

# “Acculturation in mergers: a bicultural perspective”

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## SECTION 2. Management in firms and organizations

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### Acculturation in mergers: a bicultural perspective

#### Abstract

The literature on merger integration has utilized the concept of acculturation; however, little attention has been given to how the broader societal context influences perspectives of acculturation during mergers. This paper examines how the invocation of the concept of culture during a merger resonates with societal cultural issues. Specifically, it illustrates how the concept of biculturalism can shape the understanding of organizational cultural processes during a merger. The study is premised in social constructionism and is conducted through ethnographic inquiry into a public sector merger of two New Zealand organizations. The possibility of a 'bicultural' arrangement between the merging organizations created anticipations of a co-existence between both organizational cultures. People in the smaller organization expected that each side could retain its cultural traditions as well as equally share control through the new structure. Through its discussion of the dynamics of a bicultural perspective, the paper contributes to five relevant themes in merger integration: the interpretive relevance of structure, organizational justice, relative size, extent of cultural diversity and relative standing. For merger theory, these themes bear implications for conceptualizing both the interpretive power of culture in organization and its simultaneous delimitation by conceptions of organizational purpose.

**Keywords:** merger integration, culture, structure, size, justice, diversity, standing.

**JEL Classification:** M1, M14.

*...different vocabularies construct the world differently, and as they do, so they have different implications for action... Science, politics, ethics and indeed the future of our societies are all implicated in 'the way we call it' (Gul-erce, 1995, p. 154).*

*If people say biculturalism can happen out there, I don't see why it couldn't happen right here.*

A COM manager

#### Introduction

Mergers are increasingly pervasive phenomena with widespread relevance to organizational life. The literature on merger integration has utilized the concept of acculturation; however, little attention has been given to how the broader societal context influences perspectives of acculturation during mergers. This paper focuses on how the invocation of the concept of culture during a merger resonates with societal cultural issues. It argues that conceptions of societal culture influence the interpretation of merger dynamics in a way that differs from generic theories of acculturation. Specifically, the paper examines how the concept of biculturalism in the New Zealand public sector shaped the interpretation of organizational cultural processes. Research was conducted into the merger of two public organizations, CAM and COM; the change also involved an internal merger of a business unit, CTC, which had previously operated independently within CAM (pseudonyms). The possibility of a 'bicultural' arrangement between the merging organizations created anticipations of a co-existence between both

organizational cultures. People in the smaller organization, COM, expected that each side could retain its cultural traditions as well as equally share control through the new structure. Through its discussion of the dynamics of a bicultural perspective, the paper contributes to five relevant themes in merger integration: the interpretive relevance of structure, organizational justice, relative size, extent of cultural diversity and relative standing.

#### 1. Prior literature

In discussing acculturation, the merger literature has built on Berry's (1980) work in social psychology. Berry's consideration of acculturation underlines the *change* occurring in cultures as a result of the flow of cultural elements. When cultures come into contact with each other, the proposed modes include assimilation, integration, separation or deculturation. Within the merger literature, Nahavandi and Malekzadeh (1988) have proposed acculturation as a means of strategic intervention, Elsass and Veiga (1994) have focused on it as a processual consideration, Cartwright and Cooper (1993) have associated it with merger motive, Very et al. (1996) have assessed cross-national acculturative stress while Larsson and Lubatkin (2002) have used the term acculturation to describe positive cultural outcomes. All these discussions, however, have not considered how the wider societal understanding of cultural relations might influence anticipations of acculturation during mergers.

#### 2. Biculturalism

New Zealand is a country that has been rich with discussions of the acculturation between Maori (the indigenous people) and Pakeha (New Zealanders of

European descent). The concept of biculturalism has come to dominate the language of New Zealanders in relation to discussions of ethnic relations (Sharp, 1995). After policies of assimilation followed by integration, Maori proposed a bicultural alternative as a step forward from both options. This alternative was based on the framework of the Treaty of Waitangi (1840) between Maori and the Crown. Consequently, the concept of biculturalism dominated the language of New Zealanders and it became common to hear about “bicultural individuals, bicultural institutions and bicultural arrangements of various sorts” (Sharp, 1995, p. 116). Biculturalism has been of particular salience within New Zealand public sector organizations (Boston et al., 1996).

Biculturalism implies “...the co-existence of two distinct cultures...with the values and traditions of both cultures reflected in the society’s customs, laws, practices and institutional arrangements, and with both cultures sharing control over resources and decision making” (O’Reily & Wood, p. 321). Unlike generic concepts of acculturation, biculturalism is more about *preservation* rather than change. This renders it different from integration or separation. Unlike integration, which seeks to combine ‘the best of both worlds’, biculturalism implies the co-existence of two cultures, not an amalgam of both. While integration represents change in both groups aiming for only structural assimilation (Berry & Sam, 1997), biculturalism implies a union between two equal parties where an extent of structural differentiation is maintained. It recognizes that culture and structure are two concepts that are not easily separated. This is not to imply that biculturalism is a separation form of acculturation. Unlike separation where the interaction with the other culture is avoided, cross-cultural interaction is an integral aspect of biculturalism.

