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The CEO in post-merger situations : an emerging theory on the management of multiple realities

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The CEO in Post-Merger Situations:

An Emerging Theory on the Management of Multiple Realities

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The CEO in Post-Merger Situations:

An Emerging Theory on the Management of Multiple Realities

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ter verkrijging van
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Jacqueline Fendt
geboren te Basel, Zwitserland
in 1952

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I would like to extend my deep appreciation to my respondents, all senior executives of multinational companies with no time to loose. And yet, each and every one has received me with generosity and with a thoroughly open mind. Without this valuable gift of time and candour this work would simply not have been possible. Dear CEOs and executives, I can only hope that you might derive the odd inspiration from some of the findings of my research as a small return on your noble and much appreciated investment.

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Abstract

While Mergers and Acquisitions (M&A) are widely studied by researchers from a variety of fields and are well understood to yield significantly lower results than originally promised, this volume reports on pioneering work on the Chief Executive (CEO), his role, his learning and human experience in the very intense stressful and high-stakes environment of post-merger integration. The CEO has to, in one way or another, involve himself in polychotomous management, running simultaneously four starkly different realities: the two original companies, the emerging new one and the transient project organisation in charge of integration.

After an introductory chapter with an overview of the study this volume provides a wide-ranging assessment of the state-of-the-art, drawing from eight major fields of management theory and a dozen subfields, with additional detail in annexes. The field of andragogy, the art and science of adult learning, is for the first time applied to M&A. The basic postulate of andragogy is that professionals learn best not in traditionally structured academic settings but rather in highly goal-oriented and time-constrained situations of which management in a post-merger is a prime example. The volume continues with discussion of the methodology used and the presentation of empirical results, contrasted with available theoretical frameworks. The study is based on a classical Grounded Theory approach in which an emerging theory is sought based on a 'conversation' between data and prior theory.

The study innovates in that the guide to interviewing twenty top executives is developed in part based on an ethnographic exploration of a diary that the author had kept as a top leader in private and public organisations, interacting in that capacity with leading corporate executives in Switzerland and Germany. This experience is synthesised in the form of seven case studies, reported in the ethnographic style of tales, each written in a lively and simple manner. Formal interviews involved ten prominent Swiss and German companies. In each company the top man and a second-in-command were interviewed twice at approximately six months interval, giving the study a longitudinal dimension and allowing the researcher to 'break the ice' and get very candid self-assessments from the subjects, including a glimpse into highly personal matters. The findings are complemented with documentary evidence, the author having gained good access to confidential corporate material. The results are reported with abundant use of salient quotes from the interviews, allowing thus the reader to directly appreciate the tone and the state-of-mind of respondents. This wide access to so many top executives in Switzerland and Germany is rare and is in itself of interest as most published literature focuses on North America.

The study proposes a new understanding of the post-merger organisation as being four juxtaposed organisations each needing dedicated management action. Furthermore, 14 key inhibitors to executive learning are identified and explained, namely the post-merger exception, CEO overstaying or understaying, success, isolation, homogenous environments, cultures of management, lack of trust, excess of trust, personal agenda,

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distraction, dichotomies and paradox, time pressure, adulation and expectations of omniscience and media pressure.

In addition, eight clusters of factors influencing post-merger performance are purported and contextualised, namely managerial discretion, the success trap, the use of discourse and metaphor in acculturation, the CEO and his or her self, management vs. leadership, the global mindset, the management of ambiguity and polychotomy and trust vs. distrust.

Finally, abstraction of interview data suggests that CEOs in post-merger situations can be viewed as fitting a taxonomy involving three categories, dubbed the 'cartel executive learner', 'the aesthetic executive learner' and the 'videogame executive learner'. The three sets of managerial behaviour are described along 28 dimensions or characteristics that are analysed in terms of their positive or negative contribution to achieving successful post-merger integration. Based on this, the author suggests a fourth 'ideal' category: 'the polychotomous executive learner' and makes suggestions for further research and practical lessons that can be implemented in corporations and management education.

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Samenvatting

Fusies en acquisities worden veelvuldig bestudeerd door onderzoekers vanuit verschillende vakgebieden en het is daarbij evident dat fusies of acquisities over het algemeen minder resultaten opleveren dan oorspronkelijk verwacht. Deze studie rapporteert echter over baanbrekend onderzoek naar de CEO, zijn rol, zijn persoonlijke en leerervaringen in de intense, gespannen omgeving van de integratie na de fusie, waarin grote belangen op het spel staan. De bestuursvoorzitter moet op een of andere manier een polychotome vorm van management bedrijven. Hij moet vier uiterst verschillende realiteiten besturen: de twee oorspronkelijke bedrijven, de nieuwe entiteit die ontstaat en de kortstondige projectorganisatie die de integratie vormgeeft.

Na een inleidend hoofdstuk met een overzicht van het onderzoek presenteert dit werk een brede beoordeling van de huidige stand van zaken, bouwend op acht theoretische hoofdstromingen en een dozijn substromingen in de bedrijfskunde, met detaillering ervan in de bijlagen. Het vakgebied van de andragogie, de kunst en wetenschap van kennisverwerving bij volwassenen, wordt voor het eerst toegepast op fusies en acquisities. De basishypothese van de andragogie is dat professionals niet zozeer in een traditionele gestructureerde academische omgeving optimaal leren, maar juist in resultaatgerichte situaties onder tijdsdruk, waarvan de post-fusie situatie een uitstekend voorbeeld is. De studie vervolgt met de methodologie en de presentatie van de empirische resultaten, die worden afgezet tegen de beschikbare theoretische raamwerken. De studie is gebaseerd op een klassieke "Grounded Theory" benadering waarin een theorie zich ontvouwt op basis van een "gesprek" tussen de data en de eerdere theorie.

Het werk is innovatief in de zin dat de richtlijn voor het interviewen van twintig top-bestuurders deels ontwikkeld is op basis van een ethnografische verkenning van een dagboek dat de auteur bijhield in haar positie als top-bestuurder in private en publieke organisaties, een positie waarin zij veel interacties had met toonaangevende top-bestuurders van Duitse en Zwitserse bedrijven. Deze ervaringen zijn samengebracht in de vorm van zeven gevalsstudies, opgetekend als ethnografieën in de vorm van vertellingen, elk geschreven op een levendige en simpele manier.

Formele interviews weren gehouden binnen tien prominente Zwitserse en Duitse bedrijven. In elk bedrijf werden de top-man en de tweede in de lijn tweemaal geinterviewd met een tussenpoos van ongeveer 6 maanden. Deze benadering geeft de studie een longitudinale dimensie en maakte het mogelijk voor de onderzoeker om het ijs te breken en een eerlijke zelf-evaluatie van de betreffende topman te krijgen, inclusief een doorkijkje naar zeer persoonlijke zaken. De resultaten worden aangevuld met geschreven bronnen, aangezien de auteur toegang had tot vertrouwelijke zakelijke documenten.

De onderzoeksresultaten zijn doorspekt met spraakmakende citaten uit het materiaal, waardoor de lezer de toon en gemoedstoestand van de geinterviewde topmannen direct kan ervaren. De toegang tot zo'n uitgebreide groep top-bestuurders in Duitsland en Zwitserland is op zich al interessant, aangezien het grootste deel van de studies die worden gepubliceerd zich op de Verenigde Staten richt.

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De studie werpt nieuw licht op de post-fusie organisatie en stelt deze voor als vier naast elkaar geplaatste entiteiten die elk aandacht en actie van het management vragen. Voorts worden 14 belemmeringen voor het leerproces van de top-man geïdentificeerd en verklaard, namelijk: de post-fusie uitzondering; te lang of te kort aanblijven van de CEO; succes; isolatie; homogene omgevingen; management culturen; gebrek aan vertrouwen; overmaat aan vertrouwen; persoonlijke agenda; afleiding; dichotomie en paradox; tijdsdruk; vleierij en overschatting van de bestuurder; en druk van de media.

Daarnaast worden acht clusters van factoren die de post-fusie prestatie beïnvloeden geduid en in hun context geplaatst, namelijk: speelruimte van de bestuurder; de succes-val; het gebruik van discours en metafoor in acculturatie; de CEO en hem/haarzelf; management versus leiderschap; de globale mindset; management van ambiguïteit en polychotomie; en vertrouwen versus wantrouwen.

Samengevatte interviewresultaten geven reden tot de veronderstelling dat bestuursvoorzitters in post-fusie situaties kunnen worden ingedeeld in drie categorieen: de 'lerende kartel-bestuurder', de 'lerende estetische bestuurder', en de 'lerende videogame bestuurder'. Deze drie typen leidinggevend gedrag worden beschreven in 28 dimensies of karakteristieken, die worden afgezet tegen hun positieve of negatieve bijdrage aan de integratie na een fusie. Op basis hiervan veronderstelt de auteur een vierde 'ideale' categorie: de 'polychotome lerende bestuurder', en geeft zij aanbevelingen voor vervolgonderzoek en voor praktische lessen die hieruit getrokken kunnen worden door bedrijven en voor bedrijfskundig onderwijs.

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1 Introduction

> *In times of change, it is the learners who inherit the Earth, while the learned find themselves beautifully equipped to live in a world that no longer exists.*
> Eric Hoffer

A global economy characterised by liberalisation, consolidation and convergence, by shareholder pressure, by acceleration of time to market and by the war for talent, for knowledge and for customer bondage poses new requirements on corporations and their leaders regarding the capability to change, react and learn. Furthermore, the increased availability and potential of ever more sophisticated information and communication technologies heightens the expectations of all market players[1]. Organisations and society, and thereby their leaders, must learn to deal with high complexity and ephemeral structures, make proof of flexibility and strong competencies of adaptation[2] and anticipation. As a reaction to and in anticipation of this increased complexity and need for growth and acceleration, corporations tend to reinvent themselves[3] and develop new forms of organisation[4] such as mergers, acquisitions[5] and strategic alliances[6], outsourcing of secondary processes, network organisations, virtual teams[7], project management, etc. Many of these are transitional organisations and their purpose is to accelerate growth and change. For this they are required to be highly dynamic[8], adaptive[9] and to strengthen the organisations' innovation capacity.

It is a recognised fact that mergers and acquisitions (M&A) often do not achieve the expected objectives[10]. This results in considerable financial, strategic and emotional damage[11]. Academics and practitioners have found that the problems in merging companies have less to do with strategic fit and more to do with implementation during the post-acquisition phases[12]. The main reasons for failure have been found to lie in inadequate leadership focus, underestimation of cultural differences, poor communication and loss of key talent[13]. After three decades of abundant M&A experiences and despite the considerable theoretical and practical attention given to this problem, it does not seem to be solved nor on the way of being solved. Independently of the particular strategic or financial key figures tracked, recent research has found that still in recent years between

1. Rüegg-Stürm and Achtenhagen (2001), p. 4
2. Fulmer (2000)
3. Ruigrok et al (1999a), p. 39
4. Rüegg-Stürm and Achtenhagen (2001), p. 3; Achtenhagen (2001)
5. Schuler and Jackson (2001), p. 239
6. Jackson and Schuler (2002); Schuler and Jackson (2002)
7. Lipnack and Stamps (1998); Chesbrough and Teece (1996)
8. Schwager and Haar (1996)
9. Fulmer (2000)
10. e. g. Keite (2001); Charman (1998); Watson Wyatt (2000); Grubb and Lamb (2001); Hussey (2002)
11. Child et al (2001); Galpin and Herndon (2001)
12. Green (2004); Hubbard and Vivian (undated); Hubbard (1999); Goleman (1999)
13. Buono et al (1985), p. 477; Kay and Shelton (2000); Croyle and Kager (2002); Fortgang et al (2003); Krug (2003); Sitkin and Pablo (2005)

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60% and 80% of M&A fail to create significant shareholder value or attain their strategic or financial objectives[14]. 83% of the 107 largest M&A performed between 1996 and 1998 did not achieve any increases in shareholder value[15]. Among the principal reasons for failure, the human dimension, i.e. the inability to reconcile conflicting values and beliefs in the post-merger phase, ranks highest, right alongside deal making[16]. Moreover there is evidence that even previous M&A experience does not imperatively improve M&A performance[17].

Motivated by this persistently disappointing track record of mergers and acquisitions (M&A) projects throughout the world, this research seeks to explore the nature of the post-merger organisation and task from a senior executive leadership perspective. It focuses on examining how such transitional systems function and how executives can best lead them to success. Are transitional organisations different to manage from stable organisations? If yes, in what respect are they different? Why do CEOs fail so often to achieve their post-merger objectives? Do top executives need particular leadership competencies to manage such organisations successfully? If yes, what are they? And, perhaps; how can these executives acquire and operationalise such competencies?

1.1 Genesis of this Research

> *All scientific discoveries are first recorded on napkins or tablecloths. Keep supplies of them handy at all times.*
> Iggy's Rule of Scientific Advances

The author has been an executive in international corporations for 15 years and, thereafter, for three years, Dean of a European business school focusing on senior executive management development. From both perspectives – that of an executive and that of a provider of management development for senior executives – the author has experienced the need for innovation in executive learning and observed certain deficiencies – including in herself – in the preparedness of executives for the ever-increasing complexity of leadership and management in changing environments. These deficits manifested themselves particularly conspicuously in post-merger situations. Neither the myriad of management development seminars and leadership programs offered[i], nor the exploding theoretical and practical offering of knowledge management systems and services seem to provide relief. Executives seem ill prepared for managing transition, uncertainty, adaptation and acceleration.

The above personal and peer experiences, documented over several years in form of a diary (CEO Diary, for some sample pages see ***Appendix A***), motivated the researcher to explore this phenomenon academically and thereby to seek to better understand the role that learning plays in post-merger situations. This was in the late 90s and there was a great deal of academic and professional debate about the management of change in gen-

14. UNCTAD (2003); Sirower (1998); Ashkenas and Francis (2000)
15. KPMG Report (1999)
16. Mosher and Pollack (1995); Farmer (1996)
17. Haleblian and Finkelstein (1999), p. 30; Zollo and Reuer (2001); Srikanth (2005)

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eral and about the management of M&A, but little work involving the senior executives themselves. A substantial discursive body attended to the importance of the management of culture differences[18] in post-merger situations, but none of this work directly addresses top management coping[ii]. Discussions of learning in M&A have primarily involved the learning organisation[19], outcomes as they relate to organisational knowledge transfer[20] in the post-merger phase or to lessons learned from previous M&A. Essentially, the question of top management learning behaviour in transitional environments had largely been ignored[iii].

1.2 Research Scope

Where am I?
What is this thing called the world?
Who am I?
How did I come into the world?
What is the meaning of that word?
Who tricked me into this whole thing and leaves me standing here?
Why was I not informed of the rules (...)
How did I get involved in this big enterprise called actuality?
Why should I be involved?
Isn't it a matter of choice?
And If I am compelled to take part in it,
Where is the manager?
To whom shall I make my complaint?
Constantin Constantinus (Kierkegaard), in *Repetition,* 1843

The research scope is defined along four themes:

- *Organisation*: the post-merger organisation
- *Actor*: the senior executive
- *Action*: coping, knowledge and learning
- *Location*: Switzerland and Germany.

To set the research scene, these four themes are briefly explained and contextualised per se and in relation to each other.

18. e. g. Trompenaars and Hampden-Turner (1993); Harrison and Huntington (2000)
19. Senge (1990)
20. e. g. Tushman and Scanlan (1981); Kogut and Zander (1996); Leroy and Ramanantsoa (1997); Singh and Zollo (1998b); Vermeulen and Barkema (2001)

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1.2.1 The Merger Phenomenon

"One plus one makes two plus": this equation is the beguiling pretended alchemy of a merger or acquisition. Two companies coming and working together are more valuable than two separate companies. This perspective is particularly alluring when times are tough. For the past three decades corporations increasingly use Mergers and Acquisitions (M&A) as a strategic tool to attempt to strengthen and maintain their position in the market place. In fact, whereas up until the early 90s M&A was merely one of many options of joining up forces between companies[21], M&A, and increasingly M&A between firms of different size, industry types and nationality[22] has become *the* most popular strategic entrepreneurial action of the past decade. Of the list of top 500 European enterprises[23], more than two thirds have undertaken substantial mergers or acquisitions in the past 15 years. M&A is today seen as a fast, efficient and spectacular way to grow and to innovate[24].

Whilst the potential benefits of M&A are widely recognised, M&A are prevalent, powerful and risky corporate actions. Indeed, there is abundant research to show that a clear majority of M&A fail to achieve their objectives[25] and/or destroy corporate value[26], be it in comparison with control groups of non-merging firms or in hypothetical comparison of what might have become of the two merging companies had they remained separate. Two assumptions underlie the merger mania:

- *Improved shareholder value*: shareholder value is expected to increase significantly because the performance of the merged companies is assumed to be higher than the combined performance of the two merging companies[27].
- *Management competencies*: executives' generalised competencies are perceived as adequate to successfully integrate two previously distinct organisations.

There is evidence that both assumptions are wrong as most studies, irrespective of their underlying criteria, show that around 70% of all M&A fail to meet their objectives[28]. Furthermore, there is evidence that there is little organisational and/or individual learning following M&A[29]. In view of the considerable financial and human value destroyed by some mergers, it would be legitimate to question M&A action as the principal remedy to the challenges of globalisation and there is an emerging body of knowledge doing just this. Whilst this interesting question goes beyond the scope of this research, a closer look at possible rationales for mergers is deemed necessary, given the influence these motives can have on post-merger success. This will be addressed in chapter two.

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21. Gomez et al (1994)
22. Romig (1966); Tetenbaum (1999)
23. Financial Times Top 500 (2005)
24. Chappuis et al (2004)
25. Keite (2001); Grubb and Lamb (2001); Watson Wyatt (2000); Schuler and Jackson (2001); Charman (1998)
26. Gugler et al (2003), p. 625
27. Sikora (1997), p. 8; Lawlor (1998), p. 36
28. e. g. Reed Lajoux and Weston (1998), p. 34; Gaughan (1999), p. 636
29. Slowinski et al (2002), p. 24

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1.2.1.1 Defining Mergers and Acquisitions (M&A)

Although the term *mergers and acquisitions* (M&A) is commonly used as one concept, its components, *mergers* and *acquisitions* have rather different meanings. An *acquisition* is the take-over of one company by another, whereby the acquirer becomes the clear owner of the acquiree, which legally ceases to exist. In a merger, two companies agree to move ahead as a new single company. If they are public companies, both their stocks are surrendered and a new company stock is issued in its place. Daimler-Benz and Chrysler merging to create DaimlerChrysler are a recent example. In practice, mergers are rare, but to announce an acquisition as a merger is frequent. To be acquired has a negative connotation. By using the terms *merger* or *M&A*, dealmakers and executives aim to render the acquisition more acceptable to stakeholders. When the take-over is hostile, it is always regarded as an *acquisition*.

For the sake of this research, the term M&A is used, except in cases where the difference between *merger* and *acquisition* is directly relevant to understanding phenomena related to the research subject.

Types of M&A

From the perspective of organisational structure and of the operational relationship between the combining companies, the literature distinguishes five generic types of M&A:

- *Horizontal M&A*: two direct competitors in similar markets and with a similar product offering
- *Vertical M&A*: a combination of a supplier with its customer
- *Market-extension M&A*: two companies with a similar product offering, acting in different markets
- *Product-extension M&A*: two companies in the same market with a different product offering
- *Conglomeration*: two companies having no common product or market activity.

In this research, all types are considered. A distinction is only made in cases where the merger type is directly relevant to the phenomena observed.

1.2.1.2 The Post-Merger Organisation: A Transition

The literature on permanent organisations is bountiful. Equally abundant is the literature on change[30] and on project management. However, little theoretical work can be found on the transitional organisation[31]. Whilst a post-merger organisation can be all of these: a (quasi-) permanent system, a change situation and a project, none of the three stated bodies of literature really applies. Explanation:

A transitional organisation is both permanent and temporary. It is often a juxtaposition of two or more simultaneous organisation structures, comprising the same people. A perfect example of the transitional organisation is the post-merger organisation, where two existing permanent organisations are combined, with the objective of forming a

30. Habermas (1979); Rüegg-Stürm (1999)
31. Czarniawska (2003)

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new permanent organisation. This old/new organisation is required to function operationally from inception, which differentiates it from a project organisation. Simultaneously, the post-merger organisation undertakes substantial one-time transformations, i.e. it works to a large extent with provisional structures and processes, much like a project organisation. Transitional post-merger organisations therefore need to meet some specific challenges with uncertainty, double leadership and multidisciplinary and intercultural knowledge coming abruptly together, needing to be sorted out and recombined in order to achieve strategic focus and efficiency gains.

For the above reasons, the phenomenon of the post-merger organisation represents a good domain to study executive learning and coping. It makes little sense to study executive learning in isolation. It is best studied in a purposeful context, and the post-merger organisation, being an extreme situation, represents such a context. It requires by nature that organisational and cultural boundaries be crossed, bringing together, under time pressure and in an environment of considerable uncertainty, multiple actors with their respective multidisciplinary competencies, their cultural diversity, and their existential self-interests, which need to be managed in order to successfully fulfil the corporate objectives. Although mergers and acquisitions display technical differences, it is common to refer to these combinations of two or more firms for the purpose of pursuing mutual interests through sharing their resources and capabilities as M&A[32].

1.2.2 Introducing Executive Andragogy

This research sets its focus on top management learning, in the sense of learning to cope. The field of observation is restricted to Chief Executive Officers (CEOs) and other leaders in positions of total or major responsibility for an international organisation having recently performed and/or undergoing at present one or several merger and acquisition processes. For the purpose of this study, these top management leaders shall be called *CEOs* or, alternately, *executives*. From the vast field of existing literature on learning, this research focuses on self-directed, learner-centred adult learning, known by the term *andragogy*.

1.2.2.1 Contextualising the Executive

The executive is confronted with a world in dramatic motion; the executive reality is becoming more complex, ambiguous, pluralistic and egalitarian. There is evidence, that conventional management and leadership principles and practices no longer suffice to face today's challenges: almost half of all CEOs fail to reach company objectives or even destroy considerable company value[33]. In post-merger situations the statistics of failure are even more substantial: only three out of ten top executives reach company goals. It is said that the only school for CEOs is the school of experience[34]. But there is evidence that CEOs hardly perform better in their second or third post-merger experience than in their first[iv]. Reasons for failure lie mostly in the human dimension, the so-called "soft factors" of management[35]. The typical CEO is efficient, rational, formal, logical and bot-

32. Charman (1999); Deogun and Scannell (2001); Schuler et al (2004)
33. Farkas and Wetlaufer (1996)
34. Farkas and Wetlaufer (1996)

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tom-line driven[36]. Are these the qualities needed to deal successfully with a pluralistic and paradoxal world? Maybe it is time for CEOs to fundamentally change behaviour? Perhaps there is a whole new set of skills to be learned?

Whilst theory on management development is abundant in the past four decades, it has a tendency, as Jackson noted, to treat CEOs the same as other managers[37] and/or it focuses mainly on the lower and middle manager. Little theory is available on learning at top management level[v]. Executives provide their subordinate managers with abundant management development opportunities, but they do not themselves attend much formal management or leadership training. Frequently stated rationales for this are time constraints and lack of conviction that suitable programs exist for the challenges these top executives are facing. For this reason of theoretical penury, and since the researcher has worked in the top management field herself and has therefore a privileged access to this population, the executive forms the main object of this research.

Since executive learning is not an isolated process, but takes place in the context of the executive's function as a leader of a management team and as the head of an organisation facing various stakeholders, the theory and practice of organisational learning is also considered, but always from the executive's perspective. The objective is to investigate executive andragogy in a spatial context, reaching from the top executive self into his or her outside world and back. This perspective has rarely been reflected in academic literature, which commonly focuses either on the personal and interpersonal level, or on the systemic (organisational) level.

1.2.2.2 Contextualising Andragogy

Pedagogy is the dominant form of instruction in the western world. Pedagogy, literally the art and science of educating children, is commonly used as a synonym for education. In the pedagogic theories and models, teachers direct learning. Teachers are responsible for content, form and timing of learning. It is surprising that teacher-focused learning came to dominate western education up until this day, when one considers that the grand tutors of ancient times, from Confucius to Plato, were not authoritarian. They saw learning as a process of curious, active inquiry and not passive reception. Some explanations for tenacious success of the teacher-focused approach can be found in middle-aged priesthood schools, which used indoctrination to instil obedience, beliefs and ritual. This form of education later also spread to secular schools in Europe and America. Also, early Calvinism considered wisdom to be evil and adults were to control and direct children's learning in order to keep them innocent.

This changed somewhat with American pragmatism. Pragmatism à priori situates learning processes evolutionarily within the process of living, in the shape of an intelligent performance of adaptation of the species to its environment. The theory of cognition of the Cartesian subject-object differentiation is undermined in pragmatism by a theory of action, in which the object and the subject reciprocally constitute themselves. John Dewey made inquiry, rather than truth or knowledge, the essence of logic. He believed

35. Bartlett and Ghoshal (1995); Mosher and Pollack (1995); Farmer (1996); Teal (1996); Okros (1999)
36. Eisenhardt and Martin (2000); Beech and Cairns (2001)
37. Jackson (1992a)

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that formal education was not exploiting its potential. He proposed activity-based learning[38] rather than a traditional teacher-dominated approach, because learning was: "...an affair of the intercourse of a living being with its physical and social environment."[39]. Inspired by Dewey, Edward Lindeman[40] wrote in 1926:

> *"Our academic system has grown in reverse order. Subjects and teachers constitute the starting point, [learners] are secondary. In conventional education the [learner] is required to adjust himself to an established curriculum. (...) Too much of learning consists of vicarious substitutions of someone else's experience and knowledge. Psychology teaches us that we learn what we do (...) Experience is the adult learner's living textbook."*

Today, a hundred years after Dewey first expressed a fundamental tension in the "proper relationship" between theory and practice in education[41], most formal education still focuses on the teacher and many well-meaning teachers continue to suffocate naturally inquisitive minds by controlling the learning environment. As a result, by adulthood, many consider learning a chore and a burden. In the seventies, this malaise was addressed again, this time by Malcolm Knowles[42]. Influenced by Lindeman, Knowles proposed that adults require specific learning conditions. After a summer class, which was attended by Dusan Savicevic[43], a Yugoslav educator, who introduced Knowles to the term andragogy[vi], he adopted it henceforth to explain adult learning and its specific learning prerequisites.

In Europe, the term andragogy[vii] has been deployed since the early 19th century[viii]. This accounts for certain differences in meaning of the term in Europe and in the USA. In Europe, andragogy is typically used as a *generic term for adult learning* and embeds all adult learning schools and theories[44], whereas in the USA the term andragogy is sometimes used generically[45], but also alternately qualified as: *a set of assumptions*[46], *a set of guidelines*[47], a *relational construct* and *a philosophy*[48]. Mostly it is used to describe one specific *adult learning theory*[49] (that conceived by Malcolm Knowles) amongst many other adult theories, such as self-directed learning concept (SDL), critical reflective learning theory, social learning theory, social cognitive theory, transformational learning theory and constructivist learning theory. Van Gent stipulates that this confusion might cause a devaluation and disregard of the use of the term and that its future use would be a *synonym for adult education*[50]. This being a European study by a European author, the Euro-

38. Dewey (1926)
39. Bernstein (1971)
40. Lindeman (1926)
41. Dewey et al (1904)
42. Knowles et al (1973)
43. Savicevic (1999)
44. Pöggeler (1957); van Beugen (1972); Knoll (1973); Winkler (1988); Cooper and Henschke (2003); Reischmann (2004)
45. Marquardt and Waddill (2004)
46. Brookfield (1986)
47. Merriam (1988)
48. Pratt (1988)
49. Hiemstra and Sisco (1990); Knowles et al (1973); Merriam and Caffarella (1999); Yang (2004)
50. van Gent (1996)

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pean significance applies. The terms andragogy and adult learning are therefore used as synonyms, except in cases where a particular aspect of andragogy as defined in existing research is commented, in which case the specific meaning of andragogy is signalled.

Andragogy, originally defined as the art and science of adult learning, has gathered momentum over the past five decades and taken a broader meaning. It has developed into an alternative learning form to teacher-centred learning, not only for the adult learner. Its key assumptions are concerned with the learner's ability, need and wish to take responsibility for his or her learning:

- *the need to know*: adults need to know why something is important to learn before endeavouring to learn it
- *the learner's self-concept* moves from dependency to self-directedness: the learner is aware of what there is to learn
- *the learner's experience* can be used as a reservoir from which learning can be built: the learner knows how to direct him/herself through information and he or she relates the topic at hand to his or her experience
- *the learner's readiness to learn* is associated with the developmental tasks of social roles: for people to be motivated to learn, which is a prerequisite for learning, they often need to overcome ancient beliefs, behaviours and inhibitions about learning
- *the learner's temporal and curricular perspectives* changes from solely postponed to including immediacy of application and from simple subject-centeredness to life-centeredness and performance-orientation
- *motivation*: adult motivators are mostly intrinsic (quality of life, self-esteem, increased job satisfaction).

In the information age, the implications of andragogy are prodigious and their adoption is likely to improve our ability to learn new technology and gain competitive advantage[51]. To succeed in analysing and synthesizing the increasing volumes of information and data we are asked to cope with, we cannot rely on others to determine what should be acquired, how it should be acquired and when. Whilst our progeny may in the future be free of pedagogic bias, most adults today are not, including many executives[52].

1.2.2.3 Contextualising Coping

This research aims to look at CEO learning and coping in transitional environments. The term 'coping' is sometimes used in a pejorative manner for failure to achieve or complete, as in 'coping strategies as employee defensive response to organisational control'[53], or as in 'perceived inability to exert personal influence and control'[54]. Contrary to this usage of coping the term is here used in the sense of 'grappling with success'[55]; as an improvised learning mode; as coming to terms with situations of high complexity and pressure, much like the French term 'se débrouiller'[56].

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51. Huitt (1999)
52. Knowles et al (1973), p. 68
53. Hayes and Allinson (1998); Gabriel (1999)
54. Young and Cooper (1995)
55. Fowler and Fowler (1964); Beech and Cairns (2001)
56. 'se débrouiller': free Engl. transl: ' to find a way', 'to muddle through (successfully)'

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1.2.3 Switzerland and Germany

For three reasons, this research is grounded in observation and study of executives and their executive post-merger environment in *Switzerland and Germany*:

- *Access to the field*: the researcher has worked as a top executive in German-speaking Europe for over 15 years and has thus established a substantial peer network in this geographic area.
- *Existing data*: long before having decided to do formal research, the researcher has kept daily notes for many years on business and leadership phenomena in this area, trying to make sense of this fast-changing business environment. This data being available, the researcher wished to exploit it[ix].
- *Hic sunt leones*: literature on top executive behaviour, especially top management learning processes, in German-speaking Europe is very scarce:

> *"Other than in the popular management literature (...) top executives have only rarely been the objects of serious research work. This holds for Germany in any case (...). Whilst there is something over a hundred empirical studies on hand, just five of them are concerned with Germany, of which two are by American authors. It can be speculated about the rationales – a specific German deficit is manifest."*[57]

All of the projects encountered were cross-border alliances[58]. They had a transnational component, but the dominant M&A partner was Swiss or German, the field observations were made primarily in their German-speaking headquarters and the executive respondents were preponderantly of German-speaking origin.

1.3 Research Questions and Research Goals

> *Research serves to make building blocks out of stumbling stones.*
> Arthur D. Little

Best practice approaches and ideologies underpinning the nature of leadership in post-merger organisations are very present on the discursive agenda, both academic and professional. However, the majority are derived from a quantitative position, which pre-empts the range or scope of executive learning through the use of survey techniques. Furthermore, such measures of post-merger processes often consist of a series of structured responses that are fixed and inflexible and as such fail to penetrate surface answers for underlying influences. Therefore, rather than integrated models or theories, they are lists of possibilities.

57. Prof. Dr. J. Hauschildt in his preface to Salomo (2001). Own translation.
58. Liebeskind et al (1996)

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1.3.1 Research Questions

Against this backdrop the following provisional research questions were developed in the beginning:

Q1 How does leadership in transitional organisations, such as post-merger situations, differ from classical management and leadership situations, in its requirements vis-à-vis executives?
Q2 Why do CEOs so often fail, and fail repeatedly, to be successful in post-merger leadership?
Q3 Why do some executives perform better than others in post-merger situations?
Q4 Do executives recognise that there might be a correlation between their performance and merger failure?
Q5 Why do many executives not seem to learn to cope with transitional situations, even after repeated experiences?
Q6 How can this experience be materialised, i.e. put into practice?
Q7 What, if anything, do executives do to improve their self?
Q8 What means, if any, do executives choose to improve their performance?
Q9 How do executives learn and learn to cope?

1.3.2 Research Goals

These questions needed to be investigated in the light of existing work and in the context of the research goals. Given the above stated lack of discursive attention to the field of interest, a decision had to be made regarding the main aims of the study. No research method allows the researcher access to indisputable truth. Any method adopted will lead to research results that can only be one perspective from a range of possibilities[59]. This meant that, so as to adopt a credible position, the research questions, the research goals and the methodology chosen had to be reciprocally logical and coherent. Upon reflection of the afore going, the research goals emerged as follows:

- To build a theory that is grounded in behaviour, actions and experience of the population studied
- To provide a new perspective on the andragogic motivations, performance, experiences and possibilities of executives in post-merger organisations
- To develop and incorporate the findings into a theoretical framework which has explanatory as well as descriptive power.

59. Goulding (2002)

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1.4 Empirical Approach

> *Wenn wir wüssten, was wir tun, würden wir das nicht Forschung nennen. (If we knew what it was we were doing, it would not be called research, would it?)*
> (attributed to) Albert Einstein

From an informal, unstructured notebook, a "CEO Diary", which the researcher had kept for several years during her top management career, emerged:

- the identification of a curious phenomenon, namely that many executives find it difficult to manage post-merger situations. Even highly experienced and otherwise successful executives seem to fail, often repeatedly, to manage such transitional organisations satisfactorily
- the desire to observe this phenomenon more closely and more systematically
- the determination to do this by means of a formal research project.

Soon upon the identification of the above phenomenon, work on the broader fields of post-merger management, of executive andragogy and of organisational learning was evaluated in order to assess existing theories and models that may have application.

With regard to choosing a methodology to research the area of executive andragogy in post-merger situations a two-loop research strategy was chosen after an evaluative process of the strengths and weaknesses of a range of possible approaches. A first loop of ethnographic work should permit the researcher to use the rich data collected over many years of active presence in the field on the language, concepts, rites, practices, rules, beliefs, networks, power relationships, kinship patterns and, simply, ways of life of the target group. Once specific research questions and first hypotheses emerged from this ethnographic phase, a second loop using grounded theory should permit to inquire more precisely into the social constructs of executive behaviour in transitional environments.

1.4.1 Loop One: Ethnography

Systematic field observation and evidence collection are continued and the data analysed and confronted with existing literature. The goals of loop one are to obtain structural depth of the data, so as to better understand the initially observed phenomena and thereby formulate the research question more coherently and, possibly, detect some beginnings of patterns and logic. The results of this first loop are reported in the form of seven ethnographic tales and a concluding theoretical discussion labelled 'the moral'. The moral is a confrontation of the data and the observed phenomena from the tales with extant literature, aiming to visualise the contingence of the constructions of reality, to be an 'interpretation enabler' and thus to help shape options of action.

1.4.2 Loop Two: Grounded Theory

With a more precise research question at hand, a second research loop was undertaken. Given the lack of an integrated theory in the literature regarding executive andragogy in

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post-merger organisations, grounded theory was chosen as the methodological approach. An inductive approach, which allowed theory to emerge from the experiential accounts of the executives themselves, seemed the most appropriate. The goal of this second and principal research loop was to build theory that is grounded in the narrations, actions and experiences of those executives studied. Ten post-merger cases were chosen by theoretical sampling and described in terms of their nature, location, M&A motives, post-merger status and the fieldwork conducted[60]. The main research focus was on the leading executive of the companies, the highest operational person in charge of the post-merger process. Usually this was the Chief Executive Officer (CEO). In order to verify emerging concepts against possible changes in behaviour over time due to andragogy, context or mood, each executive was interviewed twice, with a time interval of no less than 6 months between the two semi-structured interviews. To reduce subjectivity, one further member of CEO's management team was also interviewed, also twice with a time interval of no less than six months.

This process resulted in a total of 40 semi-structured, in-depth interviews with 20 top executives from 10 different companies. This data was coded and then abstracted into concepts and higher order categories and their theoretical significance was explored. These findings were in turn related to other factors that were identified as being important, such as a number of socio-cultural conditions, personal background conditions and current contextual conditions. Finally, the categories and concepts were incorporated into a theoretical framework.

1.5 Contributions to Theory and Practice

Fools make researches and wise men exploit them.
H. G. Wells

Literature and practice offer at least four reasons, why a study on executive andragogy in a post-merger context is timely and pertinent.

1.5.1 Theoretical Contribution

Theory on the transitional post-merger organisation and the learning behaviour of leading executives within such organisations is scarce[61]. Yet business practitioners and scholars agree that mergers and acquisitions will remain a key strategic tool in the process of globalisation and the pressure to concentrate resources to improve competitiveness. The performance and adaptation capabilities of leading executives in post-merger phases are unsatisfactory and considerable social and economic value is destroyed in such situations. With this study it is hoped that some of the reasons for the unsatisfactory performance of leading executives can be identified and some hypotheses developed as to how executives can better manage these critical situations. Such hypotheses, models and theories which may emerge from and affect such diverse fields as organiza-

60. cf. section 3.2.2
61. Hogan et al (1994)

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tional theory, sociology, psychology, organisational change, strategy, cybernetics, communication theory and individual and organisational learning, could make a valuable addition to the scientific discussion and lead to ideas for further research in this little-investigated strategic area.

1.5.2 Executive Andragogy and Performance

On a practical level, such emerging theory could serve as a guideline to executives regarding certain behavioural success factors to focus on and business schools for the development of organisational learning environments, concepts and tools for executive learning in transitional environments.

CEOs have "no school" to go to and must "learn on the job"[62]. There is evidence that CEOs do not perform optimally, especially in post-merger situations. Mergers are failing at disturbing rates. Parallels are drawn between leader incompetence and the failure rate of corporations[63]. Almost one out of two CEOs is replaced within five years[64]. There is a need to better understand what correlation, if any, exists between superior performance and executive andragogy.

1.5.3 Organisational Relevance

The impact and power that CEOs wield within their organisations is significant, whilst their accountability is marginal. According to Mintzberg, the key purpose of the CEO role is: "to effect an integration between individual needs and organisational goals (...)", and, to this end: "(...) formal authority vests the manager with great potential power; leadership activity determines how much of it will be realized"[65]. The decisions executives make every day have an eminent effect on their organisations, employees and profits. This manifests itself especially in post-merger organisations, where the integration between individual needs and organisational goals is more complex, due to there being two organisations. A greater understanding is required, therefore, regarding how decisions are made and how decision-making could be improved.

1.5.4 Global Relevance

CEOs carry extraordinary social and economic responsibility. Their decisions and actions impact on millions of employees and their families and on communities, regions and countries around the world. The capital in their hands is counted in billions of dollars. They have the potential to contribute positively or adversely toward innovation, humanism and the environment. It cannot but interest society to have the best possible performers in every respect at the top of such powerful organisations.

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62. Farkas and Wetlaufer (1996), p. 112
63. Hogan et al (1994), p. 495
64. Farkas and Wetlaufer (1996), p. 115
65. Mintzberg (1973), p. 63

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1.6 Organisation of the Study

> *To take photographs means to recognise (...) both the fact itself and the rigorous organisation of visually perceived forms that give it meaning. It is putting one's head, one's eyes and one's heart on the same axis.*
> Henri Cartier-Bresson

The dissertation is organised as follows:

Chapter one describes the field of research and outlines the importance of executive andragogy in transitional organisations. It also states the key research questions to be addressed and describes the dissertation structure.

Chapter two comprises a broad literature review on the transitional post-merger organisation, on executive andragogy and its influencing factors and on the mechanisms of management learning in the transitional organisation, with special focus on the post-merger organisation. The review draws theory from various disciplines such as organisational theory, sociology, social psychology, andragogy, organisational learning, change management, project management and strategy.

Chapter three describes the key methodological issues and the evidence collection and analysis procedure, tracing both the ethnography process used in research loop one and the grounded theory work process used in research loop two, from the first ethnographic sounding over sampling to evidence evaluation, analysis and theory building. Also discussed are the evaluation criteria and the limitations.

Chapters four and five present the research findings and the building of theory. *Chapter four* visualises the ethnographic data in form of seven impressionist tales. The tales are followed by a moral in the shape of a theoretical discussion. The chapter closes by a summary of the findings and a juxtaposition of these findings with the research questions.

Chapter five presents the findings of the second empirical study loop, in terms of the concepts and categories of executive learning and coping in transitional organisations. Seven concepts are proposed, their relationships discussed and their properties and dimensions presented. The continued process of abstraction toward theory building is illustrated. This is followed by comments on temporality, locality and context. The chapter concludes by a discussion on validity.

In the final *Chapter six* an emerging theory on CEO learning and coping in transitional organisations is developed by means of three core categories of executive learning behaviours. The theory is discussed taking into account the findings of both empirical research loops. From this emerges the proposition of a new hypothetical 'ideal' core category or theoretical model of CEO learning behaviour. Furthermore, the chapter summarises the key findings of this dissertation, ties up loose ends and points out implications for research and practice. It also outlines the research limitations and proposes pathways to explore in further research.

