareholding; we wanted to control the shareholding, so we've bought the other half of that organization, that skill entirely in-house. So that it would be a combined sort of marketing effort rather than both mining companies marketing separately, it was all done under one roof. So that was the reason to have us under one roof."

Respondent H: "So, the company produced an offer that another company could not decline -this is what led to the merger."

Respondent I: "For strategic reasons to give us power and make us one of the biggest consumer health care in the market."

Respondent J: "I think the major motivation was that the purchaser wanted one of our products, which was the world leader at that stage."

Respondent L: "As far as I collect, it was because of our over-the-counter products. More if I'd say it was financial driving in terms of the target market that they were looking to get."

5.4.2. The level of integration

One of the respondents noted that the degree of integration plays an important part in ensuring the success or failure of mergers and acquisitions. The respondent noted that when a merger occurs between a bigger and smaller size organisation, the higher the level of integration. However, when the integration occurs between similar sizes of organisations, the lower level of integration was.

Besides, it was stated that certain functions were easier to adopt when integrating or merging dissimilar organisations than others. One of the respondents further mentioned that the Human resource policies and procedures were much driven as they affected the employees of both organisations. They sometimes had to align with global policies because their organisation was international. It was also noted that total integration happened a lot if the bigger company is buying the small one. Only respondent M company ensures integration on the HR policies are well aligned with the new merger. However, the rest of other respondents nowhere they have indicated that any policies and procedures related to HR were part of integration. When the question of the extend of integration was poised to the respondents, below were the responses.

Respondent B: "So, the integration process is different now with the first company I was involved in. The merger with the integration process was quick because one party was too small for the other. So, it was absorbed as if it was an acquisition but a merger. Now, the second scenario is different because there were two companies of almost a similar size, and

in the process, the integration process took longer because of the power struggles of people in the same position from the different environments."

Respondent K: *"Well, the companies were totally integrated the larger company took over completely. The management of the smaller company. It incorporated some of the staff, I would say probably most of the staff, but it didn't incorporate everybody. So, the companies became one operating organization. All the products went into one product pool. All the staff went into one payroll and that was it. They were completely integrated from that point of view."*

Respondent D: *"And then you still have the broader insurance business operating, but the challenges there were gain the systems we were using, the environment, the platforms were completely different to what the group was using the Insurance Group, which made it very difficult to merge at the system level. Certain things you could, adopt where for example, our HR systems, our finance systems, because it was all set, so it was easier to consolidate other systems that was very specific to the businesses well, but just not possible to integrate."*

Respondent M: *"So very much my role was integrating from a policy and procedure point of view around the HR policy. I think that the marketing policies and things, and I stand corrected on that, probably integrated more closely with the business side of things. But a lot of the policy stuff that we integrated as it affects people, you know, disciplinary policies, procedures, I was very much driving that, and I think that I've probably, as a result, had a fairly strong influence around how those policies would play out."*

5.4.3. Employees' reactions toward merger and acquisition

The other theme that emerged in the context of mergers and acquisitions is employees' feelings, experiences, and perceptions the moment they hear or are informed of the merger or acquisition. The respondents indicated mixed feelings among employees. Because of the longstanding organisations, some people fear losing their job. In contrast to fear, respondents noted excitement because some employees saw opportunities and job security as some organisations were obliged to merge or acquire. The respondents that see the merger or acquisitions as an opportunity respondent as follows

Respondent B: *"Before the merger, everyone was positive in the sense that it created an opportunity for the bigger entity to compete with the other bigger role players in that industry, but naturally, there would be certain employees who get worried about their jobs because there is bound to be two people in the same position in certain instances due to the mergers."*

Respondent C: *"Well, the old parent company was busy laying off lots of people and downsizing, so being sold, people looked at it as an advantage that you would have job security."*

Respondent D: *"Some people see the opportunity in the merger; others would see the lack of opportunity and maybe foresee the job losses or because of duplication of jobs, etcetera. So, there would be a lot of anxiety in that in that scenario. So, it depends on which camp you belong to."*

What came strongly from one of the respondents was that employees were welcome to leave if they were unhappy with the new organisational culture. It was noted that the top management would better understand the direction the organisation was taking than lower staff employees. The respondents also indicated that overall nervousness was always cropping up because of the fear of the unknown future. Apart from feeling anxious, it was noted that some employees felt betrayed by the organisation and expected changes that might affect their future. Furthermore, the respondents said employees felt that their leaders sold them because they did not tell them the truth.

Respondent G*: "So, as it is, it's quite clear, if you're not happy, I mean, with the culture, you can live. So, most of us will remain; we are living the culture and are currently used to the same culture that we were like…."*

Respondent H: *"From top to bottom. I think, obviously, at senior management, there was more of an understanding of it. I think it was a lower sort of lower position, middle to lower, that didn't get the full understanding of it. And I think, as I say, there was just more than the unknown, really! The fear of the unknown".*

Respondent I: *"There was a bit of fear in terms of, you know, are we going to be getting heads, how is it going to affect people's jobs, you know, they're going to lose their jobs."*

Respondent J: *"I mean, people were like were felt threatened like and now it's going to be changed. We don't know what's going to happen in the future."*

Respondent K: *"Sold us down the river kind of thing, and that was a specific comment somebody made. And so, I think that initially there was a little bit of a feeling of being betrayed by the company like, you know, we had a lot of pride in who we were and how we operated as a business."*

Respondent N: *"So, they were very anxious, a lot of anxiety. We are losing our jobs. What's going to happen?"*

5.5. Research question 2: What is the effect of culture differences in the integration process?

This research question aimed to understand the impact and consequences of cultural differences in M&As during integration. The purpose of the five questions was to elicit responses from interviewees regarding the factors that they observed and experienced that have influenced cultural differences during the combination process. The most frequent codes were identified that relate to research question 2 as per Table 6.

Table 6: Most frequent codes related to Research Question 2

#	Codes	Frequency count
1	Culture difference organisations	22
2	Culture difference experienced	22
3	Impact of culture difference	20
4	Consequences of cultural difference	12
5	Performance and culture differences	9
6	Policies and values	8

Codes with a frequency count of 8 or above were deemed significant and subsequently subjected to thematic analysis to identify patterns or themes. The following section will critically analyse the findings concerning the discovered themes. Two uncovered themes related to research question 2: the culture differences observed and experienced and the impact of culture differences.

5.5.1. The culture differences observed and experienced.

The most important theme from the interviews was the culture differences observed or experienced in the organisation that merged or acquired each other. Respondents indicated that they observed and experienced differences in how new ideas and decisions were handled by their organisations versus new ones. It was also noted that the employees were happier when the organisation's environment was more open to listening to everyone, not being one-sided.

In profit-focused organisations, the respondents noted that employees were held accountable for their actions all the time. In addition, the respondents indicated that cultural differences impeded their way of working. For example, respondent F indicated that even to request team to work over the weekend there were processes that need to be followed. As their Head office was in London that made it difficult to requests of working over weekends. The respondent further said that in the previous company decision could be mad without HR involvement. The

researcher further finds that although there were culture similarities in some instances, things were not as smooth as expected.

Respondent B: "In this particular instance, the true mergers I have been part of are the major differences between the two offices. One was an open environment where everyone was happy to bring ideas to the table, and in the other environment, the ideas that would be appreciated were the ones that came from the top. So those were the major differences, and, in the process, certain employees would feel like their ideas are not being appreciated after the merger because the other party in their environment, that's not how they work."

Respondent C: "There were differences. The first was that there was more expected multifunctional performance in the old or the previous company. There were systems and things, but with the acquisition, there was a separation of powers, and everybody needed to bottle down for example, engineering only does engineering procurement, and procurement does only procurement. All other governance, risk, and compliance functions were separate entities, and many ways to deal with that. You are held accountable for what you are said to deliver. There are frank discussions if you miss your timelines and deadlines or you have absconded from your responsibilities."

Respondent D: "The culture in the asset management space is very agile and adapt. You want to be able to make decisions quickly. You want to be able to seize opportunities, so change in the asset management space is always happening. It needs to happen quick, whereas in the insurance space of the opposite, everything takes longer because you know the nature of the products selling completely to a different market."

Respondent F: "For instance, I would, if we had to get a tender out, by Monday, a big tender and we weren't finished, and now it is Friday afternoon, I'd be able to say to my team, guys, let's work Saturday and Sunday. I know it's the weekend, you might have got plans. I'm sorry about that. We've got to get this in. Let's work on Saturday and Sunday. And then I'll give you next Thursday and Friday off and then maybe Wednesday as well because they're working over the weekend. Fine, my guys would all say no problem at all; … will be here at seven o'clock tomorrow morning. And we'll work till it's finished. You couldn't do that anymore at Worley Parsons because you had to fill some forms in. And you had to get HR approval to do it."

Respondent H: "There was a lot of red tape, around anything that you do, but it was much more relaxed, and I think with our company, there were a lot more steps to take before any decision was made kind of thing, so it was a lot more. It was a lot more complicated, so it wasn't quick; nothing was quick decision-making. It was all sort of having to go through all the red tape."

Respondent K: *"So, from an operating point of view, we were in the same industry everything carried on as it was. But culturally, the company that was buying our company was very, very much more, I would say, profit-focused, much more than people-focused. The company I was in was much more to staff was a bigger focus, whereas the company that was buying us was basically fit in or move on kind of thing."*

Respondent M: *"Look, I think that people, as they got absorbed into it, either adapted to the new organization culture because I think a new culture was ultimately the overriding culture and those people who didn't adapt moved on. You know, those who couldn't align themselves with that culture, I think, left the organisation within a year."*

Respondent L: *"I say our old company was more about the people culture, having the people hear what they say. People always give their opinions and are happy to talk and things like that, whereas with a new company, you would have this is our structures and way of doing things: you are the number, you are the worker. We don't worry about whether you're good or have good ideas. We are just going to implement."*

5.5.2. The impact of culture differences

As a central and key theme emerged from this research question, the respondents found that the impact of the culture of difference has huge implications for the integration stage of mergers and acquisitions. The respondents indicated that it results in high resignation and decreased performance. The researcher also noted that culture needs to be the first area to be addressed when organisations merge or acquire each other. Furthermore, the respondents indicated that M&As don't produce the expected financial results as shareholders expected. In some instances, respondents indicated that if an organisation is absorbed in the bigger one, the culture is imposed on the employees or feels like overriding culture, adapt, or move on.