### 3. The study

The research is based on social constructionism (Gergen 1985, 1992; Gergen & Thatchenkary, 1996), an approach increasingly utilized in merger research (Riad, 2007; Syrjälä & Takala, 2007). The premise of this theory is that the creation of meaning is a social activity and, hence, is part and parcel of the context, in which it is constructed. Culture is dependant on a recognizable tradition of meanings and actions that generate a sense of membership and difference. Further, those cultural processes at work throughout society are also at work within organizations (Bate, 1994; Linstead & Grafton-Small, 1992; Van Maanen & Barley, 1985). People appropriate from the local vernacular to interpret the concept of culture and, hence, organizational culture is inseparable from the wider societal and political culture (Miller, 1997). Social constructionism invites in-

quiry into the processes by which people explain the world they live in as well as historical and cultural bases of their constructions. Hence, further to examine organizational culture processes, focus is also directed to cultural formulations outside the organization. Social constructionism is also concerned with introducing and appreciating various forms of relationships. Acculturation during mergers is essentially a relational concept examining the interaction of two organizational cultures. So in illustrating the role that context plays in defining perspectives of acculturation, the paper also introduces the possibility of a different relationship to the literature on mergers: a bicultural relationship. In this paper, I approach culture as a metaphor for organization (Morgan, 1996). So in introducing a bicultural perspective on acculturation, the paper metaphorizes, or works with metaphor, in Jeffcutt’s (1994) terms: it offers a reading of merger dynamics through the lens of biculturalism.

This research is based on a longitudinal ethnographic study of the merger between two public sector organizations in New Zealand. The field research spanned a period of seven months that government had allocated as the transition period. My access to the organizations was by their invitation and this, in turn, defined my role as a researcher (Schwartzman, 1993): I was an observer rather than a participant. As the norm for organizational ethnography, fieldwork included observation, document collection (including emails) and interviewing (Bate, 1997; Rosen, 1991). The main forum for my observation was meetings (Schwartzman, 1993). I spent an average of ten hours a week at the various meetings, attending a total of 119 meetings. Further, I put an uncalculated amount of time into corridor-type conversations pre- and post-meetings. I observed within other forums such as plenary, merger focus groups and a two-day post-integration review process. For the informal conversations, I maintained an unstructured interviewing format, allowing people to expand on any theme they wished. As I started to identify issues, I increasingly sought elaboration – either by asking questions or seeking expansion. I also conducted both focus group interviews and individual interviews. For both interview types, each session was tape-recorded and transcribed verbatim with permission of the participants. All interviews were conducted in the latter part of the integration period. This was a time when most crucial decisions had already been made. The new chief executive, structure and senior management team had been announced. By that time I had been with the organizations as an observer for over four months and people talked based on the notion that I had ‘witnessed’ the events all along. Hence, people brought up issues that may have been difficult to elicit had the research relied only on interviews.

#### 4. Merging CAM and COM

*'Let's integrate!' the shark said to the kahawai, and opened its mouth to swallow the small fish for breakfast.*

A Maori saying quoted in Fleras & Elliott (1992)

*...first the whale has to be able to swallow the minnow. It has to be OK for it to do so. The idea was that this would not happen in this case.*

A participant from the smaller organization

For decades culture has been widely discussed within the New Zealand public sector. This was particularly the case since government's policy towards indigenous and other cultural minorities was to be reflected in the day-do-day running of public sector organizations (Boston et al., 1996). The indoctrination of such policies served to inspire certain ideals over what ought and what ought not to be done with culture. Destroying a certain culture, for example, was something 'bad' to be strictly avoided. On the other hand, striving for equality among different cultural groups was to be commended. Such societal ideals tended to permeate discussions of organizational culture during the merger researched. In appropriating from societal concepts of culture, discussions represented considerable slippage between the concepts of ethnicity and of organizational culture – the latter predominantly approached from a human rights perspective.