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Endnotes to Chapter 1

i There is a huge offering of programmes and seminars for every business specialty: accounting, finance, marketing, human resources, operations management, information technology, etc., and, of course, strategy, leadership and general management. But there is no school for CEOs except the school of experience. By and large, CEOs must learn how to run a company on the job.

ii Conclusions are usually standardised "best practice" recommendations in checklist form, or stereotype descriptions of different cultures that could be encountered in the style of: "...the French are like this, the Americans like that... engineers behave this way, marketers that way...".

iii An important exception is the ethnographic work on management behaviour by Tony Watson (1994) who spent a full year working and gathering data in a post-merger organisation in the UK. This book is full of rich data on management behaviour in transitional organisations, but it focuses on the lower and middle manager.

iv Research on this claim is inconsistent: most findings state that executives fail to change failure-prone behaviour or that acquirers inappropriately generalise experience to subsequent dissimilar post-merger situations (Haleblian and Finkelstein, 1999; Seijts and Farrell, 2003; Lesowitz and Knauff, 2003; Finkelstein, 2004; Aw and Chatterjee, 2004), some recent research finds that more experienced acquirers begin to discriminate between the different post-merger projects, after several experiences (Hayward and Hambrick, 1997; Haleblian and Finkelstein, 1999). Serial acquirers, i.e. companies which acquire hundreds of smaller companies have a more satisfactory learning curve both because the resistance of the acquiree (which is mostly in some difficulty and hoping to be saved by the acquisition) is usually small, and because acquisition experience is regularly codified and updated (Early, 2004; Zollo and Singh, 2004)

v There is a substantial body of professional literature available to top executives. Most of it is American. It is written in the style of management evangelism, stipulating „lessons learned" and/or offering checklists for specific situations. Examples are Peters and Waterman's, "In Search of Excellence" (1982), Kanter's "The Change Masters" (1985) and many more. Whilst top executives read such management books, or the executive summaries thereof, they often estimate that the transfer to their practical realities is limited.

vi Knowles describes the anecdote in his book "Andragogy in Action" (1984) on how he was introduced to the term in 1967 by Savicevic who had attended his summer classes and told him at the end of a lecture that he was in fact preaching and practicing andragogy, to which Knowles replied: "Whatagogy?" having heard this term for the first time.

vii Countries such as Germany, Holland (van Gent, 1996), Hungary, Poland, and Yugoslavia had used andragogy and similar terms, such as andragology (Knoll, 1981) in the 19th century, trying to place adult learning and teaching within an overall system and differentiate it from pedagogy, which defined the concept of learning for children and youths. Faculties and chairs exist in many European countries.

viii Brookfield (1984) suggests that Anderson and Lindeman (1927), drawing upon the work of Rosenstock, a German scholar of the early 19th century, used the term as early as 1920. However, most sources (e.g. Davenport and Davenport, 1985) assert that it was Alexander Kapp, a German teacher, who had first used the term in 1933 to describe Plato's educational theory.

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ix There is enormous variation in the literature in just how ethnography is carried out. Riemer (1977) speaks of "opportunistic research" and according to Van Maanen (1988, p. 9), ethnographic reports can also "…appear as retrospective accounts of a distinct period in a researcher's life not marked off at the time as fieldwork". This applies here with regard to the first three years of note taking in the field.

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2 Theoretical Foundations

There is nothing so practical as a good theory.
Kurt Lewin

Some early work on theory-building methodologies[1] suggests that, to avoid bias, the fieldwork should be started without consulting theory first. This is simply not realistic here, because this research had begun fortuitously. Starting from a personal curiosity, from an irritation at the post-merger management phenomenon, from a certain frustration in view of the considerable strategic, financial and emotional damage observed with M&A all around her and, therefore, from a very practical quest for answers, the researcher (then an executive) has begun to take personal notes in the field, and to regularly consult the professional and scientific literature for explanations on these observed phenomena. It is obviously impossible to ignore, suppress or forget this accumulated knowledge and it would be artificial and dishonest to pretend to start from zero. Moreover, it would be a waste of precious data.

Another theory-building school argues that, whilst grounded theory does not normally proceed iteratively, with a literature search, followed by hypotheses, which are to be tested in the field, it does evolve from a tentative literature base to begin with[2]. It is difficult to be interested in a field of research without knowing something about it and having some conceptual view of it[3]. For the researcher to "... remain open in order to discover the elements making up the markers and the tools that people mobilize in their interactions with each other and, more generally, with the world"[4], the theoretical research should be wide and not directly related to the field of study[5]. Since top executive learning in post-merger situations does not receive much attention in academic research, this was not a problem.

The theoretical research work is an excursion organised along the paths delineated by the research problem:

- The singularity of the post-merger organisation
- Reasons of executive failure and success in post-merger situations
- Impact on executive performance of knowledge and experience accumulation
- Nature of executive coping in post-merger situations.

It draws from such fields as: organisational theory, M&A research, strategy, organisational learning, andragogy, management and leadership, knowledge management, organisational psychology and sociology, culture studies and communication sciences.

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1. Glaser (1978); Eisenhardt (1989); Dyer and Wilkins (1991)
2. Strauss (1987); Strauss and Corbin (1990, 1998)
3. Easterby-Smith et al (2002)
4. Silverman (1997)
5. Goulding (2002)

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2.1 The Merger Mania

Thee lift me and I lift thee and together we ascend.
John Greenleaf Whittier

Mergers and acquisitions (M&A) constitute a specific and important domain of organisational change. M&A are a frequently used strategic management tool and a recognized key driver for competitiveness for some years now[6]. This is also reflected by an increasing academic interest in the phenomenon. Up until the early 90s, M&A was one of many options of strategic partnership between companies[7]. Later, M&A have emerged as a key tool right through the nineties and still seemed to be on the increase in some sectors of converging markets toward the end of the nineties[8], while stagnant in others[9]. M&A are a highly popular entrepreneurial tool of corporate development. Counting cross-border M&A alone, more than 40'000 deals have been registered over the past 7 years[10], and the total value of global M&A is estimated to have exceeded $3.5 trillion in 2000[11]. Organisational research of the phenomenon exists; it rarely focuses on the social construction of failure and success in post-merger organisations. This is regrettable, since the accounts of successes and failures are one basis for learning[12].

In the mid-eighties the M&A performance discussion began to focus on the organisational change processes in the post-merger phase. Several classes of explanations were proposed:

- empirical finance and economics literature investigated in the deal-making process[13], performance related to acquisition types[14] or synergy[15] and financial performance[16]
- strategy scholars focussed on the impacts of resources deployment[17], human resource management[18] and market-relatedness between the M&A players.

Two major streams of merger research are particularly relevant to this research, as they examine:

- *the relationship between the strategic fit of the two merging firms and performance*: it was assumed that companies that display a greater strategic fit (e.g. similar core technologies) would perform better[19], but neither could any consistency be found, nor could any empirical explanations for the large variance be identified[i]. However, all of

6. Badaracco (1991); Inkpen (1996); Richter and Vettel (1995)
7. Gomez et al (1994)
8. Valentine (1999)
9. OECD (2001, 2002, 2003)
10. OECD (2002)
11. Schuler et al (2003)
12. March and Simon (1993); Levinthal and March (1993)
13. Seth (1990); Seth et al (2002)
14. Kusewitt (1985); Fowler and Schmidt (1989)
15. Chatterjee (1986)
16. Lubatkin (1983); Lubatkin (1987)
17. Lubatkin (1999)
18. Dierickx and Cool (1989); Schuler and Jackson (2001); Bower (2001)
19. Lubatkin (1983)

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these studies confirm that their results may be influenced by other factors, namely: "...the ways in which the interdependence of the two firms is actually managed.[20]"

– *the relationship between the cultural fit of the two merging firms and performance*: it was assumed that companies that displayed a greater cultural fit (i.e. the degree to which the merging companies perceive their cultures to be compatible) would perform better. This research stream, again, is not conclusive. It confirms that employee support is a prerequisite to success and that employee support is contingent upon cultural fit [21]. Employees are therefore more likely to be expected to conform to the new culture if the two original cultures are perceived to be close. Dissimilar cultures can produce anxiety and feelings of hostility and lower the commitment of executives and staff[22]. This is especially relevant at the top management level, where cultural clashes have a direct bearing on the merged company's ability to perform[23]. Some studies, however, claim that the acculturation effort is lower in companies where the cultural fit is perceived as high[24]. In very diverse companies the expectation of attunement to conflict is higher and therefore more effort is made to address the issue[25]. Since underestimation of the competencies, efforts and costs of integration are evidenced to be major causes for M&A failure[26], the awareness and tolerance of cultural differences, which appears to be higher when merging partners are ostensibly different, becomes a success factor[27].

Both these concepts, leadership and culture at the top management level, are researched in more detail in the theoretical foundations below and, regarding their impact and properties in post-merger situations, in the empirical chapters 4 and 5.

2.1.1 The Post-Merger Phenomenon as a Social Construct

With very few exceptions[28] it was only in the past decade that the importance of post-merger integration was discovered as important for the understanding of the outcome of M&A and the discourse has began to focus more on post-merger processes[29], The focus of this work is, however, with some exceptions[30], of a rationalistic and somewhat

20. Haspeslagh and Jemison (1987), p. 56; Chatterjee et al (1992), p. 320
21. Arnold (1983); Sales and Mirvis (1984); Callahan (1986); Buono and Bowditch (1989)
22. Sales and Mirvis (1984); Buono et al (1985); Weber (1996)
23. Sales and Mirvis (1984); Chatterjee et al (1992), p. 321
24. Weber (1996); Weber and Menipaz (2003)
25. Baker and Kolb (1993); Northcraft et al (1995); Eisenhardt et al (1997, 1977a); Pelled et al (1999); Marks and Mirvis (2001)
26. Weber (1996); Weber et al (1996); Tetenbaum (1999)
27. Nahavandi and Malekzadeh (1988); Chatterjee et al (1992)
28. e. g. Kitching (1967)
29. Haspeslagh and Jemison (1991); Pablo (1994); Larsson and Finkelstein (1999)
30. Important exceptions that examine more particularly the socio-cultural and/or the socio-psychological integration are: Shrivastava (1986); Watson (1994); Marks and Mirvis (2001); Bijlsma-Frankema (2004) and Vaara (2002, 2003)

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managerialist[ii] nature, in that it does not, or barely, reflect the processes through which these phenomena are socially constructed[31].

2.1.2 Post-Merger Process and Structure

Customarily, research on post-merger integration processes conceptualises the integration process as a *project*, in which a management team leads the process and the employees constitute the change subjects[32]. This conceptualisation has become the vantage position of the principal discourse[33] of this field of study[34]. This perspective led to an abundant discussion about different approaches to integration[35] and, by that, to various taxonomies about types of M&A.

This researcher suggests that the project perspective might be an over-simplified view of the post-merger organisation. Whilst indeed comprising some type of project organisation, which has the clear assignment to shape the future company structure and processes, the post merger organisation is, simultaneously and first and foremost, a permanent organisation, composed of permanent employees which operationally deal with customers, suppliers and other stakeholders on a daily basis. In fact, to make matters more complex, it is composed of two such organisations, that of the acquirer and that of the acquiree, which function separately in parts and together in others, which means, that there is a third permanent organisation, the *new, combined company,* which begins to emerge at the same time. With very few exceptions of specialised consultants taking on certain specific roles, these four organisations are run by the same managers and staff, who simultaneously wear different, sometimes antipodal hats, having at the same time to keep their pre-merger operational work alive, to participate in several integration projects and, as the new organisation emerges, to assume new responsibilities. In an environment of great uncertainty, also with regard to his or her own future, the executive is expected to run all these juxtaposed organisations simultaneously, effacing gradually the old organisations whilst keeping their assets, building up the new one by bringing together the best of both contributors and effecting the planned economies of scale and dissolving, finally, the post-merger process integration project organisation.

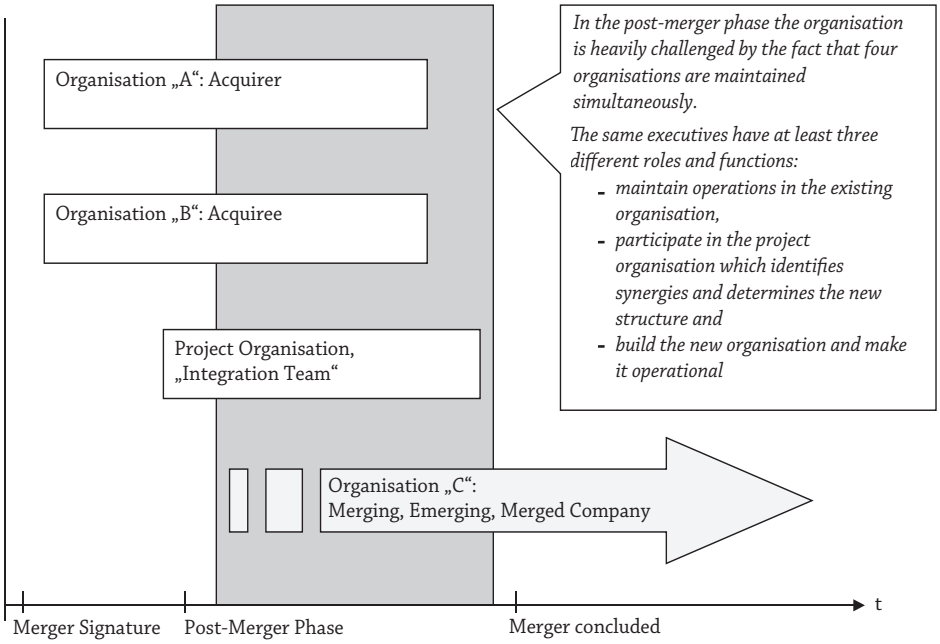
In order to position future reflections, some findings from this research are forestalled and a model of the post-merger organisation is proposed in Figure 2-1 below, outlining the above-described complexity of structural and process dimensions.

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31. Haspeslagh and Jemison (1991); Elsass and Veiga (1994); Pablo (1994); Feldman and Spratt (1999)
32. Buono and Bowditch (1989); Haspeslagh and Jemison (1991)
33. Shrivastava (1986); Nahavandi and Malekzadeh (1988); Larsson (1990)
34. Vaara (2002)
35. e. g. Nahavandi and Malekzadeh (1988); Napier (1989); Hunt (1990); Larsson (1990); Olie (1990)

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Figure 2-1: The Transitional Post-Merger Organisation



The management of this juxtaposition of different organisations is all the more challenging, as it cannot be perfectly planned, since the due diligence cannot bring out the true value nor does it show all the hidden problems from both original organisations[36]. Such positive or negative surprises arise to a large extent in the process itself and necessitate permanent correction of action[37]. This complexity sets high demands on communication, which is critical[38] in times of uncertainty and which should be honest[39], clear and computable, which seems an impracticality in view of circumstances changing almost daily[40] and of the need to address different groups of stakeholders representing different and often conflicting needs and wants. Furthermore, the actors involved, management and staff, do not know their destiny[41] in the future organisations, which is a source of anxiety and stress and leads them to having to cater both for the organisations as well as for their own interest[42]. In many cases, where similar organisations are to be merged, or some plants and/or subsidiaries closed for the purpose of economies of scale, lay offs are inevitable. To begin with, there are simply two managers for any one managerial position, sometimes over several hierarchical levels. These problems do not arise in project structures, projects being temporary[43] and having, by definition, clear starting and end points.

36. Bieshaar et al (2001); Christofferson et al (2004)
37. Thaler (1992)
38. Pandya (1999)
39. Montague (2000)
40. Jones (1987)
41. Messmer (1997)
42. Lubatkin et al (1999)
43. Turner and Muller (2003)

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Whilst any one of the above phenomena and/or several of them combined are discussed in the literature, the model of the transitional post-merger organisation as proposed above, has, to the knowledge of this researcher, not been introduced.

2.1.3 Rationales for M&A

Some causes for post-merger failure lie partly in mistakes[44] made in the pre-merger phase. Post-merger situations depend on the support of the management team and the employees for their success. This support, or resistance, is inter alia a function of the understanding and acceptance, by managers and employees, of the rationale behind the M&A. Moreover, research on M&A rationales partly looks at questions of executive behaviour, which could be of interest to this study. This is why the key theories and their implications are given a critical overview in this research. It is agreed that M&A are driven by a complex pattern of motives[45] and that no single rationale can render a full account[46], but an attempt is made to identify and order some *generic M&A rationales*[47]:

- Diversification for risk reduction
- Acquisition of companies considered to be undervalued
- Acquisition of companies considered to be poorly managed
- Expecting operational synergies
- Expecting knowledge synergies
- Expecting financial synergies
- Acquisition based on managerial self-interest, empire-building and imitation
- Acquisition based on fear or to compensate own deficiencies.

These rationales are discussed in some detail in ***Appendix B***. The M&A case studies addressed in this research comprise all these rationales and often a combination of them.

2.1.4 Summary of Areas for Exploration

This section reviewed the concept of M&A with special emphasis on the post-merger integration process and its influencing factors. The table below illustrates the questions that are retained for possible further exploration.

44. Shrivastava (1986)
45. Trautwein (1990)
46. Steiner (1975); Ravenscraft and Scherer (1987)
47. Pautler (2003)

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Table 2-1: Research Areas on M&A

A1	M&A have a history of over 30 years and still the failure rate has not improved. For the past 15 years, the post-merger integration difficulties have been receiving abundant academic and professional attention. Still, the M&A failure rate has not improved, neither in general terms nor at a personal (CEO) level. **Do executives see themselves as part of the cause of post-merger failure?**
A2	The post-merger organisation is a complex structure in which several organisation forms, requiring different leadership action, are juxtaposed and need to be managed simultaneously, namely the two original organisations, a temporary (project or integration) structure and the newly emerging combined organisation. The "old" assets of both merging companies need to be preserved, enhanced and exchanged, whilst, simultaneously, the "new" organisation must be built. **How aware are executives of this phenomenon and how do they take it into account in their leadership?**
A3	In post-merger organisations, executives at all levels, also at the highest level, are to a certain extent threatened. There are theoretically two executives for one assignment at all levels. **How do executives deal with this personal threat and to what extent does it influence their behaviour?**
A4	In many cases, M&A decisions are based on potential benefits for one group of stake- holders only, often top management. They are partly or wholly motivated by personal rationales, which do not withstand closer scrutiny for realistic financial or market benefits. **How does this phenomenon influence the behaviour and the performance of executives in the post-merger phase?**

2.2 Leadership

"Would you tell me, please, which way I ought to go from here?"
"That depends a good deal on where you want to get to," said the Cat.
"I don't much care where --" said Alice.
"Then it doesn't matter which way you go," said the Cat.
"--so long as I get somewhere," Alice added as an explanation.
Lewis Carroll, *Alice's Adventures in Wonderland,* 1876

2.2.1 Leadership in Post-Merger Organisations

References to management and leadership in post-merger organisations are found in classic management and leadership literature, but also in the extensive discourses on decision-making, change management, project management or even crisis management. Kitching[48] was first to postulate that attention to merger management and the organi-

48. Kitching (1967)

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sational relationship were critical for a merger's success. In the impressive plethora of leadership research until this day, however, little academic attention is given to the role of top executives, and especially of the CEO, in the post-merger phase. This is in awesome contrast with the popular business literature, be it business magazine articles or CEO biographies and autobiographies, which does not tire to present charismatic leaders[49] who seem to be having all the answers.

Post-merger leadership recommendations[50] are available in countless checklists and include:

- Providing strong, persistent, inspirational[51] and trustworthy leadership; encouraging and coaching others to succeed[52]
- Early and serious planning of the post-merger integration[53]
- Having robust and detailed vision and values, communicating them early and repeatedly, translating them into tangible and symbolic actions[54]; deploying the assets consistent[55] with the vision
- Composing a diverse single-CEO[iii] management team including some critical thinkers
- Assessing executives and deciding quickly on to whom to keep and whom to let go; retain the chosen executives with financial[56] and development incentives
- Switching a large number of executives between the two merging organisations[57]
- Coaching executives for culture awareness and communication[58]
- Providing abundant clear, honest and constant communication to all stakeholders; not promising a single thing that will not be delivered
- Nailing down roles, responsibilities and working relationships
- Ensuring a focus on customers
- Undertaking post-transaction learning and audit[59].

Nevertheless, regarding the M&A phenomenon, and over and above it, the emergence of increased complexity in contemporary organisations is acknowledged and the debate about a new understanding of leadership is launched[60].

2.2.2 Definitions of Leadership

In the abundant discussion of what leadership is and should be, myriads of definitions are proposed, which vary according to whether the researcher looks at the leader alone, at the relationship between the leader and the led and/or the context of leadership. Pearman stipulates that: "leadership is a process used by anyone, regardless of rank, to

49. e. g. Wain (2004); McDonald and Schoenberger (2004)
50. Auster and Sirower (2002)
51. Desmarescaux (1998); Porter (1987)
52. Rowe (1998)
53. Epstein (2004)
54. Desmarescaux (1998)
55. Anonymous (1999)
56. Olsen and Jesuthasan (2002)
57. Drucker (1981)
58. Gemignani (2001)
59. Porter (1987); Early (2004); Huang and Kleiner (2004)
60. Griffin (2002)

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create meaningful collaboration among individuals for a common purpose"[61]. For the purpose of this study, leadership shall be defined as the art of influencing others in the manner desired by the leader. Under such a general definition it can be assumed that effective leadership may depend on the leader, the followers, the context and/or any combination of these.

Whilst research on leadership is abundant, there is, in practice, no clear classification system. Leadership is studied statically, regarding *types* of leaders, or vis-à-vis particular *traits*[62] a leader should have; as a process, inquiring into the *behaviour*[63] a leader has vis-à-vis his or her followers and stakeholders; with regard to the *context*[64] in which leadership takes place and, finally, with regard to the *impact*[65] to be achieved by the leadership. The largest body of knowledge, however, covers tools, techniques and *methods*[66].

Executives are seen to either adhere to their own style or cherry pick elements from different systems. The same goes for consultants, who develop proprietary systems, sempiternally using new terminologies for existing concepts. The executive is defined as being responsible for the future of the organisation and as such has the task of constantly readjusting its vision, mission, strategies and values[67]. For this, executives must have a good understanding of the past[68]. Since, in a fast-changing world[69], this past supplies executives less and less with "lessons learned" that can be applied one to one to future organisational challenges[70], it would appear that executive learning capabilities, and especially a capability for reflection[71], represent an important faculty to lead an organisation forward[72]. Regarding context, executives are seen to have to manage the difficult tension between the "current reality"[73] and their goals, in a process described as an "...endless chain of present moments"[74]. To understand situations, trends and patterns[75] and synthesise these with past experiences represents a demanding balancing act in which reflective and learning capacities are called for. To work with people has led executives to evolve from a traditional role of planning, coordinating and controlling to one of facilitators of a process[76]. The discovery of the phenomena of relationship and behaviour led to an increased awareness of executives' self and to concepts of type and style of leadership they could deploy for goal fulfilment in a specific context[77].

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61. Pearman (1998)
62. Weber (1947); Burns (1978); Bass (1990)
63. Machiavelli (1610); Nietzsche (1967); Burns (1978); Bass (1990)
64. Mayo (1924-27); Hertzberg et al (1959); Maslow (1954); Bass (1990)
65. Nietzsche (1967)
66. e. g. Walton (1985); Lawler (1987); Hanna (1988); Kanter (1989); Covey (1990); Peters (1992); Tewel and Holzman (1991); Covey et al (1994)
67. e. g. De Pree (1997); Hunt (1998)
68. Kouzes and Posner (1987)
69. Peters (1992); Cashman (1998)
70. Drucker (1999); Uldrich (2004)
71. Birch (2000)
72. Christensen (2000)
73. Senge (1990)
74. Cashman (1998)
75. Kouzes and Posner (1987)
76. Mintzberg (1998)
77. Birch (2000)

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In line with the above, this section reviews how different leadership aspects are addressed in principal models and theories. It begins with the *characteristics (or trait) theory*, which concerns itself with the leader alone. To explore the rapport between the executive and the leadership context, *cognitive resources theory*, *leadership skills models* and *leadership functional models* are examined. This is followed by a discussion on the *transactional leadership theory*, on the *psychodynamic leadership approach*, on *participative leadership*, and on the *leader-member* and the *social exchange theories*. Thereafter, the major *leadership contingency models* are examined. Contingency models are leadership approaches that explore the relationship between executive, follower and context.

2.2.3 Leadership Characteristics (Traits) Theory

Early researchers were convinced that it is personality characteristics and aptitudes that make a good leader[78] and were confident that these were innate and could be identified empirically[79]. Later these elements such as personality, temperament, needs motives and values were viewed as a complex mix of nature and nurture. Machiavelli's Prince is a first text on an ambitious leadership typology of power, treating people as means to an end. Max Weber introduced the concept of the charismatic leader, motivated by the will to serve, not by a need for power, transforming the world until ousted by bureaucratic authority[80]. Boje[81] complements Weber's leadership types theory by integrating Machiavelli's prince and Nietzsche's superman:

- *Charismatic Leader/Hero*: an individual personality set apart from ordinary people and endowed with extraordinary characteristics and powers and the sole will to serve society; possessed by destiny[82]; Modern examples: Churchill, Roosevelt; Post-modern example: Steve Jobs (CEO Apple Computers), Anders Dahlvig (CEO Ikea)
- *Superman*[iv]*/Superwoman*: Characteristics that permit the challenge of complex historical, economic and sociological forces; will to power[83], to personal sovereignty, to being self-directed, to find freedom and creativity. Strong sense of self in the cause. The essence of leadership is to be and do differently[84]. Bright examples: Gandhi, Martin Luther King, Mandela; dark examples: Napoleon, Hitler, Stalin
- *Bureaucratic/Transactional Leader*: Control traits, leading to rational, legal and hierarchical power; the exercise of control on the basis of knowledge; division of labour; promotion by seniority; selection to office by technical qualification; administration. Post-modern examples: Donald J. Carty (CEO American Airlines), François Roussely (CEO Electricité de France)
- *Traditional/feudal Leader, Prince*: leadership traits favouring power relationships bound to loyalty, favouritism and politics; situational style. Post-modern examples: Ross Perot, Berlusconi, Chirac.

78. Stogdill (1974)
79. Yukl (1998)
80. Weber (1947)
81. Boje (2000)
82. Jennings (1960)
83. Cohen (1974)
84. Abel (1984)

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Whilst a variety of leadership characteristics are identified, five major traits are generally referenced: determination, intelligence, self-confidence, integrity and sociability[85].

Leadership characteristics are furthermore defined as emanating from the professional choice of an individual[86] (e.g. engineer, creative, etc.) or from Jung's notion of psychological types[87]. Possession of leadership characteristics was believed to be the essential element leading to successful leadership behaviour and leaders were thought to be people to whom others awarded superior status since it was proven that they could lead the group toward goal-achievement[88].

While links between certain traits and leadership effectiveness were apparent[89], a true causality was not found. Leadership research focused exclusively on the leader and leadership was thought to be innate. That being a leader might lead to the development of leadership qualities and that some leaders might be effective in certain contexts yet not in others, was not examined. These phenomena were recognised in the following theories.

2.2.4 Behavioural Theories

Behavioural approaches[90] [91]looked at the nature of the leadership role[92], at comparisons of the behaviour of effective vs. ineffective leaders, at power influence[93] and, later, at leadership style. The most popular behavioural theories suggest that effective leaders are both task and people-related, the key universal theories, known as the leadership style approach, propose the same style of leadership behaviour in all situations[94]. Mintzberg found:

- that executives work at an unrelenting pace
- that their working style is characterised by brevity, variety and fragmentation
- that they are strongly action-oriented and dislike reflective activities[95].

The following key behavioural leadership theories are summarised in ***Appendix C***:

- Cognitive Resources Theory
- Leadership Skills Model
- Leadership Functions
- Leadership and Image of Man
- Transactional Leadership

85. Northouse (1997)
86. Hogan et al (1994)
87. Jung (1923); McGuire and Hull (1977); Quenk (1999)
88. Yukl (1998), p. 236
89. Northouse (1997), p. 29
90. e. g. Blake and Mouton (1964); Hersey (1983); Hersey and Blanchard (1988); Magnusen (1995)
91. Lang (1995)
92. Mintzberg (1973); Hosking (1988); Mintzberg (1989)
93. Hosking (1995)
94. McGregor (1960); Likert (1961, 1967); Argyris (1964)
95. Mintzberg (1990), P. 49

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- Psychodynamic Approach to Leadership
- Participative Leadership Theory
- Leader-member Exchange Theory
- Social Exchange Theories.

2.2.5 Contingency Models[96]

Contingency models are leadership models that go beyond the leader-follower relationship and take into account that situational variables may also affect leadership performance. An effective leader in one situation may not be effective in all situations[97]. The following contingency theories, in ascending order concerning their attention to context, are summarised in ***Appendix D***:

- LPC Contingency Model
- Hersey Blanchard Situational Leadership Model
- Path-Goal Theory
- Multiple Linkage Model
- Leader Substitute Theory
- Vroom, Yetton and Jago Normative Decision Model.

2.2.6 Leadership and Ethics

Until the end of the 1990s, ethics in management practice lingered at the bottom of the corporate "to do"-list. The concept of ethics was hardly addressed within mainstream management and leadership research agendas, even though ethical behaviour intersects much of what is researched in business and management and a better integration into the collective mindset of academia and practice could be useful. Ethics, as a business issue and as a research topic, was recalled into question as a reaction to the highly mediated incidences of fraud in such companies as Enron, Parmalat, WorldCom and Arthur Andersen[98], which have harmed millions of employees and investors and shocked people in the business community and beyond. Another subject that intensified the ethics discussion was the issue of the impressive compensation packages, which some executives allocated themselves[v], either in connection with M&A decisions, or when departing from their organisations in difficulty. Analyses of unethical behaviour yield a number of *myths* in relation to the concept of ethics in business[99]:

- *It's easy to be ethical*: an important part of the academic and especially of the popular management literature following recent corporate scandals suggests that if one really wanted to be ethical, it was easy[vi]. If it were easy to be ethical, this subject would not have occupied philosophers for centuries. Several problems exist, such as the

96. Smith and Peterson (1998), p. 15
97. Howell and Costley (2001)
98. eg. Jeeter (2003); McClean and Elkind (2003); Watkins and Swartz (2003); Thomas et al (2004); Ryan (2004); Arnand et al (2004)
99. Treviño and Brown (2004)

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need for moral awareness, that the decision to be made has ethical implications[100]; the fact that ethical decisions are often complex, multistage processes[vii] and the fact that organisational context can create pressure and add complexity[101].

- *Unethical behaviour is the result of "bad apples"*: Most people are the product of the context they live in. They obey authority and look for guidance about what is right and wrong in their working environment[102]. Many people are not well informed on ethics and therefore not autonomous moral agents. This implies that strong and coherent signals about ethical behaviour need to be sent.
- *Ethics can be managed through formal codes and programmes*: both Enron and Arthur Andersen had exemplary compliance codes[103], which did not prevent them from failing in style, since the business and the culture that guided executive action every day had gradually changed. Formal ethics and legal compliance programmes can have a positive effect on organisations if and where training, advice lines and reporting procedures accompany such standards and if and where the "ethics talk" is consistent with the "ethics walk"[104].
- *Ethical leadership is mostly about leader integrity*: A distinction is made between a "moral person" and a "moral manager (or leader)"[105]. Being a "moral person"[viii] is essential but not sufficient in an ethical leadership context. Many managers are themselves moral but silent about their expectations in the behaviour from colleagues and employees, and especially superiors. This is insufficient, because: "the bottom line here is that most people are followers when it comes to ethics[106]". Only a person who is both a "moral person" and a "moral manager" is perceived to be an ethical leader[ix]. Such a person can, by following ethical conduct him or herself and also making it explicit, lead employees to acceptable daily ethical conduct[x].
- *People are less ethical than they used to be*: in post-Enron surveys, a large majority of the surveyed believe that CEOs are less honest than a decade before[xi]. However, this is unlikely, because unethical conduct is inherent to business and to human life. So much so, that the 1500-year-old texts of the Talmud dedicate over 2 million words and 613 direct commandments to conduct and culture, of which over 100 directly concern business conduct[107]. What is more likely, is that a certain environment may at some moment increase in complexity and the existing norms and rules may not keep up, so that the opportunities to express greed may increase[xii]. Society must then respond with lasting solutions that embed support for ethics again.

Four levels of responsibility are identified, that the business community has with respect to stakeholders[108]:

100.Butterfield et al (2000)
101.Weber (1990); Miceli and Near (1992); Thoma (1994)
102.Milgram (1974); Jackall (1988); Treviño and Nelson (2003)
103.Thomas et al (2004); Toffler (2003)
104.Ethics Resource Center (2003)
105.Treviño et al (2000)
106.Treviño and Brown (2004)
107.Kahaner (2003); Treviño and Brown (2004)
108.Aupperle et al (1985); Pinkston and Carroll (1994)

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- *Economic responsibility*: to produce goods and/or services and sell them at a profit. There is large consensus on this level, while variations exist in different countries and industries, about what constitutes an acceptable return or growth rate.
- *Legal responsibility*: to obey the law. Legal systems vary by country and their enforcement, too[109]. This can result in difficulties on directives regarding management practices in multinational companies[110].
- *Ethical responsibility*: the scope of norms, standards and expectations that reflect a conviction in what stakeholders regard as fair. Laws are not always adequate and there is quite some margin of action regarding practices that are expected or prohibited by societies, even though these may not be codified into law[111]. In addition to the respective countries' ethics norms there are the implied levels of ethical action suggested by the principles of moral responsibility, such as justice, rights and utilitarianism.
- *Philanthropic responsibility*: to be a good corporate citizen. This reflects local societies' expectations that companies will engage in social activities beyond those mandated by law.

Research recommendations go in several directions:

Call for More/Better Corporate Governance
The largest body of literature is based on the managerialist principle of "what gets measured gets done" and calls for more codes, programmes, practices and tools of control, possibly laws. This approach is summarised under the term "corporate governance"[112]. This discussion also created an important consulting business for lawyers, auditors, psychologists and management consultants[113].

Call for "Leaders with Character"
Moral, visionary leaders "with character" are – sometimes nostalgically – evoked, just as the Bible and the Talmud[114].

Call for Ethics Strategy
Executives have the power to shift the ethics mindfulness in their organisations. This power must not be left to chance, but used strategically, to establish a social context within which positive ethical behaviour becomes visible and, by that, the norm. The call for strategic ethical leadership is based on three premises[115]:

- *It must be done*: the cost of ethical failure, if objectively estimated, is too high for the issue to be ignored at the strategic level[xiii].

109.Pan (2002)
110.Enderle (1995); Donaldson and Dunfee (1999)
111.Veiga et al (2004)
112.eg. Janney (2002); Bradshaw and Jackson (2002); Almazan and Suarez (2003); Gibson (2003); Verschoor (2004); Ritvo et al (2004); Mayo (2004); Daily and Dalton (2004)
113.Warner (2004)
114.Badaracco (1998); Byrne (1999); Kansas (2002); Lewis (2002); Kahaner (2003); George (2003); Shen (2003); Pellet (2004); Gray (2004); McKnight and Tomkins (2004)
115.Thomas et al (2004); Weaver (2004)

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– *It can be done*: experience shows that a majority of employees can be influenced to make ethical choices.
– *It is sustainable*: a strategic programme helps build and confirm a culture in which ethical behaviour predominates.

Call for Environmental Sustainability

The principles of the market economy rule the industrialised business world. Some degree of national political intervention – more in Europe, less in the USA – is supposed to protect those aspects of societal life, which are considered worth sustaining and too weak to sustain themselves if left to the market. The natural environment is not included as a stakeholder in current stakeholder models[116]. This is due to the fact that the stakeholder is defined as an entity, which can affect, or is affected by, the achievement of the organisation's objective. Whilst there is some agreement on the fact that business impacts on the natural environment, the impact nature may possibly have on business lies in the future, somewhat outside any western company's planning range[117]. Nature is therefore usually viewed in instrumental terms, as something external to man, and has value only in so far as it serves business purpose. It has no lobby[118], because the people affected by today's abuses are not yet born. As a result of the considerable environmental problems caused by industrial activity, there is a growing body of literature that proposes a new perception of business' relationship to the earth's natural systems[119]. Economic growth comes at the expense of the earth's productive assets and the costs of this environmental degradation are not considered in the price mechanisms, since they are external to market processes[120]. Whilst this is primarily seen as a political task, some scholars see a leading role for business leaders to develop mechanisms to calculate these costs and define fair allocation instruments[121]. In practice, environmental efforts in business are apparent only where such efforts are imposed politically or where there is a clear and immediate to midterm return on investment, for example through consumer behaviour in the case of organic foods, or energy savings through the construction of new plants. The bottom-line pressure is apparently too important as that top executives could afford to feel responsible to safeguard the foundation of the existence of a consumer group that is not yet born[122].

Some holistic leadership theories[123] pay particular attention to questions of ethics. They can be categorised as contingency models. However, they differ from previously discussed contingency models in that:

– they apply a greater equality to the three factors: leader, led and context
– they introduce the idea that executives[124] have an ethical and moral obligation to their collaborators[125]

116.Henrique and Sadorsky (1999)
117.Buchholz (2004)
118.Hardin (1968)
119.Donaldson and Dunfee (1994); Henrique and Sadorsky (1999); Ferrell (2004)
120.Hardin (1968)
121.McKibben (1989); Brown (2003); Buchholz (2004)
122.Carroll (2004)
123.Pearman (1998); Griffin (2002)
124.Howard (1996), p.11
125.Kouzes and Posner (1987)

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– they address employees', and to a lesser extent, executives', personal growth and development[126].

The following holistic leadership theories are summarised in ***Appendix E***:

– Charismatic Leadership Theories
– Transformational Leadership
– Leadership in the Learning Organisation.

2.2.7 Leadership and Team

In academic literature, the myth of top management being a lonely position is gradually giving way to the myth of team management. Concepts and characteristics of top management team behavioural integration are proposed and conceptualised as a metaconstruct aimed at capturing three major interrelated and reinforced processual elements, namely:

– level of collaborative behaviour
– quantity and quality of information exchanged
– emphasis on joint decision-making[127].

A second step building on these insights is proposed by Simsek et al who theorise on the extent to which CEO- team- or company-level determinants shape behavioural integration[128].

Yet in practice, many executives have generally not embraced democratic process as a system of leadership and decision-making in organisations[129]. The lonesome leader still seems to be going strong. Some reasons for leaders' reluctance to share power and for their self-isolation are[130]:

– *The weight of responsibility*: responsibility cannot be shared: the final decision lies with the CEO. Decision-making is difficult and should not be unnecessarily complicated. Closeness complicates decision-making, especially when a colleague must be disciplined or fired.
– *Lack of trust in colleague's abilities*: the CEO may feel that executive colleagues, who have specialised functions (Marketing, Human Resources, Finance) may not see the big picture or may lack the generalist education or experience to make good decisions.
– *Perception of Favouritism*: worry, that colleagues might perceive collaboration to be closer with others than with themselves and resent this as favouritism.

126.Senge (1990)
127.Finkelstein and Hambrick (1996); Bergh (2001)
128.Simsek et al (2005)
129.Katzenbach (1997); Weber (1998); Pratt (2001); Zane (2002); Wain (2004)
130.Pratt (1997, 2001)

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- *Fear of Manipulation*: executives fear that colleagues could take undue advantage of friendship, if friendship is given. They maintain a tacit but very real barrier between themselves and colleagues, so as to protect themselves from intended or unintended inappropriate influence by them.
- *The "glass-bubble effect"*: a leader is under constant scrutiny by his or her colleagues. Any personal errors or stepping over the line, intentional or not, makes leading and disciplining colleagues more difficult. Therefore, leaders hold themselves back so as to minimise occasions, in which they could not correspond to the perfect role model they believe they should be.
- *Lack of time*: team decision processes take time. Every team decision can potentially result in negotiation and analyses, which can impact on efficiency[131].
- *Job-hopping:* Enticing incentives and impressive compensation packages lure executives from company to company. It is rare for managers to stay long enough in one place to develop company loyalty. In the new position, swift, proprietary action is expected, which discourages team-leadership[132].
- *Personal agenda*: many modern corporations are based on the classic blueprint of the shareholder-driven hierarchy. Major shareholders, including the CEO, may pursue a strategy which, rather than benefiting all the company's stakeholders, focuses principally on shareholder value.
- *Negative Narcissism*: many top executives are prone to developing an excessive preoccupation with their image as a successful manager[133]. This condition, if extreme, favours extreme individualism and hinders collaborative behaviour[134].

Despite the plethora of leadership literature, the CEO and the top management team remain units of analysis that are rarely examined. One academic discussion, which touches upon the top management layer, is that on democratic leadership in organisations[135]. Just as many societies are moving toward more democratic political systems, organisational executives have been interested in implementing structures and processes, which give more decision-making and management power to a broader group of constituencies. This interest is based on the assumptions, that:

- political democracy provides a useful model for democracy in business environments
- democratic processes are applicable to all business organisations.