However, the researcher also noted that it has a positive impact in some instances. The respondents also noted that challenges lie with how the transition to the new organisation or between the organisation was handled and how well the employees were informed. The researcher further noted that if not properly handled, it impacts staff morale and productivity. In addition, if culture fit was not there, the managers were the first to leave the company. Furthermore, culture can help the organisation if it gets the importance, it deserves or vice versa. Hence, the respondent noted that organisations must understand the culture on both sides before embarking on the merger or acquisition.

Respondent A: *"Initially, it reduced it or decreased the performance. All I saw was a decrease in performance. It led to the resignation and retirement of two key people."* *"But from my experience, mergers and acquisitions don't always produce the expected financial results or*

that the shareholders expected. And part of the reason might be that the anticipated efficiencies and the cost savings were never realized because of bad cultural fit.”

Respondent B: *“Based on my assessment, the performance affected was at the leadership level because of the power struggles visible to all staff there. It created challenges, and some Senior leaders had to leave to allow the system to progress. I am still talking to some of them. Even though I have left that organization, I am aware that leaders from one of the two organizations are living because the other part of the merger, they are more domineering over the others.”*

Respondent D: *“If that's polarized within a merger and acquisition, you're going to find that it's going to impact your staff productivity, it will impact your staff morale, your staff, uh, you're going to have a bigger management issue in terms of trying to motivate staff to do the job that they paid to do, and that's a lot of work. So, the dominant culture would always choose what they want to present and how they want to present it, and that became a challenge for us.”*

Respondent F: *“So, that clash of cultures eroded much value. So, at the end of the day, they didn't get the value they felt they should have added to the organization because they eroded that value by trying to impose their culture. Yeah, you just affected morale. And if the morale in the organization is low, then the performance is lower as well. Individual Performance went down as well because nobody could see the benefit. we ended up with some ridiculous situations where work wasn't finished. Multi-billion proposals didn't go in on time; they weren't prepared.”*

Respondent G: *I remember very well. We had a deep performance because now you have new ways of work that we all have training, people don't understand the training at the same way, and when we come back from training, people are defining the training objectives differently. Let's say, for instance, or an example previously on the engineering department on each line, we would have four people representing engineering when they came in, they were like, NO. They took everyone from the lines and centralized everyone in one department. Nobody was watching on the line. We will only go into the line to do the maintenance as a team on that very day of maintenance. This affected the line performance because now nobody is overseeing to manage the daily executions of maintenance and engineering structures.”*

Respondent I: *“And I think it's a huge impact because you're bringing in two people from two different worlds. It can help the companies if considered and affect the company negatively, so you must understand both cultures.”*

Respondent J: "Yes, there were a lot of people that moved on. Many people in the company were bought - we call it the smaller company. A lot of those people who were given a job stayed in the job for a few months and didn't want it and moved on."

Respondent K: "I think the impact was huge. It is one of the first areas I think should be addressed when bringing companies together at the board level. You know, I'm talking to you from various experiences at the board level."

Respondent M: "More than 50% of middle and senior management just left this company. That just slowly degraded up to the point where I'm the last one standing, and then obviously was with the people on the floor being here because most of them don't have any way to go."

Respondent N: "There were a lot of clashes, a lot of clashes with their own personal values. So, culture can impact productivity. If you don't feel like you are part of the company or part of a bigger team, it will affect your output, so culture is very important. And people need to feel like they're included in the culture."

5.6. Research question 3: In what way are both organisations managed and integrated during the integration process?

This research question aimed to determine if organisations prepared any integration plan before the merger or acquisition. Likewise, understanding the tactics employed to incorporate management style and taking a broad view of general business structure, management, and procedure improved post-M&A. The purpose of the two questions was to elicit responses from the respondents regarding the integration plans and any improvements thereof. The most frequent codes were identified that relate to Research Question 3 as per Table 7

Table 7: Most frequency codes for Research Question 3

#	Codes	Frequency count
1	Integration process	20
2	Business and performance improvement	17
3	Changes: business and management structure	15
4	Challenges during the integration process	10
5	Management Alignment	8

Codes with a frequency count of 8 or above were deemed significant and subsequently subjected to thematic analysis to identify patterns or themes. The following section will critically analyse the findings concerning the discovered themes—two uncovered themes related to Research Question 3: Integration planning and post-M&A impact on management and performance.

5.6.1. Integration planning pre- and post- M&A.

The respondents identified that one of the aspects of successful mergers and acquisitions is pre-planning in advance to ease employee fears. The researcher noted that some organisations planned the integration to prepare the employees while some did not bother. Most respondents indicated that their organisations communicated to all staff before the merger or acquisition. The respondents also noted some challenges, although they believed they were fully integrated because culture is not easy to integrate. Furthermore, some respondents indicated they were training and integration teams to ensure everybody was integrated well into their respective organisations. All respondents indicated pre-M&A but not explicitly post-M&A integration planning.

Respondent A: *"As far as I'm aware, there was no plan for anybody. We read about it in the news media before it was communicated internally. There was no pre-integration planning; it was always the only thing they'd say. It was business as usual."*

Respondent B: *"Before the merger was done in terms of the physical integration of the staff. The department would meet and coordinate social activities to try and integrate people before people were physically integrated. The challenges were more internal, in the sense that internally is where you have people with positions, and when you have two people with the same position, you are bound to have strategic differences in terms of methodology and approach, and that's what created challenges because everyone knew that at some point one had to fall off the bus for the system to flow."*

Respondent C: *"I can't fully answer that, and the reason is that the new owners had that. And we were only communicated when it was time and resources to be informed about the new things."*

Respondent D: *"So, it's always been a challenge because our brand is not getting the airtime it needs internally after the merger. Although your structures are sort of blended down, the integration, I would say, was never completed. It might look great on paper, but the actual underlying workings and blending down of the culture, even four years, five years on, was never 100%."*

Respondent F: *"So, they had this big team that came in and spent four or five months integrating the company."*

Respondent G: *"The business itself prepared us for this whole change. We set in many portfolios in many meetings, and obviously, the idea was to get everyone to be aligned with the whole change."*

Respondent H: *"I mean, the one thing the company did put us through was a whole diversity management course that we all had to go through, but it helped us understand what each of us was anticipating and expecting. You know the whole process was done, in fact, very well. So, you know it wasn't long before, once you had settled, you knew you had a position where you stood in the company, and things fell into place."*

Respondent J: *"No, I think it was different because, like, many people were involved. The top management, the CEO, they've planned everything perfectly fine. But with the management, it was not done correctly because if that were not done correctly, people wouldn't leave."*

Respondent M: *"I mean, I think that we did a lot of work going into the merger, and let's call it the merger because that's official. What it was we did a lot of work going into that around integrating, we had comprehensive project plans, we met regularly with our counterparts - How would this happen? What would happen?"*

Respondent L: *"I think the planning was probably done well. I think the people were told in advance. I don't think we were always sure of the exact date, but they were when they were here, and in talks and stuff, they kept on telling us that, you know, those two guys that were in charge."*

5.6.2. Post - M&A impact on management and performance

The key part of post-M&A was to understand the effect on management, structure, and performance. The interviewees indicated that, in some instances, management structures were changed, and some were not. The organisation's overall performance did not change from what some interviewees stated. The researcher noted that although there were some changes in management structures, the respondents were not explicit regarding their effect on the M&A.

Respondent B: *"Then there was one CEO after structure changes. Then the other CEO coming from the other party was given another leadership position lower than the other CEO, or it created the correct chain of command."*

Respondent C: *"Yes, we have specific business functions; we now have a group risk and compliance division, which is our legal department. So, any matters from safety to project contracting, IP contracts. We have that our procurement function is more than diversified."*

"Performance almost immediately new people were brought in where the skills didn't exist to do things in a certain way and to get things moving. The other thing is that there is empowerment, so a strong sense of ownership to drive what we require to get the business to the next level."

Respondent D: "So, as I mentioned in terms of the structure, they did keep the structure, but we lost staff because of cultural differences. So, were staff, for example, in the IT team, we lost a key individual senior people because they didn't align to the culture, they didn't buy into the new strategy, they didn't buy into the leadership that was coming through as a result of that structure."

Respondent G: "The business structure changed. We used to have our structure and moved into a new one called Blueprint. There are a lot of obvious changes that had to be taken into consideration. So, I remember very well when those changes were brought in. They brought leaders from Africa when they came to South Africa, but they couldn't last because of cultural differences."

"Yes, the business performance has improved even though it's not where we want it to be, but it has improved."

Respondent I: "Besides that, in terms of management, we had the same GM who would lead the company. As far as the other side of the business, they lost their GM. So, they had a new GM."

"No, there was an improvement performance for us because I'm really talking from the side of the company that bought another company. Yes, for us, there wasn't really much change or improvement, only the improvement as far as our portfolios as far as our brand portfolios, we're now a bigger company."

Respondent J: "Everything has changed the structure and management. From what we know for more than 10 years to what we are doing now, everything has changed."

"I think the performance previously compared to now we are performing much, much better because they improved the system and performance is quite better with the machines, and the machines are quite motivating the people."