As with the wider society, it was the non-dominant group that initiated the concept of an equal relationship, in this case a merger rather than a take-over. CAM was much larger in size, with more diversity and a hierarchical structure. On the other hand, COM, the smaller of the two organizations, took pride in its progressive and flat structure and its cohesive culture. Altogether, people in COM were not attracted to CAM and did not welcome government's decision to merge them both. Yet, recognizing that decisions with regards to scope are usually outside of public managers' hands, COM strove for equal consideration in this relationship. COM senior managers explicitly voiced concerns as to the possibility that their group might be marginalized. The threat imposed by the language of marginalization and its associated concepts, such as "second class citizens", affected the decision. Rather than announce that the larger organization, CAM, would absorb the smaller one, COM, government announced a merger whereby a new organization was created whose name incorporated the roles of both previous organizations. A member of the steering group described the decision: "We're here to try and create a new organization. It is a merger. We're not regarding COM as second class citizens, etc..." So,

certain promises were made and that process was reflected in the language of the early transition.

In their discussion of the central issues that influence acculturation, Berry and Sam (1997) suggest that a key factor is whether there is value perceived in maintaining the cultural identity and characteristics of the non-dominant group. The concept of 'value' during mergers is generally discussed in relation to the practical benefits befalling the organization, even when discussing culture (Haspselagh & Jemison, 1991) (i.e. culture is important to preserve if it adds value). In this case, however, the value of cultural preservation was also ideologically determined – shaped by what was considered in the wider culture as an appropriate means of handling a distinct group that had become a partner. The following sections present parallels between the merger process and the concept of biculturalism. These include considerations of structure, justice, size, diversity and standing.

##### 4.1. The rules of engagement: Structural anticipations and reactions.

*When people were talking about things like cultures that they really wanted to see and really didn't want to see, the results are not necessarily reflected in the structure.*

A COM manager

While biculturalism holds different meanings for different groups, a common assumption is that it holds explicit implications for structure and control. Within New Zealand there has been a continuum of perspectives on what structurally constitutes a bicultural relationship (Durie, 1994). On the one hand, it meant including the *tangata whenua* (original inhabitants of the land) in decision-making and delegating the power required for taking responsibility (Fleras & Elliott, 1992; O'Reilly & Wood, 1991). From an institutional perspective, this implied a partnership between two entities where the authority for decisions was shared and where the values, perspectives and terminology of both sides were incorporated into design, management and operation (Boston et al., 1996). On the other hand, a purist interpretation of biculturalism meant nothing less than full sharing of power and resources implicit in a partnership ethos (Boston et al., 1996; Fleras & Elliott, 1992). So regardless of the position on that continuum, within such a context, discussions of cultures are not only pervaded with a belief in the possibility of equality but are also strongly associated with the anticipation of structural recognition.

The literature on mergers has discussed the relationship between culture, autonomy removal (Very et al., 1997; Weber, 1996) and level of integration (Pablo, 1993). However, there has been little exami-

nation of the expected sharing in structure between the two parties. Further, while the interpretation of organizational change is a dynamic process (Isabella, 1991), such dynamicism in interpretation has not been incorporated into merger discussions of acculturation. In this case, there were explicit structural anticipations which were repeatedly redefined with the announcement of the various merger decisions.

Members in COM commenced the transition period harboring an anticipation of partnership represented in the full sharing of power – “the whole shebang” as a senior manager described. Staff described how they went into that relationship eager to introduce their culture, passionate about the influence they would have, and offering constant input into the various meetings, focus groups and plenary. They wanted to adequately represent COM’s culture so that it would be equally incorporated into the new organization. A few key decisions, however, influenced their anticipations. The first included the appointment of the chief executive (CE) of CAM as the CE of the new organization, which instigated doubts within COM as to the likely outcomes of the process. However, following reassurances from several sides (CAM included) that it was still a merger of equals, staff in COM readjusted their expectations across the continuum of biculturalism: from a full sharing in power to equal inclusion within influential senior, managerial and general positions. Hence, they focused on activities that would determine both the design of the new organization and the appointment of staff.

The announcement of the new organization’s structure, however, played a crucial role in redefining the relationship for COM. The new structure as depicted as a ‘wiring diagram’ is similar in appearance to CAM’s pre-merger structure. The dominant perception within COM was that “it looked very much like CAM with bits of COM added onto it”. On viewing it, people in COM explicitly stated that they lost all hope for a relationship based on equality. Any anticipations of a ‘bicultural’ merger were replaced by a strong conviction that the exercise was a takeover through which they would lose their culture as they knew it. Several people in COM were disappointed that their input into discussions on organizational culture was not recognized in the new structure. It was at this stage that a COM manager made the statement at the start of this paper about how biculturalism could have been the alternative. During the COM change management meetings that followed, members described how they felt that they had become “absorbed” into an infinite mass that would be very unfamiliar to them. This word, ‘absorb’, was frequently used by people in COM, and later by people in CAM. Interestingly, ‘absorb’ is the same

word used by Nahavandi and Malekzadeh (1988) to describe assimilation and by Haspeslagh & Jemison (1991) to discuss redesign mergers.