There are indeed arguments for more democratic leadership behaviour, especially in the light of the actual discourse on knowledge becoming the decisive production factor in tomorrow's businesses. Corporate democracy is associated with[136]:

- *increased management and employee involvement*: to give more discretion to managers and employees fosters interest in the personal assignment and the overall company destiny and increases involvement

131.Harrison and Freeman (2004)
132.Bruhn (1991)
133.cf. also section 2.7.3
134.Bruhn (1991); Heckman (1997); Tracy (2004)
135.Leadbeater (2000)
136.Powley et al (2004); de Jong and van Witteloostuijn (2004); Harrison and Freeman (2004)

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- *increased management and employee quality*: to give more discretion to managers and employees, allows them to develop their learning capabilities and overall competencies and makes them more valuable to the organisation
- *increased management and employee satisfaction*: to be able to participate in decisions gives people a sense of purpose and increases motivation and quality of life
- *higher innovation rate*: a more participatory culture generates a more lively exchange between different perspectives, which increases the ability to change and enhances innovation
- *higher stakeholder commitment*: managers and employees who have a say and can influence the organisation they work in show more commitment and sense of responsibility. Behaviours that are inconsistent with company values are reduced
- *the right thing to do*: to involve management and employees to the full of their abilities is the right thing to do from a moral perspective
- *better organisational performance*: to exploit the full potential of managers and employees is likely to increase overall performance.

However, political democracy may provide little guidance to business organisations, because democracy's essential characteristics are rarely, if ever, supported by business organisations[xiv]:

- *Accountability to the governed*: in business, executive accountability is rare in general and virtually nonexistent vis-à-vis the employees
- *Right of participation*: all participation is controlled by management
- *Free information exchange*: information access and exchange are controlled by management
- *Right of representation*: management receives its legitimacy from the board (usually the company's major shareholders). Representation is incidental or nonexistent[xvi].

It is obvious that any form of democracy in business must contribute significantly to competitive advantage and business performance. This is possible, but it depends on certain contingency variables[137], such as:

- *the nature of the organisation's services and products*: how and to what extent can the organisations products be enhanced through democratic process. Products with a high degree of innovation and a short half life are likely to benefit more from a democratic work environment
- *the type of workforce*: how and to what extent will the talents and attitudes of the workforce be better engaged and exploited under democratic leadership. Designers and software developers are more likely to respond positively to democratic leadership than employees in a more structured work environment, such as a fast-food chain
- *the degree of hierarchical resistance to the redistribution of power and control*: democratic leadership is redistribution of power, control and authority. This has effects on the locus of decision-making, information flow and management discretion. The greater the number of executives threatened by a redistribution of authority, the greater the chance of resistance.

137.Kerr (2004)

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The particular (long-term) advantages and (short-term) inconveniences of democratic leadership and organisational democracy make it a "good-weather"-type of leadership behaviour. When organisations are in relatively stable situations such ideas (as taking the time to teach employees the overall basics of business, trusting them to make good decisions, treating them as responsible stakeholders in the common venture in the hope to create sustainable competitive advantage) are more easily adventured into than in times of serious disruption and crisis, or in times of major reorganisations such as in post-merger situations. Paradoxically, the key advantages of democratic leadership, namely the development of organisational adaptation and learning capabilities, strongly support – and can even be prerequisites for – the survival of organisations in difficulty. But to endeavour in a democratisation experiment is initially disruptive to the organisations work processes and social subsystems and therefore this behaviour is not often adopted in times of crisis. Especially companies with many hierarchical layers will have to expect resistance to democratisation, which is ultimately a de-hierarchisation process. So much so, that it is "likely that the companies that would most benefit from democratic process are exactly those that will have the most difficulty implementing it"[138]. In the long run, however, knowledge- and service-based companies who thrive on innovation, have no choice but to allow for some degree of corporate democracy[139].

2.2.8 Summary of Areas for Exploration

This chapter reviewed the concept of leadership with special emphasis on the post-merger integration process and its influencing factors. Leadership models were examined in the hope to understand the learning needs of executives, since leadership, especially in recent holistic and situational approaches, necessitates self-direction. Key theories and models, which can be grouped along three themes[140], were identified and discussed. It is difficult to discern the practical success of these generic models, since in practice executives tend to "cherry pick" a combination of elements from various models proposed[141]. While the last three leadership models attend to the question of organisational learning, none of them directly addresses executive learning and reflection. Researchers see leadership evolution as a linear progress model moving from feudal to transactional to transformational, with today's environment emphasising organisational learning and follower empowerment, conditions which promote mutual respect and dialogue. Yet, judging from popular management literature and personal experience, power players, bureaucrats and princes still seem to be very present in contemporary management. The table below illustrates the questions that are retained for possible further exploration.

138.Kerr (2004), p. 92
139.Kerr (2004)
140.Birch (2000)
141.Mintzberg (1989, 1998)

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Table 2-2: Research Areas on Leadership

A5	Leadership literature is abundant, both academic and professional. Most recent schools consider leadership as a process, an "endless chain of present moments", in which constant momentary balances must be found between seemingly irreconcilable dichotomies in highly complex and fast-changing environments. **Why do many executives prefer to ignore this phenomenon and rely on conservative, authoritarian, "box"-, "expertise"- and traits-dominated leadership styles, especially in times of excessive pressure, such as post-merger phases?[a]**
A6	The leadership context is increasing in complexity for a variety of stated reasons. Most leadership situations, especially post-merger situations, can be classified as "second-order change" situations, for which there are no ready-made solutions and which therefore require a more reflexive leadership behaviour. **Why do many executives persistently react to this phenomenon with "first-order" leadership behaviour, namely with checklist-type recommendations and quick-fix action, aimed at short-term results?[b]**
A7	Speed of action is considered a leadership quality and important in contexts of high uncertainty and insecurity, such as post-merger situations in fast-changing markets. But fast action, in the shape of precipitation, often leads to oversimplified analyses and solutions to complex problems. It also leads to stress. Both fast action and stress negatively influence the relation between intelligence, experience and performance. **Why is it that many executives do not like to "stop to think", despite evidence that action in precipitation does not yield results?[c]**
A8	Leadership in teams, who discuss their complex tasks in learning process and thereby push each other and the organisation to a higher level, has long been propagated as superior to "lonesome wolf" leadership behaviour. However, the single top executive who decides more or less alone, even in organisations that consider themselves "learning organisations", is still the dominant model in today's organisations. **Why, when it comes to leadership and teamwork, does there seem to be a stark gap between what top executives do, and what they claim to be doing and ask their executives and employees to do?[d] Does this, and how, affect performance?**

a. Farkas and Wetlaufer (1996); Chowdhury (2000); Hill (2000)
b. Connor (1998)
c. Yukl (1998, 2002)
d. Pratt (2001); Zane (2002); Kisfalvi and Pitcher (2003); Golden-Biddle (2003)

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2.3 Post-Merger Human Resources

The stellar universe is not so difficult of comprehension as the real actions of other people.
Marcel Proust, in *The Captive*, 1921

The question of executive learning is sometimes addressed in human resources research, especially in the fields of human resources strategy and human resources development, which is why this body of science is examined here. The human resources issue in M&A revolves around three major issues:

- The effects of M&A on management[142] and employees and how to cope with them[143]
- The retention of key management talent
- The role and involvement of the human resources manager and/or department in M&A

2.3.1 The Effects of M&A on Managers and Employees

Employees[144], including managers[145], are found to strongly adhere to their previous corporate culture and to reject the new culture, which has a negative effect on operative[146] and financial performance[147]. Relative company size seems to influence M&A success, since an exception to this phenomenon are "serial acquirers"[148], such as Cisco and General Electric (GE), who acquire up to a hundred small companies per year. Three major reasons are identified for their success[149]:

- The power rapport is clear: a large global group with a highly respected brand acquires a much smaller company. Whilst employees might have some regrets as to losing some of their local notoriety and family-like atmosphere, they clearly see the advantage of this merger. The premium brand will facilitate the acquisition of new and more sizeable customers; the enormous resources of the acquirer will bring learning and development opportunities to the acquiree's employees.
- The selected acquirees are very often in an impasse prior to their acquisition: They stagnate, due to lack of appropriate management resources, insufficient critical mass or for other reasons. The arrival of the acquirer is clearly communicated as and understood as a salvation of an otherwise doomed company.

142.Cartwright and Cooper (1993a); Hambrick and Cannella (1993); Greenwood et al (1994); Fried et al (1996);
143.Buono and Bowditch (1989); Napier et al (1989); Cartwright and Cooper (1992); Schweiger and DeNisi (1991); Daniel (1999); De Voge and Spreier (1999)
144.Buono and Bowditch (1989)
145.Cartwright and Cooper (1993a)
146.Greenwood et al (1994)
147.Datta (1991), p. 281
148.Anonymous (2004)
149.Harding and Rovit (2004)

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– The enormous experience these companies have with such acquisitions has enabled them to accumulate a pool of competent integration managers and integration process systems, including both hard and soft integration factors.

Although one study found that the small size acquiree's human needs get ignored or trivialised by the large size acquirer[150], this is not confirmed in recent studies. There is, on the contrary, substantial evidence that "making a big deal about doing a lot of little deals[151]", i.e. acquiring many smaller companies rather than one big one, is a successful M&A strategy enjoying wide acceptance by both the acquirer and the acquiree[152]. Inversely, if a small company acquires a much bigger organisation, it faces more acculturation difficulties[153]. Most M&A are however still made between companies of similar size[154]. In such a constellation, the cultural rejection is often considerable. Loss of identity[155], lack of information[156], anxiety[157] and family repercussions[158] are addressed. These phenomena are particularly evident in the acquiree[159], but not only[160]. Some studies investigated this in the light of national[161] and/or language[162] backgrounds in trans-national M&A, some not. A recurring theory advanced is that clarity of vision, employee participation and clear communication[163] can ease many of the above stated human resources problems. Various, mainly systems-based taxonomies[164], best practice theories[165] and models[166] for the people side of integration management[167] are proposed.

2.3.2 Key Talent Retention[xvii]

The question of key talent management and retention has sporadically been discussed, but the inflationary attention to this issue came in the late 90s, after a widely-marketed McKinsey Study exposed the war for talent as a strategic business challenge and a critical driver for corporate performance. The last decade has not confirmed this yet, but demographic data, the knowledge economy[168] and increasing employee mobility suggest that this might become an issue in the Western world. Fact is, that talent turnover was at 19,3% in 2003 in the USA[169], and can rise, for management staff, to over 75% in post-

150.Walter (1985)
151.Gertsen et al (1998)
152.Harding and Rovit (2004)
153.Shrivastava (1986)
154.Vaara (2001)
155.Balmer and Dinnie (1999)
156.Knorr (1993)
157.Greenhalgh (1983); Davy et al (1989)
158.Lubatkin (1983); Kates et al (1993)
159.Buono and Bowditch (1989)
160.Appelbaum et al (2000)
161.Singh and Zollo (1998a)
162.Vaara (2002)
163.Bastien (1987), p. 17
164.Ivancevich et al (1987)
165.Tetenbaum (1999)
166.Fried et al (1996)
167.Marks (1982)
168.Cliffe (1998)
169.Watson Wyatt Newsline (2004)

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merger phases[170]. Most of the discourse treats of the retention of technical talent, such as computer engineers, but the question of management talent is also addressed. The prevailing conclusions in today's talent debate are not homogenous. There is a discrepancy between what executives say and what they do. They rate the talent management success factor very high, but they often neglect to create the conditions in which talent can be recruited, developed and kept. Furthermore, they often leave the task of executive talent management entirely to external consultants and/or their human resources department[171]. With regard to what keeps talent and how to manage it, propositions range from hard factors such as financial compensation and training over intrinsic variables[172] such as collaborative leadership, fair treatment[173] and culture cohesion, to top management commitment, which is defined as being both material and ideological. Perhaps the most interesting discussion for this research is the one around the definition of talent: true talents are creative[174], temperamental[175] and entrepreneurial and therefore often in conflict with organisations[176] which are designed to administer, rather than create. Such independent thinkers are especially vulnerable in merger situations, which they can consider as a psychological breach of contract[177].

2.3.3 Role of the Human Resources Manager

With increasing awareness of the post-merger integration processes being above all a social challenge[178], rather than a technical "best practice" issue, much academic attention was given to the questions of the role of the human resources manager and the involvement of human resources departments[179] in the integration process. Regarding their role there seems to be a dilemma: in most companies, human resources managers are not regarded nor positioned as strategic executives in the same way as marketing or finance managers, and are often called in well after the merger decisions are made[180], sometimes only when human problems escalate. Yet, many factors speak for them playing a key role in the management team: [181]

- They show a richer insight into how to manage human factors in acquisition processes than CEOs[182]
- The emergence of knowledge as a key resource necessitates new management and learning processes and structures[183]
- Organisations need to move from hierarchies to networks which means that more

170.Unger (1988)
171.Cartwright and Cooper (1993b)
172.Birt et al (2004)
173.Frank and Taylor (2004)
174.Leonard and Straus (1997)
175.Rothstein (1992)
176.Sinetar (1985)
177.Cartwright and Cooper (1993b)
178.Gemignani (2001)
179.Napier (1989)
180.Evans et al (2002)
181.Child and Faulkner (1998)
182.Bijlsma-Frankema (2004)
183.Patra et al (2002)

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accountability and power will have to be brought to the work place[184]
- There is a need for an improved interface between individuals and the organisation[185]
- If closely involved, the human resources manager and his team can contribute in an important way to the effectiveness of the post-merger process[186]
- As referenced, MA are mostly won or lost by how the human factors are managed.

Today, human resources managers are often given little formal authority and are more often than not assigned with the operational tasks of hiring and firing, writing contracts, implementing programs or, called in ex post, when people problems arise[187]. Recent research shows that where the human resources managers are true partners of management[188] and challengers with the CEO, they have precious contributions[189] to make in:

- *Strategy*: due diligence[190], planning[191] and decision making[192] of M&A[193], integrated planning of the post-merger phase[194], internal alignment, long-term perspective,
- *Communication*: negotiating legitimisation[195], communicating purpose and progress, team-building,
- *Culture and Learning*[196]: culture assessment[197], knowledge sharing[198] and learning[199], learning as an integration tool[200]; partnership, sense of community, empowerment,
- *Leadership*: selection[201], assessment[202] and appraisal[203], development; diversity management[204];
- *Organisation design*: restructuring, team work[205], network[206], "boundarylessness[xviii]"

184.Conger and Kanungo (1988); Hollander and Offerman (1990); Prasad (2001)
185.Holden (2001)
186.Jackson and Schuler (2003)
187.Setichik (1997)
188.Martell and Carroll (1995)
189.Schuler and Jackson (2001)
190.Greengard (2000)
191.Doz and Hamel (1998)
192.Schuler and Jackson (2001)
193.Kay and Shelton (2000)
194.Schuler and Van Sluijs (1992); Lei et al (1997); Habeck and Träm (1999); O'Reilly and Pfeffer (2000)
195.Bijlsma-Frankema (2004)
196.Pucick (1988)
197.Numerof and Abrams (1998)
198.Shenkar and Zeira (1987)
199.Javidan (2002)
200.Charman (1999)
201.Ashkenas and Francis (2000); Tierney (2000)
202.Muller et al (2001)
203.Schuler et al (2003a)
204.Jackson and Schuler (2003)
205.Child and Faulkner (1998); Charman (1999)
206.Pfeffer (1996)

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2.3.4 Key Human Resources Issues

While the role of the human resources department in the planning, implementation and stabilisation of M&A projects is still underestimated by CEOs, there are some distinct human resources issues that arise and that require attention. These differ depending on the circumstances and type of M&A under consideration[207], as well as on the rationale behind the deal[208], but include the following tasks:

Before the M&A
- Assist with a HR view in the selection of a potential partner
- Perform a HR due diligence
- Plan the integration process
- Plan the learning from the process

During the M&A
- Select the integration manager
- Design and implement the teams
- Assist CEO in strategy and structure design
- Assist CEO in leadership
- Retain key managers and employees
- Manage the change process and motivate stakeholders
- Decide and implement HR policies and practice

During Stabilisation
- Solidify leadership and staffing
- Assess strategies, structure and culture
- Assess HR policies and practice
- Assess stakeholder concerns
- Manage learning[209].

The human resources involvement differs according to the awareness CEOs have with regard to the importance of human resources issues in M&A and to the role and responsibilities CEOs are prepared to entrust their human resources department with. Recent research shows that M&A experienced CEOs are more likely to anticipate the human factor in bringing together companies with different cultures. They tend to take a more systematic approach to intercultural integration[210] and involve the human resources department more and earlier in the process[211].

207.Kay and Shelton (2000); Evans et al (2002)
208.Schuler et al (2004)
209.Schuler et al (2004)
210.Arndt et al (2000); Ashkenas et al (1998); Fendt (2002)
211.Fendt (2002)

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2.3.5 Summaries of Areas for Exploration

This section reviewed the roles and responsibilities of human resources in relation to learning, with special emphasis on the post-merger integration process and its influencing factors. It seems that whilst human resources managers have a preferred access to middle managers and employees and rich practical experience and insights in cultural and learning processes, their knowledge is often suboptimally exploited by top management. Instead, the differences in perspectives lead to distrust between the two management functions and levels, which forecloses mutual learning[212]. There seems to be an unresolved conflict between:

- the fact that for human resources issues to be addressed seriously, and for an organisation to be able to attract a competent and entrepreneurial human resources director, the position must be endowed with the same authority as his or her other top management colleagues, and the human resources director must be fully integrated in, and listened to by, the top management team; and
- the fact that human resources management is really one of the CEO's key responsibilities. If a CEO assumes this responsibility, regarding such key issues as talent retention, organisational learning and open, hierarchy-free communication, he or she seems to interfere with the field of action of his or her human resources director.

Whilst existing literature on executive post-merger learning is scarce[213], most human resources related post-merger literature also addresses the questions of knowledge retention, sharing and acquisition. This will be discussed in detail in section 2.8. The table below illustrates the questions retained for potential further exploration.

Table 2-3: Research Areas on Human Resources

A9	It is almost universally declaimed that "people" (executives, employees) are a company's most important asset, that knowledge is about to become the most important production factor in business, that (all) people have knowledge and that this knowledge needs to be shared, enhanced and put to productive use for the benefit of the company and its employees. **What are the reasons, that leadership behaviour taking this aspect into account is scarce, whereas conservative, control-driven, authoritarian behaviour and structures, which are known to block organisational and individual learning, still prevail? How can this be changed?**
A10	There is evidence that key talent is best attracted and retained with material incentives, but also and primarily with a number of intrinsic motivators, such as: collaborative leadership, fair treatment, culture cohesion and top management commitment. In post-merger situations, these three intrinsic motivators appear to be even more important. These motivators are also favourable to learning, while financial incentives tend to block learning. **Why do many CEOs in general and in post-merger situations still mainly bank on financial incentives and leave the intrinsic motivators unexploited?**

212.Bijlsma-Frankema (2004)
213.Bijlsma-Frankema (2004)

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Table 2-3: (Continued) Research Areas on Human Resources

A11	Key talent attraction and retention are top priorities on today's CEO agendas. There is considerable consensus on what key talent is, namely that such talent is to be effective, globally astute, entrepreneurial and independent in spirit. Yet, by these very qualities, key talent is in conflict with the organisation that seeks to harbour it. **Why is it that even in the face of the starkest evidence that organisations must create a climate of trust and entrepreneurship to attract, retain and exploit talent, today's corporate reality is mostly autocratic and control-driven[a] and entrepreneurship and risk-taking are sanctioned? How can this be changed?**

a. Harari (1996)

2.4 Post-Merger Culture

> *I came to see in my time at IBM that culture isn't just one aspect of the game – it is the game.*
> Lou Gerstner, Former CEO and Chairman, IBM

The discussion around culture is sometimes confusing. To begin with, there is a semantic problem: Meanings and definitions of "culture" exist in the wider sense[xix] and in the more specific sense of a system of meaning including language, ideas, beliefs, customs, taboos, codes, institutions, techniques, rituals and symbols, which individuals and human societies may have internalised. Yet further interpretations are found with the term's combined use in the management language, as in: learning culture, conflict culture, cultural intelligence, etc. These are joyfully employed and mixed, without there being much consensus as to what exactly the concepts should include. Since culture is both a result of and integral to learning and coping, and since there is increasing evidence that cultural incompatibility is a key cause of M&A failure and departure of key executives[214], it is essential for this study to inquire into the culture discourses.

2.4.1 Definition of the Culture Phenomenon in M&A

A first surge of studies essentially elaborated the argument that cultural differences are a major cause of integration problems[215]. Many studies focus on organisational culture differences[216]; others have researched national culture differences[217] in trans-national settings. Javidan et al have conceptualised the culture issue by means of properties and dimensions such as:

214.cf. also Ernst&Young (1994), p.234

215.Slowinski et al (2002)

216.e. g. Sales and Mirvis (1984); Buono et al (1985); Datta (1991); Chatterjee et al (1992); Cartwright and Cooper (1993a, 1993b); Habeck et al (2000)

217.e. g. Olie (1994); Calori et al (1994); Hofstede (1991); Gertsen et al (1998); Morosini et al (1998); Weber and Menipaz (2003)

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- *Power distance*: the degree to which people in a culture are separated by power, prestige and authority
- *Ingroup collectivism*: how much people take pride in and feel loyalty toward their stakeholders
- *Institutional collectivism*: how far individuals are pushed by institutions to integrate into a broader entity at the expense of individual freedom
- *Uncertainty avoidance*: how much people of a certain culture seek order, consistency, structure
- *Future orientation*: the willingness to defer immediate gratification for future benefits
- *Gender egalitarianism*: the support of gender equality
- *Assertiveness*: how confrontational and aggressive people of a certain culture are
- *Humane orientation*: how fair, altruistic, generous 'one is' within a certain culture
- *Performance orientation*: how much people are encouraged and rewarded for performance.[218]

Trompenaars and Hampden-Turner[219] examined three dimensions of culture:

- National[220], or regional[221]: the cultural properties based on the local and language origins of the organisation
- Corporate: the way in which attitudes are expressed within a specific organisation
- Professional: the different cultures of particular occupational communities[222] within an organisation; such as engineers, marketing specialists, operators, or finance experts.

From this model it can be concluded that it is unlikely that any one merging partner displays one single, homogenous culture throughout the organisation, since it is likely to consist of research departments, sales offices, subsidiaries in various countries. However, with few exceptions[223], most studies treat the culture question as two homogenous cultures facing each other[224], by focusing on culture as "...the *deep structure*[xx] of an organisation, which is rooted in the values, beliefs and assumptions held by organizational members"[225]. The "deep" is meant to indicate that organisational culture is a stable notion[226], having been invented, discovered and developed in learning to cope with intrinsic and extrinsic adversity: "It's working" and can, therefore, be considered valid and legitimately imposed on new arrivals as *the way* to perceive, think and act vis-à-vis this adversity. Schein[227], and later Trompenaars and Hampden-Turner[228], propose a three-level model on which culture operates:

218.Javidan et al (2005)
219.Trompenaars and Hampden-Turner (1993)
220.Weber et al (1996); Very et al (1997)
221.Morosini (1998)
222.Mintzberg (1979)
223.Devine (2002); Trompenaars and Wooliams (2003)
224.Appelbaum et al (2000), p.651
225.Denison (1996)
226.Hatch (1993)
227.Schein (1985, 1990)
228.Trompenaars and Hampden-Turner (1993)

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- Observable artefacts and products: The first, concrete observable reality of culture: company logos, language, foods, greeting rituals, etc.
- Values and Norms: Values are the basic truths employees feel are important to their society, norms are the mutual agreement a group has about what is right or wrong in the organisation. Norms define common behaviour, whilst values serve as criteria for choices to be made
- Basic underlying assumptions: These existential assumptions about the relationship of the individual or the community with its environment are tacit and only become explicit when they are challenged by some unexpected event.

To understand a given culture necessitates an examination of all three layers. They explain practical working behaviour and processes and expectant conflicts[229] thereof, such as: formal and informal decision-making[230], tolerance or encouragement of diversity[231], interaction at and across different power levels[232], personal risk-taking[233], readiness to learn, creativity[234], career-related conduct, entrepreneurship and degree of respect of authority.

2.4.2 Implications of Culture Differences on M&A

If cultural differences are ignored, or are simply too great, they can break a project[235]. It is essential that a majority of the employees benefit from, or believe they benefit from the changes for them to internalise the new long-term reality as their own. Whether this is achieved, has much to do with whether the rationales for the merger are perceived to be justified and whether a conscious decision is made regarding the culture to be adopted. Options[236] are:

- Declaring the culture of the acquirer or the acquiree to be the "new culture"
- Intending to create a cultural amalgam, incorporating the strongest elements of both cultures
- Creating and communicating a completely new culture, which does not stem from either partner.

Adopting a new corporate culture may begin with changing logos and developing slogans, but it is achieved only when the actions are concurrent with the slogans[237]. Whilst some research indicates that mergers of related firms, where cultural differences amongst the top management teams are smaller, are more likely to succeed[238], the contrary has also been found to apply. Both Maznevski[239] and Krishnan et al[240] evidenced that cultural

229.Daly et al (2004)
230.Fralicx and Bolster (1997)
231.Bellinger and Hillman (2000), p.323
232.Sherer (1994)
233.Covin et al (1997), p.22; Fralicx and Bolster (1997)
234.Feldman (1990)
235.Pritchett and Pound (1996); Fralicx and Bolster (1997); Tetenbaum (1999)
236.Appelbaum et al (2000)
237.Sherer (1994)
238.Weber (1996)
239.Maznevski (1994)
240.Krishnan et al (1997)

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diversity can benefit executive decision-making performance. Other studies have discovered that individuals tend to select groups having values perceived as similar to their own and try to avoid dissimilar ones[241], but that M&A between players of distant cultures outperform those between partners of the same or a similar culture[242]. The impact on middle management and employees is the same: having to team up with former competitors, job loss, disgruntled employees provoking frustration, to name a few. Often organisational culture is used as an explanation for integration problems that have little to do with culture, providing an easy answer to complex structural and processual challenges[243]. For example, aligning decision-making processes and clarifying ambiguous and overlapping roles and responsibilities are tasks on the post-merger agenda that are more structural than cultural. With this caveat in mind, how are real culture differences addressed in corporate post-merger life? Before adopting a new culture, employees lose their habitual cultural context. This acculturation phenomenon is given much attention in research[244].

2.4.3 Acculturation

Acculturation is introduced as a theoretical bridge between cross-cultural management and the M&A discussion. Socio-psychologically, two approaches are defined: state or process[245]. The former focuses on the depth and extent of acculturation at a given moment, the latter defines the change, which happens over time in attitudes, values, behaviour and beliefs of humans from one culture in direct contact with humans from another culture[246].

Nahavandi and Malekzeadeh[247] distinguish three stages of acculturation:

- *Contact*: the less intense the contact is, the less conflict occurs. Conflict only appears as an issue once the partners begin to collaborate on a daily basis.
- *Conflict*: the intensity of the relation determines the level of conflict. When both cultures are strong, and/or when they were both successful as independent organisations, the conflict potential is higher. Both companies defend their turf as the only true way of being; no need to change anything on their own side is felt.
- *Adaptation*: This describes the end condition. Positive adaptation is achieved if the need for cultural synergy is agreed upon and the stable and changing elements are defined and agreed on. When one or both parties feel mistreated, resistance continues and negative adaptation is achieved.

241.Schneider (1987a); Jackson et al (1991)
242.Krishnan et al (1997); Larsson and Risberg (1998); Vaara (2000)
243.Slowinski et al (2002), p. 31
244.e. g. Berry (1983, 1984); Nahavandi and Malekzadeh (1988); Appelbaum et al (2000)
245.Liebkind (2001)
246.Ward (1996)
247.Nahavandi and Malekzadeh (1998)

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Berry, incorporated by Nahavandi and Malekzadeh, describes four modes in which acculturation occurs:

- *Integration*[248]: Both players preserve their culture and identity, which is mutually perceived as strong and successful. Some structural assimilation, but virtually no behavioural assimilation is imposed; only legal and financial control is exerted. The level of conflict is low, the level of cross-partner learning also.
- *Assimilation*: This is a single-sided process of absorption. The acquiree adopts the culture, identity, practices and procedures of the acquirer and ceases to exist as a cultural identity. Examples are GE acquisitions. As stated, the willingness of assimilation is rooted in the perception of non-viability of the acquiree. There is little conflict and much learning on the acquiree's side taking place.
- *Separation*[xxi]: Both partners try to preserve their culture and any attempt by the acquirer to exert operational or cultural control is rejected. The level of conflict is very high; there is no contact and therefore no cross-partner learning takes place. When such acquirees are finally assimilated, the core of their business value has disappeared.
- *Deculturation*: Involves losing managerial and cultural substance in both partners. This happens when the acquirer has a weak management and culture, but manages the whole combination process alone. Conflict and stress are omnipresent.

Morosini extends this framework by emphasising that the roots of national culture[249] and the social environment in which the organisation operates must play a role in the choice of acculturation mode. Acculturation is further discussed in terms of relative standing[250], individual-organisation fit[251], cultural difference dimensions[252], social anthropology[253] and relational demography[254].

2.4.4 Summary of Areas for Exploration

However defined, culture, namely organisational and national culture[255], is seen as a key parameter in post-merger management. Few studies address the question if cultural differences can be a source of value[256]. Most culture-related literature defines the culture phenomenon as a problem. Often referred to as 'culture clash', cultural differences can provoke resistance, which results in distrust and low commitment and cooperation[257], high executive turnover[258], a declining operating performance[259], and a deteri-

248.Berry (1983, 1984) and Napier (1989), refer to this mode as 'integration', Cartwright and Cooper (1993b) label it 'redesign'.
249.Morosini (1998)
250.Hambrick and Cannella (1993)
251.O'Reilly III et al (1991)
252.Hofstede (1980); Trompenaars and Hampden-Turner (1993)
253.Cartwright and Cooper (1993a, 1993b); Nahavandi and Malekzadeh (1998)
254.Jackson et al (1991)
255.Heidrich (2002)
256.Krishnan et al. (1997); Morosini (1998)
257.Sales and Mirvis (1984); Buono et al (1985)
258.Hambrick and Cannella (1993); Lubatkin et al (1999)
259.Weber et al (1996); Very et al (1997)

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oration of in shareholder value[260]. Recommendations include early and serious attention to the problem[261], analysis of cultural fit, action on all three levels of the culture model[262] and not only on artefacts. Prerequisites for acculturation are found both in pre-merger cultural attributes[263] and, more recently, in well-planned and monitored integration processes[264]. Modes of acculturation are discussed, both in relation to their conflict and to their organisational learning potential. A myriad of models[265], checklists and frameworks with managerialist recommendations[266] for all phases of the merger process is proposed. Fast action is recommended, to combat uncertainty and to generate measured and communicated successes, serving as proofs[267] for the benefice of implemented changes to all. While such managerial agendas are undoubtedly useful to outline ideal models they sometimes create problems in the understanding of how such agendas affecting cultural integration are linked to the everyday agenda of managerial decision-making[268]. Most relevant for this study are approaches that combine culture with organisational and/or individual learning, e.g. by using learning initiatives[269] as a means to create common value and a common cultural basis for the new organisation[270].

Table 2-4: Research Areas on Culture

A12	There is abundant evidence that proper attention to cultural differences is key to successful post-merger integration. Yet, culture issues in M&A remain lip service and are rarely addressed in depth and often delegated to external integration consultants. They remain the principal reason for post-merger failure. **Why do CEOs not seem to learn to take the culture issue seriously? How can this be changed?**
A13	Cultural differences in M&A are primarily seen as a problem and a threat. Despite a growing body of literature on diversity, which points out the potential of diversity in terms of knowledge creation, innovation and creativity, most CEOs prefer to equip their management teams with colleagues, who are similar to themselves. These colleagues, in turns, behave in the same way. The culture issue in M&A is mostly dealt with in that one culture is annihilated, at very high financial and human cost. **How can CEOs be made aware of the benefits of diversity and encouraged to better exploit this natural post-merger resource of knowledge at hand?**

260.Chatterjee et al (1992)
261.Larsson (1990); Olie (1990)
262.cf. Schein (1985, 1990) and Trompenaars and Hampden-Turner (1997), p. 22
263.Cartwright and Cooper (1993a, 1993b)
264.Larsson and Lubatkin (2001)
265.Advisory Board Company (1995)
266.e. g. Habeck et al (2000); Christofferson et al (2004)
267.Pritchett and Pound (1996)
268.Vaara (2003)
269.Larsson and Lubatkin (2001)
270.Devine (2002), p. 16

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2.5 Post-Merger Executive Stress

> *The greatest weapon against stress is our ability to choose one thought over another.*
> William James, in *On the Theory of the Soul*, 1900

There is extensive theory on impacts of stress in M&A. This research is referenced here in so far as it concerns top management stress, top management implications of employee stress and stress in relation to management learning. In M&A situations, values, prestige and job security are at stake. Also, in order to 'sell' the merger decision to stakeholders, executives outline the potential benefits of the endeavour and promise a better future, thus raising expectations and creating, initially much goodwill and generating positive collaboration. This 'promise of a better world' then clashes with the every day realities of the early post-merger phase.

2.5.1 Sense of Loss

This clash creates stress, insecurity, tension and anxieties and leads to disorientation and a general confusion[271]. Identity problems arise and disruptive tension is felt in the interaction with the alien culture[272], which may differ with respect to such parameters[273] as: power distance[274], uncertainty avoidance[275], individualism/collectivism[276], masculinity\feminity[277] and achievement/ascription[278]. Both managers and employees, mostly those of the acquiree, are found to feel a great sense of loss[279]. Hambrick and Cannella found that: "...the acquired managers are placed in a new social setting in which comparisons to their acquirers, as well as comparisons to their previous situation are inevitable and salient"[280]. Executives suffer from "superiority syndrome"[281]: they feel unappreciated by, alienated to and inferior in status to the acquirer. Another source of stress, besides relative standing (comparison between "what was" before the merger and the subsequent "what is"), is unfulfilled expectations[282]. This has been associated with lack of commitment and poor cooperation[283], increased executive turnover[284] and financial losses[285].

271.House (1981); Buono (2003)
272.Berry (1992); Nahavandi and Malekzadeh (1988)
273.Hofstede (1980); Very et al (1996)
274.Haire et al (1966); Hofstede (1980); Laurent (1983)
275.Hofstede (1980); Schneider (1987a); Schneider and DeMeyer (1991)
276.Sirota and Greenwood (1971); Hofstede (1980)
277.Kluckhohn and Strodtbeck (1961); Hofstede (1980)
278.Trompenaars and Hampden-Turner (1993)
279.Marks and Mirvis (1985); Appelbaum et al (2000)
280.Hambrick and Cannella (1993)
281.Mirvis and Marks (1992)
282.David (1977)
283.Sales and Mirvis (1984); Buono et al (1985)
284.Hambrick and Cannella (1993); Rousseau (1996)
285.Chatterjee et al (1992)

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The concepts of *merger syndrome*[286] and of *survivor sickness*[287] is largely discussed[288], describing the job insecurity, perceptions of unfairness, guilt, fear[289], low morale and depression, stress from increased workload, loss of loyalty, heightened cynicism[290], reduced risk taking, anger at and loss of confidence in upper management etc., of those managers who remain in the organisation whilst peers got laid off.

Manifestations on an individual level are: feelings of grief, eroded trust, preoccupation with the M&A, idealisation of the previous culture, personal and marital discord, rumour mongering and worst case scenarios.

These lead to *dysfunctions on an organisational level*: decrease in quality, productivity and commitment; disloyalty; increased turnover and absenteeism, leadership and power struggles, inefficiencies, non-production, denial of change.

Recommendations include[291]:

- *Fairness*[292]: Dealing fairly and generously with lay offs builds trust[293] among the survivors
- Emotional support[294]: such as listening with empathy, showing concern[295], praising good performance[296] and giving straight answers
- *Informational support*[297]: Information about the future state of the company and about personal factors such as salary and benefits, new roles and responsibilities[298], experience growth and new business contacts
- *Directional support*: Communicate a vision of where the company is headed and explain that the past is not an option. Discuss how the team's efforts can enhance the company's success
- Training support[299]: Use cross-unit post-merger training workshops to enhance core competencies of the management team
- *Tactical support*: Present new objectives and actions, involve survivors[300] in the developing and implementing activities of the turnaround. Offer learning[301] opportunities.

286.Marks and Mirvis (1992, 2001)
287.Marks and Mirvis (1992); Skagen (1993)
288.e. g. Noer (1995); Robbins (1999); Sujansky (2003); Behr and White (2003)
289.Ryan (1996)
290.Burke (2002)
291.Behr and White (2003)
292.Brockner (1988, 1992); Robbins (1999)
293.Marks and Mirvis (1992); Skagen (1993)
294.Marks and Mirvis (1992)
295.Skagen (1993)
296.Chaurdon (1994); Sujansky (2003)
297.Remick (1991); Robbins (1999)
298.Marks and Mirvis (1992)
299.Buono (2003)
300.Sujansky (2003)
301.Sujansky (2003)

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2.5.2 Time Pressure

The concept of time in top management is primarily discussed in relation to the phenomenon that business processes are in constant acceleration and to the relentless time pressure this imposes on executives. Time pressure and the incessant demand for availability[302] are phenomena of contemporary management. They apply with special vigour to post-merger projects and are negatively related both to estimated goal achievement[303] and to job satisfaction, thereby adding additional stress. In fact, there is a contradiction between:

- Acceleration: the need for top management to make key decisions fast, in order to achieve a certain stability and to be able to show early successes, so as to prove that the merger works, and
- Slow-down: leadership and power struggles and a general resistance to change leading to non-production and idling.

An interesting contradiction concerning the concept of time can be found in time-management and work-life balance studies. The ability to perform under pressure is regarded as an essential skill for managers. Yet, executives have more choices than they think with regard to time. Executives who are perceived to "have time" and "take the time" (e.g. to let a new strategy develop, to sit down with a colleague, to look at a customer problem; to launch a product at the right moment, not too early, not too late), seem to perform better and advance faster in their company projects than those who rush about 24 hours a day and put colleagues under constant pressure with ambitious deadlines. Particularly innovative, fast-changing companies often have CEOs who appear to have time to listen to colleagues and allow for some reflection. The art seems to be not to confound speed with precipitation. Few leaders master time. Those who do are mostly more seasoned, have a proven track record and therefore less to prove, a willingness to be self-critical, a candidness to admit if and when they feel uncertain about a certain issue, an ability to show empathy and embrace personal change[304]. While the importance of soft management skills – especially in hard times – has been acknowledged for some time in theory, in practice hard times are still mostly countered with hard skills and bottom-line thinking. To "be terribly busy" and not to show emotions still seems to be the prevailing managerial behaviour. But lack of time, or rather perceived lack of time, is one of the greatest constraints to learning[305].

When is fast action speed and when precipitation? When are an action or a decision timely? When is it important to be impatient, and when, on the contrary, patient? When is it "urgent to wait", as the French proverb goes?[306] Many studies answer this question organisationally and technically. They look at how a management team can address a maximum of strategic questions in a given time spent together, proposing guidelines and tools regarding meeting participation, problem formulation and decision-mak-

302.Hartley (2000)
303.Nordqvist et al (2004)
304.Clayton (2004)
305.Collinson and Cook (2001)
306."Il est urgent d'attendre" is a common French adage.

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ing[307]. They look at possibilities of planning and reflection-on-action (e.g. what was important, what was the real issue, which were the constraints, which choices did we truly have and how did we make these choices). The concept of executive time is rarely addressed psychologically, except in the clinical context of mental problems, such as depression and stress. But the issue of dealing with time is not the mastery of something external, but of internal reflection. To keep control over one's time is also a question of personal balance. Eating regularly and healthy, getting out for a walk, cultivating friendships, also with people from very different backgrounds and social origins all bring balance and focus to an executive's life[308]. The executive who is self-aware understands that he or she has limits, but also that there are choices and opportunities as long as she or he is honest and seeks means to create change. A leader cannot always live up to the expectations imposed on subordinates, who grow and change their behaviour. However, leaders tend to feel guilty about taking time off for themselves, since they do not make the positive link between their being in balance and performance.

2.5.3 Summary of Areas for Exploration

Post-merger situations are learning times. New working modes and contents need to be acquired and personal strategies need to be developed for coping with uncertainty[309]. Yet, the stated causes of stress, such as uncertainty and time pressure, and the stated effects of stress such as resistance, anxiety, distrust and low morale, are particularly detrimental to personal[310] and organisational learning processes[311]. On the other hand, on condition that a basic climate of trust[312] can be established, a well-reflected common learning programme[313], embedded in the actual work context[314], can be beneficial well beyond the actual competencies acquired. Common learning can enhance familiarisation with the alien culture[315], generate respect for the "other"[316], build effective teams[317], decrease conflict[318], unveil opportunities[319], restore self-esteem and self-confidence and improve productivity[320].

307.Baron (2004)
308.Blumenstock (2003)
309.Murali (2004)
310.e. g. Corr et al (1997); Becker (1998); Bower (2001a)
311.Yukl (1998, 2002)
312.Buono (2003)
313.Overby (2002)
314.Laiken (2003)
315.Simpson (2002), p. 28
316.Marks (1991/1992)
317.Cavaluzzo (1996)
318.Smith (1990)
319.Richardson (2003)
320.Carnall (1986)

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2.6 Change Management

> *For the world is a mountain of shit: if it's going to be moved at all, it's got to be taken by handfuls.*
> Allen Ginsberg, in *The Terms in Which I Think of Reality,* 1950

M&A situations are moments of change. To manage change implies learning. It seems therefore useful to seek for answers to the management of post-merger situations in change management literature. Change management has become one of the leading business buzzwords and a popular service offering by major consulting firms. It takes on a variety of meanings, espousing elements from such fields as:

- Organisational development
- System management
- Information technology
- Project management
- Adult learning
- Sociology and social psychology.