5.7. Research question 4: In what way are both organisations dealing with culture change?

The purpose of research question 4 was to discuss approaches employed to overcome culture differences in M&As during the integration phase. The three subsequent questions were established to underpin the interviewees' understanding of bridging the culture difference gaps—subsequently, the effect of similar and dissimilar cultures during merger or acquisition. The most frequent codes were identified that relate to Research Question 4 as per Table 8.

Table 8: The most frequent codes for Research Question 4

#	Codes	Frequency count
1	Overcoming culture differences	24
2	Mergers and acquisitions: similar and dissimilar culture	20
3	Bridging culture gaps	19
4	Dealing with culture change	14
5	Communication	11
6	Change management	9
7	Leadership	8

Codes with a frequency count of 8 or above were deemed significant and subsequently subjected to thematic analysis to identify patterns or themes. The following section will critically analyse the findings concerning the discovered themes. Four uncovered themes related to research question 4: Implications of culture differences, overcoming culture differences, change management, and communication.

5.7.1. Implications of culture differences

The respondents identified the likelihood of successful integration when organisations have a similar culture, and the opposite occurs when cultures are dissimilar. Most respondents indicated that when organisations cultures were close to each other, there was high integration success. Two interviewees indicated it was not about culture similarity or dissimilarity. However, organisations must create a safe environment and remove fear, as people don't like change. The researcher noted as well that it is not about dissimilar cultures. However, success depends on leadership style as well. The other respondents also noted that culture is about choice being driven by an acquirer to be successful, or culture can be learned.

The question concerns company operations, whether similar or not. Employees do not decide on mergers. Buyers can merge the companies. A successful merger requires careful consultation and diligent involvement with the relevant personnel, regardless of the organisation. Allocating enough time for consultation increases the likelihood of a successful merger.

Respondent A: "I think they will be more successful if they're culturally similar, especially if the mergers are more or less equal."

Respondent B: "Mergers and acquisitions flow better when culture is almost similar, which means companies are closer to one another regarding how things are done, when things are

done, and why things are done. That whole process must blossom because it allows for people to understand faster and quicker in terms of what needs to be done. If it is further apart, it is more difficult because you need first to make the one-part change or both parties change so that you can create a new culture."

Respondent C: *"It is not about being a similar or dissimilar culture that would make it easier or successful to recognize and manage the fear factor that people have. Because the one thing is, people are creatures of habit and don't like change. But to make it more successful, one has got to show people that working as a new unit in a new cultural environment is what they can benefit from."*

Respondent D: *"So, if the cultures are closer, it will make sense that they are most successful in the merger because your change management is not that drawn out because you can resonate with that. So, people from both sides can resonate with that."*

If they are further apart, it's going to be more difficult. But the second thing I'm saying is, even if they are slightly closer or even closer, your leadership would be difficult if you have a leadership style different from the broader organization culture."

Respondent F: *"The best way to avoid problems is to acquire only a company with a similar culture because it's very difficult to integrate two organizations with totally different cultures. You'll never find two that are the same, but you can get very similar company values, and then a merger or acquisition will work a lot better."*

Respondent G: *"Whether the companies are closed or not. Mergers are not employees' choices. It's the buyers who have the authority to merge the two companies. Whether the companies are the same or different, this will go back to my first statement to say for you to have a successful merger, you need to have the consultation; you need to take time in terms of consulting with the relevant teams, then the merger will be a success."*

Respondent L: *"It doesn't matter. People can learn about culture. I think culture is something that people learn. It doesn't matter if it's, you know, different cultures of the cultures are the same."*

Respondent M: *"If there's a strong alignment in the culture. Yes, I think it would mean you could move forward more quickly. There would be less attrition resulting from the cultural difference going forward, but ultimately, like I said, those where there are differences, and I think that ultimately, it's almost quite a subjective thing as to people experience the culture differently."*

5.7.2. Overcoming culture differences

The interviewees indicated that overcoming cultural disparities necessitates a change management approach and communication to break down barriers. The interviewees further noted that the involvement of employees from the pre-combination phase is crucial as it is an enabler of the process. Respondent C believes that to overcome culture differences the acquirer or targeted should ensure that get rid of old culture as quickly as possible and through process of effective communication roll-out new culture. It was also noted that through the process of consultation and engagement with all the stakeholders would assist in identifying the gaps. It is further emphasised that this can include survey audit prior to the merger or acquisition. Respondent L stated that well in advance the organisation can set up external consultant can come in the organisation that is acquired or targeted engage with employees from the shopfloor to top management to understand organisational culture as part of preparation. Furthermore, was noted that it is important the organisation strive to understand culture of both organisation before changes are made – management must be heavily involved throughout the process.

I think that if there is a clear and well-defined framework in place, bringing in outside help and holding workshops may be quite productive. All parties involved should be able to understand their specific roles and responsibilities thanks to this framework. Those in charge of a merger's supervision or implementation, in my opinion, need to have a deep familiarity with both cultures. An open book policy and management's hands-on participation are also required. The success of the merger process can be improved by identifying and resolving cultural differences. Your prompt action in relaying this data to the team betrays an in-depth familiarity of the prerequisites. Maintaining an open line of communication is crucial.

Respondent C: but if you buy a business, you must ensure the old culture dies quickly. Otherwise, you're going to end up having many issues with your people, and the business will suffer for that. You will need to set your new culture and communicate what is expected of it. You obviously would have to have a plan or strategy for rolling that out.

"And the way to do that you need to be open and honest, and you've got to make it fun for people to take on the new culture. As with any business, emerging acquisition is a brutal business process because one identity dies and the new one is born doesn't need to be embraced."

Respondent F: "And I can tell you what doesn't work is to bring in external management from the acquire and put them in charge of the acquirer"

Respondent G: So, consultation and engagement with all the relevant parties will help any merger to be a success The easiest way is through consultation, like I said earlier, but obviously, through consultation, you'll understand the culture gaps, and well, you can make alterations around your policies based on those outputs from the culture gaps.

Respondent H: I think with having those external people coming in and having workshops and understanding as long it's all set up very clear and precise that people know exactly what's required of each person. I think as long as it's an open book and management is very involved think whoever's doing the merger or whoever's running the merger, it's imperative for them to understand from both sides what the culture is and then to ensure that where they are, the gaps from one or the other that these gaps are then filled in. And then relayed back to the team that you know that fully have knowledge of what is required. I think open communication is imperative.

Respondent I: So, I think planning in advance and also making sure that you take the people you know along the journey the whole merge from you know when the idea is conceived to when you know the two companies that like, you know, real operating as one and transparency is very important because obviously there will be a lot of unknown and there will be a lot of talking amongst the employees about, what's happening

Respondent J: I think the first thing that has to be done is like. If another company buy another one, they need to go there and study, learn how they do things. They need to like - if they going to improve them, they shouldn't do it in in a faster way. Like slowly by showily doing, it in so that everyone can move and merge easily like, just don't do hostile takeover.

Respondent M: You can do you know you can survey the different groups and you can say well, this is what the two cultures are. But culture is not something you change overnight. So, you can tell people what you think the culture is, but a lot of that only really plays out over time. So, I don't really believe that you can necessarily bridge that gap.

Respondent L: So, I think the most effective thing would be obviously before the merger. Many, many months in advance, you need to send in some people just to have discussions with the people on the ground. Probably the right kind of person that you need, someone empathetic, open to ideas, you know? So not someone that's like set in their ways, someone dynamic that can take people's ideas and or listen well and consider a lot of things. And maybe a few of those people. Months, months in advance, to get a feel for the type of culture that we have, talk to the people, hear their stories.

Basically, come up with an integration plan where we can have the least impact to each side. It might take a bit longer I know, but I think. If they are there to mediate the whole process, I

think it will be just. much, much better. And then where you can eventually get to the point where the managers or the new people, the businesspeople, can come with the workers where they can actually talk to each other on the same level and eventually the people in the middle will not be needed anymore because they were there with the whole initiation process with the major process.

Respondent N: *It's something that has built over years. Unfortunately, when you want to acquire a business culture is not the first thing that you consider. You consider the numbers you pin out, what's going to give profit. It's all about profits. Or what is my return on investment? So, culture is more like a collateral, like there must be casualties somewhere. People would adapt. So, I don't think even if I was a businessperson, I'll speak to my culture if it's my company.*

OK, my stance here is to acquire and expose people to the culture and culture workshop. But remember, the culture for that company has already been set, and most of these companies are multinational companies. So, it's all coming from the top, from global. You can workshop. It's either you fit, or you don't fit. Unfortunately, that's it.

5.7.3. Change Management.

The researcher noted that change management was also the key theme that originated from the research question. The respondents indicated that change management processes should be introduced for an organisation to succeed in the integration phase. It was further noted that change management is closely linked to communication. Therefore, Respondent M expressed that their organisation equips them with the necessary resources and guidance to adequately prepare for interviews if they are not successful in securing internal positions due to corporate restructuring. The preparation encompassed the elucidation of work roles and competencies.

Respondent B: *"Now, when you prepare people for change, you need to engage people in formal settings to say, OK, we have alignment here and there. We have misalignments here and there that communication must go."*

Respondent D: *"Your change management is of the utmost importance and linked very closely to that would be communication, regular communication, different sources, and different."*

Respondent M: *"And essentially, we did a lot of work around change management around really kind of going, how do you prepare for this? How do you prepare for interviews? You know, kind of talking people through job roles, understanding job roles and competencies, and getting them to pre-emptively look at their experiences and identify their competencies. We*

did a lot of stuff around the change management and helping people to be absorbed into the business, and I think we were quite successful at it."