The interpretation of structural disadvantage constrained hopes for positive outcomes for COM staff; some people described how they felt “helpless”. Konovsky and Brockner’s (1993) work on organizational justice supports these dynamics. They state that such experiences of structural disadvantage reduce hope for obtaining desirable outcomes. This case demonstrates that during mergers this notion is very significant – especially when one group has explicit anticipations for structural recognition.

In concluding this section there are two issues to note. First, structural expectations play a strong role in instigating shifts in interpretation of acculturation outcomes. Structure here becomes a form of cultural representation signifying which traditions are preserved and which are compromised. In this case, such interpretive shifts crossed the continuum of biculturalism and then departed from the concept altogether to interpret the situation as a takeover with the cultural marginalization of one group. Second, while biculturalism supercedes integration in recognizing two groups, its seeds were sown in concerns over the possibility of marginalization, for which the merger literature uses the term ‘deculturation’. Authors describe this as a state where members of the dominated culture are neither ‘interested’ in being assimilated into the dominating culture nor in retaining their own (e.g., Nahavandi & Malekzadeh, 1988). Cross-cultural psychology literature, on the other hand, states that this ‘loss of interest’ in retaining one’s own culture is usually an outcome of enforced cultural loss (Berry & Sam, 1997). In this case, COM members initially strived to maintain their culture, but they eventually gave up the hope of retaining it. So the point to underline is that rather than a self-elected or apathetic state, deculturation can be an enforced loss of interest in retaining one’s organizational culture.

#### **4.2. Institutional bias and issues of procedural and distributive justice.**

*Every step of the way it went on. When the structures were announced, COM got pissed off. Senior management is appointed and there’s a higher percentage of CAM people, COM got pissed off. They are currently going through that with third-tier managers were there is a higher percentage of CAM people. This has caused a lot of harm for COM.*

A CAM manager

One of the drivers behind biculturalism in New Zealand has been the elimination of institutional bias. This concept has been defined as “bias in social or

administrative institutions which automatically benefits the dominant race or culture, while penalising subordinate groups” (O’Reilly & Wood, p. 331). Such bias tends to damage the allocations received by one group in relation to another and, hence, influence perspectives of distributive justice.

The importance of procedural considerations has been discussed in the context of organizational change (Gaertner, 1989) as well as more specifically during mergers (e.g., Citera & Rentsch, 1993). In examining categories of organizational justice, Rentsch and Schneider (1993) suggest that procedural justice was associated with employees’ commitment to the newly merged organization whereas distributive justice was not. Schweiger et al. (1987) and Gaertner (1989) also highlight the importance of process, the latter stressing its particular salience to those who stand to lose. This study, however, offers a situation where despite a strong emphasis on process, people mainly judged the situation by its outcomes interpreting it as one of bias.

The inception of this merger was in a context that explicitly featured effort on all sides to avoid any administrative bias that could influence outcomes for CAM over COM. COM members had identified and discussed the threat of bias and had tried to build protective mechanisms against it into the Staff Transfer Process (STP), the procedure for appointments to the new organization. Yet some of them had also expressed the concern that due to their team-based structure, some people who played managerial roles but did not hold the title would have trouble securing positions of similar status in the new organization. But while the issue was raised as the process was still being designed, it was not resolved. One main reason was that the STP had sought to combine the contracts of the organizations in a manner that would ensure due process for all, and those contracts had been very restrictive. A COM plenary member described:

*The process of getting to the STP was, as you know, quite consultative... I always had a few reservations that were important relating to the differences in structure and culture in particular... those were incredibly interrelated. There was a really big risk that people in COM would not get a reasonable share of managerial jobs and that’s been borne out really.*

Further, the managers involved in the organizational design had found the structural differences between the organizations difficult to reconcile and this, in turn, had influenced staffing criteria. In discussing how “COM’s fears have been realized”, the transition manager noted:

*What do you do when you have one organization like CAM which is reasonably a hierarchical management structure and another organization [COM] working on self-managing teams... the fact is that the COM people have seen themselves as significantly disadvantaged... When it came to applying for management positions, they did not have a management track record on their resumes.*

While parties had taken extreme effort to ensure that the STP would be a democratic process that would guarantee an equitable outcome to all, COM’s anticipation of a relationship based on equality collapsed with the implementation of the STP. This led several within COM to regret that they had accepted such a strong procedural system. One described her resolution:

*If I were ever working in a situation where there were such incredibly different cultures, I would never again support a paper-based appointment system...*

Other managers suggested that, in emphasizing due process for all, the STP became quite restrictive to managers, denying them any discretion in terms of appointments. A manager said:

*I think that people have been overtaken by ideas of fairness. They’ve just broken their hearts trying to design a system that was absolutely fair... They are trying like anything to be as fair as possible to everybody. They think a process will achieve that.*

In effect, the extreme emphasis on procedural justice in this case had locked in a process that failed distributive justice. Despite all efforts to ensure fairness of process, COM members were disillusioned by the results of the appointments. So, whereas the literature stresses the importance of procedural justice over distributive (Rentsch and Schneider, 1993), in this case, those who stood to lose ultimately based their interpretation on *outcomes* of the processes rather than their fairness. Indeed this observation supports Konrad’s and Ross III’s (2000) broad proposition that for members of disadvantaged groups, outcomes have stronger effects on fairness perspectives than do procedures. This case suggests that the proposition can be applied to merger situations as well.

#### **4.3. The whale and the minnow: Does size matter?**

*We were not two buddies of equal standing. One was much bigger than the other and had more diversity. So, it was like, ‘Let’s get real’. But it didn’t happen.*

A CAM manager

The principle of a bicultural relationship is equal partnership *regardless* of size. Biculturalism became

a foundation for managing relationships with an indigenous minority group, the term ‘minority’ implying a size differential to take into account. Hence, biculturalism – as a step forward from integration – is meant to overcome some of the ‘diluting’ effects that integration could have when there is a discrepancy in size between two cultural groups.

Relative size is an important merger topic (Hambrick & Cannella, 1993; Very et al., 1997) but has not been factored into discussions of acculturation processes, only cultural outcomes (Larsson and Lubatkin, 2001; Very et al., 1997). For example, in situations where there is a strong discrepancy in size, is cultural integration an option or are the possibilities of assimilation, separation and deculturation more likely? Rentsch and Schneider (1991) suggest that relative size is often used to define the difference between a merger and a take-over with mergers regarded as the combination of organizations of equal sizes – a suggestion that would normatively rule out the possibility of cultural integration and the greater likelihood of assimilation or deculturation when there is a large size differential. In this case, however, perspectives on the role of relative size differed between the two organizations, as well as over time as various events occurred.

From the inception of the merger, there were two different perspectives with regards to the role of size in defining the terms of the relationship. To many in COM, size was not going to be an issue because they had been assured it was a merger of equals that would allow for a co-existence of cultures. There was hardly any mention of size differentials, nor of feeling dominated by CAM at the early stages of the merger transition and the COM change management team worked towards ensuring that their organization would be an equal partner in every way. To many in CAM, on the other hand, the size differential between them and COM implied a take-over from the start. A senior manager said:

*CAM at least saw it as a take-over simply because of sheer numbers or size... As far as it came to it, the CAM/COM merger was a take-over... but it was announced as a merger and we behind the fact that it was a merger.*

Indeed, COM members’ attitude of feeling equal regardless of size took its toll on the CAM change management team where some members increasingly became skeptical and vocal of potential equality. They became increasingly irritated with what they described as ‘oblivion’ within COM as to the role of size. Conversely, size was hardly ever discussed within the COM change management team. So, for a period of time, relative size did not define the terms of the relationship as a take-over as posed by Rentsch and Schneider (1991) – and as implied

by a significant amount of popular literature on mergers. Indeed, the findings in this case are supported by one of the earlier papers on the topic, that by Blake and Mouton (1983). The authors suggest that corporate size and feelings of dominance are not necessarily related. COM members, in effect, had initially basked in the assurance of a ‘bicultural’ relationship, of equal partnership – significantly – *regardless of size*. The problem was that only COM had bought into this notion.

Discussions of size and feelings of being dominated became an issue to COM only *after* the announcement of the structure and the appointment of managers to the new organization. COM’s members developed a different relational interpretation and, hence, redefined their status. It was these announcements that made COM members feel dominated and marginalized, not the sheer difference in size. This was not only due to the symbolic role of these events, but also because they enabled CAM members to be more explicit and vocal about their sentiments. A COM change team member described her impressions:

*To me it became a very tangible point somewhere after the structures were announced where that [cultural interest] changed quite palpably and the vibes we got everywhere were, ‘We’re sick of hearing about COM. We don’t want to know about your culture anymore. We’ve had it up to here with it.*

In hindsight, people in COM realized that the sentiments of equality had only been *respected*, not *shared*. Indeed, the COM team had a full meeting where the informal theme was around the statement, “We felt equal, but maybe we weren’t being perceived as such”. Further to the structure, partnership to many in COM had not implied *proportional* representation in managerial appointments, but an *equal* one. A member articulated that expectation:

*... if it’s proportionate, that still implies a take-over rather than a merger. People here would have thought that we would have more of an even spread of management jobs in the areas in which we were both involved...*