The two predominant fields of thought that have alimented the change management discourse are:

- *Engineering*: Taylor's[321] improvements to organisations as mechanical systems; gradual changes to systems, processes and structures, as in: lean manufacturing, total quality management (TQM); or radical changes, as advocated in business process reengineering (BPR), six sigma, etc.[xxii]
- *Psychology/Sociology*: the human focus on change[322]; helping individuals and groups to make sense of change[323] to improve job satisfaction and diminish resistance[324] and productivity loss[325].

Certain attempts of convergence[326] between these two rather opposite schools are apparent but by and large the technical and the social approaches to change are developing quite separately and this study is more concerned with the latter, which bears more potential to understand executive learning and coping.

2.6.1 Post-Merger and Change Management

The body of knowledge on change management in post-merger organisations is largely dominated by, often trade marked, managerialist models and processes proposed by the business consulting community. However, a recent academic discourse does emerge, based on the consistently poor performance of M&A[327], stressing the need to move

321.Taylor (1911)
322.Lewin (1947)
323.Bridges (1991)
324.Johnson and Blanchard (1998)
325.Conner (1992)
326.LaMarsh (1995)
327.e. g. Lubatkin (1983); Jemison and Sitkin (1986); Marks and Mirvis (1992, 2001); Coff (2002)

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away from the overbearing focus on financial and legal considerations[328] and to focus early on the management[329] of the social conflict and the inherent dysfunctions[330] that can emerge from the combination of two companies, due to the informal power[331] held by organisational members at all levels. Early attention to these factors are found to be essential so as to capture the ‚softer' synergies of M&A[332], such as core competencies[333] and best practices and keep those human resources (talents) on board, which made the merger enticing in the first place[334]. Other than when applying the clearly insufficient and inaccurate accounting methods and financial assessments, attention to inter-organisational ‚soft' synergies demand from executives a level of consultation that goes well beyond typical patterns of management[335], involving:

- understanding the hidden (often human) costs and potential benefits involved in combining organisations
- understanding the gap between the experience and motives of middle management and staff and the strategic intent of top management, and the consequences of this gap on behaviour
- balancing short- and longer-term dimensions of performance[336].

This socio-economic approach[337] is an interesting return to Kurt Lewin's[338] pioneering work from the 1940s, which had been over hastily dismissed as outdated during the 1980s and 1990s[339].

2.6.2 Origins of Change Management

Kurt Lewin is considered the intellectual father of planned change[340]. Lewin, influenced by the Gestalt psychologists[341], was convinced that the key to resolving social conflict was to facilitate learning. Learning would enable individuals to understand and adapt their perceptions of the world around them. Two success factors were identified and researched:

- to understand how social groups are formed and motivated, and how groups and individuals interact: this led to field theory and group dynamics

328.Savall (2003)
329.Pritchett (1987)
330.Elsass and Veiga (1994)
331.Ashkenas and Francis (2000), p. 108; Savall et al (2000, 2001)
332.Eccles et al (1999), p. 136
333.Coff (2002)
334.Atlas (2002)
335.Kanter (1988); Buono (2001)
336.Buono (2003)
337.e. g. Jemison and Sitkin (1986); Buono and Bowditch (1989); Haspeslagh and Jemison (1991); Buono and Nurick (1992); Marks and Mirvis (1992, 2001); Ashkenas and Francis (2000); Savall et al (2001)
338.Lewin (1939, 1947)
339.e. g. Kanter et al (1992); Marshak (1993); Dawson (1994); Dent and Goldberg (1999)
340.Schein (1970)
341.Smith (2001a)

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– to change the behaviour of groups and thereby individuals: this led to action research and to a change model, which he called the "3-step model".

Today, it is mainly Lewin's 3-step model of change[342], which is referenced, and, more often than not, dismissed as obsolete[xxiii]. However, when one focuses on Lewin's work in its entirety, viewing field theory, group dynamics, action research and the 3-step change model as an inter-linked approach to planned change, this view might deserve reconsideration, which is why Lewin's conceptualisation of change is summarised in ***Appendix F***.

2.6.3 Modern and Post-Modern Approaches to Change

In the context of the economic shocks of the late 1970s and early 1980s (1970s oil crises, western recession, Japan's economic rise) the discourse on the need for radical change for survival[343] was reanimated. Since then, planned approaches to change have been criticised as inefficient, simplistic and mechanistic[xxiv] and have given way to a number of more holistic concepts that, namely:

– Change Through Culture Excellence[344]
– Postmodernist Perspective on Change
– Process View of Change
– Continuous Transformation Model
– Punctuated Equilibrium Change Model.

These holistic models of change are summarised in ***Appendix G***.

2.6.4 A Systems Approach to Change: Adaptation

In biological sciences, a system is considered to be apt to survive if it manages to adapt when facing adversity, "or maintain its essential variables within those limits necessary for survival within the environment"[345]. The concept of adaptation (a stimulus-response sequence) was largely generalised in social and managerial studies on "purposeful systems"[xxv]. In view of today's fast-changing business contexts, adaptability, i.e. the capability to stay in tune with changing events, but also to recognise and exploit opportunities, is considered a highly desirable characteristic of an organisation[346]. Sachs[347] defines the concept of adaptability as follows: "A system is adaptive when it modifies itself or its environment, when either has changed to the ...system's disadvantage, so as to regain at least some of its lost performance", and proposed four archetypes of adaptation:

– *Reactivity:* responding to and correcting problems. The stimulus is the performance loss, the response is the regaining of performance

342.Schein (1970); Cummings and Huse (1989)
343.Burnes (2000)
344.e. g. Peters and Waterman (1982); Kanter (1989)
345.Berrien (1968), p. 63, as cited in: Sachs (1999)
346.Emery and Trist (1973); Sachs (1999)
347.Sachs (1999)

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- *Proactivity*: seizing and exploiting opportunities. The stimulus is an increase in potential, the response is the seizure of new opportunities
- *Learning:* increase in performance with performance potential remaining constant. There is no stimulus required, the "response" is improved performance
- *Innovation:* increase in performance and performance potential. There is no stimulus required, the "response" is improved performance potential and, by exploiting the newly created potential, increased performance.

A system's potential performance is established in four ways[348]:

- *by optimisation*: compute a systems optimal performance based on a model
- *by comparison*: take the best performer out of a population of comparative systems and benchmark against it
- *by contextualisation*: combine optimisation and comparison (above) by defining the potential as being the optimal performance of the best performer
- *by proaction*: imagine a best possible system, beyond anything that exists, and compute the optimal performance against it.

The manner, by which systems define their potential performance, whether this is done explicitly or implicitly, is success-critical. This applies also to post-merger organisations. A comparative, contextualising or even proactive approach to a post-merger context is likely to lead to a better valuation of the strengths and potentials of both partners and the common strive for a best possible system, which lies beyond that of either merging partner and even of competition, could motivate all stakeholders to trade petty rivalry for a joint contribution. In practice, merging organisations, affected by time and political constraints and primarily finance-driven, usually settle for the optimisation approach. Adaptation of human systems is particularly difficult when deeply held beliefs are challenged and when values that made the system successful become less relevant or obsolete, and when legitimate yet competing perspectives emerge[349]. This is the case in post-merger situations.

2.6.5 Summary of Areas for Exploration

Irrespective of the distinct differences between the above referenced approaches to change, there is substantial evidence, therefore, that the focus for work on change of behaviour should be on the group, rather than on the individual. By understanding and changing the environmental forces acting upon a group (through an iterative process involving all actors), the group behavioural patterns can be broken open and modified and, if corresponding structural, procedural and cultural adaptations are made, stabilised at a higher level of effectiveness, and so on.

However, despite countless calls for teamwork[350], especially in turbulent environments[351], the collective executive team does not correspond to today's reality: Today's

348.Sachs (1999), p. 6
349.Heifetz and Laurie (1998)
350.Cardwell and Elliott (1987); Bower (1997)
351.Eisenhardt and Bourgeois (1988)

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corporations are, more often than not, driven by a single leader[352]: charismatic, dominant, prince-like or otherwise[353]. It would therefore in practice still be up to an individual, usually the CEO, to understand and initiate such change action on the group. How can this executive, who:

- is generally more action-oriented than reflection-driven[354]
- tends to restrict the flow of information in "high-velocity" environments[355] (especially when he or she nullifies the contribution of other executives[356], and/or when other executives fear reporting information and ideas that run counter to those preferred by the CEO[357])
- is often caught up in his or her own, as evidenced primarily finance-driven, thought and behavioural patterns[358]

become (or be made) aware of the need to focus on the group, and change his or her behaviour accordingly?

Table 2-5: Research Areas on Change Management

A14	There is evidence in all proposed change models that the focus for change should be on the group, but in practice, the single leader –driven company is still the rule. **Which are the barriers that refrain many CEOs from better exploiting the resource of the group and how can such barriers be overcome?**
A15	Change and adaptation, whether reactive, proactive, as learning or innovation are favoured by an open, team-oriented organisational climate. Especially with higher order adaptive needs, and in situations of crisis, high complexity and great uncertainty, such as post-merger situations, all the company's knowledge resources and creativity are needed to come up with good solutions. In practice, instead of exploiting this available potential, leaders often react to crisis situations by adopting an autocratic, control-driven, low-information-flow behaviour that is counterproductive to adaptation and blocks learning[a]. **Why do many CEOs persist to presume validity – at their peril – of their formalist and positivist management behaviour in the light of the above evidence?**

a. Harari (1996)

352.Finkelstein (1992); Haleblian and Finkelstein (1993); Dreyer (1998); Anonymous (2003)
353.Yalom (1998)
354.Schön (1982)
355.Eisenhardt and Bourgeois (1988)
356.Diesing (1962)
357.Hambrick and D'Aveni (1992)
358.Conger and Nadler (2004)

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2.7 Post-Merger Executive Politics, Power and Psyche

Nearly all men can stand adversity, but if you want to test a man's character, give him power.
Abraham Lincoln

The power of man has grown in every sphere, except over himself.
Winston Churchill

For a long time, the behavioural phenomenon of internal divisions amongst the top executives of management teams in M&A has received little academic interest. As stated[359], most studies treat management as one unified type of stakeholders[360], interacting with others, such as customers, employees, board. Yet, executives are also – and sometimes above all – individuals, and they have many rational and emotional reasons for not being in agreement with their management team colleagues.

2.7.1 Politics

Post-merger sense making almost obviously brings about political argumentation regarding the benefits, risks, opportunities and threats associated with such a project[361]. Even if executives were to make an effort to specifically refrain from politicking, manipulating and manoeuvring they would still bring in their specific viewpoints that may then gain legitimacy or not. But often the politics are more intentional because in merger situations the cards are dealt afresh and this clearly involves important opportunities and threats, both to the company and to the executive career[362], that are perceived to necessitate specific political action. This may manifest itself in various types of power plays and can lead to a distortion of facts and stories and in consequence to more uncertainty[363].

Some research has addressed the phenomenon of executive commitment, showing that it may greatly vary within the same team, for example based on whether individuals were part of the original planning and integration decisions or not[364]. There is evidence, that:

– there are bound to be potential losers and winners in a merger situation, both at the organisational (acquirer vs. acquiree) and at the individual level. Executives compare the 'before', the 'now' and the potential 'after' and their decisions are influenced as much by the common mission as by their own relative standing within it[365]

359.cf. also section 2.2.1 on Post-Merger Leadership.
360.Pfeffer (1992)
361.Grunberg (1981); Olie (1994); Vaara (2003)
362.Hambrick and Cannella (1993)
363.Barley (1990); Golden (1997)
364.Duhaime and Schwenk (1985); Jemison and Sitkin (1986); Haunschild et al (1994)
365.Hambrick and Cannella (1993); Vaara (2002)

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- in the early post-merger phase, numerous executive positions are yet to be attributed. While some executives go about their business as usual, others try, by various means, to manoeuvre themselves into a pole position for attractive vacancies[366]
- there are no "apolitical decisions" in an early post-merger phase. Any assignment made will be perceived as going to "one of us" or "one of them", and the whole company counts along. The same goes for decisions on locations, IT-systems or any other organisational area, where the two merging companies differ[367].

There are therefore likely to be many real or perceived political elements that may influence decision-making and personal commitment[368]. Especially the process of sense making that is often associated solely with the cognitive aspects of decision-making bears strong socio-political elements that are alternately described as manipulation, arguing, sense giving, management of meaning, issue selling or even political rhetoric[369]. Sense making and identity-building is empirically closely related to "...identification with particular interests and consequent political action to pursue these interests.[370]" As has been addressed in the section on merger rationales identification as a property of sense making can be understood as the very foundation of the social construction of interests and political settings[371].

2.7.2 Power

The concept of power is addressed in a number of leadership models in the section above. Literature that deals specifically with this phenomenon emphasises the need to use power to mobilise the political support and the resources required to achieve objectives. Personal attributes such as flexibility, stamina and a high tolerance for conflict, as well as and structural prerequisites such as control of resources, access to information and formal authority are evoked as being propitious to success.

Pfeffer defines power as: "...the potential ability to influence behaviour, to change the course of events, to overcome resistance, and to get people to do things that they would not otherwise do."[372] The corporate activity is described as a "game" and, to win this game, a seven-step implementation process is proposed:

- decide on your goals
- diagnose whom you need to influence to achieve these goals
- understand the game, the players and their position
- ascertain the power base of the players, as well as your own potential and available power sources
- estimate your relative strength and that of other players

366.Berner (2002)
367.Risberg (1998)
368.Pfeffer (1992)
369.Huff (1988); Gioia (1994); Weick (1995); Salk (1997); Dutton et al (2001); Vaara (2003)
370.Hardy and Clegg (1996)
371.Scott (1995)
372.Pfeffer (1992)

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– anticipate what will happen in the organisation and prepare for it
– consider your options and tactics and those of other players.

Mintzberg proposes a similar approach, introducing a decision system in the shape of a comprehensive cartography including games, players, respective interests, objectives, structures and strategies[373].

The academic discussion on power rarely seriously addresses moral issues[374] such as whether the defined goals benefit the individual or the company or both, and whether they are to the detriment of other stakeholders, who could then no longer fulfil their professional or social mission[375]. Most power books are in stark contrast with the team leadership discussion[376]. They derive their propositions straight from the Machiavellian[377] school in that they address the single leader who needs to manipulate the masses[378] to achieve his or her goal. To this end, they propose recommendations, usually in a simple checklist form[379].

Most relevant for this study is a stream of research inquiring in the effects of power politics on managerial learning. This is addressed in the post-merger learning section below.

2.7.3 Psyche

The executive psyche has been a subject of exploration, namely by Kets de Vries[380], who draws on three decades of study on the psychological profile of the successful CEO. No particular mention is made of the post-merger situation, but the interface between psychiatry, distinct organisational types and cultural approaches to management is discussed. Certain organisations: "deaden people's emotions" and there are nowadays: "many intermediary forms of organisations"[381], which complicate leadership. Kets de Vries explores senior executives' vulnerabilities, especially in relation to stakeholders' attempts to manipulate them. Many top executives suffer from depression[382]. Midlife prompts a re-evaluation of personal and career identity and: "...by the time a leader is CEO, an existential crisis is often imminent". In as much as the executives are aware of this problem and accept it, they do seek professional help but do rarely have the time to follow regular treatment[383].

While not all CEOs are psychologically unhealthy, CEOs seem to be particularly accessible to psychological disturbances, inter alia:

373.Mintzberg (1983)
374.important exceptions are: Peale and Blanchard (1988); Kidder (1996) and Badaracco (1997)
375.Kotter (1985)
376.Forester (1989); Herman (1994); Lencioni (2002)
377.Machiavelli (1610)
378.Barnes (1988); Abrashoff (2002)
379.Maxwell and Ziglar (1998); Lencioni (1998); Greene (1998); Buckingham and Coffman (1999); Lencioni (2002)
380.Kets de Vries (1989, 1993, 1996, 2004)
381.Kets de Vries (2004)
382.Coutu (2004)
383.Van de Loo (2000); Kets de Vries (2004)

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- due to their position of large responsibility, high visibility and prestige
- given their (relative) unaccountability for their actions
- for time pressure
- as a reaction to the expectations of followers who crave heroic and charismatic leaders
- given the time of life, in which he or she occupies this position: midlife
- due to the complex, ever-changing and diverse situations he or she faces
- due to the uncertainty of the organisational context.

Many business leaders suffer from the harmful reactive narcissism[384]. Narcissism, "an obsession with a self-image of success", can simultaneously facilitate the rise of executives to positions of power and do significant damage to both the leaders and the organisations they are in charge of[385].

Typical symptoms of pathological narcissism are:

- focus on personality rather than tasks, time is increasingly invested in ego-functions rather than organisational functions[386]
- ability to manipulate others
- capacity to establish quick, superficial relationships
- exhibitionism, accent on public image and political contacts
- tendency toward empire-building and grandiosity
- focus on material and/or prestige success rather than company success
- expendability of employees
- the individual ranks higher than society, the concept of "common good" deteriorates
- unawareness, rejection or ignoring of information from the outside world
- unwillingness to "hear the truth"
- emphasis on conflict and internal competition rather than collaboration[387].

A certain dose of narcissism is necessary to effective functioning. An attitude of independence can serve as a buffer against stakeholder pressure[388]. Leadership requires some degree of callousness. "A moderate degree of grandiosity" and charisma can revitalise stagnant or faltering organisations, but narcissistic charisma is often temporary and such a leadership style often becomes dysfunctional[389]. Such leaders function in terms of self-enhancement; they are concerned with "how they look", are often rigid, parsimonious and preoccupied with detail and command a great degree of control. Narcissism and control generate an accelerating interplay. They can temporarily bring about increased productivity and, by that, recognition from stakeholders, which positively reinforces the controlling behaviour. In such a way, trust, the lubrication that allows organisations to work, is diminished[390]. Excessive self-centredness and lack of empathy leads to distrust and judgment of people by superficial impressions. This inability to judge people in depth leads to a reliance on people who play into the leader's needs. Fi-

384.Lubit (2002); Dearlove (2003)
385.Lubit (2002), p. 127
386.Morowitz (1977)
387.Bruhn (1991); Bennis (1988); Murphy (1996); Heckman (1997); Arndt et al (2000); Tracy (2004)
388.Kets de Vries (1989)
389.Bruhn (1991)
390.Bennis and Nanus (1985)

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nally, the organisation is led by a group of similar people who exploit each other's needs at the organisation's expense.

Similarly, narcissistic leadership inhibits learning and creativity. Without some degree of trust, people cannot experience the autonomy needed to learn and be creative[391]. They become overtly submissive or silent, dissatisfied and critical. "Change is carefully controlled from the top and employees learn that spontaneity and creativity from their level is discouraged"[392]. However, there is an inverse relationship between the ability to control and the necessity to manage, since management is in essence an experimental process with the purpose to discover that particular knowledge, which will eventually permit control[393].

Other psychological forces, which skew seemingly logical management behaviour, are feelings of fear[394], guilt and deprivation[395]. Not all CEOs are psychologically unhealthy[xxvi]: those who remain stable are attributed a particular talent for self-observation and self-analysis[396].

2.7.4 Summary of Areas for Exploration

Table 2-6: Research Areas on Politics, Power and Psyche

A16	**Why do many executives live in a state of personal imbalance, and even suffer from clinical conditions such as fear, depression and guilt? How can this be changed?**
A17	**How do personal imbalance and mental health problems affect executives learning abilities?**

2.8 Knowledge and Learning

> *If the other guy's getting better, then you'd better be getting better faster than that other guy's getting better, or you're getting worse.*
> Tom Peters

The concepts of knowledge and learning, philosophical quests dating back over 2000 years, play an increasingly significant role in our times, albeit for different reasons. Effective knowledge acquisition, creation and sharing are central to the successful realisation of organisational goals[397]. Not surprising, for a "knowledge society", which considers knowledge one of the most crucial resources for wealth creation, there is substantial recent literature on knowledge, learning and their derivatives; stemming

391.Hirschhorn (1988)
392.Bruhn (1991)
393.Landau and Stout (1979); Bruhn (1991),
394.Ryan (1996)
395.Phalon (1996)
396.Coutu (2004)
397.Pettigrew and Fenton (2000)

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from such diverse fields as: sociology, psychology, pedagogy, information technology, mathematics and organizational theory and development. Literature with particular relevance to business and, in particular to the post-merger phenomenon is examined first. This is followed by a more fundamental look at the discourses on information, knowledge and learning.

2.8.1 Knowledge and Learning in a Business Context

In the fields of management and business, the knowledge and learning discourses focus mostly on four areas.:

- *Organisational* Learning/Learning Organisation: The: "detection and correction of error[398]"; the way companies "...build, supplement and organise knowledge and routines around their activities and within their cultures and adapt and develop organisational efficiency by improving the use of the broad skills of their workforces"[399]
- *Knowledge Management*: the systematic process of finding, selecting, organising, distilling and presenting information in a way that improves employees' comprehension
- *Lessons learned*: the ability of organisations to learn from mistakes and improve as a result; applied especially with respect to specific, confined organisational events or phenomena, such as M&A
- *Management Andragogy (Management Education and Development)*: this discourse focuses on programmes and courses for individual executives and/or management teams. Extant management andragogy focuses mainly on the lower and middle manager.

Each one of these areas is referenced below. The first three above-mentioned areas are strongly interrelated. They address similar phenomena and use a similar vocabulary. However, the meanings they attribute to this vocabulary, namely to the concepts of information, learning and knowledge management are often very different, because scholars usually have different academic and professional backgrounds. They different discourses also tend to address different audiences.

Recent research that earnestly considers top executive (CEO) learning is almost non-existent[xxvii]. There are, of course, recommendations on the executive's role in the research on organisational learning, but not much explicit attention has been given, since Schön's "Reflective Practitioner"[400], on the top leader him or herself. As far as executive learning is addressed in other discourses, such as leadership or culture, it has been referenced under the respective sections. One reason for the poor attention given to CEO learning behaviour may be that these "hard-headed business leaders, who already have more on their agenda that they can hope to accomplish"[401], are difficult to access. The main reason, however, seems to be that these leaders, as referenced, are often considered as a group, and not studied individually.

398.Argyris and Schön (1978)
399.Dodgson (1993)
400.Schön (1982)
401.Smith (2001)

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2.8.2 Organisational Learning, The Learning Organisation

The goals of organisational learning are to increase competitive advantage[402], adaptation capacities, innovation and effectiveness[403], by strategic, structural, processual, environmental, cultural and technological factors. In practice, scholars pertaining to such fields as human resources development, pedagogy and sociology mainly feed the organisational learning discussion. There is little research on the influence of technology on organisational learning: this aspect is mainly addressed in the discussion on knowledge management. The advantage of a learning organisation, over an organisation composed of learning individuals, is that the organisation does not lose its learning ability when members leave the company. Organisational learning, in organisations which: "consciously and intentionally develop [their] members and transform [themselves]"[404], have been linked to organisational outcomes[405] such as innovation[406], synergy creation[407], diversification[408] and entrepreneurship[409].

Most research on organisational learning is based on the perspective of the learning curve, assuming favourable returns to experience. Most of these studies, however, examine a manufacturing environment[410] or address the question from a strategic perspective[411]. However, studies in other settings, especially studies examining the effect of prior merger experience on subsequent merger performance, yield contradictory findings.

2.8.2.1 Organisational Learning in M&A

Despite stark evidence that M&A still mostly fail to achieve their goals, it has sometimes been argued that firms with previous M&A experience perform better than those doing their first M&A[412]. While some small-sample studies confirm this hypothesis[413], most large-scale research fails to find a significant link between previous M&A experience and performance[414]. Bruton et al differentiate between the merger experience of distressed companies (two consecutive years of declining net income) and non-distressed firms and found a positive correlation only in the much smaller group of distressed firms[415]. Ever since Hobbes[416] and Thorndike[417] behavioural learning theory stipulates that rewarded behaviour tends toward repetition and strengthening, whereas punished behaviour tends toward correction and weakening. This principle is at the base of the learning curve: ante-

402.Senge (1990); Chandler (1992); Bechtel (1993); Hensey (1995); Friesen and Johnson (1995); Mai (1996)
403.Senge (1990); Nonaka (1991)
404.Morris (1996)
405.Bedeian (1990)
406.Brown and Duguid (1991)
407.Chandler (1992)
408.Pennings et al (1994)
409.Lant and Mezias (1990)
410.e. g. Yelle (1979); Dutton et al (1984)
411.e. g. Lieberman (1987)
412.Lubatkin (1983)
413.Fowler and Schmidt (1989); Hitt et al (1993)
414.Lubatkin (1983); Chatterjee (1986); Bruton et al (1994); Lubatkin and Lane (1996); Haleblian and Finkelstein (1999)
415.Bruton et al (1994)
416.Hobbes (1651)
417.Thorndike (1898)

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cedent conditions that are perceived to be similar to previous conditions provoke similar behaviour if previously successful and, inversely, dissimilar behaviour if previously unsuccessful[418]. However, prejudice may develop as to the judgment if an antecedent situation is similar or not to a previous situation[419]. According to recent extensive studies in the merger arena, this is often the case in M&A situations, where actors inappropriately generalise merger experience to future mergers as they do not fully appreciate their dissimilarity[420]. Therefore it appears that executives would be advised to assess more carefully if a situation they are faced with is truly similar to a previous condition or not.

In some cases M&A are planned with the primary goal of mutual learning and knowledge transfer[421] (cf. also section 2.1.3 above: 'Rationales for M&A'). In other cases, post-merger situations, especially when conflicting, often serve to trigger management attention to organisational learning in the first place. Whilst this is a defensive way to address the question, it has been shown, that the common effort – by executives from both merging companies – of identifying, designing and implementing structures, procedures and programmes that enhance learning, can contribute to motivating employees[422], filling the new organisation with meaning[423] and making it more effective[424]. Part of the creating a learning organisation is 'unlearning'[425], i.e. forgetting or abandoning some of one's past[426]. This can be easier in a crisis situation, such as a post-merger environment[427] that severely challenges the past anyhow[428], but also more difficult, because the resistance to change and the lack of trust are such, that learning becomes impossible[429].

There is some evidence that above average performance requires above-average learning capability. Two processes of learning are described:

- *Exploration of new skills, knowledge and processes*: encompasses search, variation, risk-taking, experimentation and innovation. Exploration occurs when new outcomes arise or when existing routines did not meet objectives. Exploration incurs high costs of experimentation.
- *Exploitation of existing knowledge, skills and processes, by refinement and incrementation:* encompasses: "...refinement, efficiency, reverse production (...) and execution of routines already located in the organizational knowledge base"[430]. Exploitation may not be sufficiently sustainable in the long run, since the contexts change.

418.on this concept, called generalisation, c.f. also Reynolds (1975); Schwartz (1978); Nye (1979); Bower and Hilgard (1981)
419.Pinder (1984); Mazur (1994)
420.Haleblian and Finkelstein (1999); Zollo and Harbir (1999); Zollo and Leshchinskii (1999); Zollo and Reuer (2001); Srikanth (2005)
421.Hamel and Prahalad (1996)
422.van Deusen and Mueller (1999)
423.Thomson and McNamara (2001)
424.Kreitner and Lee (2000)
425.Dodgson (1993)
426.Balasubramian (undated)
427.Nelson (2003)
428.Tushman and Romanelli (1985); Van de Ven and Polley (1992); Glynn et al (1992); van Deusen and Mueller (1999)
429.Levitt and March (1988); Milliken and Lant (1991)
430.March (1991)

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In post-merger situations, exploration and exploitation are not always distinguishable, since exploitation for one, may be exploration for the other, if processes and skills are transferred from the acquirer's organisation to that of the acquiree, or vice versa. Both behaviours appear necessary and although they are not viewed as mutually exclusive constructs[431], they appear, to a certain extent, to be trade-offs[432]. Recent project research suggests a "balanced mix", favouring exploration in the conception phase and exploitation during implementation[433].

2.8.2.2 Organisational Learning Types and Modes

Many attempts have been made to conceptualise organisational learning in terms of modes and styles. Organisational learning style is not an extension of individual learning style. Argyris and Schön define three types of organisational learning:

- *Single-loop learning*[xxviii]: errors are detected and corrected, but the corrections remain at the surface of the specific error in question. Company policies and goals remain unchallenged. Such corrections contribute to the company's knowledge base , competencies and routines, without altering the mental nature of the organisation's activities.
- *Double-loop learning*[xxix]: In the process of the detection and correction of error, fundamental norms, procedures, policies and goals are questioned. Such corrections and questionings contribute to the modification of the company's knowledge base, competencies and routines[434].
- *Deutero-learning*: occurs when the company has developed an awareness that learning must occur[xxx], and when both single- and double-loop learning is carried out. This necessitates recognition that constant learning is necessary and the awareness that lengthy periods of exclusively positive feedback or satisfactory communication can block learning[435].

Daft and Huber[436] define four learning modes, which exist in organisations, in terms of equivocality (ambiguity) and density of information in the learning process:

- *self-designing* (high equivocality, low amount of information): typical examples are human resources issues, strategic decision-making, etc.
- *experimenting* (high equivocality, high information density): as in research and development; market analysis, etc.
- *extended bureaucracy* (low equivocality, high information density): as in manufacturing processes
- *traditional bureaucracy* (low equivocality, low information density): as in standardised business processes[437].

431.Fiol (1994)
432.March (1991)
433.Binz-Scharf (2003)
434.Dodgson (1993)
435.Argyris (1994)
436.Daft and Huber (1987)
437.Dodgson (1993)

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The finding that different organisational functions tend to apply particular learning modes is also evidenced by other researchers[438].

2.8.3 Knowledge Management

Theory on knowledge management focuses on methods of acquiring, storing and utilising knowledge for problem solving, dynamic learning, strategic planning and decision-making; a primordially managerialist body of knowledge, often inspired by a technical/engineering perspective. Metaphors used suggest that knowledge be of a reassuringly unified nature, permitting it to be "mined", "captured", "stockpiled", "dug" or "drilled"[439]. Knowledge is described as time- and bodiless[440] and often reduced to information in the shape of unambiguous "objective" facts[441], without considering its symbolic or interpretive characteristic[442]. "Conduit models" are proposed, which can be enhanced by such means as: "increasing the channel capacity", making communication channels more easily available, providing better storage and retrieval tools and redefining encoding and decoding procedures[443]. Technology, in the shape of information technology, is seen as bringing about the "death of distance"[444]. Against such mechanistic views of knowledge and knowledge management, there stands a growing body of research claiming that knowledge is "socially embedded" and mediated[445]. This research speaks of the: "essentially tentative, partial and rhetorical nature"[446] of knowledge, which is recognised to be often tacit[447], implicit[448], situated[449], enacted[450], distributed[451], constructed[452] and heuristic[453]. The creation of knowledge is therefore an act of "sense making"[454], which consists not only of the accumulation of empirical facts, but necessitates the creation of intersubjective agreement, defined by Weick and Roberts as "collective knowing"[455]. This body of knowledge does not recognise knowledge as "objective", but only: "...with reference to the relative ease of reaching agreements"[456]. It claims that there: "... is no activity called "knowledge", which has a nature to be discovered. There is simply the process of justifying beliefs to audiences"[457]. This constructivist view of knowledge displays the complexity of knowledge management: organisations act in a state of: "...*radi-*

438.Dodgson (1993); Dooley et al (2000)
439.Scarbrough et al (1999)
440.Ophir and Shapin (1991)
441.Knights and Willmott (1999), p. 9
442.Ditillo (2001), p. 17
443.Boland and Tenkasi (1995), p. 352
444.Cairncross (1997)
445.e. g. Kuhn (1962); Giddens (1984); Collins (1995); Knights and Willmott (1989); Blackler et al (1993); Blackler (1993); Tsoukas (1996); Prusak (1997); Araujo (1998); Lam (2000); Gadamer (2001)
446.Blackler et al (1993), p. 854
447.Polanyi (1967)
448.Nonaka and Takeuchi (1995)
449.Suchman (1987);
450.Weick (1979)
451.Hutchins (1983)
452.Arnold and Siebert (1999); Siebert (1999); Barab and Duffy (2000)
453.Petress (2003)
454.Garfinkel (1984)
455.Weick and Roberts (1993)
456.e. g. Cooper (1992); Law (1992); Sellars (1997); Rorty (1999), p. 50
457.Rorty (1999), p. 36

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cal uncertainty: they do not, they cannot, know what they need to know"[458]. In consequence, the executives' role is to allow for a climate in which knowledge can continually be constituted and re-constituted through the organisation's activities[459]. According to Tsoukas, the key to achieving: "coordinated action does not so much depend on those higher up collecting more and more knowledge, as those lower down, finding more and more ways of getting connected and interrelating the knowledge each one has". This interrelation is discussed by distinguishing the concepts[460] of:

- *Intellectual capital*: contains strategy and relevant organisational knowledge potentials, such as customer and market knowledge. Intellectual capital is created by combining unconnected elements or newly associating previously connected elements, and exchanging them (these combination processes are mainly positivist: you manage what you can measure). Major proponents of the intellectual capital concept are Roos and Edvinsson[461].
- *Social capital*: knowledge capitalisation is also relational, and therefore profoundly influenced by underlying processes. This necessitates the development of social capital; of interactions based on patterns built from norms, identifications, commitments and expectations, shared meanings, narratives, codes and language. "The (…) exchange of knowledge is fundamentally socially embedded – in particular situations, in coactivity and in relationships"[462]. Relationships cannot be handed from one person to another, nor can contexts. Strongly networked groups have norms and identifications, which can close them down to others, and also to alternative practices.

While this socially embedded perspective of knowledge advances our understanding of knowledge exchange processes, there is still room for research regarding the connection of knowledge and situated action[xxxi]: acknowledging that interrelation is important, tells nothing about how this is done. To executives, who seek to remain knowledgeable[xxxii] within their organisations, the problems described in organisational knowledge management, often occlude a full appreciation of the practical problems they are faced with. In this respect, Goodall and Roberts note that: "…it is not firms that face "radical uncertainty", but rather individuals who do not and cannot "know what they need to know". Knowledge is transitory and mobile and therefore such not knowing has, practically, a dual character being both concerned with what one takes for granted that others do not know and with what others know in other circumstances."[463].

2.8.3.1 Knowledge Management in M&A

Although organisational theorists have emphasised that knowledge management goes beyond information technology, the professional and scientific literature on knowledge management in M&A and post-merger situations is rare. Some typical post-merger phenomena, such as management in geographically dispersed organisations[464], is briefly addressed in the transnational organisation[465], the virtual organisation[466] and the

458.Tsoukas (1996), p. 22, original emphasis
459.Tsoukas (1996), P. 22
460.Schumpeter (1934); Bourdieu (1972); Granovetter (1985); Burt (2000); Kessels and Poell (2004)
461.Roos et al (1997)
462.Nahapiet and Ghoshal (1998), p. 250
463.Goodall and Roberts (2003), p. 1156
464.Goodall and Roberts (2003)

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knowledge-intensive firm[467]. They have been inquired regarding the concepts of networks[468], communities of practice[469] and social capital[470]. Conclusions suggest that executive effort to create and share knowledge over distance is especially laborious, because distance is damaging to knowledge, relationships and trust[471]. In order to convey their own knowledge to distant others, executives have to constantly correct their understanding blurred and changing expectations of the organisation(s) at large[472].

Knowledge Management research specific to post-merger situations mostly addresses technology issues[xxxiii]. In addition to this, there is a body of evidence on outcomes as related to knowledge transfer, since knowledge transfer is critical to synergy realisation[473]. In order to realise such synergies, there has to be a two-way exchange[474] of knowledge between the combining companies[475]. The difficulty with this transfer often lies in the nature of knowledge to be transferred: much of it is tacit, rather than codified[476]. It resides not in documents or models, but in the understandings of the employees. Furthermore, much knowledge is context-bound[477] and, as a result, may lose some of its value in a new setting for which it was not conceived[478]. Another difficulty is the correlation between synergy realisation and the quality of the acquisition process itself[479]. Trust and a sense of belonging are needed for transfer to take place. However, as referenced, the alienation that follows a merger often leads managers and employees to engage in non-compliant or even disruptive behaviour[480], or simply leaver the company[481]. These difficulties can be overcome by having a pre-acquisition innovation management strategy[482] in place, which plans to build connections across the organisational boundaries. This can be done, for example, by employing "boundary spanning managers"[483]. Such individuals are to have a combination of technical and interpersonal skills, allowing them to facilitate the development of a "social community" in which transfer can take place. Another means proposed, in a body of literature increasingly recognising the "people side"[484] of the post-acquisition phenomenon, is resource redeployment[485], i.e. the exchange of executives between the two merging organisations.

465.Ghoshal and Bartlett (1998)
466.Davidow and Malone (1992); Chesbrough and Teece (1996)
467.Drucker (1993); Nonaka and Takeuchi (1995); Hansen et al (1999); Brown and Duguid (2000)
468.Miles and Snow (1992); Nohria and Eccles (1992); Hedlund (1994); Jones and Borgatti (1997)
469.Lave and Wenger (1990); Brown and Duguid (2001)
470.Burt (2000); Adler and Kwon (2002)
471.Parkhe (1993); Gulati (1995)
472.Goodall and Roberts (2003), p. 1153
473.Vermeulen and Barkema (2001)
474.Cassiman et al (2003)
475.Greenberg et al (2003), p. 13
476.Singh and Zollo (1998)
477.Hakanson (1995)
478.Leroy and Ramanantsoa (1997)
479.Seth (1990)
480.Nahavandi and Malekzadeh (1993)
481.Jemison and Sitkin (1986); Haspeslagh and Jemison (1991)
482.Chaudhuri and Tabrizi (1999)
483.Tushman and Scanlan (1981)
484.Ernst and Vitt (2000)
485.Capron et al (1998); Capron (1999)

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2.8.3.2 Knowledge Management and Diversity

Diversity, defined for the purpose of this study as:

- the differences in cognition and skills as a consequence of age, nationality, ethnicity, gender, tenure, social and professional background, etc.
- how individuals describe and perceive each other as dissimilar or different

is a natural consequence of both changing demographics and increasing mobility in most labour markets[486] and, in particular, of M&A.

The relationship between organisational learning and diversity should be of interest to the academic community. However, even though one would imagine that a multitude of perspectives and skills would be beneficial to organisational learning, this phenomenon seems to be largely unaccounted for[xxxiv]. If discussed at all, for example under the label of cross-cultural management, the focus seems to be on the problems of (cultural) diversity, rather than on the benefits, and how to put such benefits into practice[487]. Similarly, there seems to be a tendency to focus on the negative consequences of dissimilarity, etc. rather than an interest in understanding what it is within organisations that creates the negative notion of perceived dissimilarity in the first place[488].

Important prerequisites for knowledge creation[489] are, as referenced above, cohesiveness and social capital, i.e. interaction and personal relations. Put simply, cohesiveness leads to combination and exchange and this again leads to innovation[xxxv]. Diversity, which increases the variety of perspectives, stimulates non-obvious alternatives[490] and promotes creativity and innovation[491]. However, diversity and cohesiveness, which both foster knowledge creation, seem also to oppose each other, or rather, diversity seems to discourage cohesiveness[492]. Reasons for this appear to be:

- humans seem to be more easily drawn to others perceived as similar to themselves
- humans generate a negative bias toward others perceived to be dissimilar
- this leads to an "us vs. them" categorisation
- this discourages identification and personal relations[493].

This dilemma, sometimes labelled: "innoversity paradox"[xxxvi] therefore bears interesting and largely unexploited research potential. One proposal to overcome the said paradox is found in the concept of communities of practice[xxxvii]. It seems that in a community of practice perspective, diversity and cohesiveness are allowed to co-exist[494]. Due to the members participating on a voluntary basis to exchange ideas with

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486.Johnston and Packer (1987)
487.Hampden-Turner (1991); Frost (2000)
488.Seelye and Seelye-James (1995); Hoecklin (1995)
489.Kogut and Zander (1996); Nonaka and Takeuchi (1995); Nahapiet and Ghoshal (1998); Prusak and Lesser (1999)
490.Nemeth (1986)
491.McLeod et al (1993); Cox (1993); Maznevski (1994)
492.Sessa et al (1995)
493.Tajfel (1982); Schneider (1987); Brewer (1991); Armstrong and Cole (1995); Basu (1999)
494.Brown and Duguid (1991); Wenger (1998)

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others concerned with similar problems, there is a genuine will to learn and thereby a receptivity of the dissimilar. Here, the common denominators bringing about the necessary cohesiveness for knowledge creation are not the culture, gender or other similarities, but the common interest in a same domain and a common desire to learn. Even though people tend to mainly network with others similar to themselves, in what Ibarra calls "homophilious ties", if there are enough networks of a variety of social categories, it enhances the variety of connections and combinations, thus enlarging, for the individual as well as for the company, what is similar and therefore attractive. Possible drivers of learning processes enhanced by diversity are[495]:

- *Absorptive capacity*: the "ability to recognize the value of new and external information, assimilate it and apply it to commercial ends"[496]. Absorptive capacity requires previous knowledge, which, associated with new knowledge, gives rise to associations never considered before.
- *Requisite variety*: this driver has its origin in cybernetics laws: "…the larger the varieties of action available to a control system, the larger the variety of perturbations it is able to compensate"[497]. The more different knowledge resources an organisation can draw from, the more likely it can find solutions to unknown new problems arising, by newly combining varieties of knowledge[498].
- *Network variety*: internal and external networks are seen as an important condition for knowledge creation[499]. The creation of knowledge requires the development of and/or the extensive participation in a multitude of opportunities[500]: "A variety of inter-organizational linkages is critical to knowledge diffusion…"[501].
- *Creative destruction*: The collective sharing of assumptions can help to maintain status quo and minimise conflict but it is adverse to innovation and flexibility. Creative destruction, to be willing to: "destroy the old is the heart of innovation and the means to enormous profits (…), creative destruction is a useful motto not simply because of its purposeful and ringing sound but because it creates an organisational disposition toward entrepreneurial audacity. Its constant quest is to create progress through obsolescence[502]". Diversity can drive the questioning and rethinking of assumptions and status quo[503]. The more diverse the workplace, the more questions can be expected[504].
- *Problem-solving*: Defined as a set of routines on how to respond to changes or threats, or a practice shaping knowledge in the organisation[505], problem-solving can be enhanced by diversity due to the encouragement diversity brings along to investigate other options[506].