One approach to accomplish this objective is to initiate the organisation of workshops. Individuals from different departments who possess knowledge of the prevailing culture and operational procedures can also be approached for guidance and act as mentors to assist individuals in adopting new working methods. The likelihood of achieving success and experiencing a sense of belonging is substantial, while the likelihood of adopting the cultural norms and values of the employees is even greater.

***Respondent C:** "The simplest way to do it is to set out to have workshops. People from other divisions who know how the culture and systems work can also be consulted—the word mentors people with a new way of doing things. Then, what that does is that it works in other divisions. The probability of success and a sense of belonging is high, and the probability of taking on the newer culture of the employees is higher."*

5.7.4. Communication

The researcher noted that communication was the crucial theme indicated by the interviewees. The respondents indicated that to overcome culture differences, failure to communicate effectively led to unsuccessful integration and resistance to change. The interviewees also indicated that employees fear the moment they hear or know about the merger or acquisition because of miscommunication or no communication. The researcher noted that the collaboration of communication was emphasised as imperative to ensure everybody was aligned to organisation change process.

***Respondent A:** "All that I think is that they must be clear, honest, and communicate frequently."*

***Respondent B:** When there is a merger or acquisition, it is important to communicate any potential changes that may occur and prepare people for change. In my opinion, before the physical merger, any positions and/or titles that must be changed must be communicated because if people go into the merger with uncertainty, it creates problems.*

And at the end of the day, once there is a physical merger, policies, and practices must be recommunicated to all staff so that everyone knows the dos and don'ts. Then that way, you will be able to overcome cultural differences because, effectively, you are enforcing the alignment of culture.

***Respondent H:** Then communication, you know, must be imperative for communication at all times. So, you know more about regularly having counseling when one requires it.*

Respondent I: *"There must be clear, open, transparent communication about why we are merging. If it will affect anyone, how will it affect them, and what are the processes that will be put in place for those affected by the merger."*

The first step in improving the process is setting up clear lines of communication. Promoting honest dialogue is the best strategy. It is critical to disclose relevant information quickly but with care to avoid inappropriate disclosures. If all information is shared without any filter, it could cause widespread panic. It is crucial to offer people the required information about the upcoming change to provide transparency and supply them with the necessary details. Keeping lines of communication wide open is crucial in this respect.

Respondent K: *"So, I just think open communication is probably the starting point to improve the process. The best way is to be open with communication. Give as much information as soon as you can but be careful to give appropriate information, not just telling everybody everything all the time, because that can create panic as well. So, giving the appropriate information but trying not to keep people in the dark about what the process is going to be. So, you've got to be very open with it."*

Table 9: Summary of the Results

RESEARCH QUESTIONS	THEMES	LITERATURE OUTCOMES
RQ1: Motivation for organisations merged or acquired	The motivation behind merger and acquisition	Confirm
	The level of integration	Extend
	Employees' reactions toward merger and acquisition	Confirm
RQ2: Impact of culture differences in M&As	The culture differences observed and experienced	Confirm
	The impact of culture differences	Confirm
RQ 3: Culture integration during the merger and acquisition	Integration planning pre- and post-M&A.	Confirm
	Integration impact on management and performance	Extend
RQ4: Dealing with culture change during M&A	Implications of culture differences	Confirm
	Overcoming culture differences	Extend
	Change Management	Confirm
	Communication	Confirm

5.8. Conclusion

The chapter presented the interview results of the four research questions identified in Chapter 3. These research questions were derived from the literature review in Chapter 2. Fourteen semi-structured interviews were conducted with the individuals in middle, senior, and HR management who happened to have experienced merger or acquisition either as from acquirer or targeted. Applying a thematic analysis methodology facilitated the identification of codes and subsequent themes for each research question. The following Chapter 6 will focus on the discussions of the results.

Chapter 6: Discussion of Results

6.1. Introduction

This chapter will discuss the findings on four research questions raised in chapter three concerning theory and literature review based on chapter two. Furthermore, the chapter will highlight the similarities or contradictory views of the findings. The research explored the impact of culture differences during the integration process in M&As. The participants were chosen based on those who had experienced mergers and acquisition transactions.

6.2. Research Question 1: What motivation led to M&A?

The purpose of the research question was to gain an understanding of the factors that led to mergers and acquisitions, which were the basis for the divergence in the integration process. The study revealed that factors, such as the level of integration between the involved organisations and the pre-existing perception of employees, influenced the decision to engage in a merger or acquisition. All respondents noted various reasons behind mergers and acquisitions. Furthermore, the three identified themes will further address the research questions and demonstrate that they have been answered.

6.2.1. Motivation behind merger and acquisition

Much of the literature has shown different reasons for organisations to engage in the decision of merger and acquisition; however, (Pranajaya, 2022) financial performance is the main driving force behind many mergers or acquisitions (Goksoy, 2019; Bergamin & Braun, 2018). The findings of the interviews confirm the different motivations behind the mergers and acquisitions. For example, respondent C's motivation for the acquisition was for diversification and forced sale because the parent company had to sell part of the organisation due to misrepresenting the financial balance sheet to settle outstanding debts. These were two completely different organisations, one in mining equipment and another in fast-moving consumer goods (FMCG). In addition, the other contrary finding was that the dissimilar organisations in the insurance and asset management space merge to leverage each other to have a one-stop shop organisation. The literature finds that these are vertical mergers and acquisitions operating in different supply chain stages (Hariyani et al., 2011). Furthermore, the integration and synergy success were unsuccessful in the industry and service sectors (Rozen-Bakher, 2018).

The first common norm motivation in the interview findings was whereby similar organisations acquire one another to ensure the skill set required by the business is under one roof. The second two most common forms of motivation that confirm the research study findings were

strategic reasons and indeclinable offers from a competitor to gain market power and ownership for the shareholders (Gaughan 2010). These types of mergers and acquisitions literature find they are horizontal (Hariyani et al., 2011), and they have had integration and synergy success in the industry sector (Rozen-Bakher, 2018). It was further noted that executives should carefully select organisations with similarities and complementarity when they merge or acquire Tarba et al. (2019). Apart from the strategic reasons, the findings of other interviews confirm the research study's findings, such as expanding the market share, product portfolios, growth, and offloading assets.

6.2.2. Level of integration

When the respondents were asked about the extent of integration within the mergers and acquisitions, the first reaction was it plays a crucial role in determining successes or failures. Lindstädt (2017), findings support that the time of integration and the success rate of integration is affected by the degree of integration and the primary coordination mechanisms of the participating organisations. The research finds that the degree of integration in a merger or acquisition to achieve synergy requires a certain level of integration. In their investigation, Werber & Tarba (2011) noted that attaining substantial synergy may need a substantial level of integration. The interview findings noted that equal mergers have power struggles among leadership, and the integration speed took longer, while unequal mergers dominate one company, but integration speed took a shorter time. Speed of integration can be advantageous or disadvantageous depending on the degree of internal and external relatedness between the merging firms before the merger or acquisition (Homburg, & Bucerius, 2006). The research further finds that the dominant organisation's unequal mergers and acquisitions level of integration is high. On the contrary, low level of integration among equal size organisations. The respondents further indicated that the degree of integration has impacted performance due to the companies' diverse computer systems, operating environments, and platform types. Šliburytė (2005), confirm that one of the culture-related factors that affect the performance of mergers and acquisitions is the degree of integration.

6.2.3. Employees reactions toward merger and acquisition

Rafferty & Restubog's (2010) confirm that perceptions heavily influence employees' attitudes to a merger, commitment to change, work happiness, and intentions to leave the organisation. The findings of the interview add to Rafferty & Restubog's that everyone was optimistic before the merger about the chance for the larger organisation to compete with other, larger role players in the industry. On the other hand, the findings showed workers' perceptions toward the merger or acquisition impacted its success. Kavanagh (2006) confirm that individual perceptions of a merger affect its success. The interview findings noted that because the

previous parent organisation was restructuring many employees and decreasing its workforce, the business acquisition was considered a positive development.

Further findings showed that others considered the lack of opportunity and the possibility of job losses or job duplication as disadvantages of the merger, while others saw the opportunities presented by the merger as positive. Teerikangas, (2012) support the interview findings that the employees' initial responses leaned towards motivation rather than uncertainty in six of the examined acquisitions. The employees regarded these purchases as opportunities rather than threats to the target organisations. It was also noted that most workers will maintain the same culture, yet there is apprehension about their future.

6.3. Research question 2: What is the effect of culture differences in the integration process?

The question aimed to investigate and ascertain the impact of culture differences during a post-combination stage in M&As. The findings revealed two important themes—the first theme related to culture differences observed and experienced within the merged or acquired organisations. This theme gauged the culture difference in activities that affect the organisation. The second theme is associated with culture's impact on mergers and acquisitions. In this theme, the barriers, and enablers of the culture during the integration process were unearthed.

6.3.1. The culture differences observed and experienced.

The findings of the interviews shed light on major cultural disparities between companies that have previously merged or been acquired by one another. The respondents confirmed that based on their observation and experience, they have encountered huge culture differences among their respective mergers or acquisitions. The interview findings showed that the culture differences observed and experienced were obvious, for example, physical interaction among the employees, decision-making, segregation of duties, involvement of employees. As a result, this affected the integration process negatively. Lodorfos & Boateng (2006), confirmed that culture differences had a significant influence on the effectiveness of the integration process and success of the M&As.

6.3.2. The impact of culture differences

The interview findings presented that the study emphasised the substantial influence of culture on mergers and acquisitions, leading to elevated employee resignations and diminished organisational performance. Otterspeer (2016), confirmed that culture differences hurt performance, while Tarba et al., 2019), confirmed that culture differences have a positive

influence on M&A performance. This contrast between the authors confirmed the respondents' findings that it had disadvantages and advantages. Sciriha & Debono (2017), also noted that because human aspects get ignored at pre- and post-M&As, this causes unnecessary panic to the point where key talent resigns. (Weber & Tarba, 2011), confirmed that it may lead to problems with human resources, such as high stress levels and increased staff turnover.