After these events, one or two managers in COM were quick to point out that they had anticipated such an outcome from the start. A COM manager said:

*I think it was naive of people actually. I tried to tell people from the start. You remember the comment that I quoted, ‘When a whale swallows a minnow, the whale barely changes shape but it’s quite traumatic for the minnow’.*

When posed with this statement, a COM member replied with the statement:

*Yeah, but first the whale has to be able to swallow that minnow. It has to be OK for it to do so. The idea was that this would not happen in this case.*

This suggests that although some COM members might have been aware of the size differential, they had not considered it relevant because they had believed the matters could work out otherwise. They had followed an ideology that would not allow 'big fish to eat little fish', to embrace a world where whale and minnow might co-exist. However, there was a discrepancy in embracing that ideology: the larger group respected but did not share the sentiment. So unlike merger literature that suggests that relative size can be overwhelming to the smaller group, size only became an issue to the smaller organization after it became officially factored through the structure and appointments.

#### **4.4. Biculturalism versus multiculturalism.**

*And we were driven by considering their needs and yet, at no time, have they listened to our needs.*

CTC senior manager

A key distinction in a bicultural perspective of acculturation is the stance on multiculturalism. Within discussions of culture in New Zealand, the ideal of a multicultural society had yielded to that of a bicultural society (Sharp, 1995). Biculturalism provided official recognition to two cultures within a wider multicultural society, the emphasis being on the two partners rather than on all existing subcultures. Within such a framework, the notion of multiculturalism is problematic for the smaller indigenous partner because it puts them on par with other minority subcultures. On the other hand, biculturalism can be awkward for other minorities because of its potential to relegate them to a lower status implying that subcultures outside of the two main ones are second-class citizens (Fleras & Spoonley, 1999).

Prior merger literature on acculturation has drawn on the concept of multiculturalism in determining the course of acculturation. Specifically, Nahavandi and Malekzadeh (1988) discuss how multiculturalism of the acquirer can render it more tolerant of diversity and hence allow the acquired firm to retain its own practices as a subculture. Yet when incorporating a bicultural perspective two issues are posed. First, the expectations of the smaller organization go well beyond that of a subculture within the larger partner. And second, distinct subcultures within the larger organization, especially if of significant size, can be disgruntled with a process that does not position them as a central concern.

With the announcement of the merger between CAM and COM, government also announced an

internal merger within CAM whereby CTC, a separate business unit, would be incorporated into core CAM. CTC had been a standalone unit with its own director for years and, until that point, had prepared itself for privatization. Not only was it considerably larger than both core CAM and COM, but it had developed its own corporate identity and culture.

Within this merger, members of CAM described their organization as being multicultural, of considerable diversity, fostering and respecting the various subcultures operating within it. They often conceptualized the dynamics with CTC as a return of that division to the wider CAM fold. And while they were finding the language of equality with COM difficult to maintain, following the announcement of the structure, some in CAM suggested that significant portions of COM could continue to exist relatively intact as subcultures.

Yet the principle of recognizing two partners regardless of other large subcultures was very salient for COM. Members did not seek to be another subculture within CAM. They sought equal partnership with the whole of CAM regardless of all other existing subcultures, CTC included. To them, CTC was part of CAM, not another merger partner. People explicitly described how they were merging with one group, not two. They had also acted, and said that they did, as the main other culture with rights. COM members anticipated official recognition of their group as an equal partner despite CAM's multiculturalism and its concurrent inclusion of CTC. Hence, as in societal situations, this smaller group disliked the notion of organizational multiculturalism since it implied that all minority cultures were of similar status.

On the other hand, CTC members explicitly stated concerns similar to those of societal subcultures outside of the two main partners. They described how the discussion of a merger between CAM and COM overshadowed their own concerns about the merger:

*I don't believe anybody has... understood the complexity of CTC and the make-up of us... We've got roughly, at our peak time, 2,500 employees and yet we were being driven by an organization that had in its total 170 odd [COM].*

A CTC manager who had been involved in the pre-merger discussions described how the strategic review had focused on the combination of CAM and COM, and this in itself "was a failing to start with". That emphasis had defined the rules of engagement resulting in significant effort "to balance the CAM/COM thing". To CTC members, COM had received considerable attention from the start and this led them to regret their lack of assertiveness



from the beginning of the merger period. For example, some regretted having combined their change management team with that of CAM:

*We worked under the umbrella of CAM and I think that did create a problem for COM to accept us as separate... But then maybe that was our fault – not saying from Day One, “We have as much right to have as much say in what determines things”...*

Conceptualizations of a bicultural arrangement in this merger setting raised a similar dilemma to that experienced in the wider society when multiculturalism is a factor to be considered. Biculturalism provides recognition to two cultures legitimizing expectations for the indigenous group. So what becomes of those other subcultures in terms of ownership? Further, the merger literature has generally focused on the relationship between the acquirer and acquired – and specifically on the problems for the latter. The point to note here is that certain groups within the dominant organization – or the acquirer – could be disgruntled with merger process – even when realizing satisfactory outcomes.