495.Justesen (2001)
496.Cohen and Levinthal (1990), p. 130
497.Ashby (1956)
498.Nonaka and Takeuchi (1995)
499.Galaskiewicz (1996); Arujo and Easton (1996)
500.Rothwell (1992)
501.Ibarra (1992); Powell (1998)
502.Levitt (1962), p. 128
503.Baker and Kolb (1993); Thomas and Ely (1996)
504.Heil (1993)
505.Andersen (2000)
506.Northcraft et al (1995); Nemeth (1986); Cox (1993); Thomas and Ely (1996); Leonard (1998)

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Drivers that are adverse to putting diversity to use are:

- *Intergroup anxiety*: "the discomfort individuals experience when interacting with members of a different social category"[507]. Anxiety is a state of heightened self-awareness, helplessness and expectation of negative outcome. Since efforts to capitalise on diversity have brought forward discouraging results[508]over many decades, researchers have concentrated on trying to understand why diversity is so often disruptive. Most of this work relies on social identity theory[509] or self-categorisation theory[510] to explain diversity's detrimental effects. These theories propose that diversity will cause team members to use divisive social categorisations based on demographic or functional differences, rather than using the inclusive team boundary as a categorisation basis. Social identity is important to the individual, but with the establishment of social categories, perceived differences between these categories appear and these can lead individuals to, wrongly or rightly, anticipate irreconcilable conflicts of interest[511]. Once ingroup/outgroup distinctions[xxxviii] become salient in a particular context, dysfunctional conflicts, anxiety, distrust, stereotyping, competition and/or turnover will occur. Cohesion, social integration, informal communication and, consequently, group functioning will be undermined[512]. The behaviour of individuals tends to become hesitant, inhibited and sometimes disrupted[513].
- *Miscommunication*: Diversity can bring about various kinds of language problems, which make it difficult for actors to engage in combination and exchange, and to establish trust. Lack of common context and language[xxxix] are the main reasons for miscommunication. The chances of accurately transmitting and receiving (interpreting) a message are lower if the sender and the receiver pertain to different social categories[514]. Diversity may therefore lead to misunderstandings and thereby increase intergroup anxiety[515]. Highly diversified organisations are evidenced to have less communication among co-workers, suggesting that diversity decreases overall organisational communication[516]. Informal meetings are fewer[517] and are segregated along demographic lines[518]. Diverse people sometimes talk differently about the same issues, and they have differences in what they are interested to talk about[519]. All this can lead to in- and outgrouping and conflict[520] in the diverse group, and to such a group having fewer shared experiences, less in common and more differences than a group of similar employees[521]. Therefore, unless a climate can be created in which dissimilar individuals feel comfortable to express their unique opinions and

507.Northcraft et al (1995), p. 80
508.Guzzo and Dickson (1996)
509.Turner (1987); Sessa and Jackson (1995), p. 140
510.Allport (1954); Tajfel (1982)
511.Stephan and Stephan (1985); Kramer (1991); Schneider and Northcraft (1999)
512.Tsui et al (1992); Nkomo (1995); Pelled et al (1999)
513.Neuliep and McCroskey (1997)
514.Gelfand et al (1996)
515.Henderson (1994)
516.Lincoln and Miller (1979); Sessa et al (1995)
517.Hoffman (1959)
518.Brass (1984)
519.Northcraft et al (1995)
520.Raghuram and Garud (1996)
521.Chatman (1998)

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perspectives[522], there will not be any combination or "shared problem solving[523]", and therefore little innovation.

– *Goal incongruence*: According to categorisation and social identity theories, the categorisation into distinctive ingroups and outgroups has a detrimental effect on common objectives. In a diverse setting, the perceptions and values of social categories may be incongruent and thereby damaging to trust building and communication. Reciprocally, goal incongruence may prevent individuals from combining and exchanging knowledge altogether, if they do not see a chance to negotiate common goals[524]. Or, if interaction does take place in the light of perceived or real mutually exclusive goals, it may bring about winners and losers. Such win-loose situations may allow for knowledge to be exchanged, but not combined.[525]

2.8.3.3 Knowledge Management Theories

From the myriad of knowledge management methods, tools and theories, mostly alimented by the business consultant community, an overarching theory of knowledge management has yet to emerge. Reasons for this may be that:

– researchers studying practices associated with the management of knowledge have their roots in a variety of disciplines and technologies, such as: cognitive science, artificial intelligence, library and document management, decision support systems, semantic networks, relational databases, simulation, organisational science, social sciences, pedagogy and psychology. Very few researchers truly transgress the boundaries of their own discipline[526]
– knowledge management is a successful consulting business. For this, consultants tend to render their models and theories proprietary, so as to claim value added. This leads to a constant reshaping and reformulating of the basic principles of knowledge management.

A large number of profiled management theorists have contributed to the evolution of knowledge management, for example:

– Hayek: Leave it to the Market
– Argyris: Teaching Smart People How to Learn
– Ackoff: A Transformational Systemic Approach
– Drucker: The Knowledge Worker
– Brown and Duguid: Conflict as a Source of Knowledge
– Ghoshal and Bartlett: Individuals Create Value
– Davenport: Pitfalls of Knowledge Management
– Leonard-Barton: Sources of Knowledge
– Strassmann: Knowledge as Capital
– Allen; Engelbart; Abecker; Probst et al; Föcker: IT Tools and Technologies

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522.Thomas and Ely (1996); Eigel and Kuhnert (1996)
523.Leonard-Barton (1998)
524.Pettigrew (1973); Northcraft et al (1995)
525.Henderson (1994)
526.c.f. also Ibarra (1992) on 'homophilious' networking behaviour, in the knowledge and diversity section 2.8.3.2.

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- Senge: A Holistic Humanist Approach
- Wiig: Intellectual Capital and Knowledge Management
- Hampden-Turner: Dilemma Management
- Polanyi: Tacit Knowing
- Nonaka and Takeuchi: Knowledge Creation.

The key concepts underlying these knowledge management approaches are summarised in ***Appendix H***.

2.8.4 Lessons Learned from Previous M&A

Another body of literature analyses how companies organise learning from M&A and to what effect. Acquisition performance and operational synergy realisation have been related directly to organisations' implicit and explicit experience levels with M&A. Organisations which engage in a large number of small size acquisitions have been shown to be more successful in managing post-merger situations[527]. As these firms learn from past failures and successes, they develop a core competence around acquisition and post-acquisition management[528]. Companies and individuals can learn from past acquisitions through:

- *the tacit accumulation of experience*: this has a positive effect on future performance only if the subsequent acquisitions are fairly similar[xl]
- *the explicit process of articulation, codification, communication and updating of the lessons learned from past acquisitions*: knowledge codification has a strong effect of performance if it is aligned with the level of integration sought. If future mergers with a high degree of integration are planned, then all the tools necessary to effectively manage the integration process should be codified and made available.

The integration competence is therefore not only the result of simple accumulation of experience: improvements are only achieved when time and concrete activities are deployed toward M&A learning[529]. Successes and failures are then interpreted and the lessons thus learned are formally institutionalised. GE Capital, for example, has created a department, which is responsible for the identification, the management and the analysis of acquisitions. Post-merger appraisals are performed and the findings are documented and communicated, and updated after each new merger[530]. Typical findings from such appraisals for the pre-merger phase are:

- *Revenue synergies* are overestimated in 70% of all mergers: e.g. customer losses (typically 2-5%) were ignored in per-merger budgeting; growth or share targets were assumed out of line with overall market growth: no outside view calibration was performed.

527.Gertsen et al (1998); Harding and Rovit (2004)
528.Singh and Zollo (1998a), p. 5
529.Greenberg et al (2003)
530.Ashkenas et al (1998)

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- *Cost synergies* are underestimated in 35% of all mergers: e.g. one-time costs were underestimated; benchmarks used were from non-comparable situations; estimates were not grounded in a bottom-up analysis, e.g. no location-by-location review was done.
- *Larger, well-performing companies making smaller acquisitions of less successful companies* are more successful than average.
- *Companies with a long-term acquisition strategy*, i.e. who make a series of acquisitions that seem to be heading toward a particular goal, do well.
- *Companies that undertake formal, post-merger learning* improve their performance[531].

Whilst these activities do relate to learning, they refer to specific M&A knowledge centres being established within the acquirer's organisation and do not address the learning process between two merging organisations.

2.8.5 Management Andragogy

Surprisingly, still little andragogy is practiced in today's top executive world. The structured programmes for personal and organisational advancement follow by and large classic, pedagogic principles: they are still strongly functional and teacher-oriented. The classic Harvard Case Study Methodology, whereby managers work with historic cases of existing companies and learn to analyse these and develop academic solutions[xli] toward them, still dominates today's management training worldwide. While some executive business schools, especially in Europe[xlii], do tend to open up their classrooms to a closer interaction with the business world, they remain an exception. There are myriads of programmes for management development and it gets more difficult every day for the executive to find his or her way through the jungle of Technicolor offers, inviting to self-improvement at ivy-covered business schools, sunny beaches, or on the Himalaya. Moreover, almost all of these programmes address the young or middle manager[xliii]. A short synopsis is presented here.

2.8.5.1 Management Development in M&A

Management development in M&A situations is rare. These are hectic times and managers are already exposed to extreme stress and workload. Besides their pre-merger job and their post-merger job (as far as this is defined), they are usually engaged in one or several merger integration projects. Management development is therefore not seen as a priority. However, some recent research has identified cases, where such programmes were implemented, as a means of bringing people from different cultures together, identifying intangible assets and problems and developing solutions acceptable to most. Learning is seen as a process to overcome social discords, rather than, or in addition to, a means to acquire knowledge. There is even some evidence that companies who undertake formal post-merger learning improve their performance[532]. Formal outcomes sought from such programmes are:

531.Early (2004)
532.Early (2004)

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- *competency acquisition* (from acquirer to acquiree and vice versa)
- *company performance improvement*: post-merger training teams, composed of both merging companies, are more likely to identify intangible assets and propose effective operational processes for performance improvement
- *personal growth*: when employees and managers feel that they are growing (learning new skills, gaining credibility) and thereby increasing their employability, they feel less insecure and are more likely to make their personal potential available to the new company[533]
- *trust establishment and confidence gaining*: when employees are valued (and offering training is one means of valuing them), initiative taking is facilitated and alignment with new management directives is more likely[534]
- *culture change*: corporate culture embodies work and life values, some of which have to be abandoned in mergers, or rather, transformed. This cultural transformation can be facilitated with well-planned joint leadership development programmes[535]. Such programmes should have clear objectives, be in line with the company's strategic objectives and owned by senior management.[536]

Overall, academic attention to learning relative to M&A is limited to the questions of:

- *knowledge transfer* for synergy realisation, for example regarding products, services and customers
- *internalising lessons learned* to better prepare for future M&A
- *joint post-merger training programmes,* attended by members of both merging companies
- *some isolated hints at learning*, such as: the need to begin learning early, ideally in the pre-merger phase when information regarding the physical assets, the finances and the major processes is assembled[537].

None of the above referenced research proposes a conceptual framework for formal learning processes in M&A, nor does it provide insight in organisational or personal factors that facilitate or inhibit learning during post-merger phases. It is therefore necessary to seek for answers by looking at management development from a more general perspective.

2.8.5.2 Management Development and Management Education

Two generic types of management education exist[xliv]:

- *Management development programmes*: these are specialised or generalist degree or non-degree programs for individual managers. They leave their company for the time of their (part- or full-time) training to join a class in a university or business school. Such programmes can be financed by the manager him or herself, by the company or by both. This type of training is primarily geared to the individual advancement of the junior and middle executive.

533.Bruckman and Peters (1987); Millward and Kyriakidou (2004)
534.Louchheim (1990)
535.Hyde and Paterson (2002); Waters (2004)
536.Hyde and Paterson (2002)
537.Begley and Yount (1994); Harvey and Lusch (1995)

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– *Executive education programmes*: Universities or business schools prepare custom-made programmes for the management teams of a company or for a selection of high potentials of a company. These are held outside of the company, or in-house. Their level of practical relevance to the respective company's actual challenges varies greatly. This type of training is financed by the company and primarily geared to the improvement of the company's management competency.

The former, individual management development is not of much relevance to this study, which is interested in the learning behaviour of the top executive in a post-merger context. Executives who leave their context for further management training do return transformed to a certain extent, but their learning has taken place outside the specific context. Furthermore, there is some evidence that such individual progress is often momentary and difficult to transfer sustainably to the work place[xlv]. Also, whilst there are thousands of programmes for business managers and specialists, there are close to none for CEOs[xlvi]. The person who is ultimately responsible for every decision or action of the company, who is in charge of getting the best results from all the members of his or her organisation, cannot rely on a school to learn this. He or she must learn how to lead a company on the job – while all stakeholders are watching[538].

Executive education programmes may be of relevance in cases where a top management team, composed of executives from both merging companies, decide to undergo such a programme together. This is, however, very rarely the case. Post-merger times are situations of above-average workload. Physical presence in the field is necessary and all stakeholders (e. g. shareholders, customers, suppliers, unions, key talents, employees, etc.) need to be addressed regularly on the advancement of the project. Top management teams therefore rarely find the time for common training programmes during these phases[539]. Yet, it is known that top executives matter most in situations where problems do not easily break down into "to-do lists"[540] and joint top management time-outs have been seen to benefit merging organisations[541], in that:

– *strategy discussions* receive the attention they deserve and normally do not get[542]: top management teams spend too little time together and waste too much of it on incidentals[543]. Seemingly urgent problems are addressed, while important issues get pushed to a next meeting[544]. A joint time-out can correct this
– *a common language* of etiquette, norms, values and communication methods and contents can be developed[545]
– *international coordination* can be improved
– *mutual learning* can take place[546]: executives are confronted with the other culture in a less hectic context. This permits a more relaxed interaction with this culture and

538.Farkas and Wetlaufer (1996)
539.Mankins (2004)
540.Stewart (2004)
541.Palich and Hom (1992); Hoeksema and de Jong (2001)
542.Mankins (2004), p. 58
543.Stewart (2004), p. 10
544.Baron (2004)
545.Schweiger et al (1987); Schweiger and DeNisi (1991); Appelbaum and Gandell (2003)
546.Middleton (2003)

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helps to identify its positive aspects both for company performance and for personal growth
- *top management defection* can be limited[547]: main rationales for executive defection are lack of clarity regarding company strategy and personal opportunities. Both these issues are addressed in a joint time out
- *alignment of personal and company objectives* can be improved[548].

The above issues are interrelated. Morton[549] identifies four factors that are central to the stimulation of learning and innovation: specialised language, space, organisational structure and motivation[550]. A top management training time-out is propitious to all these factors, which are valid for all management situations but are of special relevance in extreme situations, such as post-merger phases. Executive action in transitional organisations is characterised by high complexity, temporality and uncertainty and by manifold reciprocal interaction within and toward the outside of the organisation. Leaders in M&A environments must be able to manage organizational change and, often simultaneously, their own leadership transitioning[551]. This is because M&A environments are also moments when leadership changes hands at all levels. During „transitioning" managers are expected to understand quickly which external and internal challenges face the organization and adapt strategies in record time, all whilst simultaneously managing the original organisations, the transitional project organisation and the emerging new organisation[552]. They must, simultaneously, keep up operational efficiency on a day-to-day basis, analyse and conceptualise synergies and embrace and communicate a new vision – or are asked to leave, making way for another management transition.

Major fields of management development, which is mostly addressed at high potentials and middle managers, include:

- *Programmes on classical management subjects:* such as strategy, marketing, finance and controlling, operations management and human resources
- *Leadership development*: in teams or individual
- *Personal development programmes*: time management, work-life balance, self-discovery, feedback, etc.
- *Programmes addressing specific situations*: change management, chaos management
- *Team programmes*: geared to enhance executives' team player capabilities.

Since the body of knowledge regarding executive learning in M&A, and management development in general, is modest and not particularly helpful to the research question, it is necessary to look into the generic foundations of knowledge and learning. Some philosophical and theoretical frameworks are evoked to help understand observed phenomena, but the main accent will be on pragmatic interest in seeking opportunities to enhance and manage personal and organisational knowledge[553].

547. Krug (2003a)
548.Hyde and Paterson (2002)
549.Morton (1967)
550.Greenberg et al (2003)
551.Farquhar (1994); Christensen (2000)
552.Jackson and Schuler (2002)
553.Alavi and Leidner (2001)

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2.8.6 Contextualising Information and Knowledge

The emphasis on the importance of knowledge is a characteristic of the post-industrial world[554], where it is argued that knowledge will take the lead of economic resources[555] over the traditional tangible factors such as equipment and land. Knowledge is seen as an intangible asset, residing within individuals, and systems such as companies, organisations and teams. Its acquisition, sharing and enabling[556] is more and more understood as a social process. This organisational process has received considerable attention in the academic literature[557]. However, theory on knowledge acquisition and sharing at executive level remains scarce[558].

Two schools can be identified in knowledge literature: the commodity perspective and the constructivist (community) perspective:

- *Commodity*: rooted in positivism, this view of knowledge as an absolute and universal truth is still strong in the natural sciences. Knowledge is understood "…as an artefact which can be handled in discrete units and that people may (or may not) possess"[559]. Knowledge is therefore a 'thing', which is separate from the knower, and for which evidence can be obtained[560].
- *Constructivist/Community*: rooted in the 1960's critique of the positivist approach to science, this view is of knowledge as a social construction. As such, knowledge cannot be defined universally, but only in praxis, in human activities and interactions.

Knowledge is therefore understood either as bound to a person or as related to context, and, in some cases, as both[561]. Philosophy of knowledge divides into debates about ontology (what is it possible to know?) and epistemology (how can we be certain of what we know?) Different schools accentuate different meanings, such as:

- *rationalism*: knowledge must have a logical explanation (Descartes, Pascal, Leibniz)
- *existentialism*: knowledge can only be rooted in our experience (Kierkegaard, Sartre)
- *pragmatism*: knowledge must be useful, have and serve a purpose (Peirce, James, Dewey)
- *idealism*: knowledge resolves into perfect forms which have distinct essential attributes (Hegel, Berkeley)
- *realism*: knowledge must be gained from activity (Plato, Feuerbach)
- *scepticism*: if there is doubt, there is no knowledge (Hume, Kant)
- *moralism*: knowledge is pure, knowledge is truth (Moore)
- *opportunism*: the end justifies the means[562].

554.Habermas (1971)
555.Bell (1973)
556.Von Krogh et al (2000)
557.Argyris and Schön (1978); Argyris (1999); Senge (1990); Mezirow (1991); Addleson (1996); Götz (1999); Marquardt and Revans (1999)
558.Birch (2000); Argyris and Schön (1996); Beer (2002); Fraser and Stupak (2002)
559.Stenmark (2001)
560.Spender (1998)
561.Stenmark (2001), p. 2
562.Copleston (1946)

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2.8.6.1 Definition of Information and Knowledge

For centuries, considerable efforts have been made by scholars[563] from a multitude of fields and perspectives to define information and knowledge. The result is an intricate cohort of sometimes conflicting and often confusing definitions; a complex situation of manifold intertwined and interrelated concepts.

Definitions From Philosophy

Philosophy is regularly and abundantly cited in knowledge management literature. A modest excursion into the philosophy of knowledge might therefore be useful to understand whether – and, if yes, in what way – the philosophy of knowledge bears relevance to the concept of knowledge in a business context. ***Appendix I*** summarises a selection of definitions from philosophers, who have contributed, albeit indirectly, to the present understanding of knowledge management. As early as Locke, the concepts of experience, action and reflection were present in the knowledge discussion. To him, knowledge was the "perception of the agreement or disagreement of two ideas". Three ways to this agreement or disagreement were introduced:

- *Intuitive*: direct and immediate recognition of the agreement or disagreement of two ideas. It yields perfect certainty but is rarely available to man
- *Demonstrative*: indirect recognition of agreement or disagreement of two ideas, through a series of intermediate ideas: I know that A is greater than B and I know that B is greater than C, thus I know demonstratively that A is greater than C
- *Sensitive*: when our sensory ideas tell us of the existence of ideas, even though we do not know what caused the idea within us: I know that there is something that produced the odor I can smell[564]

There is much to say for this 17th century idea of knowledge being two or more different concepts, this invitation to perceive "two ideas" at the same time. It appears modern and stands in stark contrast with the author's experience, both in business and academia, which is often one of reflection within splendid isolation: within our companies, departments, academic disciplines or other confined mental worlds. By overcoming these boundaries, from one set of ideas to another, a considerable potential for enhancing our critical reflection seems apparent.

Contribution of Philosophy to Knowledge Management

Whilst there is evidence that the field of knowledge management is indebted to the ideas of many western philosophers for the definitions, categorisations and distinctions with respect to the terminology of knowledge and whilst considerable attention is paid to philosophy in knowledge management literature (especially in introductory texts), there is little evidence for much relevance of philosophy to knowledge management. Especially the traditional philosophical discussion about epistemology seems limited in its application to knowledge management, since it is concerned with individual and personal beliefs that regard the true facts of the world, with what knowledge is and how it can be identified. In contrast, knowledge management is concerned with the sharing and

563.e. g. Plato (~450BC); Aristotle (~350BC); Bacon (1605); Dewey (1910); Russell (1926); Lindeman (1926); Adorno (1959); Freire (1970); Popper (1959, 1972)

564.Locke (1690)

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use of knowledge in a collaborative context[565]. Knowledge management definitions do not view knowledge as essentially personal, true, justified belief but rather as a pragmatic tool for the calibration of experiences and their application to practical issues. Knowledge in the knowledge management literature is considered a tool for moving and controlling the world. Still, Sveiby[566] refers to Polanyi and Wittgenstein in his investigation into the origin of knowledge management and Nonaka et al[567] evoke a number of philosophers in their work on knowledge management. They refer in turns to Plato, Aristotle, Descartes[568], Locke, Kant, Hegel, Marx, Husserl, Heidegger, Sartre, Merleau-Ponty, Wittgenstein, James and Dewey; they talk about the works of Bateson[569] and especially about Polanyi's work on tacit knowledge[570]. Also mentioned are Johnson-Laird's work on mental models[571], Dretske's work on the flow of information[572] and Shannon's information theory[573]. They claim that these approaches are inherently limited in terms of explaining organisational knowledge creation, since they leave out the concept of innovation.

Iivari's four theses[574] on knowledge in the knowledge management context clearly show the difference in the conception of knowledge between the business and philosophy branches of academia:

- knowledge is communal
- knowledge is activity-specific
- knowledge is distributed
- knowledge is cultural-historical.

This view of knowledge, which appears odd from the perspective of traditional epistemology, shows the different approach knowledge management has taken regarding knowledge: to knowledge management theorists, knowledge must go beyond personal certainty about the world: it must address with the production, storage, processing and incrementation of knowledge in a networking logic. It must comprise practical ability and applicability. Moreover, the concept of knowledge in knowledge management literature seems to have abandoned the idea of realism and truth. But even in a social conception of knowledge, realism and truth exist. For example: money is a social construct, which does not exist in nature and draws its social meaning solely through social agreement. When one states that the share price of a certain company is to the tune of 25 Euros at a certain moment in time, one makes a real factual claim about the world. This claim can be true or false and the truth or falseness of this claim has important practical implications. Not only there is therefore no conflict between social constructionism and knowledge as truth. Truth even seems an essential part of a social account of knowledge.

565.Aarons (undated)
566.Sveiby (1994, 1997, 2001)
567.Nonaka (1994); Nonaka and Takeuchi (1995)
568.Descartes (1640)
569.Bateson (1979)
570.Polanyi (1967)
571.Johnson-Laird (1983)
572.Dretske (1981)
573.Shannon (1948)
574.Iivari (2000), p. 261

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However, most commonly found definitions in knowledge management theory seem to ignore this, for example:

- "Knowledge is information in context to produce actionable understanding"[575]: Information may be false and by this definition it may be possible to "produce actionable understanding" with false information
- "Knowlege is a fluid mix of framed experience, values, contextual information and expert insight that provides a framework for evaluating and incorporating new experiences and information"[576]: To define knowledge as a "framed experience", seems to allow almost any human belief to be a form of knowledge, whether or not it is an accurate or true belief.

Knowledge as it is understood in knowledge management theory is concerned with "relevant" and "applicable" knowledge. Still, since knowledge must be grounded in real world properties and processes, it should maintain a connection with truth[577].

Some philosophical relevance to knowledge management can be found in Kuhn's work on the concept of paradigm[578], which examines how a community of knowledge workers need to share certain fundamental values in order to collaborate productively. Similarly, his ideas on incommensurability[xlvii] have influenced knowledge management theorists.[579] The sociological accounts of collaborative knowledge work environments of Latour and Woolgar[580] and Charlesworth et al[581], which also fail to maintain the link between knowledge and truth, have also informed knowledge management discussion. Recent philosophical work, which remains uncited in the knowledge management discussion, seems to contain more interesting approaches to the sharing of knowledge, such as Cartwright's concept of causal capacities[582], Galison's work on the role of social dynamics and politics in the collaboration of nuclear physicists[583] and Kitcher's model or scientific reasoning in collaborative environments[584]. These contain a complete analysis of knowledge production, emphasising all cognitive factors including social dynamics. Other works from social epistemology by Turner[585], Goldman[586], Hacking[587], Longino[588], Solomon[589] and Kitcher[590] also discuss theories of collaborative knowledge within a "realist and pluralist metaphysical framework and thereby acknowledge a significant social dimension in knowledge production, while "retaining the idea of

575.Rumizen (2002), p. 288
576.Davenport and Prusak (1998), p. 5
577.Hacking (1999); Kitcher (1993, 2001); Aarons (undated), p. 8
578.Kuhn (1962)
579.Kitcher (1993)
580.Latour and Woolgar (1986)
581.Charlesworth et al (1989)
582.Cartwright (1989)
583.Galison (1996, 1997)
584.Kitcher (1993)
585.Turner (1994, 2002)
586.Goldman (1999)
587.Hacking (1999)
588.Longino (2001)
589.Solomon (2001)
590.Kitcher (2001)

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knowledge being deeply connected to real properties and processes, (...) thus making it possible to build a theory of knowledge that is grounded in reality, but also incorporates the relevant social, practical and pragmatic concerns that are central to the tasks of knowledge management"[591].

Definitions from Management Theory
Some major management theoretical definitions of information and knowledge are summarised in ***Appendix J***. These definitions are often vague and imprecise and the relationships between them are not agreed upon. Nonaka argues that knowledge and information are both about meaning, context-specific and relational. Hence, they are similar, but also different in that information is more factual and knowledge is about belief and commitment. The literature often presents the relationship as a hierarchy, with data at the bottom, superseded by information and, finally, with knowledge as the top layer. This perspective holds two tacit assumptions:

- it implies an asymmetrical relationship and suggests that data can be transformed into information and information into knowledge, but not the other way[xlvii]. This cannot be correct, since we have many times used our knowledge to derive information and even created data from it
- it presents knowledge as being more valuable than information (and in turns information superior to data). This, however, is challenged. Tuomi[592] claims there is no such thing as ("raw") data, since every collected and measurable piece of fact has already gone through the mills of the knowledge process, making it collectable and measurable in the first place.

Purpose, Types and Dimensions of Knowledge
According to these definitions – both philosophical and management theoretical -, knowledge has content and purpose:

- *Content:* "...a fluid mix of framed experience, contextual information, values and expert insight"; beliefs, how we feel, motivation
- *Purpose (function):* "...that provides a framework for evaluating and incorporating new experiences and information".

Polanyi (first quoted in 1962 by Kuhn and later made known to a larger management audience by the works of Nonaka et al[xlviii]) proposed two types, or aspects, of knowledge:

- *Explicit knowing*: can be articulated, formalised, expressed grammatically, in words and mathematical expressions, manuals, specifications, etc. It can be easily and readily communicated to others. It can be processed, stored, transmitted electronically and retrieved
- *Tacit knowing*[xlix]: is personal knowledge. It is embedded in a person's experience and involves intangible factors such as personal values, beliefs and a perspective. It is difficult to articulate formally, as it contains subjective insights, hunches; intuition. It is

591.Aarons (undated)
592.Tuomi (1999)

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difficult to communicate (Polanyi: "we can know more than we can tell"[593]). For it to be transmitted, it needs to be converted into words, images, models or numbers, which can be commonly understood. This breaking down of tacit knowledge can lead to its annihilation[l].

– There are two dimensions to tacit knowledge:
  - *technical/procedural*: informal skills often described as know-how, for example as craftspeople have developed after many years of executing their craft. Such technical principles, combined with subjective and personal insights, intuitions, inspirations, derived from experience are difficult to articulate and transmit
  - *cognitive*: perceptions, ideals, beliefs and values, mental models, which are so ingrained in the self that they are taken for granted. Again, these are not easily articulated, but they do shape the way a person perceives the world.

Whilst the existence and nature of tacit knowledge are still contested[li], it seems that most scholars agree that it is useful to distinguish tacit knowledge from explicit knowledge, if and when understood as two expressions of knowledge and not two types of knowledge[594].

2.8.6.2 Knowledge and Organisations

While Polanyi discusses the relationship between the tacit and the 'reflected' in terms of society, Schön[595] addresses the organisational context and views knowledge as being embedded in action. Although actions are transitional in character, they often leave an enduring outcome, such as when implementing a new sales concept, or merging two companies into one. There are also actions that do not leave a tangible result but change the course of things, such as emigrating from one country to another. Some actions are entirely evanescent such as acting in a play, and yet they have an alterative effect. It is exclusively through actions that knowledge can substantiate. Knowledge does not necessarily have to result in action: the ability to take action is sufficient. Inactive knowledge, however, is of no organisational use. Also, in organisations, the search for knowledge is more contextual than in philosophy. In this context knowledge is often generated by the values to which the employees are most devoted. Since each organisation has its own set of beliefs, culture, vocabulary, etc., its members can share knowledge more easily among themselves than with people from outside, or from other organisations[596].

Organisations can also be seen as production units, where both inputs and outputs are knowledge. Knowledge is created by conversion between explicit and tacit knowledge. Nonaka and Takeuchi suggest that there are four modes of knowledge conversion relaying each other in a spiral movement of continuous knowledge creation and utilisation. In this process, tacit and explicit knowledge expand in terms of quality and quantity and from the individual to the group and to the organisation:

– *Socialisation (tacit to tacit):* individuals create and share tacit knowledge by their direct experiences; technical and even mental models are shared between working in-

593.Polanyi (1967)
594.Molander (1996), cited in Stenmark (2001a)
595.Schön (1982)
596.Baumard (1996)

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dividuals. Especially if this sharing is accompanied with the actual experience of doing, the tacit knowledge will make sense to the receiver.
- *Externalisation (tacit to explicit*): tacit knowledge is articulated by individuals in groups and thereby made explicit, by dialogue and reflection; this is the essential process of articulating tacit knowledge. Explicit concepts are created, images are conceptualised through metaphors, analogies, concepts and hypotheses.
- *Combination (explicit to explicit):* explicit knowledge and information are systemised and applied by individuals and groups in the organisation; employees exchange knowledge through such media as e-mails and meetings and combine knowledge by such means as verbal or written categorising and synthesising.
- *Internalisation (explicit to tacit):* the individual learns from the organisational practice and acquires new tacit knowledge; this is learning-by-doing, but can also be verbalised in stories or diagrammed.

2.8.7 Andragogy: Adult Learning

> *Learning is not compulsory, but neither is survival.*
> W. Edwards Deming, in *Out of the Crisis*, 1986

There is a growing body of literature on andragogy, the self-directed, learner-centred alternative learning form to teacher-centred learning. Styles, motivation and barriers to adult learning are examined and a number of schools of thought, theories and concepts are proposed.

Andragogic research claims that adults learn differently from children[597], namely in that the adult learner:

- is autonomous and self-directed
- has experience, making him or her a rich resource for him or herself and for others
- can be motivated to learn by effective role models
- approaches a learning activity with a life-centred, goal-centred, task-centred and/or problem-centred perspective on learning
- has powerful intrinsic learning motivators, such as the quest for self-esteem, recognition, improvement of quality of life, self-confidence and self-actualisation[598].

Typical adult learning motivations[599] include:

- the wish to build a social network and to maintain social relationships
- the need to meet external expectations, such as recommendations by superiors to improve certain skills for job maintenance or professional advancement
- the wish to escape routine; to stimulate the self
- pure interest in a subject matter.

597.Knowles (1970, 1984)
598.Cantor (1992), p. 36; Cranton (1992), p. 13
599.Cantor (1992), p. 37

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Typical barriers to andragogy[600] include:

- many responsibilities, such as: family, career advancement, social commitments
- lack of resources, such as: time, money, child care
- negative conditioning from childhood experiences regarding learning[601]
- insufficient confidence; fear of failure in peer groups
- being forced to learn (e.g. imposed by the professional environment) without being interested or ready.

For instruction, this means that the choice of learning environments and styles adapted to the above characteristics, motivations and barriers can greatly enhance the learning performance[602]. Adults need to focus more on the process and less on the content to be taught. Learning strategies such as role-playing, real or realistic case studies and self-evaluations are said to be most effective. The role the instructor should best adopt is one of resource, facilitator or moderator[603].

2.8.7.1 Andragogic Orientations

Merriam and Caffarella[604], concurrent with other researchers[605], identify five orientations or meta-theories of andragogy, each with distinctive, albeit somewhat overlapping approaches to adult learning:

- Cognitivist Learning
- Humanist Learning
- Social Learning, Situated Learning
- Behaviourist Learning
- Constructivist/Constructionist Learning.

These andragogic orientations are summarised in ***Appendix K***. Some of their foundations are based on research with children. However, there is evidence, that most of the stated findings apply especially to adults, considering that adults:

- are more self-directed[lii]
- have more experiences to draw from, making them a richer resource for themselves and for others
- approach a learning activity with life-centred, task-centred and/or problem-centred perspectives on learning
- have more intrinsic learning motivators, such as the quests for self-esteem, recognition, improvement
- have better developed language skills and a larger vocabulary[liii].

600.Cantor (1992), p. 39
601.Zemke and Zemke (1984)
602.Birkey and Rodman (1995); Hartman (1995); Agogino and Hsi (1995); Kramer-Koehler et al (1995); Dewar (1996); Schroeder (1996)
603.Kearsley (1996)
604.Merriam and Caffarella (1999)
605.Ormond (1999); Swanson and Holton (2001); Marquardt and Waddill (2004)

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On the other hand, adults also tend to have a more extensive history of learning, which is often not positive[606], and which can lead to resistances to learning. For example[607]:

- adults take errors personally and are more likely to let them affect their self-esteem
- adults in collective learning situations, especially adults in positions of natural of prescribed authority (such as executives), have a higher risk of face loss. Therefore they make fewer trial-and-error contributions
- adults are less enthralled by survey approaches. They tend to prefer single-concept approaches that focus heavily on application to relevant problems. This tendency increases with age
- for adults, especially executives, straightforward "how-to" is the preferred content orientation. The need for application is their primary motive for embracing a learning experience
- since adults do have more experiences, they also have more affirmed opinions
- they integrate new ideas more slowly, especially if these ideas conflict with what is already held to be true and thus require a re-evaluation of existing material
- adults have clear expectations from a learning situation. If these are not articulated and made consistent with the learning experience, their interest sinks rapidly
- adults are slower in some psychomotor learning tasks
- adults are also less capable to absorb information from images: contemporary children, who have grown up conditioned by images, understand these images as concepts, whereas today's adults, having grown up learning essentially through spoken and written language, often experience images as interfering with the learning of the concepts these images are intended to illustrate.

In view of these unanswered questions, it would therefore be helpful to have more empirical research on the application of adult learning theories in general, and in executive environments in particular.

2.8.7.2 Theories and Concepts of Andragogy

Originating from scholars from field of human resources development attempting to respond to the complex demands associated with the changing world of work[608], some more recent theories and concepts[609], have emerged, namely:

- Self-directed learning concept
- Informal and incidental learning concept
- Self-managed learning concept
- Critical reflective learning theory
- Social cognitive learning theory
- Transformational learning theory
- Holistic learning theory
- Action learning praxis[liv]

606.Brockett (1983)
607.Zemke and Zemke (1984)
608.Stansfield (1997); Smith (2001)
609.Sleezer (2004)

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Although there is some overlap with the meta-theories of andragogy introduced above, these concepts and theories focus more on learning in a business context and contain new aspects. Learning is addressed with respect to its conduciveness to improved individual and organisational performance[610]. They examine executives' and employees' increasing need to assume responsibility for their own learning and development in order to maintain their employability and marketability[611]. These concepts and theories are therefore worth examining. They are summarised in ***Appendix L***.

2.8.7.3 Andragogy in Executive Practice

The top executive as a learner is barely addressed in literature, nor is andragogy in the executive practice. Yet, senior executives do have andragogic needs and wants, which they do not find answers for[612]. They claim to value intellectual stimulation and thoughtful dialogue with others outside of their own imminent field of action. But when asked what kind of intellectual stimulation they would value, the andragogic wants expressed are not primarily reflection-driven but mostly pragmatic, best-practice approaches:

- Action-oriented learning experiences with other seasoned senior executives
- Independent, objective surveys on critical topics, indicating pragmatically what works and what does not
- Speakers with best-in-class experience to report and share
- The opportunity to network with peers, academic researchers and consultants on best practice
- To be able to call experts about specific questions and get referred to solutions
- Review of latest trends.

Major issues they voice are leadership development, performance management and building culture, major challenges they are facing in their business context are defined as being:

- *The management of M&A*, especially post-merger integration: "wrestling with all of the issues that we have come to expect with such situations: underestimating the challenge of blending cultures, falling behind projections in financial performance, and seeing the organisation "drift" as senior leaders struggle to achieve alignment"[613].
- *The management of market dynamics*: especially high-tech companies' executives speak of dramatically reduced product life cycles, rapidly changing technology and competitive talent markets, particularly in critical disciplines. It is seen as imperative to develop the leadership skills of technically talented but inexperienced mid-level leaders.
- *Customer focus*: this is a driving concern of executives in mature industries. The tried and true methods are no longer yielding satisfactory results and customers are lost

610.Marsick and Watkins (1997, 1999); Pfeffer and Veiga (1999); Ellinger et al (2002)
611.Vann (1996); Durr et al (1996); Stansfield (1997); London and Smither (1999); Carré (2000); Maurer (2002); Dunlap and Grabinger (2003); Ellinger (2004)
612.Macaux and Peekna (2001)
613.Macaux and Peekna (2001), p. 9

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to new competition. Expectations include the development and modelling of a "customer centric mindset", and the development of a culture that measures performance in terms of customer satisfaction and loyalty.

– *Operational effectiveness*: business process improvement solutions are sought, including: processual and structural changes, a culture of "leadership of learning and change" and an increase of accountability and performance.

In summary, while executives are recognising deficits in their preparedness for present and future challenges, they have a clear preference for action and short-term results: they seek for clear-cut, ready-made solutions to the challenges they face[614]. Also, they feel that the present andragogic offering tends to attract mostly less senior people than themselves[615].

2.8.8 Summary of Areas for Exploration

From the above tour d' horizon on learning can be observed that executives in organizations acquire great amounts of experiential knowledge, are strongly action-oriented and do not, nor do they like to, reflect much[616]. The "reflective practitioner", as introduced by Schön, is well alive and he or she is still clearly more "practitioner" than "reflective".