The findings further showed that culture differences caused power struggles in top management and many clashes. Bajaj, (2009), extended that the presence of culture differences in the merger and acquisition leads to emotional and cultural conflict, referred to as clashes. Hence, the significance of incorporating cultural considerations into the integration process is underscored. However, Zhang (2010), confirmed that culture differences not only harm the integration process but also have a critical role to play. The findings showed that mergers and acquisitions (M&As) may not generate the anticipated financial outcomes as initially projected because of culture differences. Remanda (2016), confirmed that because of culture differences, they impact shareholders' value and expected financial outcomes. The research also emphasised the difficulties associated with transitioning to a different business and the transfer of employees, which can affect worker morale and productivity. Weber & Tarba, 2011) confirmed that post-merger integration may be difficult to relocate and integrate the resources considering the cultural differences. The findings indicated that a comprehensive grasp of both cultures is advisable before mergers or acquisitions. Sciriha & Debono 2017), extended that the leadership of both acquirer and targeted are well vested in culture.

6.4. Research question 3: In what way are both organisations managed and integrated during the integration process?

This question aimed to identify the management plan to integrate acquired and targeted organisations. To address this question, the respondents were asked about pre-and-post-M&A integration plans and integration impact on management and performance improvement. The two themes were uncovered. The first theme was related to the integration planning process and how it unfolded to highlight success and challenges—the second theme sought to identify the effectiveness of integration after mergers and acquisitions.

6.4.1. Integration planning

According to Baula, (2018), the effectiveness of integration processes is derived from the underlying rationale behind current relationships. The interview findings confirmed that achieving successful mergers and acquisitions necessitates pre-planning strategies to alleviate staff fear. Mark & Marvis (2011) noted that integration planning is initiated at this stage, and decisions are taken to settle the nerves. The researcher finds that certain

organisations actively strategise and implement integration efforts, whereas others may not prioritise or engage in such initiatives. Schuler & Jackson (2017) noted that communication is vital as structure, policies, and culture issues are discussed. Interestingly, most respondents' findings revealed that their organisations prepared them before the merger or acquisition, while few indicated the opposite. To those few respondents that their organisations did not prepare them cited that there were "no plans, or I can't answer" that as the acquirer had a plan." This gives an indication that some organisations still underestimate the power culture difference. A significant portion of the literature that has been examined emphasises culture is still neglected as one factor that impacts the M&A integration process (Sciriha & Debono, 2017, Rebner & Yeganeh, 2019, Engert, et al., 2019,). The respondents had contracting views because cultural differences give rise to many challenges, yet individuals believe they have achieved complete integration.

The researcher finds that the process of organisation merging entailed a multifaceted undertaking encompassing many players. The absence of pre-integration planning and the limited internal communication characterised the integration process. Integrating staff members on a physical level was facilitated by organising various social activities. However, it is worth noting that internal obstacles were more pronounced and impactful, primarily stemming from strategic divergences between the two positions.

The other finding showed that the brand encountered difficulties attaining sufficient internal exposure following the merger due to incomplete operational processes and cultural assimilation integration. A substantial group was assembled and dedicated a period of around four to five months towards the process of integrating the organisation. The business proactively prepared for the impending transition by implementing a comprehensive strategy involving the establishment of multiple portfolios and conducting frequent meetings to ensure alignment among all stakeholders.

A diversity management training was implemented, facilitating the team's understanding of their respective roles and responsibilities. Gautam, (2022), confirmed that management should support the integration process by arranging socialisation programs and training and development. The procedure was executed proficiently, and the various components aligned expeditiously. Nonetheless, the planning conducted by the senior management and CEO was inadequately executed, as it was imperative to mitigate employee attrition inside the organisation. Saunders, Altinay, & Riordan, (2009), confirmed the importance of leadership in culture integration process.

The organisation undertook extensive efforts about the merger, encompassing the development of thorough project plans and the establishment of frequent meetings with

counterparts. The planning process appears to have been executed effectively, with individuals being adequately informed in advance. The precise date of the merger was not consistently ascertainable; nonetheless, they were duly told of the organisational changes.

6.4.2. Integration impact on management and performance

In general, the studies show that the integration process can have a major impact on the management of the merged organisation and that successful integration requires meticulous planning in addition to adaptable techniques to be achieved (Pustynnikova, et al., 2021). Following the completion of a merger or acquisition (M&A), this theme aimed to examine the effects of integration on management, structure, and overall performance. The researcher observed that while certain changes were implemented, the respondents did not provide precise details regarding these amendments' effects in the merger and acquisition context.

Weber & Tarba, (2011), noted that although the integration process is meant to boost performance through synergies, it may lead to trouble with human aspects. Most of the respondent's findings indicated a change in management structure. The organisation experienced structural changes leading to the appointing of a new Chief Executive Officer (CEO) and the establishment of a new legal department. The changes resulted in a more diverse procurement function. Pustynnikova et al, (2021) "argue that integration processes require a systematic approach to management, not only within a specific corporate structure but in general, in the format of an economic system consisting of several interconnected economic entities." It was noted that performance improved due to recruiting new personnel possessing the requisite talents to propel the organisation's growth. Nevertheless, cultural disparities resulted in reduced personnel, particularly notable among senior members of the IT department who failed to conform to the newly implemented strategy or leadership.

The implementation of the Blueprint business structure necessitated the consideration of substantial changes. Additionally, the organisation saw the departure of its General Manager, resulting in the appointment of a new General Manager for the alternative division of the corporation. Although the acquisition of another organisation did not yield a substantial improvement in the performance of the acquiring company, it did result in improvements in both other portfolios, especially brand portfolios. Tarba et al. (2019), research findings confirmed that post-integration had an impact mergers and acquisitions performance as well.

The interview finding asserts that implementing structural and managerial changes has substantially improved the company's overall performance. The individual respondents believed that the enhanced system and machinery resulted in improved performance and

increased motivation among individuals, hence, the overall efficiency and effectiveness of the organisation.

6.5. Research question 4: In what way are both organisations dealing with culture change?

This question sought to identify how organisations overcome or bridge the gaps in addressing the culture differences between mergers or acquisitions. The findings presented four important themes to address the issue. The first theme was related to the impact of similarities or dissimilarities in culture during the integration process. The second theme was to identify how organisations dealt with the issue of culture differences during the mergers and acquisitions integration phase. The third theme was related to change management processes or steps to address change due to culture differences. The last theme addressed the importance of communication.

6.5.1. Implications of culture difference

Tarba et al., (2019), confirmed that to maximise the chances of acquisition success, managers should choose an organisation that shares similar strategies and complementary. The research findings indicated that businesses are more likely to achieve successful integration when their cultures are comparable, whereas the opposite outcome is observed when cultures are dissimilar. The researcher observed that the attainment of success is contingent upon the kind of leadership employed and further posited that culture can be acquired or influenced by an acquiring entity.

In support of the findings, Bereskin, et al., (2018) concluded that the M&A integration process is impactful to the acquirer; hence it is important to ensure the smooth incorporation of the targeted firm so that there is a realisation of cultural fit or similarity as it is evident that it can be attributed to success or failure of M&A deal. The interview findings revealed that mergers and acquisitions tend to exhibit higher rates of success when the involved organisations possess cultural similarities, particularly when they are relatively comparable in terms of cultural attributes. It is advantageous for companies to foster closer alignment regarding operational procedures, timing, and rationale, as this facilitates expedited understanding and more prompt decision-making. The researcher noted that creating a new culture becomes increasingly challenging when the existing cultures are more divergent, necessitating mutual transformation for both parties involved.

Recognising and effectively managing individuals' fear factors is not contingent upon cultural similarity or dissimilarity. Rather, it involves demonstrating to individuals the advantages they stand to gain by working in a new unit within a culturally diverse context. The interview findings

showed that closer cultural ties facilitate the change management process, as individuals from both sides are more likely to identify and connect. Nevertheless, integrating cultures that are farther distant from each other can pose greater challenges due to potential disparities in leadership styles compared to the prevailing organisational culture. Acquiring a company with a comparable organisational culture is advisable to mitigate potential challenges. Integrating two entities characterised by markedly distinct cultural backgrounds can be complex. The alignment of company values can enhance the effectiveness of a merger or acquisition.

The decision to merge two companies is not within the view of employees but rather lies with the purchasers who possess the right to initiate such mergers. Including consultation with pertinent teams is necessary to achieve a successful merger. The research study finds that the acquisition of culture is a process through which individuals acquire knowledge, beliefs, values, and behaviours characteristic of a particular group or society. Individuals strongly adhering to a group's cultural norms and practices can enhance productivity and reduce turnover rates. Nevertheless, the perception of culture is inherently subjective due to the individualised nature of people's experiences.

6.5.2. Overcoming culture differences

According to the respondents, addressing cultural gaps requires implementing a change management strategy and effective communication to dismantle obstacles. Lebghadi and Zammar (2023), noted the resistance to change and integration as the most common prevalent barriers. The respondents also emphasised the significance of including employees in the pre-combination phase, as their participation facilitates the process. Dempsey, et al., (2021), noted that early active participation from all individuals is one factor that leads to successful mergers in overcoming culture differences.

Respondents believed expediting the demise of the pre-existing organisational culture is imperative if purchasing an organisation. Otherwise, the organisation would encounter numerous challenges in managing its personnel, resulting in detrimental consequences for the overall performance and success of the business. To establish a new cultural framework, it is imperative to articulate and disseminate the expectations associated with it.