#### **4.5. Big frog, little pond: The issue of relative standing.**

*The thing about a tail is its insignificance. How we changed from being a partner to being a dog’s tail is beyond me.*

A COM change team member

Biculturalism is founded on considerations of relative standing at both group and individual levels. At a group level, it emphasizes that both partners to the relationship are of equal standing. At an individual level, it ensures that measures are put in place so that members of the indigenous minority race or culture are not marginalized within institutional settings.

Merger authors have discussed the implications of relative standing, predominantly focusing on the reactions of individual managers from the acquired organization, with the structure of the merged organization as a mediating factor (e.g., Hambrick & Cannella, 1993; Lubatkin et al., 1999). Such discussions build on the topic of organizational justice and size differential. The metaphor utilized is “once a big frog in a small pond, now a small frog in a big pond” (Frank, 1985); it is applied in the merger literature both broadly (e.g., Hambrick & Cannella, 1993; Lubatkin et al., 1999; Pablo, 1994) as well as specifically with regards to culture (Very et al., 1997). Its basic tenet is that managers of much smaller organizations might suffer a diminishment of standing – in other words, feel inferior – when acquired by a much larger organization. This might drive them to leave early in the process (Hambrick

& Cannella, 1993) or to confront cultural differences that might lead to diminished firm performance (Very et al., 1997). In this case, however, the concept of relative standing was discussed at two levels: at the level of the organization and at the level of the individual. Further, the timing of sentiments of diminished standing was significant. Feelings of diminished standing did not transpire early; rather, they transpired late in the process, after the announcement of the new structure and the appointments to the merged organization. Earlier in the transition, people in COM saw their organization as an equal partner to the merger and hence, they were each individually equal to their respective peers in CAM.

The announcement of the structure initially impacted COM’s sense of standing as an organization rather than managers’ individual standing. People talked about how their whole group was no longer an equal party to the process. In reflecting on that change, managers in CAM suggested that the belief in equality from the start was in itself problematic:

*...it was like CAM and COM had equal status through it and I think, in hindsight, that was something that created a lot of problems. The language of [now] calling it a take-over has been difficult. The COM people had sort of strived to feel that they had their own equality in the process...*

Once people in CAM had become more overt about their sentiments, perceptions of group diminished standing were aggravated further within COM. One described:

*Basically COM went from being sort of this tolerated bit of the process to, “God, we’re sick of hearing about you. COM must have this and COM must have that. They’re trouble-makers”.*

Another described how she was at a meeting with CAM members where someone had used the expression “the tail wagging the dog” to suggest that COM as an organization had actually had far too big a role in the merger process. And finally, a few weeks later, a manager reflected:

*I think we were just forgotten. I think at some point, we just ceased to exist. We became unreal. We became a non-organization.*

Discussions of group diminishment in standing evolved into discussions of individual standing. Although these sentiments surfaced late in the process, when they came into play, they were overwhelming for some:

*It seems completely impossible that it could be a merger of equal ministries coming together. The idea that we are going to be so diluted, even going*

*into the office with so many CAM people there. There would be a sprinkling of COM people here and there in the different departments and it would be like subsuming a few extra people into what they consider core business, I guess.*

The critical event for individual discussions of diminished standing came with the implementation of the appointments process. With the discrepancy between anticipations and outcomes, several people felt that they had personally undergone a diminishment in standing of the small-frog-in-a-big-pond variety. A COM policy person said:

*How do you fit in an organization when you once sat at the table and talked to ministers and now you are under someone else?*

The belief in the possibility of cultural co-existence had elicited different dynamics in this merger from those described in the literature. First, the concept of diminished relative standing did not kick in early as suggested by Hambrick and Cannella (1993), but much later. People did not become overwhelmed by the idea of becoming a small frog in a big pond till their interpretation of the structure and the appointments led them to do so. So while the topic of standing has been theorized as an aspect of procedural justice (Tyler, 1989), in this case, it was the allocation of outcomes that suggested to people a discrepancy in standing.