Table 2-7: Research Areas on Knowledge and Learning

A18	Most CEOs espouse the "learning organisation" concept, yet the learning organisation, after more than a decade, remains utopic. CEOs want their organisations to learn but are themselves poor learners and highly action-driven. Today's complex, fast-changing and dichotomous business environment necessitates an action-oriented "shoot first, aim later" ability, permitting to seize opportunities, but at the same time, this environment calls for reflection and learning. **How can CEOs, while maintaining their action-laden skills, be stimulated to actively reflect on their behaviour and consciously develop their own personal learning system, prerequisite for learning in their organisations to take place?**
A19	Experience is the executive's primary source of knowledge and learning. Linear transfer of past experience to future problems becomes increasingly problematic in a context, which is complex, ambiguous and heuristic. **How can executives learn to reflect on their self and their experiences and learn to use these experiences selectively and adaptively, to inform future decisions?**

614.A typical statement would be: 'We need a new corporate culture: I want one by next month.'
615.Macaux and Peekna (2001), p. 8
616.Mintzberg (1973); Pearman (1998); Birch (2000)

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Table 2-7: (Continued) Research Areas on Knowledge and Learning

A20	Executives are hungry for resources and inherently cognisant of the need to improve their performance and develop their self. But quick-fix learning, through popular management books and by consultants who claim to have a magic solution, jades many[a]. **How can CEOs be stimulated to take the time to confront the self and allocate the necessary time and attention to complex problems for which there are no simple solutions?**

a. Birch (2000)

2.9 Conclusions from Theory

A child of five would understand this. Send someone to fetch a child of five.
Groucho Marx, in *Duck Soup*, 1933

The above literature research was performed with the goal to better understand why the management of post-merger organisations still mostly fails after more than three decades of ebullient M&A activity. Why do CEOs not seem to learn? At first, the directly related areas of literature were examined, post-merger management and CEO learning. But CEO learning does not seem to take place. In fact, literature on the top executive in general, irrespective of the particular aspect of learning and of the particular post-merger context, is scarce. The CEO remains the "the unknown being" of business and management studies. There is a substantial body of theory on what CEOs should do, but very little on what CEOs do and how they do it. Critical research on top executives is virtually nonexistent[lv]. Some studies have been performed on positive subjects such as the reasons for success or good leadership. However, these studies usually focus exclusively on the successful leader and ignore whether the unsuccessful leader displays a similar behaviour or not. When CEOs are surveyed it is for the purpose of collecting predictions on global economic issues, such as hiring, IT spending, China or India[617]. If and when CEOs are interviewed, their declarations are seldom questioned and uncritically included, usually in the shape of some tables of statistics. The author has reviewed the literature[618] and also consulted a number of professors from various business faculties to inquire why this is so. Possible reasons evoked are:

- Top executives are difficult to reach. Their availability for research on specific management topics of their concern is already limited, their availability for research on their selves is close to none
- Unsuccessful leaders are even more difficult to persuade to speak about their experiences[lvi]
- The situations and contexts in which top executives perform their work are so diverse and complex that it seems difficult to establish data which permits valid conclusions or theory building

617.e. g. McKinsey (2004)
618.Huxham and Beech (2000)

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- Many scholars prefer to focus on the successful aspects of business, hoping to materialise their findings in a blockbuster management book
- Most management scholars have little access to the practical business world; most CEOs have little theoretical experience or interest. The dialogue seems difficult; the worlds of practice and theory seem to remain separate
- When scholars do have access to the practical business world, for example as business consultants, they are sometimes reluctant to bite the hand that feeds them
- Much academic research is privately financed and some scholars might not wish to disgruntle a most welcome source of income. In order to remain independent, they prefer to address more uncompromising topics.

In view of the scarcity of theory in the fields of research directly related to the dissertation topic, an extension in time and space of the theoretical journey became necessary, in the hope that antecedent times and/or related subject areas would contribute to a better understanding on how executives keep abreast with the demanding present and future challenges they face: leadership theory, change management, communication, organisational theory, psychology, sociology and knowledge management were some of the areas examined in the light of the issue at hand.

Some interesting general discoveries were:

- The post-merger organisation: The post-merger organisation is a combination and juxtaposition of different types of organisations, such as: line, project and crisis management organisations. This phenomenon and its consequences for management are not well understood
- Post-merger competencies: there is a manifest exception to the generally poor M&A performance, that of large organisations performing great numbers of small acquisitions. Such companies seem to acquire solid tacit and explicit post-merger competencies, which they regularly code, document, share and update. They regularly obtain performances that are well above average
- Definition of knowledge: the notion of truth, essential to any philosophical definition of knowledge, is absent from the knowledge definition in the knowledge management discourse. Knowledge in knowledge management is only concerned with "relevance" and "applicability"
- There seems to be an important gap between practice and theory, and between executive practice and declamation, regarding:
  - team leadership vs. single-leader leadership
  - conservative leadership style vs. learning organisation
  - cultural diversity perceived as a problem vs. cultural diversity perceived as a resource
  - the role of the HR manager in post-merger management.

The significances of these findings, if any, cannot yet be fully determined but the findings shall be revisited during the empirical phase, with the goal to identify any potential correlation.

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Regarding executive reflection, coping, andragogy and learning behaviour, research is scarce and not very coherent, but recurring evidence emanating from various fields of research suggests that:

- There are many different types of executives. However, the corporate career process is selective and those who make it to the top usually display a number of homogeneous characteristics: they are analytical rather than belief-based, practical, endowed with some extroversion and facts-oriented rather than behaviourist.
- Typically, such senior executives are hard-working, highly action-driven, have a strong ability to improvise and structure and to "think on their feet", but do not like to (or do not have the ability to, or believe not to have the time to) reflect, i.e. think things through and de-brief experiences at non-trivial personal and contextual levels.
- Executives, as individuals and in clusters and organizations, are awash in assumptions; indeed, they presume validity at their peril in contexts that are increasingly complex, ambiguous, pluralistic and egalitarian.
- Many are uncritical of their development- and work-related activities in that they rarely explore and question their suppositions by surfacing their insights.
- Executives move in closed, confined social contexts with strong common language and cultural norms, which favours linear, even binary; rational and control-oriented behaviour. The accent in words and deeds is on hard factors: too much attention to soft factors is likely to be sanctioned.
- This special language and coding can, in a positive climate, elate, but can turn to cynicism, inner resignation and passive resistance in times of crisis, when the words do not match the deeds and the climate turns sour.
- Expectations in executives by their stakeholders are high: they are expected to be strong, in control and to know how to handle every situation. In response to these expectations, executives seem to believe (or pretend) to be confident, strong and to know everything.
- Executives rarely meet with other people than the likes of them, which means that they have a deficit of objective feedback.
- Response to exaggerated expectations and lack of objective feedback can lead to narcissism. A certain degree of narcissism can have a positive impact on their performance and that of the organisation, but if the narcissism turns pathological it blocks all collaboration.
- It is presumed that few of them successfully address their multitude of diverse leadership uncertainties
- This leads to a delta between their outer confidence and their inner insecurity and can lead to stress, anxiety, feelings of guilt and depression.
- Executives face a number of challenges regarding self-development. They are isolated, time poor, observed and expected to have all the solutions, what they need to know is complex, unique and not available in packaged form and there are few formal learning opportunities and settings available.
- To counter this, they develop learning mechanisms that include reading management books and magazines and networking with peers and experts.
- Executives are often factual, positivist people. Their behaviour is formal, rational and logical. Formal, rational and logical behaviour is the expected behaviour on the top floor, it is the behaviour that has brought them to the top floor in the first place.
- Today's business environment is informal, irrational and illogical: there is a need to

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manage tensions, paradoxes and dichotomies. There are very few "either…or" problems, most challenges are of the "both…and" kind. Every day, the balance at the edge of chaos is to be newly found.
- The management of these new business challenges require a non-positivist, constructivist management behaviour. Black and white, rational business behaviour is insufficient. Innumerable shades of grey and quite some colour need to be coped with.
- Many executives react to this discrepancy between their rational management style and the irrational environment with over-rationalisation and over-synthetisation.
- This may bring about positive short-term results, but may aggravate the company situation in the long term. The short-term results, however, may suffice the executive to "sell at a profit" and move to a new position. This is possible because, while CEOs have considerable responsibility, they have little accountability.

There is a need to understand what further correlation, if any, exists between these independent research findings and in what context, if any, they stand to each other and to the research questions. A conceptualisation of these findings, which will serve as scaffolding for the empirical work, will be proposed in section 2.9.2 below.

2.9.1 Research Questions Revisited after Literature Review

The following provisional research questions were developed in the beginning[619]. These original research questions remained largely unanswered and keep their validity and relevance.

Table 2-8: Original Research Questions

Q1	How does leadership in transitional organisations, such as post-merger situations, differ from classical management and leadership situations, in its requirements vis-à-vis executives?
Q2	Why do CEOs so often fail to be successful in post-merger leadership?
Q3	Why do some executives perform better than others in post-merger situations?
Q4	Do executives recognise that there might be a correlation between their performance and merger failure?
Q5	Why do many executives not seem to learn to cope with transitional situations, even after repeated experiences?
Q6	How can this experience be materialised, i.e. put into practice?
Q7	What, if anything, do executives do to improve their self?
Q8	What means, if any, do executives choose to improve their performance?
Q9	How do executives learn?

The following areas for possible further exploration were identified from the literature search:

619.Cf. section 1.3.1 above

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Table 2-9: Summary of Research Areas for Further Exploration

A1	Do executives see themselves as part of the cause of post-merger failure? If yes, how?
A2	How aware are executives of the multi-structure phenomenon of post-merger organisations and how do they take it into account in their leadership?
A3	How do executives deal with this personal threat of losing their position in post-merger situations, and to what extent does it influence their behaviour?
A4	How does the shareholder vs. stakeholder phenomenon influence the behaviour and the performance of executives in the post-merger phase?
A5	Why do many executives prefer to ignore the dynamic complexity of leadership and rely on conservative "box"-, "expertise"- and traits-dominated leadership styles, especially in times of excessive pressure, such as in post-merger phases?
A6	Why do many executives persistently react to the need for "second-order" leadership with "first-order" leadership behaviour, namely with checklist-type recommendations and quick-fix action, aimed at short-term results?
A7	Why is it that many executives do not like to "stop to think", despite evidence that action in precipitation does not yield results?
A8	Why, when it comes to leadership and teamwork, does there seem to be a stark gap between what top executives do, and what they claim to be doing and ask their executives and employees to do? Does this, and how, affect performance?
A9	What are the reasons, that leadership behaviour that puts people first is scarce, whereas conservative, control-driven, authoritarian behaviour and structures, which are known to block organisational and individual learning, still prevail? How can this be changed?
A10	Why do many CEOs in general, and in post-merger situations, still mainly bank on financial incentives for talent retention and leave the intrinsic motivators unexploited?
A11	Why is it that even in the face of the starkest evidence that organisations must create a climate of trust and entrepreneurship to attract, retain and exploit talent, today's corporate reality is mostly autocratic and control-driven and entrepreneurship and risk-taking are sanctioned? How can this be changed?
A12	Why do CEOs not seem to learn to take the culture issue seriously? How can this be changed?
A13	How can CEOs be made aware of the benefits of diversity and encouraged to better exploit this natural post-merger resource of knowledge at hand?
A14	Which are the barriers that refrain many CEOs from better exploiting the resource of the group and how can such barriers be overcome?
A15	Why do many CEOs persist to presume validity – at their peril – of their formalist and positivist management behaviour in the light of the above evidence?
A16	Why do many executives live in a state of personal imbalance, and even suffer from clinical conditions such as fear, depression and guilt? How can this be changed?
A17	How do personal imbalance and mental health problems affect executives' learning abilities?

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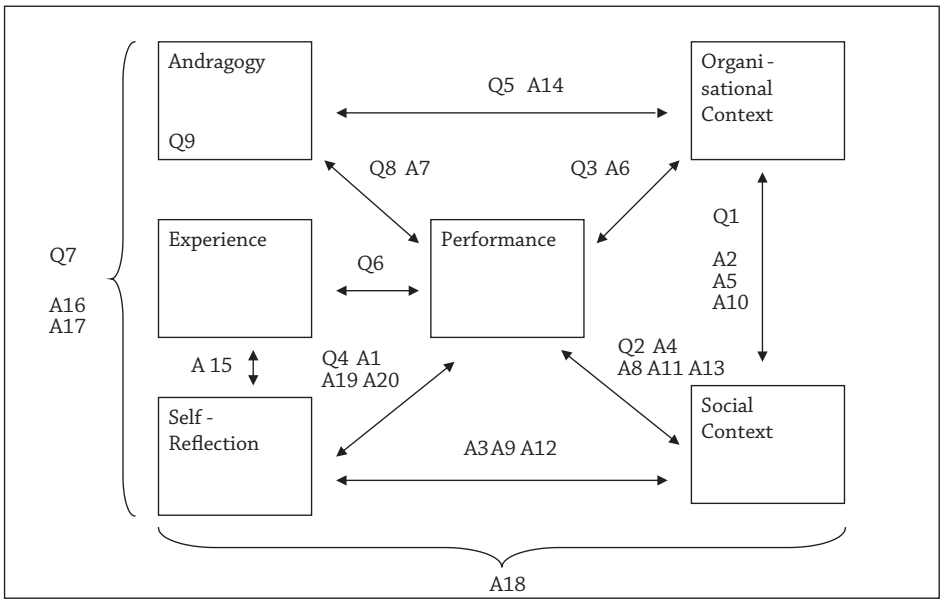
Table 2-9: (Continued) Summary of Research Areas for Further Exploration

A18	How can CEOs, while maintaining their action-laden skills, be stimulated to actively reflect on their behaviour and consciously develop their own personal learning system, prerequisite for learning in their organisations to take place?
A19	How can executives learn to reflect on their self and their experiences and learn to use these experiences selectively and adaptively, to inform future decisions?
A20	How can CEOs be stimulated to take the time to confront the self and allocate the necessary time and attention to complex problems for which there are no simple solutions?

The research questions and the areas for possible further exploration are organised in a conceptual framework, which will serve as scaffolding for the empirical work.

2.9.2 Conceptual Framework of Research Questions

Figure 2-2: Conceptual Framework of Research Questions and Areas



Endnotes to Chapter 2

i There is as much evidence that strategic fit positively influences performance (e.g. Elgers and Clark, 1981; Chatterjee, 1986; Lubatkin, 1987) as there is for the contrary (e.g. Shelton, 1988; Singh and Montgomery, 1988; Chatterjee et al, 1992; Shelton et al 2003)

ii 'Managerialist' is defined as viewing organisations from the exclusive perspective of the manager, functional agent of an administered system, whose purpose it is to ensure the: "...survival, growth, profitability of the organisation" and to "satisfy the immediate de-

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mands of shareholders, customers and (to some extent) workers" (Boje, 2002; Alvesson and Willmott, 1996, p. 161). Managerialist ideology became apparent in early 1900, when corporate capitalism superseded family (entrepreneurial) capitalism. Max Weber (1947) infused managerialism with a masculine and paternalistic ethic (Martin and Knopoff, 1995). This ethic is beginning to be challenged by organisational behaviour researchers (Gephart, 1978, 1991). Managerialism is decidedly functionalist (Marcuse, 1964). It signifies the shift from the owner to the professional manager to legitimate the control of individuals, societies and their organizations in the interest of capital" (Davis, 1997). To understand the distinction between owners and corporate managers see also Berle and Means (1933), Chandler (1977) and Williamson (1996). In managerialism (Enteman 1993), executives are seen as endowed with a responsibility to balance the interests of all stakeholders and, by being responsible to everyone, end up accountable to hardly anyone but themselves.

iii For various motives, mainly political, boards of merging companies sometimes choose to keep both CEOs at the head of the merged company. These dual CEO constructs have rarely been successful (Pellet 1999).

iv Nietzsche (1967) introduced the term Superman (Übermensch) in 1873, writing that the world is waiting for such a person to destroy poor habits of a thousand years and replace them with new ones. Superwoman also applies.

v In Switzerland the discussion was initiated by media reports on Percy Barnevik, who departed from his post as CEO of Asea Brown Bovery with 87 Mio $ of retirement compensation, in Germany it was primarily the Mannesmann deal, during which departing top executives and the CEO of Deutsche Bank allocated themselves up to 57 Million Euro in merger boni.

vi The reasoning follows such paths as: "...if something stinks, don't do it", „do the smell test", "..if you don't want to read it in the press... don't do it" and "if you don't want to tell your mother what you're really doing... don't do it". This discussion also implies that, since ethical behaviour is easy and a simple matter of good will, it does not need to be formally managed.

vii The ethical decision-making process includes moral awareness, moral judgment, moral motivation, moral character and, finally, moral action (Rest, 1986)

viii A "moral person" is described as honest and trustworthy; with character. He or she shows concern for people and is open to their input. He or she builds relationships characterised by trust, respect and support.

ix In research (e.g. Treviño et al, 2000), moral persons who are not explicit about their ethics are called "ethically silent leaders" (example: Sandy Weill, CEO of Citigroup), immoral persons who are not explicit about their ethics are called "unethical leaders" (examples: Al Dunlap, expert turnaround manager; Bernie Ebbers, WorldCom), immoral persons who claim to be ethical are called "hypocritical leaders" (examples: Jim Bakker, founder of PTL Ministries; Michael Sears, ex-CEO of Boeing).

x Frequently examples of ethical leaders as stated in the media are: Arthur Andersen, James Burke (CEO Johnson & Johnson) and Bill George (ret. CEO of Medtronic).

xi e.g. in a PR Newswire of July 27th, 2002 68% of the surveyed believed that top executives were less honest and trustworthy than a decade before: "Big Majority Believes Tough New Laws Needed to Address Corporate Fraud; Modest Majority at Least Somewhat Confident That Bush Will Support Such Laws".

xii cf. Alan Greenspan's analysis: "It is not that humans have become any more greedy than in generations past. It is that the avenues to express greed [have] grown so enormously" (from a speech on July 16th, 2002; found in: Treviño and Brown, 2004)

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xiii The Enron incident destroyed over 100 billion US$ and pulled Arthur Andersen, from its position to one of the leading accounting firms, to extinction; Worldcom figures are similarly impressive. These failures, which are not due to market misjudgements or inadequate business models, but to substantial and well-documented failures of ethics, are described in Toffler (2003), Jeeter (2003), McClean and Elkind (2003) and Watkins and Swartz (2003).

xiv Some democratic approaches to business can be found in cooperatives, with structures ranging from direct to indirect participatory forms. Many of these grassroots collectives emerged in the 70's in Europe (especially France, Italy, Switzerland) an in the USA.

xv Furthermore, an important democratic example is the case of the Dutch Breman Group, a mid-size construction engineering company that has been run on a rather far-reaching democratic model for over 30 years. The model involves employee participation with election procedures, shared equity and profits, as well as shared priorities and responsibility (de Jong and van Witteloostuijn, 2004).

xvi A special case is the phenomenon of the "Betriebsrat", the German work councils. There is a considerable body of literature on this phenomenon, mostly in German, but also in English (e.g. Frege, 2002 and Addison et al, 2004).

xvii Talent: The term talent – and the subject of talent management – were put on the executive map by a 1997 McKinsey survey of 6900 executives at 56 US companies. It estimated that 1/3 more executives would be needed in the US between 2000 and 2015 and raised the issue of the demographic evolution leading to a decline of 35-44 year olds in the same period (Chambers et al, 1998). Talent is described as "...smart, sophisticated businesspeople who are technologically literate, globally astute and operationally agile" (Fishman 1998).

xviii "Boundarylessness": this is a term coined by General Electrics (GE) at their pioneer times of quality and empowerment systems. It's one of their "values" and stands for the intent to break down all organizational walls that can isolate individuals from each other and aim for a flexible and open corporate environment. Jack Welch describes it in the GE Annual Report of 1994 as follows: "Boundaryless behaviour has become the "right" behaviour at GE (...) Boundaryless behaviour, an odd, awkward phrase just a few years ago, is increasingly a way of life at GE. It has led to an obsession for finding a better way -- a better idea -- be its source a colleague, another GE business, or another company across the street or on the other side of the globe that will share its ideas and practices with us". This behaviour is especially trained and emphasized in acquisition situations. Since GE acquires dozens of companies every year, acquisition situations are the rule in that global concern.

xix cf. Encyclopaedia Britannica: "Culture: Integrated pattern of human knowledge, belief and behaviour that is both a result of and integral to the human capacity for learning and transmitting knowledge to succeeding generations".

xx Deep structure: The term may be borrowed from linguistics and psychology. Chomsky (1957, 1965) used the term deep structure to explain that language learning was a unique kind of learning. He developed the concept that each sentence in a language had a deep structure and a surface structure. The deep structure was a direct representation of the semantics. This was mapped onto the surface structure, which followed the phonetic form. He considered the deep structure as very important to language understanding, an opinion, which has been supported by linguists and psychologists since (e.g. McCarthy and Carter 1996; Clancy et al 1996). Both children and adults try to understand language through contexts, narratives and logical connections. They will state that they heard the same words, if the deep structure of two similar messages is the same, even when the actual words themselves are different.

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xxi Berry (1983 and 1984) and Nahavandi and Malekzadeh (1988) use the term 'separation' for this mode, Napier (1989) and Cartwright and Cooper (1993b) refer to it as 'extension' and Haspeslagh and Jemison (1991) call this mode 'preservation'.

xxii Many of these popular trends in consulting (e.g. BPR, TQM and the learning organisation) represent systematic methods of responding to change. These often have, even with the best intentions, insufficient impact. A survey of 300 electronics companies showed that 73% had some form of change program underway, but 63% of these endeavours failed to yield improvements. Only 10% of the programmes were considered "successful" (Schaffer and Thompson, 1992; Church et al 1996).

xxiii cf.for example in: Kanter et al (1993), p.10: "Lewin's model was a simple one, with organizational change involving three stages, unfreezing, changing and refreezing... This quaintly linear and static conception – the organization as an ice cube – is so wildly inappropriate that it is difficult to see why it has not only survived but prospered... Suffice it to say here, first, that organizations are never frozen, much less refrozen, but are fluid entities with many ‚personalities'. Second, to the extent that there are stages, they overlap and interpenetrate one another in important ways." Further examples can be found in: Burnes (2004), p. 988.

xxiv Burnes (2004) summarises the major criticisms (e.g. Dawson, 1994; Kanter et al 1993) raised against Lewin's planned change concepts: assumes that organizations operate in a stable state, only suitable for small-scale projects, ignores organizational power and politics, is top-down and management-driven. The article then examines Lewin's approach in its entirety and makes evident that it is neither mechanistic nor simplistic, but truly holistic. Far from being redundant, it is still relevant to the contemporary world.

xxv Ackoff and Emery (1972) suggest that human systems (companies, groups, organisations etc.) are "purposeful systems", which have purposeful parts and are part of larger purposeful systems. Such systems therefore need to be designed in such a way as to be able to effectively serve their own purpose (self-directedness), the purposes of the purposeful parts and people within the system (humanisation) and the purposes of the larger system of which they are a part (environmentalisation).

xxvi A recent study by the Swiss Government among over 10'000 white collar test persons confirms that over 40% of the white collar population displays some psychosocial condition, such as: anxiety, fear, guilt, insomnia, permanent headaches, pains in the chest, irritation and depression. The higher the hierarchical position and the level of education of the test persons, the higher the likelihood of psychosocial symptoms and the more pronounced are the symptoms. CEOs and other leading functions are most at risk (Bundesamt für Statistik, Gesundheit und Arbeit, 2004).

xxvii There are a number of studies based on CEO surveys (e.g. Kotter, 1990, Mintzberg, 1998 and annual McKinsey surveys), which give an indication on the CEOs self-image of how they perform, but these self-images are not questioned or contextualised. Important exceptions are the work by Farkas and Wetlaufer (1996), Watson (1994), who examines emerging leadership amongst (mainly middle) managers in a UK M&A, and Birch's (2000) dissertation exploring CEOs reflection in action.

xxviii This type of learning is sometimes also referred to as 'lower-level learning' (Fiol and Lyles, 1985), 'adaptive learning' or 'coping' (Senge, 1990) and 'non-strategic learning' (Mason, 1993).

xxix Double-loop learning is also referred to as: 'higher-level learning' (Fiol and Lyles, 1985), 'generative learning' (Senge, 1990) and 'strategic learning' (Mason 1993).

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xxx Awareness of ignorance motivates learning (Nevis et al, 1995). Companies that have this awareness take the pain to identify and implement learning facilitating factors.

xxxi 'situated action' is a concept borrowed by the knowledge management literature from social anthropology and sociology. A wide array of theoretical approaches and perspectives of situated action exists and shares a general theoretical claim that cognition is situated and cannot be studied and meaningfully discussed without taking the context into account.

xxxii The term 'knowledge-able' is drawn from Giddens (1979), who introduced the 'paradigmatic' character of action. Goodall and Roberts (2003) propose to hyphenate the term so as to emphasise the connection between situated action and knowledge. In organisations, this can be conceptualised in terms of participating in a particular 'language game' (Wittgenstein, 1958; Boland and Tenkasi, 1995; Goodall and Roberts, 2003, p. 1156). Action can only be framed by drawing upon existing knowledge resources.

xxxiii A Web-of-Science search on 'knowledge management' between 1986 and 2002 yielded less than 5 titles per year until 1996. Thereafter the growth was exponential until 2001, when nearly 140 papers were identified. Over 60% of these papers dealt with computing, to dealt with artificial intelligence and 8 with engineering (Wilson, 2002); a Google search on 'knowledge management' of September 27, 2003 yielded 3'500'000 entries, almost all of them linked either to the terms technology and/or IT.

xxxiv An important exception is the work by Jackson (e.g. 1999, 1998, 1996, 1995 and 1992, as well as Jackson and Associates, 1992 and Jackson and Schuler, 2003), who has extensively researched the concepts of diversity and organisational learning from a human resources perspective, and by Maznevski (1994, and DiStefano and Maznevski, 2000), who proposes a model to explain performance in highly diverse groups.

xxxv Nahapiet and Ghosal (1998) describe social capital as a necessary condition for knowledge creation. Their comprehensive description of social capital claims that cohesiveness leads to combination and exchange, which leads to knowledge creation, which leads to innovation.

xxxvi The term 'innoversity' was coined by Justesen (2001) and enjoyed a lively proliferation, especially in Denmark, since much of the research on innoversity is in the Danish language. The term is used twofold: a) to explain the apparent dilemma between diversity and innovation (as described above) and b) as a positive term, explaining how diversity can be used to foster and spur creativity and innovation within groups, communities of practice and organisations.

xxxvii Communities of practice are: "…emergent social collectivities, where individuals working on similar problems self-organize to help each other and share perspectives about their practice. These communities develop through the mutual engagement of individuals as they participate in work practices, and this participation supports the exchange of ideas between people, resulting in learning and innovation within the community" (Brown and Duguid, 1991).

xxxviii 'ingroup' (those who are like me) and 'outgroup' (those who are different) are terms from the self-categorisation and social identity theories (Tajfel, 1978; Brewer, 1979).

xxxix Language in this context is not to be understood as national language, but as social language, as in Josselson (1992): "In a large sense, our language expresses our embeddedness in one nation or another, our accent within that language identifies our social class or place of origin, and our choice of vocabulary links us to certain subgroups. We 'speak' from our place within society." Such a notion of language views culture, language, identity and communication as one construct. The story the Tower of Babel in the Book of Genesis is

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an early example of miscommunication and its consequences (Bouwen and Steyaert, 1999; Eco, 1995).

xl In the Wharton Financial Institutions Center study (Singh and Zollo, 1998a), experience only proved beneficial in banking mergers with geographic overlap of the markets served by the combining companies.

xli By 'academic solutions' is meant that these Harvard Case analyses and solutions are developed under the rigid guidance of professors, and, since they are historic, usually in the absence of the protagonists from the companies the cases are about. The companies are not informed of the process or of the solutions emerging from the exercise. The students do therefore not have a chance to test their solutions' viability in discussion with the actual protagonists, nor do the solutions ever get implemented. The relationship between the professors and the (executive) students is as a rule a classic, hierarchic student-teacher relationship.

xlii Important examples of executive business schools working closely with the business community are, e.g.: IMD Lausanne, INSEAD Fontainebleau, GSBA Zurich and Leiden University School of Management. These schools regularly invite companies to assign current, real-life problems to groups of studying executives who are then encouraged, in multidisciplinary teams, to develop viable solutions to these problems. These problems are presented to the top managers from the case company and are discussed in detail. Many of the business solutions thus developed are then truly implemented in practice. The relationship between the professors, the (executive) students and the case-providing company is a peer-to peer relationship in which all three parties take turns to learn and teach.

xliii For marketing reasons these programmes are often called 'Senior Management Programs', thus adding prestige and motivating potential participants to enrol, since, of course, a middle manager would never attend a 'Middle Manager Programme'. Similar marketing tactics are known in other areas such as women's underwear, where large-size panties are labelled 'medium', medium-size panties are labelled 'small' etc.

xliv This structure is derived from the product offerings of the world's leading private and public business schools according to the Financial Times Ranking.

xlv Unfortunately, as many studies of training evaluation show (e.g. Burgoyne and Cooper, 1975), little more is assessed other than student reaction, usually right after the programme, when it is known that a certain euphoria reigns. Despite the lack of substantial recent empirical data, there is, however, some evidence for insufficient leverage from management development programmes (e.g. Dalton, 1997; Mele, 1999; Johnson, 2004; Emiliani, 2004).

xlvi Some exceptions, such as the Harvard Advanced Management Program, only confirm the rule.

xlvii The term 'incommensurability' is derived from mathematics and refers to the side and the diagonal of a square being incommensurable in virtue of there not being any unit that can be used to measure both exactly. Kuhn noted that incommensurability does not mean non-comparability, but his thesis did display that theory comparison was rather more difficult than commonly supposed, and in some cases impossible. Kuhn distinguishes three types of incommensurability: 1. Methodological: there is no common measure because methods of evaluation and comparison change; 2. Perceptual (observational): observational evidence cannot provide a common basis for theory comparison, since perceptual experience is theory-dependent; 3. Semantic: languages of theories from different periods may not be inter-translatable (Bird, 2004). This assumption also gets reinforced from the table of definitions, in which knowledge is often defined in terms of information and information in terms of data.

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xlviii Nonaka uses Polanyi's terminology differently from Polanyi: Polanyi defines tacit knowledge as a backdrop against which all actions are understood. Nonaka and, since Nonaka's writings have been widely read, most knowledge management theorists, use the term to denote a particular type of knowledge, which is difficult to articulate.

xlix This description leans more on Nonaka's notion of tacit knowledge. To Polanyi, tacit knowledge includes both conceptual and sensory information, in addition to images which are used to make sense of things: "The fact seems obvious enough; but it is not easy to say exactly what it means. Take an example. We know a person's face, and can recognize it among a thousand, indeed among a million. Yet we usually cannot tell how we recognize a face we know. So, most of this knowledge cannot be put into words" (Polanyi, 1964). The observation that scattered bits of tacit knowledge are often combined to lead to the shaping of new models or theories, irritated Polanyi and brought him to get interested in the academic process of discovery, rather than of theory validation and refutation, as was the custom in his time.

l This concept is explained in more detail in section 2.8.3.3.

li Although Polanyi is frequently referenced, scholars come to quite contradictory conclusions: Cook and Brown (1999) claim to be in agreement with Polanyi when they say that "…explicit and tacit are two distinct forms of knowledge (i.e., neither is a variant of the other) (…), and that one form cannot be made out of or changed into the other". Tsoukas (1995) also builds on Polanyi when he claims that tacit and explicit knowledge are mutually constituted and should not be viewed as two separate types of knowledge and that tacit knowledge is by no means explicit knowledge internalised, as claims Nonaka. Tacit knowledge is: "…the necessary component of *all* knowledge (Tsoukas, 1995, p. 14, original emphasis)" and to try to separate tacit and explicit knowledge was missing the point. He claims that all articulated knowledge has its origin in a tacitly accepted and unarticulated background of social practices and, by thus being socialised into practice, we acquire this unarticulated background and internalise an understanding which is "…not only cognitive, but also embodied (Tsoukas, 1996)." See also section 2.8.3.3.

lii Self-direction is often described as a dichotomous either/or concept. Such a view ignores that learners vary greatly in style and so do educators, as well as the contexts in which learning takes place. It is more likely that self-direction is a continuum, as a „…characteristic that exists, to a greater or lesser degree, in all persons and in all learning situations" (Brockett and Hiemstra 1991, p. 11).

liii This point is important given that Mezirow (1991, just as Weick and Westley, 1996) argues that learning is embedded in social interaction mediated by language: "Language is both the tool and the repository of learning. It is the critical tool for reflection, both at the inter- and intra-personal level. And language is a social phenomenon" (1991, p. 18).

liv The Greek term 'praxis' is used by philosophers, notably Marx (Kitching, 1988), in reference to the unity of theory and practice. Action learning literature has adopted the term (e.g. Revans 1991) because of the action learning community's view that: "…theory cannot be separated from practice, but arises out of and in the context of action and practice" (Pedler, 2004).

lv Exceptions are cases such as the spectacular fraudulences in connection with WorldCom, Enron and others and the role of Arthur Andersen and other consulting firms within these events. These incidents have provoked a momentary surge of papers on ethics in management and contributed considerably to the body of literature on corporate governance.

lvi An exception is the research on clinical aspects of leadership, such as manic depression, narcissism, guilt and deprivation, which is discussed in sections 2.7.3 and 4.8.4.

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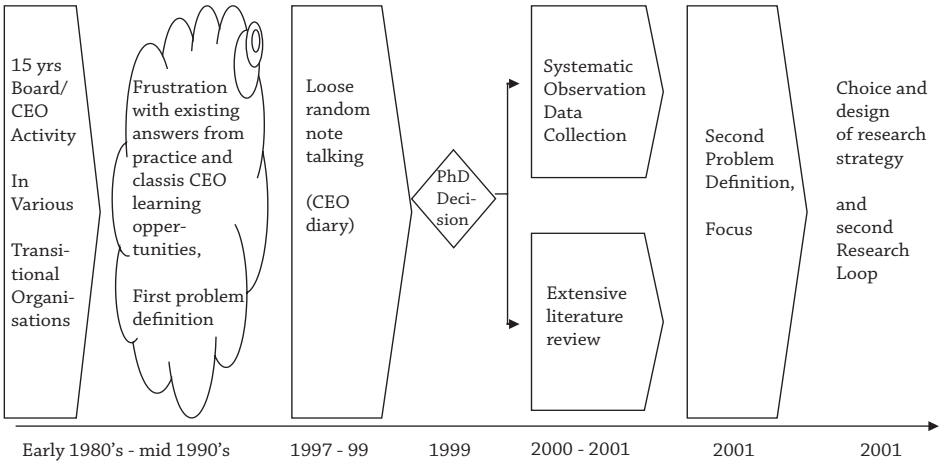
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3 Methodology

The most exciting phrase to hear in science, the one that heralds new discoveries, is not "Eureka!" but "That's funny..."
Isaac Asimov

The motivation for this study is deeply rooted in practice. The researcher was a senior business executive in various industries for over two decades and has worked in various transitional organisations resulting from events such as restructurings, large projects and mergers. For a period of five years, the researcher has kept a diary with observations from the field, first in an unstructured way and, for the last two active years as CEO, in a more systematic manner, following the principles of ethnography. From this emerged a more concrete desire to understand the phenomenon of transitional organisations, particularly post-merger organisations, and how CEOs and other top executives could learn to be more successful within such organisation. The researcher also sought for answers in theory and performed an extensive literature review covering various disciplines and fields. However, little theory was found to exist on this particular set of problems, especially in Europe. This led to the decision to dedicate time to this phenomenon in a systematic way.

Figure 3-1: Emergence of Research Motivation



Traditionally, the field of management science was dominated by research applying positivist methods and techniques developed in the natural sciences[1]. With the rise of applied, more qualitative research, and with the increasing awareness that many management issues are rooted in social phenomena, an increased interest in applying al-

1. Easterby-Smith et al (2002), p. 3

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ternative research approaches to the formulation of social and organisational theories within a business context has arisen.

This chapter discusses the research strategy and design along Crotty's four elements of the research process[2]:

- *Epistemology*: the: "…theory of knowledge embedded in the theoretical perspective"[3] is *constructionist*[4]
- *Theoretical perspective*: the: "…philosophical stance informing the methodology and thus providing a context for the process and grounding its logic and criteria[5]" is *interpretivist*
- *Methodology*: the "…strategy, plan of action, process or design lying behind the choice and use of methods to the desired outcomes"[6] is:
  - *ethnography* for the preliminary research loop, referred to as "loop one" and
  - *grounded theory* for the subsequent research loop, referred to as "loop two"
- *Methods*: the "…techniques or procedures used to gather and analyse data related to (…) research questions or hypotheses"[7] are *impressionist tales* in the ethnography loop and *case studies*[8] (longitudinal, semi-structured interviews) in the grounded theory loop.

Furthermore, the chapter discusses the practical research work, namely:

- the populations investigated and the general context of both research loops
- the tracing of the actual work process from sampling through data analysis to theory building
- some reflections on evaluation criteria for, and limitations of, the study.

3.1 Research Strategy and Design

> *Dialogue is the encounter between men, mediated by the world, in order to name the world.*
> Paolo Freire, in *Pedagogy of the Oppressed*, 1972

> *Conversation is a process of two people understanding each other. Thus it is a characteristic of every true conversation that each opens himself to the other person, truly accepts his point of view as worthy of consideration and gets inside the other to such an extent that he understands not a particular individual, but what he says. The thing that has to be grasped is the objective rightness or otherwise of his opinion.*
> Hans-Georg Gadamer in *Truth and Method,* 1979

2. Crotty (1998)
3. Crotty (1998)
4. Merleau-Ponty (1962)
5. Mead (1932)
6. Crotty (1998), p. 3
7. Crotty (1998), p. 3
8. Yin (1984, 1993)

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This business study focuses on people and organisations. Such studies are complex and stochastic because:

- they concern real life business situations which involve a large number of interrelated variables, many of which random
- they concern events which are relatively unique and irreproducible
- they take place in a fast-changing context[9].

This reality strongly determines the research strategy and design.

3.1.1 Epistemology

Epistemology is the "theory of nature and grounds of knowledge, especially with reference to its limits and validity"[10]. This study is aimed at scratching the surface of the "what", "why" and "how" of the relationship between humans and society, the humans being leading executives, the society being post-merger situations in an international business environment grounded in German-speaking Europe. A theoretical point of view is sought that advocates the study of direct experience taken at face value[11]; one which sees behaviour as determined by the phenomena of experience rather than by external, objective reality[12]. A constructionist[i] stance, in which, according to Clarkson: "people cannot be understood outside of the context of their ongoing relationships with other people or separate from their interconnectedness with the world"[13], lends itself well to this exercise and therefore a constructionist epistemology[14] was chosen. Easterby-Smith et al[15] recommend the use of constructionism, rather than positivism, in such research as this dissertation, where:

- the observer is part of what is being observed (and not independent)
- human interests are of relevance
- explanations aim to increase the general understanding of the situation (rather than to demonstrate causality)
- the research progresses not through hypotheses and deductions but by gathering rich data from which ideas are sought
- units of analysis are not reduced to simplest terms but may include the complexity of the 'whole' situation
- generalisation is sought through theoretical abstraction (and not statistical probability).

Contrary to the entitative perspective, which puts the focus on the individual, the constructionist perspective[16] focuses on relationships[ii]. Whatever we perceive as real ("real-

9. Remenyi et al (1998)
10. Remenyi et al (1998)
11. Remenyi et al (1998)
12. Cohen and Manion (1989)
13. Clarkson (1989)
14. Crotty (1998); Ryle (1949); Gergen (1994)
15. Easterby-Smith et al (2002), p. 30
16. Burr (1995)

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ise") exists through communication and interaction between humans. This is especially interesting in relation to executives in post-merger situations, where two management teams are fused to form a new management group which needs to develop – through interaction – a common understanding, shared values, a discourse of its own and group-inherent standards. In this sense, the group creates its reality; a local ontology is shaped[iii].

Constructionism is critical vis-à-vis all knowledge that is taken for granted. The recognition of absolute truth is not possible since such absolute truth does not exist[17]. Constructionism seeks, however, to prove that academic work can be performed in the absence of the claim of absolute truth, without such work deteriorating in any way. A relational constructionist approach is therefore appropriate, since the observed phenomena of executive behaviour in the transitional organisation is concerned with people, groups, systems and their interrelation. The focus of management activities lies in the relational perspective of social systems and not in the individual. This approach is in contrast with some traditional personalist approaches, which attribute management success or failure and similar social phenomena primarily to the individual[18]. Recent systems theory[19] builds on constructionism, second-order cybernetics[iv] and the theory of autopoietic systems[v] and understands systems as structured flows of communication, i.e. as chains of events[20]. The organization as a system of events has an order, which manifests itself by routines and material and immaterial (discourses) structures. Relevant from a systems-theoretical perspective is how such a system is observed, how observation is performed within it, how reality and knowledge are created. Observation is interpretation and, by that, construction of reality. Through the lens of existing material and immaterial structures, as well as in the respective context, the observed is interpreted.

3.1.2 Theoretical Perspective

Whilst an ideal starting point for theory-building research is often said to be: "...[to have] no theory under consideration and no hypotheses to test"[21], researchers do bring a number of assumptions to the research project. The choices of research strategy, theoretical perspective, methodology[22], etc. are statements of these assumptions. In this sense, this study lends itself to an interpretivist approach. In interpretivism, human behaviour cannot be predicted. To understand a particular social action (e.g. leadership) the researcher must seek to understand the meanings, which stand for that action. In order to state that human action is meaningful one must be able to claim that it is to some extent intentional[23], or that it can only be understood in terms of the system of meanings to which it belongs. Weber centres the human sciences on understanding (verstehen) and defines sociology as a discipline, which attempts the interpretive understanding of social action:

17. Watzlawick (1990, 1995, 1997); Watzlawick and Kreuzer (2000)
18. Rüegg-Stürm (1999); Denzin and Lincoln (1994)
19. Luhmann (1994)
20. Peterson (1988)
21. Glaser (1992); Eisenhardt (1989), p.536
22. Crotty (1998)
23. Varela (1990)

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> *"... in order thereby to arrive at a causal explanation of its course and effects. In action is included all human behaviour when and in so far as the acting individual attaches a subjective meaning to it. Action in this sense may be either overt or purely inward or subjective; it may consist of positive intervention in a situation, or of deliberately refraining from such intervention or passively acquiescing in the situation. Action is social in so far as, by virtue of the subjective meaning attached to it by the acting individual (or individuals) it takes account of the behaviour of others and is thereby oriented in its course"*[24].