The respondent's findings indicated that it is necessary to have a comprehensive plan or strategy to implement the initiative effectively. In support of these findings, Horwitz et al. (2002) confirmed the importance of a unified plan when integrating two firms, including joint teams, effective communication, and HR policies. This plan should include things like combined teams, effective communication, and the utilisation of proper HR practices. Further findings to achieve this objective, it is imperative to adopt an open and honest approach while

simultaneously ensuring that the process of assimilating into the new culture is enjoyable for individuals. Like any corporate endeavour, emerging acquisition can be characterised as a rigorous and unforgiving undertaking, as it involves the demise of one organisation and the subsequent emergence of a new one, which may not necessarily be met with acceptance or enthusiasm. Furthermore, respondents suggested that the success of a merger can be facilitated through dialogue and interaction with all pertinent stakeholders. One effective approach was to engage in consultation. Through consultation, one can gain insights into cultural disparities and modify policies accordingly in response to these observations.

The interview findings of respondent H indicated that including external individuals and implementing workshops was beneficial. They emphasised the importance of establishing clear and specific guidelines to ensure all participants fully know their responsibilities. In addition, it was crucial for the individuals responsible for overseeing the merger, whether the merger facilitators or the management team, to comprehensively understand the cultural dynamics at play. Furthermore, they needed to address gaps between the merging entities and take appropriate measures to bridge them. Subsequently, the information was transmitted back to the team members, who comprehensively understood the requirements. Open communication was of utmost importance. However, respondent F argued that an ineffective approach was to introduce external management from the acquiring company and appoint them as leaders of the acquiring entity.

The interview findings of respondent I asserted that it is crucial to engage in proactive planning and ensure the inclusion of relevant individuals throughout the entire process of merging, starting from the idea to the point where the two companies were fully integrated and functioning as a single entity. Maintaining transparency was of utmost significance, as there were inevitably numerous uncertainties and discussions among employees regarding the ongoing developments. In support of the findings, Michael & Kai Uwe, (2017), highlighted that top management should plan for cultural integration to be systematically and precisely integrated to achieve effective change.

The interview findings of respondent J showed that the initial step is akin to. When a company acquires another firm, the acquiring company must thoroughly study and analyse its operations to gain knowledge and understanding of its processes and practices. If part of the plan was to enhance skills, the acquirer should refrain from pursuing rapid improvement. By executing actions deliberately and conspicuously, it may be ensured that individuals are navigated and integrated seamlessly. However, the researcher noted that avoiding aggressive or forceful acquisition strategies is crucial.

The interview findings of respondent K indicated that the organisations must conduct a survey between various groups, elucidating the characteristics of two distinct cultures. In addition, respondents further suggested that providing frequent counselling services can also be beneficial when required. However, it is important to note that culture is not a phenomenon that can be altered rapidly or easily. One can express their perspective on the nature of culture, yet its true manifestation often unfolds gradually over an extended period. Saunders, et al., 2009), findings highlight that the success of culture integration lies upon strong leadership and communication that are both open and honest, most importantly pre-merger culture audit.

The interview findings of respondent L proposed that engaging in talks with employees within the targeted organisation several months before a merger is the most effective strategy. The target organisation should use optimal candidates who exhibit empathy, a willingness to consider other ideas, and an adaptable attitude to engage with employees. Interacting with everyone and listening to their stories can offer a valuable understanding of the dominant cultural context. Implementing an integration plan effectively mitigates negative consequences for all involved parties is imperative. The inclusion of mediators throughout the process has the potential to enhance the outcome. This can create a more equitable environment for managers and new employees, potentially making middlemen unnecessary. Andriukaitiene, et al, (2018), support the respondents' findings on effectively managing organisational culture in facilitating organisational change.

6.5.3. Change Management.

The interview findings underscored the significance of change management during the integration phase of a business. These findings support Lebghadi & Zammar, (2023), emphasising the significance of change management in attaining merger objectives, naming resistance and integration as obstacles, while Kavanagh, (2006) stresses the importance of leadership and change management strategies to encourage culture shift. The respondents recommended using change management procedures to ensure the congruence and identification of misalignments. It has been recommended that the engagement of individuals in formal contexts to discuss these matters is of utmost importance.

Dempsey et al., (2019) noted that top management commitment, early participation of everyone, and effective communication are some of the enablers of M&A's success. Furthermore, the respondents indicated that engaging in workshops and consulting sessions with individuals from diverse divisions who deeply understand culture and systems can effectively equip individuals for forthcoming changes. This approach enhances the likelihood of achieving success and fostering a sense of inclusion while increasing the probability of

employees embracing contemporary cultural norms. It was noted that effective communication is a vital component of change management, as it is strongly intertwined with regularly disseminating information from many sources.

In anchoring the findings, respondent M indicated that they had conducted comprehensive research on change management, encompassing aspects such as interview preparation, comprehension of job tasks and capabilities, and facilitating the integration of individuals into the organisational structure. The individuals hold the belief that they achieved success in the implementation of these techniques. Sanda and Adjei-Benin (2011) confirmed that to increase worker satisfaction during organisational changes that are the result of mergers, it is essential to employ effective communication.

6.5.4. Communication

The interviewed individuals emphasised proficient communication's significance in surmounting cultural disparities and addressing opposition to change. These findings support Sciriha & Debono, (2017), emphasising that information and communication are crucial throughout the various stages of a merger or acquisition process. The researchers also observed that employees frequently experience apprehension upon receiving news of a merger or acquisition, primarily due to miscommunication or inadequate communication. Gayathri (2019), noted that mergers and acquisitions (M&A) can cause employees to feel insecure and fearful, affecting work culture and job satisfaction. Furthermore, the participants stressed that organisations must exhibit clarity, honesty, and regular communication to address these challenges. It was indicated that effective communication and proactive preparation are necessary during a merger or acquisition to inform employees about anticipated change and prepare them for forthcoming changes. It is advisable to discuss any necessary changes to positions and titles before the actual merger to pre-empt potential issues. It is imperative to reiterate policies and practices to all staff members to foster a sense of cultural cohesion and alignment.

The respondents repeatedly highlighted that effective communication is a fundamental aspect of significance in various contexts. It is imperative to ensure effective and unambiguous communication of the rationales behind the merger, its ramifications, and the procedures that will be implemented for individuals impacted by the merger. The initiation of open communication serves as the foundational element for enhancing the process, and it is imperative to provide an extensive amount of information while refraining from withholding pertinent details from individuals. This research supports the findings of Kavanagh & Ashkanasy (2006) and (Saunders, Altinay, & Riordan, 2009), highlighting the significance of

communication that must be open and honest throughout the integration process.

6.6.   Findings Summary

The summary of findings is presented in terms of mergers and acquisitions with the context of South Africa. Furthermore, the research study is conducted with individuals at level of middle, senior and HR management level. The findings presented in this chapter confirm and extend to the literature review findings in chapter 2. The findings summary is presented in Table 10 below.

Table 10: Findings summary			
Research Questions	Themes	Findings summary	Literature outcomes
RQ1: **Motivation for organisations merged or acquired**	The motivation behind merger and acquisition	The ability of an organisation to improve its financial performance is the key motivating factor behind many mergers and acquisitions in businesses. Other objectives include extending market share, product portfolios, growth, and dumping assets; strategic reasons are popular, but there are other motivations as well	Confirmed
	The level of integration	Integration levels play a crucial role in determining the merger's ultimate fate. Depending on the degree of internal and external relatedness between the merging organisations, the pace of integration can be beneficial or detrimental. The level of integration is higher in unequal mergers and acquisitions than in mergers between organisations of similar size	Additional, subtle conceptual insights
	Employees' reactions toward merger and acquisition	Perceptions have a substantial impact on employees' attitudes towards mergers, commitment to change, job satisfaction, and intentions to exit an organisation. On the other hand, the findings showed workers' perceptions toward the merger or acquisition impacted its success	Confirmed
RQ2: **Impact of culture differences in M&As**	The culture differences observed and experienced	Substantial cultural differences hamper the integration process in physical interaction, decision-making, and staff involvement. It has a significant influence on the effectiveness of the integration process.	Confirmed
	The impact of culture differences	Culture differences result in increased employee resignations and a decline in organisational effectiveness. The impact of culture has both negative and positive effects on the performance of M&A.	Confirmed
RQ 3: **Culture Integration during the merger and acquisition**	Integration planning	While some companies prioritise or participate in integration efforts, others may not give them a high enough priority to warrant their attention.	Confirmed

		The company goes to great lengths to prepare for the merger, holding regular meetings with peers and creating detailed project plans. Communication is key to keep everyone informed.	
	Integration impact on management and performance	Integration has far-reaching effects on the management of a combined organisation and necessitates careful preparation and flexible methods. A methodical approach to management is necessary for integration activities as it forces change in the management structure. Despite its objective of enhancing performance through synergistic effects, it has encountered challenges due to human factors.	Additional, subtle conceptual insights
RQ4: Dealing with culture change during M&A	Implications of culture differences	When companies are culturally similar, or at least have some commonalities, the likelihood of a successful merger or acquisition increases. When companies have complementary strategies and practises, they have a better chance of completing a successful purchase.	Confirmed
	Overcoming culture differences	The significance of confronting cultural differences in mergers requires effective communication and change management strategies. The highest management level should plan for cultural integration to be systematically and precisely incorporated to effect change and overcome the differences.	Additional, subtle conceptual insights
	Change Management	The change management process must identify and rectify misalignments and engage individuals in formal discussions. The importance of top management commitment, early participation, and effective communication is required for the success of M&A	Confirmed

	Communication	Effective communication is required to overcome cultural differences and overcome resistance. To address these challenges, organisations need to demonstrate clarity, honesty, and consistent communication.	Confirmed

6.6.1. Conclusion

The conclusion of the findings is presented, and the researcher found that the research questions were answered. The barriers and enablers of culture integration during mergers and acquisitions were evident from several recurring themes. This highlights the significance of culture during the integration process between the acquirer and the targeted. The study yielded valuable insights from the participants, particularly on how some organisations positioned themselves in the integration process. Notably, some participants could not converse easily as they had horrible experiences.