## Discussion

*This discourse [of biculturalism] is addressed not only to our private selves... but also to what the Romans used to call our public personae: to ourselves considered as bearers of rights and duties, as actors on a public stage playing the roles prescribed by the law and customs of the polity in which we live (Sharp, 1995, p. 120).*

In anticipating the cultural relationship between organizations, people appropriate from the local vernacular and the concepts that it represents. Hence, the understanding of acculturation is context dependent. Such contextual understanding, in turn, also influences practice. In mergers, therefore, defending a culture can be approached as a *right* rather than a *resistance*. At the start of the merger process, people in the smaller organization, embraced a societal ideology founded on bicultural premises, a foundation that could enable whale and minnow to co-exist. Hence, people strove for equal recognition for their group as a partner in terms of processes and outcomes. This drive influenced the dynamics in managing this merger. This has implications both for the topic of acculturation as well as for merger theory.

As a new relational perspective of mergers, this bicultural reading can inform the literature on acculturation in several ways. First, it points to how structure strongly influences perspectives of acculturation. With the interpretation of structural disadvantage, people are less hopeful of positive outcomes and less enthusiastic towards participation in merger activities. Second, it underlines the importance of outcomes. While there was a strong emphasis on procedural concerns, it was the outcomes of the merger process that affected the smaller organization's interpretation of the situation as one of disadvantage. Third, it draws size into relational consideration while highlighting how its meaning in practice is context-dependent. While believing in equal ownership and partnership, people in the smaller organization did not harbor concerns about size differential. Such concerns transpired after size was factored into structure and appointments. Fourth, as in society, a bicultural approach to mergers could be problematic for other subcultures. In focusing on the two main partners to the process, people in a big subculture within the larger organization expressed that they had not been sufficiently recognized. In contrast, multiculturalism could be problematic for the smaller merger partner because it puts them on par with other subcultures. Finally, initial confidence in the possibility of cultural co-existence delayed sentiments of diminished standing for people in the smaller organization. Concerns about standing were related to discussions of merger outcomes later in the process, with the implications discussed at both the organizational level and the individual level.

In terms of research theory, this bicultural reading brings into focus power effects that could be used to political ends as well as the constraints that conceptions of organizational purpose place on the notion of culture in organizations. Attention here is aimed at the fine-grain of power. This is a relational conception of power whereby culture, the topic at hand, only gains its power (and could be used politically in terms of attribution) in relationship with others. In other words, it can only be used if others allow that: through buying into it, through using it themselves, or through responding to societal norms that repress judicious opinions of culture. In the lack of such relational supplementarity, the power effects realized through utilizing culture as a resource is lost. A further relational dimension to the power effects of culture is the connection that power maintains with values. Societal valuational support lends salience to some concepts over others. Valued concepts, such as culture, are then appropriated by organizational members to enable certain actions and constrain others (Riad, 2005).

In drawing on various linguistic repositories to construct meaning, people can face valuational tensions, more specifically in the case of acculturation, tensions between societal and managerialist approaches to culture. Although the altruistic ideology of cultural preservation initially defined the terms of engagement between the two organizations, as managers sought to realize the expected outcomes from the merger, practices driven by the threat of marginalization were quickly brushed aside. Ultimately, the ideology of the day focused on realizing savings, achieving operational synergies and realizing the newly defined organizational purpose regardless of the cultural forms that these practices sustained or destroyed. Hence, the choice of acculturation mode was influenced by the dominant set of valuational criteria. In this case, managers had been torn between two cultural discourses, that of an ideologically driven political correctness, or PCness, regarding distinct cultural groups, and another discourse of a more functional managerial nature. When it came to the crunch time, the latter dominated. Yet in the interim, managers' attitudes to organizational culture had been steered by the dominant politically correct norms that could act as a moralizing repressive regime. Efforts to avoid marginalization by the smaller organization were supported through the dominant squeamishness towards the likelihood of that scenario.

While societies can enshrine founding treaties that guide their practices, as in the case of New Zea-

land and biculturalism, organizational decision-makers are usually not as constrained by their initial agreements. Writing two decades ago, Gaddis (1987) noted that acquirers often change their initial promises even when made with the best of intentions. When electing modes of acculturation such managers are in possession of a wider range of ideologies and related linguistic propositions from which to draw. The most significant of these are managerialist ideologies, specifically merger motives that easily justify their case. Here, managers were able to articulate pragmatic constraints in designing the structure and steering the culture of the new organization. Once made explicit, the new organizational structure and related appointments legitimated the critique aimed at the possibility of equality and absolved managers of their societal ideologies. The whale no longer had to be politically correct with the minnow. In practice, unlike societies, managers approach organizations as cultures defined by a *raison d'être* and it is often within that purpose that acculturation becomes confined. Hence, biculturalism might be more amenable to mergers driven by motives other than synergy as opposed to horizontal mergers where there are financial synergies to be realized (as was the case here). In such cases, a 'bicultural' approach has more to offer than 'separation' approaches to acculturation since it places emphasis on partnership, equality and mutual respect.

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