The choice of interpretivism as a theoretical perspective is based on the following assumptions brought to this dissertation:

- the management of transitional organisations is essentially constructed of social actions and their interactions
- by observing, interpreting and analysing these actions and interactions, the social processes that shape transitional organisations can be understood
- executive learning and coping in transitional organisations needs to be interpreted in the institutional and cultural context in which the organisations are embedded.

3.1.3 Methodology

Due to the particular history of this dissertation, it is composed of two distinctly separate but interrelated research loops, based on two different but related qualitative research methodologies, both informed by the above theoretical perspective and epistemology.

3.1.3.1 Loop One: Ethnography

The desire to make use of the data collected somewhat fortuitously over a number of years (CEO Diary), motivated the researcher to investigate in ethnographic research methodologies. Once convinced that ethnography could help to advance the understanding of the phenomena observed, the researcher kept the CEO Diary more systematically, respecting the formal recommendations of ethnography.

Ethnography is: "...that type of field observation in which a society's culture is studied"[25]. It is a method borrowed from social anthropologists. It requires the researcher to become fully part of the observed society for a substantial period of months or even years. Ethnography is also the written portrait of a culture[26] and for this portrait to emerge; it must be interpreted and rendered visible by writing[27]. Remenyi et al describe its utility in business studies as follows: "An ethnographer will be concerned with a detailed understanding of how the society being studied works, i.e. its culture, and thus when this approach is used in business and management studies it will focus on detailed aspects of corporate relationships"[28]. Furthermore, Remenyi recommends triangula-

24. Weber (1917), p. 210
25. Rosenthal and Rosnow (1991)
26. Pettigrew (1980)
27. Van Maanen (1988)
28. Remenyi et al (1998), p. 52

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tion through other sources of evidence. For the purpose of triangulation and also with the aim to reach a deeper understanding of the observed phenomena, the population and the society studied were revisited in a second research loop informed by grounded theory.

3.1.3.2 Loop Two: Grounded Theory

Developed by Barney Glaser and Anselm Strauss[29] in the 1960s, grounded theory is a methodology to inductively generate theory. Glaser defines grounded theory as: "...a general methodology of analysis linked with data collection that uses a systematically applied set of methods to generate an inductive theory about a substantive area."[30]

Grounded theory was developed at a point in the history of science, when the prevalent opinion was that only quantitative, deductive studies could provide systematic scientific research. Streams of thought such as American Pragmatism[31] and symbolic interactionism[32] and the later scholars from Chicago School of Sociology founded by John Dewey with their rigorous use of ethnography and data collecting methods have influenced the emergence of grounded theory.

Grounded theory is applied primarily where complex social interaction is insufficiently understood and little or no theory exists. Its methodological emphasis is to let the actors' own (emic)[vi] interpretations emerge with minimal intervention by the researcher (etic). By constantly comparing, coding and analysing observational and interview data until saturation of this data is reached, theory emerges which is grounded in this data. Context (e.g. the organisation, the actors and their interrelation; culture and temporality) is of great importance and is: "...expected to convey a conceptual understanding of issues that make up the naturalistic world[33]".

In summary, grounded theory was chosen for the following reasons:

- grounded theory's central objective is theory building, rather than theory testing. Given the lack of a theoretical body on executive learning in transitional organisations, an inductive approach by which theory would emerge from the experiential accounts of the executives themselves seemed appropriate
- it has clear guidelines both for the conduct of the research as well as for evidence interpretation, which offer some assurance when delving into the unknown
- in this interpretivist method of inquiry discourses, gestures and actions are all considered primary to the experience. This experiential research includes observations of behaviour. This was important as it was expected that executives would not necessarily articulate all their experiences, thoughts and feelings. In consequence, grounded theory, which allows for a wider range of evidence, was preferred over research methods that rely solely on descriptive accounts (e.g. phenomenology)

29. Glaser and Strauss (1967)
30. Glaser (1992)
31. Dewey (1910, 1937)
32. Mead (1932)
33. Van Maanen (1979), p. 520

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- it is a methodology that, through its process that stimulates eclectic analysis by applying theoretical sensitivity, encourages self-development. In view of the nature of this research, which focuses on behaviour, it can be assumed that theories from across disciplines could have explanatory power
- grounded theory is especially reputed for its use in studies on human behaviour, the central subject of this dissertation
- grounded theory is established and credible but has still been little used in the field of top management behaviour. This therefore provides an opportunity to apply a legitimate methodology in a new field[34].

Originally, so as not to start the field research with preconceived ideas and bias, extant literature was to be brought into the research process only in a second step, as additional data, once the primary theoretical framework had emerged from rigorous data collection and analysis (Glaser's approach)[35]. In recent years, however, much grounded theory work does begin with a literature overview, which, to avoid bias, is performed very extensively, covering several academic disciplines (Straussian approach)[36]. This is also the case in this dissertation.

3.1.4 Methods

This study uses the methods of:

- *impressionist tales* in the ethnographic loop one
- *qualitative exploratory longitudinal case studies*[37] adopting a grounded theory approach in loop two, for theory building by means of the comparative analysis of the case studies[38].

3.1.4.1 Loop One: Ethnography

Ethnographic field experiences are not simply "written down", but are, in a relational-constructivist approach as is the case here, transformed into a suitable writing style. Van Maanen proposes three narrative approaches: the traditional "realist approach"[39], the personalised "confessional tale"[40] and the "impressionist tale". The latter, with its ability to contain important messages through its: "...radical grasping of the particular, eventful, contextual and unusual", was chosen. It lies between the traditional realistic genre, which is simply descriptive, and the more researcher-centred confessional genre. Impressionist tales typically highlight the ambivalent, episodic and complex: "realities that are frozen or perhaps made too pat and ordered by realist or confessional conventions". Impressionist tales are the "...kitchen sink reports of past events that took place in the field. They allow fieldworkers to dump all sorts of odd facts and speculations into a shaggy narrative[41]". Not least because such tales can be understood by academic as

34. Goulding (2002), p. 107
35. Glaser (1978, 1992)
36. Strauss (1987); Strauss and Corbin (1990); Easterby-Smith et al (2002), p. 47
37. Remenyi et al (1998)
38. Eisenhardt (1989); Dyer and Wilkins (1991)
39. Van Maanen (1988), p. 45
40. Van Maanen (1988), p. 74
41. Van Maanen (1988), p. 117

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well as a general readers, Van Maanen pleads for more impressionist narration: "Such stories, by their ability to condense, exemplify and evoke a world, are as valid a device for transmitting cultural understandings as any other researcher-produced concoction. The fact that they do so without recourse to disciplinary hedges makes them (...) very appealing, since they can be read and appreciated by a general audience"[42].

3.1.4.2 Loop Two: Grounded Theory

As the main instrument of inquiry for loop two, a case study method was chosen, following Yin:

"A case study is an empirical enquiry that

- investigates a contemporary phenomenon within its real-life context; when
- the boundaries between phenomenon and context are not clearly evident; and in which
- multiple sources of evidence are used"[43].

Eisenhardt, too, recommends the case study method for explorative, descriptive and explanatory questions, especially for new subject areas where theory is scarce and where new content and a fresh perspective are sought[44]. This describes exactly the status and object of this enquiry.

The strength of case studies are found to lie in their depth of enquiry and their unimpaired interplay between theory and empiry. They permit an understanding of the dynamics of particular situations and can lead, by creative reframing, to new theoretical approaches, who, due to their vicinity to empiry, represent as a rule empirically valid hypotheses or theories[45]. Weaknesses include the difficulty to generalise results[46] and the risk, due to the data generosity, of over-complex theories. Furthermore, since the results are usually very specific, there is a risk that there might be considerable analytical depth but very little synthetic height, which can lead to an 'atheoretical, status-quo-analytical empirism'[47].

To avoid these pitfalls, a *longitudinal, exploratory, multiple case study design with triangulation* was chosen and the criteria of reliability and validity were observed in a systematic, documented approach throughout the preparatory phase, evidence collection, evidence analysis and evaluation. *Longitudinal*, because the temporality permits to observe phenomena throughout a variety of contextual situations and permits a more solid confirmation of their existence and a clearer understanding of their nature; *exploratory*, because situations are explored in which the studied phenomena (transitional organisations and executive coping and learning, as in andragogy) have "...no clear, single set of outcomes[48]" and *multiple-case* because it adds confidence to findings

42. Van Maanen (1988), p. 119
43. Yin (1984)
44. Eisenhardt (1989)
45. Eisenhardt (1989)
46. McClintock et al (1979)
47. Backhaus and Plinke (1977)
48. Yin (1982), p. 15

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if a replication logic is followed[49]. Both literal replication logic (similar results to previous cases) and theoretical replication (contrasting results but for predictable reasons) were tested. Reliability was addressed by a systematic documentation of the research process and by a longitudinal approach over a period of over two years. Validity was addressed as construct validity by communicative validation in the shape of respondent checking and member checking, and chains of proof. The 'proposals of reality', which were gained from the analysis were mirrored back to the interviewees and their feedbacks taken into account and incorporated into the results. Furthermore, all analysis and interpretation data was given to a fellow doctoral student to ensure consistency of interpretation and reduce subjectivity. Total coherence between the viewpoints of the interviewees and of the researcher was not sought, but the differences in interpretation were made visible to the reader. Internal validity was addressed with suitable analytical instruments whilst external validity was sought with replication (several case studies) and triangulation with the ethnographic observation.

3.2 Research Scope

> *It is inexcusable for scientists to torture animals: let them make their experiments on journalists and politicians [or executives, (addendum by author)].*
> Henrik Ibsen

Both the ethnographic research of the first loop and the grounded theory research of the second loop focus on executives leading large or medium-size multinational companies situated in Switzerland and Germany, and having undergone one or several M&A in the past five years, counting backward from the study onset. The reasons for choosing Switzerland and Germany were twofold:

- the researcher has excellent access to this field, due to her own top management activity in this business region for many years, and especially thanks to her temporary role as the nation's cultural "gate keeper" during the planning years of the national expo event
- research on executive behaviour in M&A situations in Switzerland and Germany is quasi inexistent. The sparse research that focuses on this phenomenon originates from the USA, written by US (or US-resident) researchers, on multinational companies headquartered in the USA and/or from a US perspective.

3.2.1 Research Population in Loop One

In the ethnographic phase the researcher had repeated direct business contact with the leading executives of the 100+ largest companies in Switzerland, irrespective of whether they had M&A experience or not. This was due to a special mandate the researcher had at the time, which is explained in more detail in the section on evidence collection below. However, almost all of these 100 companies had in fact some M&A experience, be it as acquirer or acquiree or both.

49. Miles and Huberman (1994)

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3.2.2 Research Population and Sample in Loop Two

The population parameters this dissertation addresses for the longitudinal case studies are:

- organisations that have undergone merger and acquisition projects in recent years (1996-2002) and that are therefore in a post-merger situation
- organisations that are multi-national but headquartered or mainly situated in Switzerland or Germany
- organisations from different industries, namely from the airline industry, IT, telecommunications, life sciences, chemicals, technology, banking, food manufacturing, public administration and the hotel and leisure industry
- CEOs (overall, or in very large organisations division or country-level) of such organisations and
- executive members of the respective CEOs' management teams.

The sample of this dissertation consists of:

- ten cases, i.e. organisations from the above population[vii]
- ten CEOs[viii] from the chosen organisations
- ten executives from their direct management team

Theory-driven, progressive sampling was used for the sample choice, i.e. theoretical rather than statistical considerations[50] were used. Comparability was sought, seeking similar relevant characteristics over time, described in the population parameters above. Theoretical replication[51] was also used, by

- choosing samples from two different German-speaking countries, assuming an influence of the cultural context
- interviewing respondents twice over a time period of no less than 6 months and no more than 18 months, hoping to gain understanding on whether observed phenomena are stable and/or whether reflection had taken place, leading to behavioural change; and, if yes, what kind[ix]
- selecting cases in similar as well as different post-merger stages, hoping to gain a better understanding of the processes.

Multiple-case sampling, i.e. the observation of a range of similar and contrasting organisations, may enhance the understanding of a single-case finding. If such a finding holds in a determined setting and, given its characteristics, holds in a comparable setting but not in a contrasting case, the finding is more robust, even though a generalisation can also occur based on "...a match ... made to the underlying theory, not to a larger universe"[52]. The goal of this dissertation is limited to developing a theory on executive coping and learning processes in transitional organisations. It does not pretend to extend

50. Miles and Huberman (1994)
51. Yin (1994)
52. Miles and Huberman (1994), p. 29

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to the functioning of any transitional organisation, even though it could help explain such processes in other transitional organisations.

The definition of the unit of analysis is generally determined by the initial research question. In this dissertation, the three units of analysis are:

- *the CEOs of the chosen post-merger organisations*: these executives were the primary unit of analysis
- *an additional member of each CEO's management team*: these executives were studied in so far as they were a relevant contextual element to the principal unit of analysis, the CEOs. Their interviews also permitted to confirm or relativise the CEO statements, and vice versa. Attention was given to select executives who worked closely with their CEOs on the post-merger project. Depending on the companies, this was the Chief Information Officer (CIO), the Chief Human Resources Officer (CHRO) or the Chief Finance Officer (CFO)
- *the post-merger organisation*: the post-merger organisations were studied in so far as they were a relevant contextual element of the principal unit of analysis, the CEO. Internal and external documentation analysis, attendance of management meetings and observations in the field were performed.

3.3 Evidence Collection

> *Power is not sufficient evidence of truth.*
> Samuel Johnson

This section accounts chronologically for the evidence collection process and its rationale. First, an overview of the ethnographic phase, loop one, is given and then the sampling strategy of loop two is explained and the ten cases that constitute the sample are presented.

The evidence for this study was collected as follows:

- 1985-1997: personal experiences, unsystematic observation, discussion with peers (CEOs), reflection, frustration
- 1998-1999: loose, unsystematic but regular note-taking (CEO diary), discussion with peers
- 2000-2001: ethnographic phase: systematic, documented observation
- October 2001-March 2005: ten case studies with a total of 40 interviews, whereby the same key respondents were interviewed twice over a period of 6-18 months.

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3.3.1 Ethnography

In this study, as explained above, ethnography is not the main instrument of inquiry, but a first exploratory phase, called research loop one, undertaken by the researcher in order to help understand and define the problem area to be researched and choose an appropriate research strategy. In alignment with Van Maanen[53], the following aspects are addressed for the report from the research field:

- initial understanding of the observed field
- access to and relationship with the field
- evidence collection and analysis
- role and editing form
- retrospection and validation of results.

3.3.1.1 Initial Understanding of the Observed Field

Having been a senior executive for many years, the researcher's understanding of the field was first of all that of an insider, occupying several top management positions in transitional organisations. Just as much, however, the understanding was that of a close observer of a global economic situation undergoing rapid and brutal change and of how executives strive cope with this change. M&A and especially post-merger organisations, were of particular interest, the assumption being that such giant mergers[x] as were undertaken at that moment would be extreme and dramatic events[xi] and, furthermore, would be using some of the latest management approaches offering thus an ideal, albeit highly complex, playground for social sciences research.

3.3.1.2 Access to and Relationship with the Field

In Switzerland, female top executives in multinational companies are a numerically negligible category (less than 2%). This researcher was one of them and was therefore subjected to regular media coverage and invited to many major business events in the country. Furthermore, from March 1997 until August 1999, the researcher occupied an exposed leadership position as the CEO of the Swiss National Exhibition[xii], a highly mediated event of considerable political, cultural and economic relevance to Switzerland. This position gave the researcher easy access to all key decision makers, many of whom became good acquaintances and some even friends. The researcher's role vis-à-vis the field varied from a business partner discussing form and extent of the respective company's participation in the Swiss National Exhibition, to a marginal native in companies where concrete projects were being developed over a period of time. The researcher usually had a clear purpose of visit (the content and scope of the company's participation in Expo.01), which had nothing to do with the present research project, yet which necessitated a very open discussion about the subjects of this research, namely:

- a discussion of the respective company's mission and culture (many were in post-merger phases and did, in fact, not have a unified company culture. Many were hoping that a strong exhibition project could accelerate the merger integration process)
- a discussion on how the company is perceived by the outside world, how it wants to be perceived and how to close the perception gap

53. Van Maanen (1988), p. 93

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– a discussion on how the company is perceived by its employees, how it wants to be perceived and how to close the perception gap
– the long-term message the company wishes to pass to the Swiss people, to its own collaborators, to other stakeholders, through this unique exhibition platform.

This idiosyncratic starting position legitimised the researcher to ask any questions relevant to this study, to be accepted in the field and to receive prodigiously frank replies.

Action research was not the goal of this mission and the researcher had tried to keep her influence upon the conversations to a minimum. However, it was a fact that the common mission between the researcher and the respondents (the company's representation in a major national event) and the questions asked in this context, sometimes motivated the executives to reflect upon their corporate situation, their work and – more often than not – themselves.

3.3.1.3 Evidence Collection and Analysis

At first, the researcher did little more than continuing to write her fairly unstructured "CEO Diary", a habit which she had had for some year. It had begun as a frivolous celebration of informal, profane, ludicrous and pseudo-heroic stories management colleagues privately and semi-publicly tell of their management adventures. There was a desire to document corridor talk in order to question and perhaps deflate the occasional ponderous claim of tactics and methods put forward by the practitioners and propagandists of leadership. These notes would, so the researcher imagined, help her to get a better understanding of her work environment and that of her business colleagues and partners, and would enable her to derive from this some hopefully useful learning for her own business action. However, the intent, at first, was more amusement than instruction. Along the way, things got more serious. After some months' of taking brief notes about every conversation held and reflecting upon these, comparing the situations of the companies visited more from an entrepreneurial than from a researcher's point of view, the idea to collect and analyse the data thus obtained in a more structured way, was born. The researcher had the unique opportunity to be able to visit 100+ of Switzerland's leading companies' chief executive officers and other leading executives and speak to them about their work, and she was not going to waste it.

But if this work were to have some value as a written representation of culture, the researcher would have to become acquainted with and gain a certain confidence in the theory and practice of ethnographic method, which she proceeded to do. Ethnography carries intellectual and moral responsibilities. The researcher's images of others laid down in writing are not neutral. Such writings can and do inform human conduct and judgement in many different ways by pointing to choices and constraints situated at the very core of social life. It was therefore important to organise such writing within the narrative conventions of ethnography so that this cultural portraiture would become identifiable, appreciable, comparable and perhaps improvable.

From then on, questions and participatory observations were systematised. Notes on the language, concepts, rites, rules, beliefs, power relations, kinship patterns, networks and, simply, ways of life of the target group and of situations and events as experienced were taken more precisely. During daily train rides personal notes and the internal and

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external management and company documentation, which the researcher had uninhibited access to, were read and reread. Although the interviews, coffee break chats, lunches and meetings attended formally concerned Expo.01 and were not declared as research interviews – or perhaps for that reason – the researcher regularly obtained deep insight in the CEOs managerial situations, patterns of thoughts and reflections: the executives shared emotions, doubts and finesses which are not usually accessed in regular management contacts. The researcher gained, in Van Maanen's words: "…relatively rapid access to culturally sacred matters."[54] In all, the researcher had several thousand executive contacts.

The interpretation of the minutes was done by registering recurring core words, phrases and themes, and by grouping similarities and dissimilarities. The objective was to get structural depth of data, primarily to obtain a better understanding of the research question and possibly to detect some beginnings of patterns and logic. The analysis was an iterative, reflexive and creative process, which was in no way sequential, but was on the contrary characterised by a constant to and fro between collection, interpretation, literature review and analysis.

Theory and scientific literature was regularly consulted with the purpose to reflect on the events observed in the field. Theory should help the researcher to interpret social phenomena in such a way as to render visible the contingence of its construction of reality[55] and thereby be an "interpretation enabler" that helps shape options of action.

3.3.1.4 Role and Editing Form

In recent years, social scientists have begun to critically reflect on the editing of writing and the reception by the reader[56]. In much the same way, the editing of this ethnographic text mirrors the theoretical and practical understanding of the author and influences the interpretation by the reader. This ethnographic field experience was furthermore not simply "written down", but was transformed into a suitable writing style for this relational-constructivist approach. The traditional, matter-of-fact genre of narration, which Van Maanen calls the "realist approach"[57] seemed inappropriate to portray the richness of the observations made. For this, it was necessary to seek the point of view of the field researcher: visualisation of the internal and external perception, relationship to the field, key experiences and also to a certain extent the evolution of her point of view. On the other hand, the "confessional tale"[58] by which the perception of the researcher is dominantly made transparent, seemed just as inappropriate, since the duration of interaction with each respondent was intimate but short. The "impressionist tale", which lies between the traditional realistic genre, which is simply descriptive, and the strongly personalised "confessional" genre, was chosen. According to Van Maanen, it: "…presents the doing of fieldwork rather than simply the doer or the done… [it] often initiates an analysis of the nature of cultural understanding and the fieldworker's role…. The story itself, the impressionist's tale, is a representational means of cracking open

54. Van Maanen (1988), p. 4
55. Rüegg-Stürm (1999)
56. Van Maanen (1995), p. 7; Atkinson (1990), p. 178; Hubschmid (2002), p. 20
57. Van Maanen (1988), p. 45
58. Van Maanen (1988), p. 74

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the culture and the fieldworker's way of knowing it so that both can be jointly examined. Impressionist writing tries to keep both subject and object in constant view. The epistemological aim is then to braid the knower with the known"[59]. Such results are not meant to replace the actual reporting but are aimed to complement it in a separate chapter. In this dissertation, this narrative is proposed in chapter four, in the shape of seven "tales", each complemented with a theoretical comment, called "moral". In the interaction between the author, the test and the reader, these texts have the function to:

- help the researcher to chisel the research questions more precisely
- represent a potential to stimulate processes of reflection and interpretation[60], in that interpretation is generated in a relational process between the text and the reader, whilst, therefore, many interpretations remain possible[61]
- serve as a triangulation tool[xiii].

3.3.1.5 Retrospection and Validation of Results

The quality of research depends much on the methodology chosen and the rigor with which it is applied. Triangulation by different forms of data collection reduces subjectivity and leads thereby to an increased value of theoretical constructs. Relational constructivism has the modesty to strive less for rigid criteria such as objectivity, validity or reliability but rather for softer criteria such as authenticity, appropriateness, innovation, plausibility and intelligibility. To comply with these criteria, the research process was carefully documented from beginning to end. In the interpretative part – which is most subject to questioning – controversy and contradiction were consequently made visible. Whilst the ethnographic observation, contrary to the subsequent case studies, is not based on formal interviews, but solely on informal conversations and observations of various kinds, key statements by observed actors were transcribed and mirrored back and their feedbacks led to some precisions.

3.3.2 Grounded Theory

3.3.2.1 Case Description

The ten selected cases are discussed in the order in which they were explored. In ***Appendix M***, each case is described in terms of its nature, location, post-merger rationale, post-merger state, objectives, respondents and the fieldwork conducted. Since the case study work consists primarily of a series of context-related, semi-structured, in-depth interviews, the interview respondents are also described with regard to their position, corporate track record, educational profile, M&A experience, age and gender in ***Appendix N***. Some organisations and respondents agreed to the findings being published under their name, but most preferred not. For confidentiality reasons, neither the identities of the executives interviewed nor the names of the organisations are revealed.

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59. Van Maanen (1988), p. 102
60. Rüegg-Stürm (1999), p. 200
61. Van Maanen (1988), p. 41

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3.3.2.2 Interview Handling

In the field, 40 open-ended, semi-structured formal one-on-one interviews were conducted as 'conversations with purpose[62]' or 'situated narratives[63]' with the CEOs and executives of the ten case companies, using an informal list of questions derived from the preceding ethnographic loop as guideline. The interview guideline is presented in ***Appendix O***. Informants' consent was sought with a consent form presented in ***Appendix P***. Respondents were interviewed twice, with a time lag between each interview of between 6 and 18 months. Furthermore, many were engaged in regular informal conversations by the author throughout the evidence collection period, so that "...ideas and themes that emerge[d] in early interviews [could] be pursued in greater detail. [64]" The researcher was permitted to attend a substantial number of management meetings and explore sites. A list of the fieldwork in terms of type and number of meetings and/or site visits attended is provided in ***Appendix Q***. The researcher took field notes on observations, spending between two and ten full working days in each company. In addition, strategic and leadership documents to the tune of 50-600 pages per case company, which were received from respondents, were analysed. Company websites were also visited and their transformations in form, style, tone, etc. were regularly studied during the entire post-merger phase. This helped to contextualise and refine observations developed from the participant observations and interviews[65], especially on communication, leadership style and corporate culture. Interesting evidence was also gained from "hang[ing] around" and "soak[ing] up relevant data"[66] during coffee breaks and corridor encounters, creating opportunities for "informal interviews". All interviews were handnoted, taped and transcribed, totalling about 500'000 words of transcripts. During the complete formal research phase a research journal was kept, collecting findings considered relevant or potentially relevant to the research process.

3.3.2.3 Pilot Study

A pilot study serves as final preparation for data collection[67]. Although the research was quite well prepared through the preceding ethnographic phase, the researcher chose to define the first case study as the pilot. This first case required a less structured and more intense relationship between interviewee and researcher. It was therefore selected according to the criteria of access, convenience and geographical proximity[68]. Between April and July 2001 much time was spent at the chosen company, conducting some extended interviews and participating in management meetings as an observer. Access was granted to all the sources and documentation that the researcher considered useful. At the same time the literature review was pursued. The practical and theoretical focus was broad and included substantive, but also methodological issues. At that time the exact form of data collection was not yet decided upon and the pilot case therefore strongly influenced the research design. It also helped semantically by bringing out the differences in the researcher's theoretical language of executive andragogy and the practical language used within the organisation. A further important insight from the ethnographic

62. Burgess (1984)
63. Silverman (1997)
64. Rubin and Rubin (1995)
65. Hammersley and Atkinson (1995)
66. Mason (1993)
67. Yin (1994)
68. Yin (1994)

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phase, was confirmed here: the richness of data, the high complexity of communication patterns, reflection-in-action etc. encountered in the pilot, guided the researcher to be rigorous in setting clear boundaries in terms of size and focus.

3.4 Grounded Theory Work Process

3.4.1 General Comments

In the grounded theory loop, the evidence analysis was carried out simultaneously with the collection. In fact, the working mode resembled a constant iterative, reflexive and creative process of collection, interpretation, analysis and literature review.

All interviews, field notes and documentary evidence were read twice so as to permit to become "thoroughly familiar with the data before commencing any kind of analysis."[69] This initial familiarity with the text also helped with the line-by-line transcription task of the text, which was performed next. This is presented in ***Appendix R***. The choice of where to break the line in line-by-line coding is by nature subjective. An effort was made to split the speech in such a way as to closely capture the concepts and meanings as they were understood by the researcher to have been expressed by the respondent.

Next, similarities, dissimilarities, recurrent words and subjects as well as exceptional statements were noted and patterns by volume (many participants used the same words) or significance (the theme was regarded as highly significant by participants)[70] were noted and a set of open in vivo codes[71] was thus generated. The primary data was subjected to an inductive search for themes and patterns. During the whole process when interviews came in and were transcribed (approximately 30 months), data was explored for more instances within these themes and patterns, as well as counter examples.

The next step was to reflect on the findings by revisiting the literature to develop a greater understanding of the theoretical significance of these first evidence patterns. In line with Easterby-Smith et al[72], questions that were asked included:

- Do the findings support existing knowledge?
- Do they challenge it?
- Do they answer previously unanswered questions?
- What is different?
- Is it different?

Grounded theory requires that theory be emergent from data, but does consider theory and data as separate. Evidence collection, interpretation, analysis and theory building are regarded as reciprocal and related and the approach proposes explicit procedures to

69. King and Kitchener (1994)
70. Beech (2000)
71. Glaser (1992)
72. Easterby-Smith et al (2002), p. 123

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guide this 'doubling-back-and-forth' process[73]. The analysis is based on overlapping processes of:

- *open coding*: here the evidence was broken open and each data piece (line) is attributed a free node
- *communicative validation*: the line-by-line transcripts with their free nodes attributed were mirrored back to the interviewees and their feedback processed
- *conceptualising*: resembling, recurring ideas were grouped into concepts
- *recoding*: concepts were checked back against the original data. It could happen, for example, that respondents were using certain terms in different ways, which needed probing and in some cases recoding
- *axial coding, linking*: here the concepts were verified, refined, possibly developed; relations and patterns between concepts were sought. Concepts were abstracted into categories
- *categorising*: all possible category variations were detected and categories were organised in dimensional range properties. The process of abstraction was pursued until three core categories were identified and related to all other categories.

Data collection is based on theoretically relevant constructs, leading to validation and theoretical saturation with the goal to ensure that "data collection is controlled by emerging theory."[74] Memoing[xiv], modelling and diagramming are incorporated much as other procedures used to identify interaction.

Strauss[75] recommends to define the work process as "...thinking, going to the field, observing, interviewing, note taking, analyzing" and proposes eight salient features of grounded theorising, which were this researcher's guideline:

- *Generative questions*: through reflection about the evidence in conjunction with the data from the ethnographic observation, generative questions were raised, which were essential to distinguishing and comparing possible hypotheses and their relationships. These questions also led the researcher back into her literature review.
- *Conceptually dense theory*: provisional linkages were made between the concepts that were uncovered and made visible, so as to arrive at conceptually dense theory.
- *Verifying theory*: the provisional linkages were permanently crosschecked and re-examined in the form of an iterative verification. Whilst provisional theories were derived regarding modes of executive learning and coping, their mechanisms and influencing factors, these were critically examined throughout the whole research process.
- *Relevance of the coding*: distinctions, dimensions and linkages elaborated were tightly knitted with the analysis and collection of new evidence.
- *Integrating dimensions, distinctions and categories*: an elaborated process of linking of categories and dimensions and the successive linkage to the core category was performed.

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73. Strauss (1987)
74. Strauss (1987), p. 39
75. Strauss (1987), p. 17

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- *Memoing*: theoretical and practical ideas were regularly noted and coded so as to achieve scope and conceptual density.
- *Interdependence of data collection, coding and memoing*: by caring to prevent speculation, a 'triad of analytic operation'[76] characterises this research work whereby collection, interpretation, analysis, review literature and theoretical work were intertwined.
- *Further integration during write up*: as some data gaps in the collection and coding phases appeared, which needed some further explanation, the final writing phase necessitated such data integration, which was performed by conducting additional interviews during the write up phase.

3.4.2 Coding Paradigm

It is largely documented that in grounded theory "...the excellence of research rests in large part on the excellence of the coding"[77]. Coding aims to raise generative questions and give provisional hypotheses about categories and their interrelation.

3.4.2.1 Open Coding

Open coding fractures data – events, actions, objects and interactions – into discrete parts, which can be examined and compared, allowing for creation of and differentiation among categories. Observations were selected and labelled, interview data was fractured in isolated incidences, actions and events were given names (codes), which either describe the meaning they evoke when examined or come, verbatim, from the respondents' answers ("in vivo" coding). Line-by-line[78], the interviews were coded and similar objects or incidences that share characteristics with each other were labelled the same. Large amounts of data were thus compressed and rendered more manageable. The initial coding yielded over 400 codes, which were compressed to approximately 150. The codebook is presented in ***Appendix S***.

3.4.2.2 Axial Coding

The purpose of axial coding constituted in reassembling data, which was fractured during open coding. Concepts were identified and related by means of their dimensions and properties so as to detect explanations about phenomena. Concept emergence is described in Chapter 5. The concepts, and their properties and dimensions that emerged during axial coding, are:

- The executive self
- Cultural identity
- Performance
- Search for truth
- Search for knowledge
- Search for bonding
- Context.

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76. Strauss (1987), p. 18
77. Strauss (1987), p. 27
78. Charmaz (2000)

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3.4.2.3 Selective Coding

Next the concepts were abstracted into higher order categories, enabling the researcher to reduce variation and accessing the potential to explain and predict. An example of the category definition process is given in Chapter 5. During the "...process of integrating and refining the theory derived,"[79] concepts were systematically compressed to form categories. For each identified category, specific properties and dimensions were determined, so as to differentiate the categories. Relationships were sought and a larger model emerged constituting the form of a theory. This compression was iterative and resulted in the detection of categories, and finally of three core categories:

- The Cartel Executive Learner
- The Aesthetic Executive Learner
- The Videogame Executive Learner.

These core categories represent the main theme of the dissertation. Emerging from these categories, a novel theoretical category was constructed, based on the abstracted findings from both research loops. Once the theoretical model had been developed, this was refined by critically reviewing the process and its results for internal consistency and by identifying and correcting logical gaps.

3.4.3 Integrating Theory in the Data Analysis

The literature review was iterative in the research process. The researcher began with a body of literature of approximately 450 references at the onset. This body grew to well over 2500 references at the time of writing. Technology is suggested[80] to help deal with such myriads of references and prevent a too static approach. After consulting a number of proposed software packages, the researcher decided to design a simple Excel sheet, called the literature matrix and work with the following analytical categories:

- Author(s)
- Year
- Research Focus
- Methodology
- Key Findings
- Limitations
- Future Directions
- Reference.

By this simple means it was possible to balance between having a useful pool of summaries from the literature to serve the researcher as a memory stimulator when particular phenomena, concepts, categories or hypotheses needed verification, while still having sufficient data compression to be able to handle the considerable database. A sample page of the literature matrix is presented in ***Appendix T***.

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79. Strauss and Corbin (1990), p. 143
80. Hansen and Lavery (2004)

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3.5 Evaluation Criteria and Limitations

> *You see, wire telegraph is a kind of very, very long cat. You pull his tail in New York and his head is meowing in Los Angeles. Do you understand this? And radio operates exactly the same way: you send signals here; they receive them there. The only difference is that there is no cat.*
> Albert Einstein, 1933

3.5.1 Evaluation Criteria

Scholars of qualitative research agree that the control standards and parameters that are applied in quantitative research are not useful for the assessment of the trustworthiness of qualitative research.[81] For grounded theory studies it is suggested to use *evaluation criteria* that take into account the complexity of the social phenomena studied. Since the purpose of this methodology is to: "...specify the conditions that give rise to specific sets of action/interaction pertaining to a phenomenon and the resulting consequences",[82] any concept emerging from such specification can only be generalisable to those specific situations. One recurrent problem with grounded theory is that it is often not pertinently reported[83].

For this study, evaluation criteria were developed with a dual purpose of:

- serving the researcher as a guideline for the research process
- guiding the reader in his or her judgement about the empirical base and the processual rigor of the research findings.

The basic evaluation criteria that guided this research are presented in ***Appendix U***.

3.5.2 Limitations

For reasons discussed, qualitative studies cannot and do not seek to comply with classical standards of reliability and validity, owing to their strong relation to context. In the above discussion of the research process and choices made within it, some reflections on applied criteria and limitations are made. In addition, the following issues are discussed here:

- Subjectivity
- Data abundance
- Intersubjectivity
- Hypotheses verification
- Arbitrary evidence handling
- Provisionality.

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81. Guba (1981); Kirk and Miller (1986); Silverman (1997); Goulding (2002)
82. Strauss and Corbin (1990)
83. Becker (1993)

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3.5.2.1 Subjectivity

Some degree of subjective bias is inevitable in research. Epistemology, research design and data sample are all informed by some personal assumptions. In addition to regular member checking of the abstraction and interpretation process, to further reduce bias and/or to allow the reader to understand the researcher's experiential baggage and precognition that informed her choices and judge the research work from this perspective, the above choices were discussed in depth and the entire research process was documented and made transparent, step-by-step.

3.5.2.2 Data Abundance

The iterative to and fro between data and theory inevitably led to large amounts of data, which become difficult to handle. There is always another and another body of theory, which may touch upon an empirical finding and which may be worthwhile looking into. In an attempt to find a balance between "too much" and "too little", and, above all, to complete this research at some point in time, some theoretical boundaries are set.

3.5.2.3 Intersubjectivity

Conversations, be they free flowing or partly structured and normed as in interviews, are by definition intersubjective. In constructing their statements, participants normally address themselves to preceding talk. In this sense, their talk is context-shaped. There is:

- *responsiveness to context* by producing a "next" action (statement, gesture) that a prior action (question) has projected[84]
- *creation of context* by the production of that "next action"[85]
- s*howing of mutual understanding*, created through a sequential "architecture of Intersubjectivity"[86].

This Intersubjectivity is inherent to the chosen qualitative research methodology. Whilst the question of interview bias is regarded as crucial in quantitative research, the issue with in-depth interviews is slightly different. Since such interviews derive from a constructionist perspective, there is not one objective view to be discovered. Probing, checking and questioning and the fact that there is confusion on, for example, what leadership is or how executives construct particular situations, is the essence of the research. In this study, interviewer bias was monitored to a certain extent by keeping questions open[87] and making minimal, non-suggestive interventions[xv]. Often, the researcher listened to what a person wanted to say, or not to say, "without helping"[88] (silent probe). In such situations, non-verbal data, such as loss of eye contact, paper shuffling or hand wringing, became important. From time to time, when patterns and/or uncertainties arose from the interview, the researcher checked her understanding by summarising what had been said. This was a means of safeguarding against assuming

84. Sacks (1992)
85. Schegloff (1992)
86. Schegloff (1992); Heritage (1984)
87. Easterby-Smith et al (2002), p. 93
88. Mayo (1945)

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too quickly that understanding had been achieved and was always presented to the respondent as such.[89]

Nevertheless, besides the risk of bias there is also enormous richness in Intersubjectivity. The inevitable sharing of meaning between communities or individuals that any conversation represents is a form of inquiry. It is the very purpose of the interview to exploit the potential to uncover meanings and intentions that might otherwise remain implicit or go unrecognised by the respondents themselves[90]. In this hermeneutic sense, interpreters such as the researcher may end up with an explicit awareness of meanings and hypotheses that the respondents themselves may have been unable to articulate, and by feeding this awareness back to the respondent, allow both to access more tacit knowledge. As Gadamer claims, the: "...movement of understanding is constantly from the whole to the part and back to the whole"[91]. It was not uncommon in this study, to the surprise of the researcher, that the interview respondents claimed to have gained new awareness of meanings on their own statements through the interview, stating that they had never before thought a particular phenomenon through and that the interview had helped them to gain insight in their own behaviour and helped them advance in their personal development.

3.5.2.4 Hypotheses Verification

The comparison of similarities and discrepancies among respondents generates categories and relations among them. Such hypotheses cannot be tested in the positivist sense. Though they are verified again and again in the course of research, they keep their status as suggested relations among categories and properties and, at any moment in the process, new hypotheses emerge. Furthermore, problems have many facets and solutions to problems many be pluralistic. Commonality in hypotheses is also derived from scrutiny by colleagues and by the respondents themselves, who are asked if explanations offered appropriately reflect their experiences (member checking and auditing).

3.5.2.5 Arbitrary Evidence Handling

The personal experiential baggage of the researcher is a major influencing factor in the research phases of data collection coding and analysis. This bears a risk of arbitrary evidence handling. This is monitored, albeit not eliminated, by respondent and member checking and by thorough record keeping of the research procedures and comprehensive documentation thereof.

3.5.2.6 Provisionality

In summary, this grounded theory exploration of social phenomena is complex and the inherent potential for bias and arbitrariness is manifest. This is the price to pay for an adventurous, open and creative explorative journey into the relatively confined academic no man's land of top executive behaviour in the uncertain and complex context of post-merger organisations.

89. Easterby-Smith et al (2002), p. 89
90. Heidegger (1927), p. 96
91. Gadamer (1989), p. 291

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However, a substantial and honest effort has been made to minimise bias, namely by:

- opting for a longitudinal two-loop approach over more than four years
- performing a large and comprehensive multi-disciplinary literature review
- working with a relatively large sample of varied case studies
- applying specific criteria for the evaluation of qualitative research work.

Furthermore, much attention has been given to processual rigor and documentation, with the aim to satisfy the canons for assessing grounded theory work, namely logical consistency, clarity, parsimony, density, scope and integration.[92]

Finally, the integrated theory proposed in this dissertation is an interpretation of certain social phenomena made in a given time period and from a given perspective. Consequently, it is no more – nor less – than the "enacted truth" on that given subject from that given perspective at that given moment. It must be seen as provisional and subject to future elaboration[93].