Chapter 7: Conclusions and Recommendations

7.1.   Introduction

This chapter will discuss the conclusions drawn from the findings of the qualitative study into the barriers and enablers of culture during the integration process in mergers and acquisitions. The summary of key findings and implications for management will be presented, followed by the study's limitations and recommendations for future research.

7.2.   The Primary Findings

The literature review noted that two-thirds of the mergers and acquisitions failed because of several factors, including cultural differences. The qualitative study investigated the impact of culture during the integration process in mergers and acquisitions to ascertain the necessity of cultural integration and the need for a corresponding integration plan to achieve success. This was mainly to gain insight into the determinants that impact the integration process in the context of mergers and acquisitions (M&As). The research findings indicated that factors such as the extent of integration between firms and employees' perspectives significantly influence the choice to participate in such transactions. The common reason behind the merger or acquisition of organisations of similar organisations were singled out to be complementary skill sets, strategic considerations, expansion of market share, diversification of product portfolios, the pursuit of growth opportunities, and the divestment of assets. The extent of integration yielded benefits or drawbacks, contingent upon the interconnectedness within and beyond the merging organisations.

The study found clear cultural differences between the merged or acquired organisations, as evidenced by the interviews. Respondents cited cultural differences in physical interaction, decision-making, and staff involvement as detrimental to the integration process. Lodorfos and Boateng (2006) found that cultural differences had a major impact on the efficiency of the integration process and the success of mergers and acquisitions. These results stressed the importance of open lines of communication and mutual understanding between businesses to overcome these difficulties.

The research demonstrated culture's considerable impact on mergers and acquisitions, bringing to light culture's negative and positive implications on these types of transactions. Differences in cultures, in some instances, resulted in greater resignations among employees, a decline in the overall performance of a firm, elevated stress levels, and higher employee turnover. On the other hand, there was evidence from some research that culture could also positively influence the performance of M&A (Tarba et al., 2019). It was also noted that cultural differences produced power struggles and confrontations in top management, underscoring

the significance of including cultural concerns in the integration process. According to the study's findings, deeply understanding both cultures before mergers and acquisitions is important. The company's leadership doing the acquiring and the company doing the acquiring should be heavily invested in culture (Sciriha & Debono 2017).

One of the key findings was organisations priorities on integration planning. Baula (2018) emphasises the significance of implementing pre-planning tactics to enhance the effectiveness of mergers and acquisitions by mitigating employee apprehension and enhancing communication. Most participants indicated that their respective organisations were adequately prepared for the merger, with only a small minority expressing a contrary view. The process of organisational merging is intricate and necessitates thorough strategic planning and restricted internal communication. Notably, a team was convened and committed approximately four to five months to the endeavour of organisational integration. The business took proactive measures to prepare for the change by adopting a thorough plan, establishing multiple portfolios, and having frequent meetings to maintain stakeholder alignment. A training program on diversity management was implemented to enhance comprehension of roles and responsibilities.

According to the research, it's easier to integrate cultures into businesses when cultures are similar, whereas the opposite is true when cultures are different. (Bereskin, et al., (2018) noted that culture fit similarity leads to the success of mergers and acquisitions. Leadership is essential for a smooth integration, and it's something an acquiring company can provide or influence. When companies have comparable cultures, especially regarding operating methods and reasons, mergers and acquisitions are more likely to succeed. However, when differences across cultures increase, it becomes more difficult to forge a common ground. The study also indicated that showing the benefits of working in a culturally varied situation is more important than exhibiting cultural resemblance or dissimilarity when recognizing and controlling anxiety issues.

Another fundamental finding was the importance of dealing with cultural differences during mergers, using a change management strategy, and getting employees involved in the planning part before the merger. Kazík (2012), noted that an organisation dealing with culture change requires a holistic approach. It was also noted that there needed to be a full plan, open meetings, and honesty. It was important to arrange surveys to learn about different cultures and discuss their needs with workers. Tripathi, (2018), to support findings, highlights the importance of pre-deals audits, due diligence, and effective communication. The interview results show how important change management is during the integration part of a business because it helps the merger goals be met. Gayathri, (2019), noted the employee fear and

uncertainty during the M&A process – change management is imperative. The change management processes should be used to find misalignments and have people discuss them formally. Engert et al., (2019) emphasise the importance of managing and aligning at the beginning of the culture change process. People can get ready for future changes by attending workshops and consulting meetings with people from different departments who understand culture and systems. This can increase their chances of success and help them feel like they belong. Effective communication is a key part of change management because it's linked to regularly sharing information from different sources. Respondent M did a lot of study on change management, including how to prepare for interviews, understand job tasks, and help employees fit in with the organisation's structure. The people involved think they have successfully used these methods. Sanda and Adjei-Benin (2011) stress how important it is for workers to communicate clearly during organizational changes caused by mergers.

The study emphasised the necessity of communication in overcoming cultural differences and change resistance. Organisations must be clear, honest, and communicative to solve these issues. A merger or acquisition requires effective communication and proactive preparation to alert and prepare personnel for changes. To avoid difficulties, address position and title changes before the merger. Reminding personnel of policies and practices promotes cultural unity. Open communication is key to improving the process; don't hide important information. This study supports Kavanagh & Ashkanasy (2006) and Saunders, Altinay, & Riordan (2009) in emphasizing honest communication during integration.

7.3.   The Implications for Management

The influence of cultural variations has been a subject of ongoing debate in both theoretical and practical contexts. However, there is a lack of scholarly research pertaining to the cultural discrepancies observed in the context of mergers and acquisitions. This research study demonstrates the significance of cultural differences during the integration process in mergers and acquisitions (M&A). In addition, the study provides a base for organisations to understand the impact of organisational culture post-mergers and acquisitions. The data gathered from fourteen interviews has shown that culture integration is important to increase the probability of M&A success, although in practice is still neglected as one of the contributing factors to mergers and acquisitions failures.

An essential component of achieving a successful integration is formulating a cultural integration plan, ideally initiated during the early stages of the pre-merger process. Furthermore, after the plan has been devised, it is imperative for senior management to participate in its implementation actively. The research findings indicate that cultural disparities significantly influence post-merger performance. However, it is important to note that the

impact can be beneficial or bad. Consequently, it is crucial for management to possess an understanding of the specific aspects of their organisational context that will shape the influence of these cultural differences. Based on the interview's findings, although most organisations prepared for pre-merger integration, others had no plan the impact was evident. This example highlights the need for managers to take proactive measures to deal with cultural differences within the company. Mergers and acquisitions (M&A) can offer organisations the potential to dismantle their existing culture and establish a fresh perspective, ultimately leading to the successful execution of M&A activities.

7.4. The limitations of the study

A primary constraint of this study pertains to the limited number of participants involved in the interviews. This limitation arose because of time constraints and challenges in accessing the appropriate target interviewers. Most participants who could be contacted kindly refused to attend the interviews due to their busy schedules. Some did promise but didn't show up on the interview day. Some participants no longer worked for the same organisations during the interviews, and the recollection of thoughts was problematic.

Another limitation is related to Zoom and Microsoft Teams interview platforms, as most participants had network issues because of load shedding. As a result, the interviews had to be carried out with their camera off. The face-to-face interview was another limitation because the majority could only spare time from their homes during the evening, so they did not feel comfortable coming over.

The research study's topic also failed to differentiate between different types of mergers and acquisitions, even though the circumstances surrounding a hostile takeover and a friendly merger or acquisition could have very different outcomes. As a result, the research study did not explore the context of mergers and acquisitions.

7.5. Recommendations to future research

The magnitude of the influence exerted by cultural variations is substantial and should not be undervalued. During the integration process of a merger or acquisition, dealing with cultural differences can provide a considerable problem if not handled properly. Despite this, the difficulties that are linked with these differences can be addressed by efficient management. The execution of the cultural integration process is the critical factor determining how successfully good outcomes are managed and how effectively negative effects are mitigated.

It would be interesting to explore further this study in the context of the merger or acquisition, for example, horizontal or vertical or conglomerate. Industries each have distinctive qualities

that affect how well they can accommodate cultural differences (Otterspeer, 2016). This study was based on individuals who had experienced a merger or acquisition, and the organization's context did not matter, hence the outcomes. Researchers interested in exploring organisational culture and its impact on mergers and acquisitions should consider addressing the following aspects: national culture and personal values impact in organisational culture during mergers and acquisitions. Often, the two aspects are overlooked during the integration process, and reasonably, they were beyond the scope of the study.

In conclusion, the research questions were reasonably answered. The study aimed to investigate the influence of organisational culture and management change during M&A integration process was achieved. However, the researcher believed that the study added value in the growing body of knowledge around impact of culture differences in mergers and acquisition.

