

# **Cultural revitalization in a post-acquisition integration process: a longitudinal ethnographic study in the telecom sector**

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M&A studies frequently mentioned differences in corporate and national culture to be important to the outcomes of the post-acquisition process (Sarala 2010; Söderberg and Vaara 2003; Vaara 2000; Weber 1996; Weber, Shenkar and Raveh 1996). Poor cultural fit or lack of cultural compatibility has been frequently cited by scholars (Teram 2010). Lodorfos and Boateng (2006), for example, studied the post-acquisition integration process in the chemical industry and found that culture played a key role in the integration process and the overall success of M&A's. In another example, Weber and Tarba (2011) found cultural clashes between German and Israeli managers influencing the performance of the merger.

What has been missing in these studies is insight in the cultural dynamics between acquired and acquiring firm in the post-acquisition process (Birkinshaw, Bresman and Hakanson 2000; Stahl and Voight 2008; Teerikangas and Very 2006; Vaara 2003). Already in the early 1990s, Haspeslagh and Jemison (1991) stated that understanding post-acquisition integration is important for understanding the acquisition's success and failure. However, the topic remained understudied. Therefore, in their special issue on 30 years of M&A studies Cartwright and Schoenberg (2006) call for more attention to the process of (post-)acquisition. M&A's trigger some kind of cultural dynamic affecting employees performance attitude and behaviour (Lodorfos and Boateng 2006). In line with these scholars Teerikangas and Very (2006) suggest to study how cultural differences have impact on the M&A process and its outcome. Stahl and Voight (2008) recommend that future research be directed towards opening the black box of M&A integration and try to understand mechanism by which cultural differences affect success. They state that the question is not whether culture matters in M&A's but how they affect the integration process and what can be done to manage them more effectively (Stahl and Voight 2008: 173). Cultural dynamics between acquired and acquiring firm in the post-acquisition process therefore needs more attention.

A significant deficiency in the M&A literature on cultural dynamics is the little attention for longitudinal perspectives focused upon the social construction of cultural differences (Vaara 2003). Such a sensemaking approach is studying the reconstruction of cultural conceptions in the merger context and includes more or less suppressed emotional identification with either of the merging sides (Vaara 2000). Except some examples (Kavanagh and Ashkanasy 2006; Yu, Engleman and Van de Ven 2005) longitudinal studies are uncommon in M&A studies (Teerikangas and Very 2006). An long-term analysis of merger of a Finnish furniture and Swedish furniture companies reported irrational features of post-acquisition decision making (Vaara 2003). In the post-acquisition process those in power generally dominates the organizational discourse and try to control the merger through organizational culture (Riad 2005). The goal of this paper is to fill in this gap in knowledge by presenting a longitudinal ethnographic study of post-acquisition process.

The central research question is *how employees of the acquiring and acquired organization make sense of differences in organization culture during the post-acquisition process (and to what extent drives this the overall outcome of the acquisition process)?* To answer this question the domestic post-acquisition process of Telcom and iPioneer has been

studied by means of a 10-years longitudinal field study in the Netherlands. Data on this case has been gathered between 2000 and 2010 through interviewing, observation, participation and participant observation. The findings show that four distinct and partly overlapping episodes can be distinguished in the post-acquisition process; inertia, domination, revitalization, absorption.

The paper has two contributions to the academic debate of post-acquisition in M&A's. First, the paper fills in the need of empirical data on a longitudinal post-acquisition process (Kavanagh and Ashkanasy 2006; Teerikangas and Very 2006). Secondly, the paper shows how cultural domination of the acquiring firm can trigger a process of cultural revitalization in the acquired firm. Cultural differences between acquiring and acquired organizations are not stable and fixed but situational and socially constructed.