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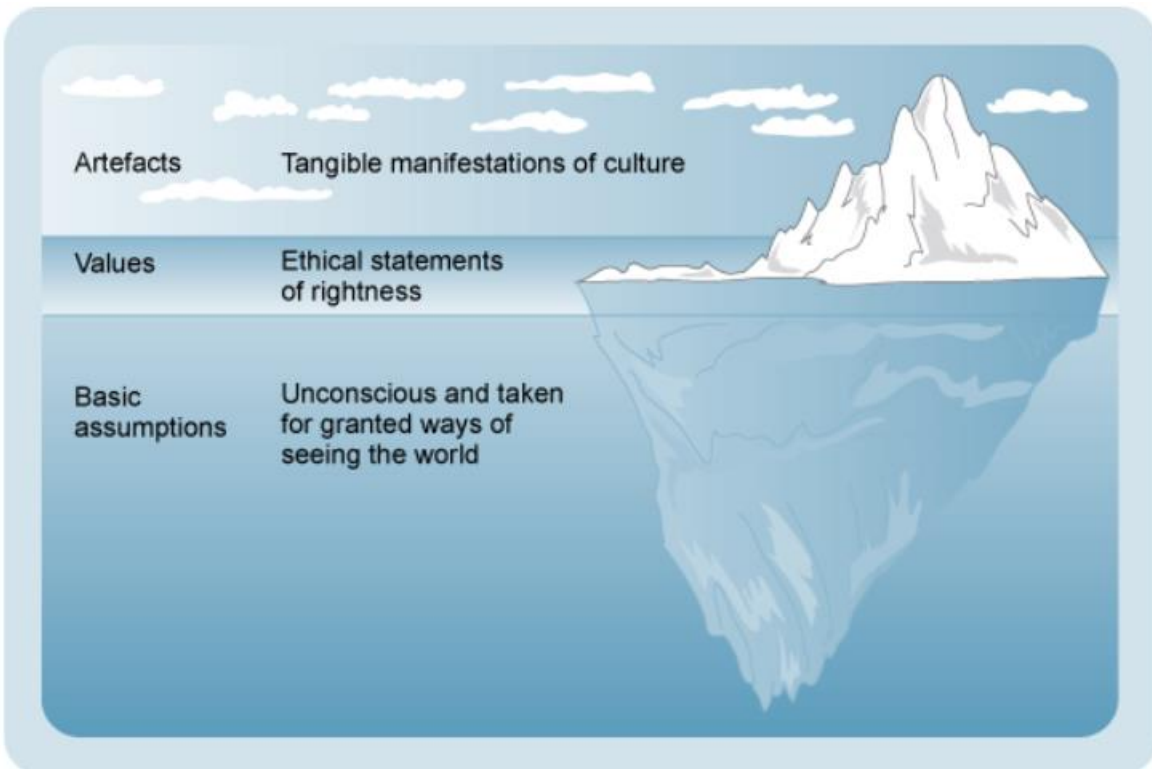
Figure 2: Levels of Schein's cultural iceberg (Schein, 2010)

Source: (The Open University, 2010)

Appendix A: Consistency Matrix

Research Questions	Literature review	Data collection tool	Analysis
RQ1: What is the motivation that led to M&A?	Motivation organisations merge or acquire. Pranajaya, 2022) (Goksoy, 2019). Bergamin & Braun, (2018)	Semi-structured interviews	Coding and finding themes about the motivation that led to M&A. Analysing themes and deriving a conclusion
RQ2: What is the effect of culture differences in the integration process?	Influence/Impact of culture/culture differences in M&A Remanda, (2016), Zhang (2010), Lodorfos & Boateng, 2006, (Bajaj 2009)	Semi-structured interviews	Coding and finding themes about factors culture influence/impact that led to M&A. Analysing themes and deriving conclusion
RQ3: In what way are both organisations been managed and integrated during integration process?	Integration and Management of culture integration process Gautam, (2022), Sciriha & Debono (2017) Saunders, et al., (2009). Kavanagh & Ashkanasy, (2006)	Semi-structured interviews	Coding and finding themes about management and integration. Analysing themes and deriving conclusion
RQ 4: In what way are both organisations dealing with culture change?	Dealing with culture change during M&A Kavanagh (2006) (Sanda & Adjei-Benin, 2011) (Dempsey, *et al.,* 2021	Semi-structured interviews	Coding and finding themes about culture change process. Analysing themes and deriving conclusion

Appendix B: Interview Guide

Company Name:	
Interviewee number:	
Occupation:	
Tenure in position:	
Interviewer:	
Date of interview:	

Pre-combination stage - Merger/Acquisitions questions

1. What was the motivation for the merger/acquisition?
2. What were the main cultural differences between the two companies before the merger/acquisition? Were the two cultures close to each other, or were there major cultural differences?
3. To what extent are both companies integrated?
4. How did employees feel about the merger/acquisition prior to the merger/acquisition?

Combination stage - During the integration process.

5. What are the main cultural differences encountered during the integration process between both companies?
6. How, if at all, have cultural differences contributed to miscommunications and perhaps decreased performance?
7. Have cultural differences led to other consequences within the merger or acquisition?
8. What impact do you think cultural differences have on the integrating process?
9. How was the integration plan set up in advance? What has been done to both companies /integrate management styles as well as possible?

Post-combination stage - After the completion of the integration process,

10. Has the business structure, management, and/or procedures been improved after the merger? Where, how, and why?
11. What do you believe is the most effective way to overcome cultural differences?
12. Do you have suggestions for the simplest way to bridge cultural gaps during the integration process both before and after the M&A?
13. Will mergers/acquisitions be more successful between companies that are closer or further from culturally different, do you think? Why?

Appendix C: Code Book

#	Code: Themes	Frequency Count	Code Group	Research Questions
1	Motivation for Selling	2	Motivation behind the merger	RQ 1
2	Background for Selling	2	Motivation behind the merger	RQ 1
3	degree of integration	17	Motivation behind the merger	RQ 1
4	Background in integration level	1	Motivation behind the merger	RQ 1
5	Anxiety for Sale	1	Motivation behind the merger	RQ 1
6	Employees experience	11	Motivation behind the merger	RQ 1
7	Employees concerns: COVID	1	Motivation behind the merger	RQ 1
8	Motivation to change	1	Motivation behind the merger	RQ 1
9	Background on the experience	1	Motivation behind the merger	RQ 1
10	Motivation for structure change	1	Motivation behind the merger	RQ 1
11	Background: merger acquisitions	2	Motivation behind the merger	RQ 1
12	Employees feeling merger/acquisition	17	Motivation behind the merger	RQ 1
13	Employee perspective	8	Motivation behind the merger	RQ 1
14	Employee experience example	1	Motivation behind the merger	RQ 1
15	Unplanned sale	3	Motivation behind the merger	RQ 1
16	Mergers and acquisitions sale	20	Motivation behind the merger	RQ 1
17	Culture difference organisations	22	Influence of culture differences on M&As	RQ 2
18	Culture difference owners	1	Influence of culture differences on M&As	RQ 2
19	Culture difference experienced	22	Influence of culture differences on M&As	RQ 2
20	Consequences of culture difference	12	Influence of culture differences on M&As	RQ 2
21	Employees background to organisation	2	Influence of culture differences on M&As	RQ 2
22	Background impact of culture difference	2	Influence of culture differences on M&As	RQ 2
23	Perspective in culture difference	1	Influence of culture differences on M&As	RQ 2
24	Policies and values	8	Influence of culture differences on M&As	RQ 2
25	Performance at lower level	1	Influence of culture differences on M&As	RQ 2
26	Culture impact on organisation	7	Influence of culture differences on M&As	RQ 2
27	Miscommunication	4	Influence of culture differences on M&As	RQ 2
28	Integration period	1	Influence of culture differences on M&As	RQ 2

29	International Culture	1	Influence of culture differences on M&As	RQ 2
30	Impact of culture differences	20	Influence of culture differences on M&As	RQ 2
31	Performance and culture difference	9	Influence of culture differences on M&As	RQ 2
32	Integration plan	20	Integration and management of culture	RQ 3
33	Poor planning	1	Integration and management of culture	RQ 3
34	Management profile	1	Integration and management of culture	RQ 3
35	Experience in management	1	Integration and management of culture	RQ 3
36	Learning each other culture:	2	Integration and management of culture	RQ 3
37	Background on time to settle	1	Integration and management of culture	RQ 3
38	Merger activity in the integration plan	2	Integration and management of culture	RQ 3
39	Management alignment: integration plan	8	Integration and management of culture	RQ 3
40	Management plan activity	2	Integration and management of culture	RQ 3
41	Management plan activity: Integration process	1	Integration and management of culture	RQ 3
42	Challenges during integration process	10	Integration and management of culture	RQ 3
43	Background: business structure	3	Integration and management of culture	RQ 3
44	Restructuring: positions	2	Integration and management of culture	RQ 3
45	Changes: business and management structure	15	Integration and management of culture	RQ 3
46	Motivation for structure change	1	Integration and management of culture	RQ 3
47	Performance and accountability	1	Integration and management of culture	RQ 3
48	Challenges integration process	2	Integration and management of culture	RQ 3
49	Adoption and integration	1	Integration and management of culture	RQ 3
50	Business and performance improvement	17	Integration and management of culture	RQ 3
51	Resistance to change	4	Dealing with culture change	RQ 4
52	Culture change on service	2	Dealing with culture change	RQ 4
53	Background to culture change	2	Dealing with culture change	RQ 4
54	New way of working	2	Dealing with culture change	RQ 4
55	Overcoming culture difference	24	Dealing with culture change	RQ 4
56	Creating safe environment	1	Dealing with culture change	RQ 4
57	Dealing with culture change	14	Dealing with culture change	RQ 4

58	Communication	11	Dealing with culture change	RQ 4
59	Merger success: similar or dissimilar culture	20	Dealing with culture change	RQ 4
60	Mergers unsuccessful dissimilar culture	1	Dealing with culture change	RQ 4
61	Culture management and opportunities	1	Dealing with culture change	RQ 4
62	Culture difference: Leadership style	8	Dealing with culture change	RQ 4
63	Change and realignment	1	Dealing with culture change	RQ 4
64	Change initiation	2	Dealing with culture change	RQ 4
65	Bridging culture gaps	19	Dealing with culture change	RQ 4
66	Change consequences	4	Dealing with culture change	RQ 4
67	Adoption and integration	1	Dealing with culture change	RQ 4
68	Change management	9	Dealing with culture change	RQ 4
69	Leadership engagement	1	Dealing with culture change	RQ 4
		Total		**69**