Endnotes to Chapter 3

i Some scholars distinguish between constructionism and constructivism. The terminology is however far from consistent (cf. Crotty (1998) and Ryle (1949) for a discussion on the misapplication of epistemological terms). Gergen (1994) and Burr (1995) speak of social constructionists and psychological constructivists. Crotty (1998, p. 58) proposes that constructivism be used for epistemological considerations focusing on the: "…meaning-making activity of the individual mind", and constructionism be used where the focus includes the "…collective generation (and transmission) of meaning". In coherence with this, the terms 'constructionist' and 'constructionism' as well as 'relational constructionism' are used in this study to accentuate the focus on the social phenomenon of executive learning in transitional organisations.

ii Gergen (1995) speaks in this context of 'presumption of human relatedness'.

iii Boos and Heitger (1996) formulate this as follows: "What is real is already a decision".

iv cf. e.g. von Foerster (1995), Heylighen and Joslyn (2001) and Zimmer (2001): Cybernetics is the discipline that studies the abstract principles of organisation in complex systems. Cybernetic reasoning is inherently transdisciplinary and can be applied to understand, model and design systems of any kind: physical, technical, biological, ecological, social, psychological or any combination thereof. Whilst cybernetics is interested in the similarities between living systems and machines, Second-order cybernetics emphasises autonomy, self-organisation and cognition and especially the role of the observer in modelling a system. The observer, inseparable from the system, is also a cybernetic system trying to construct a model of another cybernetic system. To understand this process, a 'cybernetics of cybernetics' was needed: second-order cybernetics.

v cf. e.g. the large body of work by the Chilean biologists Maturana and Varela (1980), usually referred to collectively as 'autopoietic theory'. At the heart of their work lies the description of a process called 'autopoiesis', which is concerned with the dynamics of living

92. Glaser and Strauss (1967), p. 4
93. Goulding (2002), p. 43

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systems. Rather than enumerating features of living systems in order to define 'life', Maturana wanted to capture the invariant feature of living systems around which natural selection operates. His goal was to retain the autonomy of living systems as a central feature, without recourse to referential concepts such as 'function' or 'purpose'. Since this body of knowledge contains significant new perspectives on such concepts as behaviour and observation, it is easy to understand why this theory appealed to many other academic disciplines.

vi The 'emic' and 'etic' concepts were borrowed by anthropologists (Pike, 1954) from the linguistics terms 'phonemic' (a transcription which reflects the perception of the speakers of the language) and 'phonetic' (a transcript which describes a sound in technical and linguistic terms, which the speaker of that language is not aware of). The emic-etic framework roughly stands for 'local vs. academic knowledge'. It provides a useful tool for scholars to obtain accurate descriptions of respondents' knowledge and compare them with academic concepts on the same topic.

vii Case study research does not suggest a minimum number of cases (Tellis, 1997). A single or multiple-case design can be chosen since generalisation is made to theory and not to populations (Yin, 1993). Multiple cases were chosen here to strengthen the results by replication of patterns and, on the contrary, avoiding generalisations that may be confined to a particular industry or organisational type, thus increasing confidence in the data. A sample of ten cases (i. e. 40 interviews) was judged sufficient to include a large variety of different industries and several samples of executives from both Switzerland and Germany, and yet remain manageable in the limitations of this research.

viii The term CEO does not necessarily define the head of the entire multinational organisation. Some multinational organisations have a group CEO and a number of regional CEOs. In this sense, some respondents were CEOs of their entire organisation, some were CEOs of a region (eg. Germany, Switzerland, Benelux and Austria). In four cases the respondents had other job titles, namely 'Chairman', 'General Manager' , 'Minister' and 'COO (Chief Operative Officer)', but their responsibility corresponded to the role and function of a CEO.

ix The time span was determined as follows: in order to have a longitudinal viewpoint, the researcher estimated that a minimum of 6 months would need to have passed between two interviews, during which both the respondent and his or her context could be expected to have undergone some change. Originally, a maximum time span of twelve months was planned, but this proved to be unrealistic both for reasons of the researcher's work load and because, whilst access to the field presented no particular problem, finding an interview date with the CEOs was often more difficult.

x e.g. UBS and SBC had merged to become UBS, Ciba-Geigy and Sandoz had merged to become Novartis, Daimler and Chrysler became DaimlerChrysler, Swissair had acquired Sabena, etc.

xi Pettigrew (1990) recommends examining extreme situations, critical events and social drama for best results.

xii The Swiss National Exhibition is a socio-politico-cultural-economic event with a tradition dating back to the 19th century. These events, in size and content best compared to world exhibitions, take place approximately every 25 years and are moments of collective reflection for the Swiss people about their nation and its position in the world. See also the tales in Chapter 4 (sections 4.1-4.7). The events are considered compulsory dates in every Swiss person's biography. To have lead this highly media-covered and politically sensitive project in its planning phase, gave the researcher a very high visibility in the country, so much so that in the summer of 1999 her name yielded over 300'000 mentions in internet

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search machines. All this permitted her to build up an extensive peer network in the Swiss business environment.

xiii 'Triangulation' is a term borrowed from trigonometry, by which research methodologists describe the application and combination of several research methodologies in the study of the same phenomenon. It can be employed in both quantitative (validation) and – as here – qualitative studies (inquiry), where it is a method-appropriate strategy of founding the credibility of qualitative analyses and an alternative to traditional criteria like reliability and validity (Easterby-Smith, 2002, p. 147).

xiv 'memoing', or 'memoizing' as it is called in some literature is the process of jotting down notes and ideas as one goes along, which don't exactly fit yet, but which could at one stage help to conceptualise categories. This process is argued to capture: "…these fresh theoretical musings and give[s] us analytical space to reflect and to work out these ideas" (Locke, 2001, p. 51).

xv To avoid bias, probing was reactive and not leading (Easterby-Smith et al 2002, p. 93). For example, there were no suggestive probes, such as: " Would you then say that the merger was successful?" Rather the researcher would ask: "Can you explain this in more detail?", Can you expand on this?" or "How do you mean?". The most commonly applied probes were those of repeating the initial question (basic probe), of asking for explanations ("what did you mean by that?" – explanatory probe) and of waiting it out (silent probe).

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4 Loop One: Seven Tales of Seven Heroes

Ainsi l'auteur imprévoyant s'arrête un instant, reprend son souffle, et se demande avec inquiétude où va le mener le récit.[i]
André Gide in *Les Faux-Monnayeurs,* 1926

According to Van Maanen, ethnographic tales: "…present the doing of the fieldwork, rather than simply the doer or the done" and they are to be a "…representational means of cracking open the culture and the fieldworker's way of knowing it, so that both can be jointly examined.[1]"

Whatever recitals this researcher makes here, she is aware of the bafflingness among the 'truth' theories of coherence, correspondence and pragmatism. This chapter is written from the stance that the only truth: "is 'socially consistent sensation' among competent judges of 'sound mind' and that insistence on a social fact may subtly alter the fact.[2]" Whatever dogmas this researcher may therefore unmask or 'truths' she may support, she is aware that she may inadvertedly dogmatise again herself. To be ultimately objective would require a distractingly subjective preoccupation, which in turn could interfere with the research. In describing her realities and in discussing them, this researcher commits to undertaking to work in such a way as to limit the polemic vein inherent in preferences.

This chapter is outlined in seven tales, each one concerned with a specific period (of some years) in the life cycle of a particular industry and with one or several key protagonists, companies and their decision makers, within this industry. A number of encounters, both formal and casual, and many observations are sometimes closely described, sometimes sketched out, from different angles and distances and at different moments with the aim to bring some exposure to a same situation that the protagonists are all struggling with, namely a transitional organisational context, usually a post-merger situation. Attention is paid to why and how these actors struggle, how they manage, lead, fight, tell stories, joke, network, cope with their work and their lives; how they learn and apply their considerations to their work.

The tales, despite their sometimes temporarily unfortunate karma, are not tragedies, but rather they are intended to be understood as epic plays. Rather than one narrator on one stage, they are an observation of myriads of simultaneous theatrical performances, collectively negotiated by such stakeholders as analysts, shareholders, journalists, unionists and executives from the various merging companies, narrating while exposed to an unstable knot garden of more or less networked stages. An epic viewpoint, as op-

1. Van Maanen (1988), p. 120
2. Dalton (1964), p. 58

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posed to tragedy, helps grasp a wider cast of characters, interlace more incidents and suggest broader change to general systems such as capitalism and democracy[3]. The stages of dramatic action, such as the uprising, the crisis, the falling and the denouement, which we naturally expect in narration, do not settle into emplotment here. Whereas tragic narration "constrains meltdown inquiry, (...) epic expands it.[4]" The tragic narration of corporate crisis "absolves us of culpability and responsibility, as the tragic hero becomes our scapegoat." Although some of the leading protagonists do occasionally get portrayed in this scapegoat role, there is no intent of this perception being a final denouement or even a personal moral message. It would be simplistic and shedding a romantic veil over the "integrated spectacle[ii]" to tie things up so easily, by providing a popular rise-and-fall-plot and purge spectators' flaws. Although the tales have a beginning and an end, there are no final chapters to their story. They are snapshots; constructed realities suspended in a post- and antenarrative maze and they can and will rekindle anytime.

Initially, each tale was to be followed by its moral in which the literature would be revisited in an attempt to come to some understanding of the most salient observed phenomena, by confronting them with each other, with similar phenomena observed in other circumstances and with existing theory. The term 'moral' for this sense-seeking confrontation between practice and theory was at first a playful choice. A tale – and that is what an ethnographic account is called since Van Maanen – must have a moral. As the work progressed and the observations got written down, the term moral has received support in the sense of Watson's definition of management[5], namely that management is: "...essentially and inherently a social and moral activity; (...) It requires the ability to interpret the thoughts and wants of others – be these employees, customers, competitors of whatever – and the facility to shape meanings, values and human commitments". In this sense, the term 'moral' is now cognisantly applied with this holistic meaning in mind. The moral seeks not to propose standards as to how one is to behave in a particular situation, but to be evocative of the fact that all managerial action involves moral sense making and the shaping of meaning and values. As the work progressed it also became evident that the same or similar phenomena appeared in a number of tales if not all of them. This motivated the researcher to change the structure of the chapter and replace the idea of the tale-related moral with a general, overall moral that summarises and discusses all the seven tales. This regrouping of the academic discussion facilitates reading, avoids repetition and permits a comparison of phenomena and concepts not only within but also across the seven tales.

3. Gephart (1992), p. 119
4. Boje and Rosile (2003)
5. Watson (1994)

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4.1 Understanding Icarus

Greed – for lack of a better word – is good. Greed is right. Greed works.
Gordon Gekko in Oliver Stone's film *Wall Street,* 1987

4.1.1 The Tale

This is a story about a turbulent moment in the Swiss Banking Industry. It happened in late 1998, during my[iii] fundraising times for the Swiss National Exhibition (Expo). I had many contacts every day with leaders from multinational companies in Switzerland to discuss with them their contribution to and their presence at this legendary once-per-generation event. This was a strongly mediated and emotional time for the country and a passionate time for me. So many things happened, some of which I understood and many I did not, and to cope with this I decided to regularly take personal notes. In the field, I was mainly working with Simon Spur[iv], my head of fundraising, whose job it was to have initial negotiations with the companies to prepare the grounds for my decision-making meetings with them. At the moment we were negotiating the presence of the three major Swiss banks at the exhibition. While all could, and preferably should, have a presence at the event, only one company per industry one could be among the twelve main event sponsors.

The past days were marked with frantic attempts by two of the banks to become main sponsors. Senior executives, even the big bosses themselves took to the phone and tried to contact me to get into pole position for this role, which they seemed to consider highly prestigious. The Expo, which was to be to a large extent privately financed, had a sponsor selection strategy which was obviously based on the magnitude of the financial commitment the companies were prepared to make, but also on the degree of creativity and audacity they were ready to engage in. While it was obviously a spectacular profiling platform for companies, this national event was commissioned by the Government to be not a trade fair in the classic sense, but imperatively a representation of the power of imagination and innovation of our country. While logos and affiliations were modestly permitted, the main company representation should be that of a strong and bold idea of societal value and relevance, and not of company products. On the one hand, the companies had a unique branding opportunity: they could moor their brand with a great idea in the hearts and minds of a whole generation. On the other hand they had to *have an idea of who they really were and how they would like to be perceived and remembered* by the 10 million visitors from Switzerland and abroad that were expected to attend the event during its duration of approximately 6 months. Money alone would not do the trick. Needless to say, that the powerful Swiss banks were not used to being confronted with a partner who asked them to invest sums of up to 30 million Euros per company and partly dictate the way it should be done…

Obviously, these ambitious requirements overtaxed us all at more than one moment, which is what made it so exciting. We were on virgin soil, forced by the concept of Expo to negotiate outside the trampled paths of the classic power relations in society. All this was often happening under the running cameras of all the Swiss TV stations and in com-

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munication with over 1200 journalists accredited for the event, most of them incredulous before the slowly appearing subversiveness of our approach.

The media were putting great pressure on Expo at that time. They considered the Expo business model as impracticable. The Government, which had barely contributed 15% of the total project cost wanted to dictate the overall philosophy of the exhibits, and impose some rules such as the interdiction of the use of logos on site, so as to prevent the event from becoming 'too commercial'. The private industry was expected to contribute the rest, approximately 1 billion Euros, but was by and large not free to decide how this money should be spent. This was indeed a great challenge, in the eyes of many a 'mission impossible'. At the time that the above tale happened, the media followed us daily to see how our talks with the industry went. The discussions with the banks were among the first and their outcome was considered decisive for the project as a whole. It they were positive, the business model could be given the benefit of the doubt. For us, the Expo management, it was important to close some big deals soon, but without lowering our qualitative exigencies.

Anyway, on that Monday afternoon, we were on the way to the Paradeplatz, the sanctuary of Swiss (and to some extent global) money in the midst of Zurich, and headquarter of most notable Swiss financial institutions. We were to meet Lew Grant, the big boss himself at 4 p.m. sharp. It was raining and we were exhausted by the 16-hour days we had been beating down for many months, but excited at the prospects of this meeting. So far, all went according to the current cliché: Zurich's shopping and banking mile, the Bahnhofstrasse and its central square Paradeplatz were spotless, the buildings were intimidating, the bank's reception hall was of a cool elegance, the receptionist impeccable. We announced ourselves, shook off the water from our suits, pulled our ties and foulards in place and were led up to the highly secured upper floors. A charming butler led us along heavily carpeted corridors clad with impressive contemporary artwork into an elegant, discretely soundproof meeting room. It was totally quiet and I could feel my heartbeat in my throat. Simon was putting his documents in order and we joked around a bit, to get the tension down, knowing that we would have to be perfectly concentrated in a few minutes because we were playing for no less than the destiny of Expo. How far could we go? In came Tony Adlat, the bank's sponsoring manager, a senior executive in his early sixties whom Simon knew well, as they had made many sponsoring deals in the past. They had also negotiated Expo in preparation for this meeting. Tony was visibly pleased, but also a little nervous. He welcomed us briefly and began immediately: "Simon, Ms. F., I have great news for you: just this morning the board approved an impressive budget to go ahead with Expo. I've got the figures. Our CEO will come down personally in a few minutes to confirm this. He will only have 10 minutes." Simon checked the sheet of paper handed to him. He was radiant. The figures corresponded exactly to the ones proposed to us by their rival bank the same morning. The third of the three large Swiss banks had not manifested itself. More so, to be sure, I had called their CEO that morning to inform him that offers were on the table and that a choice was soon to be made. He was totally undazzled and answered me bluntly: "That's ok, Ms. F., thank you for informing me. Just pick my counterparts' pockets as deeply as you can, we're not playing for now." The choice of a sponsoring partner from the banking industry was therefore between these two banks and it would be, all funds being equal, a qualitative one.

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Just as we began to relax, the door opened wide and in came five freshly shaven gentlemen in dark suits. Their entry somewhat resembled a hospital visit: first came Lew Grant, the CEO, with an outstretched hand for a cordial welcome, followed by a bunch of busy-looking assistants carrying papers and files. After the usual greeting ballet and some remarks on the bleak weather, we sat down. Lew smiled at us: "Well, Ms F, Mr. Spur, we have some great news for you. As you know we are a global leader in the banking business and we have decided to support your event with a considerable sum. We have great sponsoring experience and we can put at your disposal a number of experts to ensure the good running of things." By the media and the business world alike, Lew was considered a new era banking leader, young, with stunning looks; technologically sound, globally astute and communicative. A mover of people and a risk-taker. He had only recently taken over from the generation of lordly cold-war executives. Unlike them, who were often considered as arrogant, manipulative and greedy, he was portrayed by the media and praised by his collaborators as an open, forthright guy. He seemed also highly successful, especially in modern banking products such as derivatives, as the bank's impressive latest figures portrayed. According to the media, his nomination was part of an attempt to give the bank a new, unspoilt face, contrasting as much as possible with his predecessors, who had been highly successful over many decades, but who had handled quite clumsily some incidents in connection with the dormant accounts of mainly Jewish origin from World War II. This issue was much discussed at the time and all Swiss banks and many industrial groups were under pressure to work up this dark chapter in their history. I thanked Lew for his generous offer and reminded him that only one bank could become main sponsor and that we had therefore to make a choice between two great banks, of who would be the better contributor to the audacious and innovative Expo we planned to create. I asked him, why he wanted his bank to be present and what its message would be. "Well, you know, the banking world is in motion, there is a huge concentration process ongoing… we ourselves have made several mergers in recent years, many name changes and some tough times. But we are, clearly, the leader in this industry in Switzerland and one of the leaders worldwide. And… we are a *new* bank now, we have changed a lot, we are innovative and creative, a representative of modern Switzerland. In fact, you and we want the same thing, to show the world a modern and bold Switzerland – and to show the Swiss people a *promise* of a modern and bold Switzerland. And we want to cement our image as leaders with the Swiss people and the foreign visitors, and also with our collaborators." I broached the subject again: "The expo event takes place once every generation and is a quasi compulsory rendezvous for each Swiss person. Its memories are cherished for decades. A perfect long-term message carrier. What bank do you plan to be in 20 years' time? And by what memory would you like your bank to be remembered by, say, a visitor who is 20 years old today?" "We want to be number one worldwide in wealth management and investment banking and one of the five leading banks overall. By what memories… hmmm, good question…our visitors should see us as a leader, a bank they can trust with their money and projects… and, of course, a 'fun' bank, cool, hip and modern. Especially the young visitors… (he pauses and looks around the room at his colleagues), what do you think, guys? Say something, too, express yourselves." His colleagues did not really have a history of being asked their opinion and I wondered if Lew had managed to change this decades-old military style so soon. As nobody speaks, presumably for fear of losing face, he adds: "You know what? That's a really good question and I invite you to attend our forthcoming group management meeting to ask it again. This will give you the chance to present the event in some

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more detail – you know that many of our executives are not so convinced yet that we as a global bank need to make all this effort in Switzerland… they'd rather invest the money in Germany… or the US, or China – and it will give me the chance of hearing my colleagues on who we want to be. We're not doing this enough. Will you come?" We agreed on this and the meeting was closed.

As we were about to leave, Lew pulled me aside and told me sotto voce: "Look, we really need this project, make sure you choose us… there's lot's of things ongoing in the bank, I can't tell all, but it's important that we can do this event together. I also want to hear your ideas on all this. Let's have lunch together, soon and discuss things some more".

Tony, Simon and I decided to have a de-briefing over a drink on how the meeting went. In the nearby bar we met some more bankers from the same bank, who were having their evening beer before going home to watch the champions league soccer game on TV. Three of them joined our table. They had heard about our meeting and one of them asked us what we thought of their new boss. From the discussion it appeared that this new and open leadership style was at the same time pleasing and worrying them. After decades of shutting up, doing your job, following orders and making the occasional smart tactical move when career choices were imminent, they were apparently suddenly asked to voice opinions, contribute to the ensemble and take risks. Simon and I, as outsiders, were informed that there was an 'old' culture and a 'new' culture in the bank, and whilst the CEO was clearly part of the 'new' culture, there were some doubts as to whether the 'old beast' was really dead or not. Moreover, many reorganisations and a number of mergers had led to layoffs. Also, the new generation of banking products on the one hand and the advancement of modern information technology on the other made new and highly exigent demands on people. The guys from sales and trading joked about the US influence on the Swiss culture: "our bank entered into e-banking[6] through the acquisition of a Chicago firm run by a bunch of whiz kids, you know: jeans and sneakers types. They had a fast-paced, cool boss, who soon institutionalised a casual policy, so everybody began to wear jeans, even on the trading floor… but they were soon beaten back down with the usual headquarter policy of no more this, no more that…" "The UK acquisition went completely differently", resumed another: " quite stodgy, no casual Friday[v], but daily e-mails from them, with British spelling and language… even more bureaucratic than the Swiss!", he laughed, looking deeply into his half-empty glass of beer. Silence. "Yeah, but in 'derivatives' it's really crazy, man. Let's face it, these new instruments and models are so fucking complex, and our infrastructure is way outdated…and 'IT Services' can't follow because of the downsizing… Sometimes we don't know what we're really up to and the stakes are huge… and yet we're going all out, you know, 'no prisoners'…" The third guy grinned dryly. "Yep, and we have this very different systems that nobody really understands… but 'no risk no fun', that's the way it goes, they all do it. It's 'in or up', so I prefer 'in' and make some good money while it lasts." "Sure, and lose some big money for the bank, you mean…" Tony said ironically, and, with a nervous side-look to Simon and to me, he got quiet. "What's sure is that the culture is tightening. There's less money around. I mean there's plenty of money for the chieftains; that's for sure. But they're chopping our incentives. This morning all management training has been suspended. I mean in the old culture we were encouraged, or should I say hassled, into personal de-

6. E-banking; I-banking: electronic banking; internet banking.

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velopment activities. And now? The message is 'we're not paying you to learn, we're paying you to do your jobs'. That's almost a 180° message change. When I think that before you were practically obliged to have a military record to have access to the top echelons and now... anything that takes you away from work, is penalised". "It's true, even though Lew is playing the softie, the talk is sure getting tougher. It's all about making the numbers. This has always been a strategists' bank, the old gentlemen are still quite powerful, don't be fooled. But then we did abuse on training, don't you think? Some refocusing can't harm. There were times when I simply didn't have a single guy around to see an important client. I'm sure the messages will be diluted with time, but when you want to change a culture, you have to do it with a bang. And by the way, subtlety has never been our forte. If you want to be empowered, join an IT company. If you want to make big money, join a bank and do what you're told. It's as simple as that and neither Lew nor anybody will change that so quickly." Tony's resume was acquitted with nods. "What I regret much more is that Lew's never around these days. He's not present enough with us. The only time we hear or rather read of him is when he speaks in public", one of the sales managers remarked. Some more casual desk floor small talk followed, before the conversation moved on to the evening's soccer game. Anxiety and disquietude about the bank's situation seemed to reign side by side with a new relaxedness and an internet-type pioneering spirit. Although the internal anecdotes – which were explained to Simon and myself where necessary – were mostly critical, albeit expressed with humour and irony, and sometimes with cynicism, the belief that the bank was roughly moving forward preponderated in the conversations, at least at our table that evening.

Upon our return to the Expo offices, it was time to make the decision on our main banking sponsor. We were interested in having partners with an open mind and the guts to try something genuinely different. Our idea was to have projects that truly raised some societal questions, not in a pedagogic way, but with imagination, audacity and auto-irony. The concept of money and its role in society was of course a perfect subject for such a playful public scrutiny – especially in Switzerland. From this point of view, we estimated that it would be smart to choose the bank that needed us more, that was in some kind of difficulty and that needed to cut a Gordian knot with a bold stroke. This was clearly Lew's bank at that point in time. The decision by the Expo management team in favour of Lew's bank was unanimous. I informed the bank of it and also of our rationales, and first contracts covering one third of the allocated sum were signed soon afterwards.

Soon after I got a phone call from Lew's secretary to fix a date for our luncheon. I was invited up to the directors' restaurant and led into an elegant separate suite, where we had a chance to speak freely. Lew's agenda, as I soon noticed, was not so much the Expo, but rather he wanted to simply speak about the bank and his role within it, and get some feedback. The guy was a perfect antipode to any other CEO I had met in my multitude of such contacts at the time – and especially to his predecessors in the bank. Usually I sit in front of a consummately composed personality whose sole intention is to keep up appearances about how great his company is and in consequence how great he wants it to shine at Expo, and it takes me at least half an hour of subtle surface scratching to possibly get to something resembling a personal opinion or even traces of self-reflexivity. But Lew had truly come to speak frankly, and to listen. He was astonishingly candid, sharing many aspects of the difficult leadership of a complex, multicultural environment, the formidable energies wasted with in-fights, the pressure from financial analysts for un-

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reasonable performance forcing his team to take extraordinary risks, the rabid hunt for shareholder value, the eye-popping salaries offered to lure competitors' bankers into the team to drive growth, his struggle against the traditional arrogance that still reigned in the bank and some regrets at the fact that the bank had lost touch with the population. I shared with him my modest insights gained from the various meetings I had within and around his bank and we agreed to go for an Expo project, which would attempt to address, in a playful and searching way, some of the dichotomies and contradictions, opportunities and dangers that modern global banking entails.

Two months later Lew's bank announced its merger with one of its two main competitors – it was the bank of the CEO who had not been interested in the Expo project – to form one of the largest banking groups in the world. Lew was to be CEO of this new global giant, his colleague Chairman of the Board. The rationale for this merger was plausible in an industry that had been steadily consolidating for two decades and where critical mass was considered essential for global competitiveness. However, why it happened now was not really obvious, but the smokescreen of the usual explanations, such as "global concentration", "synergies" and "economies of scale", was dense and serious questioning remained anecdotal. A general euphoria and applause was marking most media reports. As the two bosses radiantly announced the merger together, their difference in style and personality was stark. Whilst they enacted the merger announcement as a team, the new chairman came across hard-nosed, focused and devoid of any doubts and Lew, with his endearing enthusiasm and eagerness to learn, appeared somewhat fragile. Many comments were made in public and in private, as to the power distribution of this probably not so equal "merger of equals". In our meetings with the bank, people got quieter, more careful. Joking remarks about internal issues in meetings became rare and it was only afterwards, during lunch or the evening beer that they opened up a bit. The Expo collaboration continued pro forma in that regular meetings were held, but de facto it almost came to a halt. This was partly because most of our contact persons had left the bank or had a personal agenda to take care of and estimated it judicious not to make too many decisions at this moment in time, trying to position themselves as best they could in the new bank. Part of our problems to go forward came also from the fact that the new chairman had put the brakes on the project, considering it to be of little relevance to a global bank. A speedy integration process was initiated, which more than one of our contact persons labelled as "butchery", because of the extent of layoffs and the way people were treated. Many key people left the bank and there was much unrest, which was spitefully commented by the media all over the world.

Another two months later, the bank announced losses to the tune of hundreds of millions of dollars in its derivatives group. Lew publicly assumed the responsibility for this loss, explaining it by insufficient risk-management and announced that he would resign from the bank. His chairman took on the double function of chairman and CEO. Rumours were rife and hard facts were scarce. Our contacts in the bank were divided. Many regretted Lew and saw in him a scapegoat in a giant, narcissist power game, some others expressed feelings of betrayal and bitterness: "For all the loyalty we gave him… we did not get it back. I'm not saying he's a crook, he played according to the rules and all… he had been aggressive, but then you have to be. But when it happened, he was weak. Instead of merging to try to cover his tracks, he should have taken the losses on the chin". Tony, who 'had seen them (his bosses) come and go' in his thirty years' with the bank,

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considered it no more than: "an unpleasant, but rather normal episode in the life of a global company. You know, the 'if you can't stand the heat, get out of the kitchen', and ' to make an omelette you need to break some eggs' type of event". Amazed by Tony's total lack of perturbation, Simon whispered in my ear: "now you know why Tony's survived all the mergers and is still a senior executive in the bank..." Albeit a number of articles who had speculated about the losses in the year before, and claimed that these ultimately forced the merger of the two banks, and despite thousands of articles and some books having been written on these events, the story of what actually happened remains tantalisingly out of reach up until this day. One year later, I ran into Tony at an airport lounge. He had survived one more merger and was promoted to the new top management team. "I never had such a good time as now in all my banking career," he told me, pensively: "in fact, I never had such a great boss. For years I had been used to muddling through, being tactical, caballing; making sure I was at the right place at the right time making the right comments to the right bosses and keeping generally out of trouble. What was true was not important; it was more about what the other wanted to hear. We'd been lying to each other, shaping things as they fitted into our vision of who we were: the best, unbeatable and fully in control. In the end we didn't even notice ourselves how big the mess was that we were in. Our vision and reality diverged more and more and our management was nothing but a bunch of yes men, unable to move because we all had common skeletons in our closets. But now we have a boss who wants us to put things on the table, as they are. And then we talk. We air opinions, we are listened to, we openly argue about things. Recently we went up to the mountains for a couple of days – it's something we now do twice a year – and we made a state of the union analysis. It was quite impressive. In the beginning I didn't trust this openness, you know, I've seen too many good guys having to step down because they spoke the truth. But here, it's genuine. Our management team is mainly made up of executives from the new CEO's team – they seem to have an infinite stock of excellent leaders in there – and they grew up together in this spirit, it comes natural to them." "What spirit exactly?" I ask him, intrigued, and he explained: "I guess you could call it 'intellectual probity'. You know, not shaping the facts so as to make them convenient for your personal agenda but simply speaking the truth. And there can be dissension; there even should be dissension... sometimes he digs for dissension, and then we debate on the best way to go forward. Our boss never decides alone, in fact he is never alone. The lonely wolf picture of him in the media is totally wrong! You know how they personalise everything. But with us it's completely different: We're a real team: every meeting our boss goes to, every trip he makes, he always invites a couple of colleagues to go along, different ones every time. He's totally linked with all of us. What can I tell you? With my retirement in sight I've come to know teamwork. We trust and even support each other. I know I sound like a sissy, but it's the truth. I never thought that this kind of teamwork could be found, and found to work at the top of a global bank. And, by the way, in a sense it's tougher than before, because now we're accountable for our deeds, whereas before it was all spoken down and blurred in a smokescreen. And we move so fast, it's incredible. I'm not saying it's not bloody in the trenches, it is. But there is a correctness about it, I don't know how to explain it, you get your chance to go along with the new spirit but if you can't or don't want to, you're ejected. It's as simple as that. I always thought that debate in a management team slows down things, but it's a fallacy. Because when the top team agrees, I mean really agrees – then you can move really fast in implementation. Anyway, this year was my road to Damascus and I'm thrilled. In my old age I'm learning a new way of work-

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ing together, or perhaps an old way, which I had thought to be a relic of a romantic past. That an old cynic like me could make this change even makes me a bit proud. I've become a real turbo again, I like to get up in the morning and rush off to work like a spring filly. I'm giving you an insider tip, if you have some cash lying around, buy some of our bank's stocks: we'll be going far. "

4.1.2 Key Phenomena Observed

A long established Swiss-based global banking group elects a young, handsome and bright CEO. The bank's original culture and leadership style are of a homogenous, male, uncommunicative and army-style hierarchical nature. This style had increasingly been criticised by the media and the public who perceive the bank as arrogant and secretive and demand more transparency. The bank had recently performed a number of important mergers, which are legally completed but organisationally and culturally unfinished. A number of US, British and Swiss subcultures fight and/or ignore each other under the dominant umbrella of the original hierarchical culture. The new CEO has a likeable, eager to learn and highly communicative personality and wants to introduce a new open, risk-taking and people-valuing culture into the group. While the external stakeholders, such as the analysts, the media and the public embrace the choice and salute the more transparent style this new leader is seen to represent, the executives and the employees do not trust it. The learning organisation he is trying to create is not materialising; the difference between what is the current, somewhat oppressive and manipulative culture and the openness he demands of them seems to big to overcome and his managerial discretion is perceived to be insufficient for his managers and staff to follow him. The bank merges again, this time with a major competitor, possibly as a consequence of a record loss in the bank's derivative business, which is not publicly known at the time of the merger but comes to be known shortly afterwards. The CEO has to step down. The new boss swiftly and effectively implements a culture of intellectual probity not unlike the one the fallen CEO had wanted to introduce.

The occurrences in this tale display a number of key post-merger phenomena that are encountered in many post-merger situations, summarised in Table 4-1.

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Table 4-1: Phenomena Observed in the Banking Tale

Phenomenon	**Discussed in**
The repeated lack of consideration of cultural differences and other soft factors in merger planning and management, despite stark evidence of the importance of this fact	Chapter 2: sections 2.1 2.2, 2.3 and 2.4 and, in this chapter, sections 4.8.3, 4.8.5 and 4.8.8
Interculturality, global mindset as executive qualities	Sections 4.8.5 and 4.8.8
Persistence and repetition of counterproductive executive behaviour despite evidence that it does not yield the desired result	Sections 4.8.3, 4.8.6 and 4.8.8
Team work vs. individual leadership, autocracy	Sections 4.8.1 and 4.8.5
Relationship between societal change, organisational change and individual change in the use of discourse and metaphor to shape a new culture	Chapter 2: sections 2.8 and, in this chapter, Sections 4.8.4 and 4.8.8
Trust and distrust in post-merger management	Section 4.8.7
Intellectual probity, ethics	Chapter 2: section 2.2 and 2.7 and, in this chapter, sections 4.8.4, 4.8.6 and 4.8.8
Loss of key talent in post-merger situations	Chapter 2: sections 2.2, 2.3 and 2.4 and, in this chapter, sections 4.8.3, 4.8.4, 4.8.5 and 4.8.7
Rumour management in uncertain environments	Sections 4.8.2 and 4.8.7
Conditions for organisational learning in post-merger situations	Sections 4.8.5, 4.8.7 and 4.8.8
Many of the above phenomena are not new to the academic post-merger discussion, although the literature available stems mainly from the USA. There is an additional phenomenon in this tale related more directly to the subject of this research, which is barely touched upon in the literature and therefore worthwhile examining more closely in the hope to find contributions to the understanding of the role of CEOs in post-merger situations: Managerial discretion in post-merger situations: how much does the CEO really count	This is discussed in detail in section 4.8.1

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4.2 Four Weddings and a Funeral

4.2.1 The Tale

> *To be or not to be; that is the question:*
> *Whether 'tis nobler in the mind to suffer*
> *The slings and arrows of outrageous fortune*
> *Or, to take arms against a sea of troubles*
> *And by opposing, end them?*
> Shakespeare, *Hamlet*, Excerpt of Act III, Scene II

> *Apart from the grave question of who did what, Watergate presents America with the profound puzzle of why. What is it that led such a wide assortment of men, many of them high public officials, possibly including the President himself, either to instigate or to go along with and later try to hide a pattern of behaviour that by now appears not only reprehensible, but stupid?"*
> Editorial of the *Washington Star* and *Daily News*, May 27, 1973

This is a tale about leadership, patriotism, media work, politics, narcissism and autism and how all these factors, intertwined, led to the death of an airline. It began during my assignment with Expo and continued for some two more years during my fieldwork for this study. One Indian summer afternoon in 1998, Simon Spur, my head of sponsoring, came into my office with a cup of coffee in his hand and a contrite smile on his face: "He doesn't want to see us." We had been pretty successful during that summer with the advancement of Expo and had managed to close a number of spectacular deals with prestigious companies, without having to make too many concessions on the cultural side. Media coverage was still mainly positive. Most of the journalists still celebrated our management style as the kind of new generation answer to the incestuous, politico-economically matted governance by few, powerful leaders who sat on each others boards returning each other services rendered; a management style which had made the country successful but was becoming a liability in modern times of globalisation and total communication. However, there were signals that the winds were changing and the media were soon going to give us a harder time. In a national exhibition, everyone is a stakeholder. Every company, party, religious community, sports club or any other interest group – and there were thousands – wanted to be adequately represented at Expo. In the course of these hundreds of negotiations on how to best amalgamate these stakeholders and their messages into a coherent, bold holistic representation of Switzerland, its perspectives and its relationship with the world (rather than a self-righteous bazaar of mediocrity, a tense pedagogic exercise or a patriotic sing along celebration), disgruntled groups and individuals were inevitable. Powerful or marginal, these mortally offended had a reliable arm: the media, who were ravished to give half a front page to some poor, misunderstood minority group who was apparently to be excluded from the event. Moreover, these conflicts were part of Expo's mission as we had understood it: by these debates, the purpose and future of public and private institutions, many of them archaic and some anachronistic, would be openly discussed and their inherent reform efforts reinforced: the army, the national churches, the farmers' subsidies, the four national languages, the banks' role in World War II...

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"Hi, Simon. Who doesn't want to see us?" I asked and pushed a pile of hundreds of project proposals aside for Simon to put down his cup. "Tim Bale, the group CEO of the national airline. He's not much interested in Expo according to my contact. He let us know that he doesn't want to be a main sponsor. Yeah, and for the exhibit, he wants to see something on airplanes... Airplanes are great, he says. Everyone likes them. No need to have a meeting, he's too busy. Anyway." He sighed, well aware that this was a disappointment to us all. Just the day before, in the weekly management meeting, we brainstormed about the airline's potential role in the Expo event. A perfect partner: a highly emotional subject attracting children and adults alike, a global airline industry in the midst of a transformation process from individual companies to strategic alliances, similar to that of societies as a whole, a AAA+ national brand... How well all this could be linked to visualisation of general societal questions such as mobility, the acceleration of life, nostalgia of foreign cultures, racism, national heritage... Airplanes are great. Hmm.

Tim Bale was an introvert, number-crunching yet highly charismatic character; Spartan, ascetical and devoid of any humour. "He's not for you, J., he's not into people; he's totally rational. Facts, figures, full stop," Simon had put it, when we were preparing the case. Indeed, we had met a few times, at the usual panel discussions, to which we were both invited regularly, and in VIP-lounges of sports events. The current never flowed between us. Considering his actual media status as a superhero and the increasing media pressure on Expo it would be unwise to challenge this rebuff. Tim was at the height of his career and had tremendous credibility both in the media and in the business community. He was the whiz kid, uncompromising, unflinching, unbribable. During his business travels it was not infrequent that he would settle for a seat in the economy class, so that his company could sell another first or business class ticket. Of course, that's front-page stuff. In those days, he was showing the world how an airline should be managed. Instead of joining one of these global alliances that were forming so as to save costs and permit turnkey solutions to global passengers, he decided to build... no less than his own. In no time, in a furious shopping spree, Tim spent hundreds of millions of Euro to secure four minority participations in half a dozen highly indebted European small and mid-size airlines, with the goal to integrate them and turn them around into profitability. Aircraft and flight leasing, economies of scale in sales and purchasing, various operational synergies, highly sophisticated IT systems and, above all, the glamour and the legendary efficiency of the mother airline were to do the trick. By becoming part of the prestigious mother airline's group, the acquisitions would benefit, as touched by a magic wand, from the same reputation of top quality and security. This swashbuckling and bold guts-and-glory-strategy, considered untypical for the conservative and meticulous country it was happening in, was observed with amazement by media, investors and clients alike. But since it came from a CEO who appeared focused and totally undoubting, who was seconded by the brightest brains of McKinsey consultants and unanimously approved by a board of directors that united no less than the crème de la crème of the country's politico-economic tissue, the amazement soon turned into wide acclamation and shuddering pride. In one sentence: Tim was the man of the hour and it was not recommended to publicly mess with him.

With the diplomacy and flattery appropriate to such situations we somehow managed to get a strategic meeting set up, not with Tim, but with three CEOs of subsidiaries, his HR director and a newly appointed executive in charge of the integration of the acquired

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airlines. The purpose was to understand the group and its long-term vision – plus 10, plus 20 years – of the industry and of its role within it. From this should then be derived an idea for a project at Expo. The Expo team was composed of some executives from the arts and culture department, of Simon and myself.

Jeff Swift, a mid-fifties airline veteran and designated CEO of one of the acquired airline, opened the meeting: "Ladies and gentlemen, welcome to our company. Let me give you a brief overview of where we come from, where we stand and where we're headed. Since World War II, national carriers have dominated our airline industry. All of us owed our strong positions to the fact that our governments controlled landing rights in our respective home markets." While his colleagues got ostensibly nervous at hearing him begin the meeting at World War II and began fiddling with their mobile phones, laptops and palm pilots, our team was grateful to be given a solid overall picture of what we were supposed to portray at Expo. "This protectionism kept competition low and prices high", Jeff continued, "but now that the industry is taking its first steps toward liberalisation, this mechanism is gradually coming under pressure. For us, the 1992 national vote against joining the European Economic Area was disfavouring and left us with just our tiny home market to exploit. Together with some European competitors we therefore embarked on talks about a far-reaching cooperation. The project, code-named Alcazar, had failed. I much regret this, because it was a good project, but it failed for... let's say political and human reasons." Later, during the coffee break, Jeff explained to me that Tim's predecessors aspired to both the CEO and the chairman's position in the new construct, an unreasonable claim, which moreover was put forward in a negotiation style that did not go down well with the alliance partners and led to the break down of all negotiations. "Anyway... Empty-handed, our group hired McKinsey to outline a new strategy. We had three options: to go it alone, to aim for a larger European alliance or to join up – meaning to merge – with one of the large European players. Well, we're going for option two. It's costly and risky, but the board considers it the best way forward. This is why, as you could follow in the press, we're acquiring just now a number of mid-size European airlines and integrating them swiftly to form a powerful group." Our art director asked the group about their vision for the future and by what they would like to stun the Expo visitors with, so as to be positively remembered by them for the two decades to come. While two of the CEOs were doggedly maltreating their palm pilots, the head of HR was taking notes on a sheet of paper before him. He seemed to listen and reflect on the question but I couldn't be sure. What was sure is that he was clearly unwilling to express himself. Secretaries kept rushing in and out of the room, handing slips of paper to some of the participants and receiving whispered instructions. The only meeting participant, whose span of attention seemed to go beyond, say, five minutes, was Jeff. One of his colleagues lifted his head and said curtly: "We're an airline, probably the best in the world. That's a fact and that's our message. Full stop." Jeff felt the need to justify this rather blunt statement, brought forward in military style language. He could sense that it had crossed the arts people at the table a bit by its arrogance: "It's true, we are the darling of our country and of its economy. Every citizen – kid or adult, man or woman, rich or poor – has a special relationship with the industry we're in and takes great pride in our company. Those who travel much consider that they're 'back home' the moment they board one of our aircrafts wherever they are in the world. Those who can't afford to fly, go for a bicycle ride to the airport on Sunday afternoons to see our planes arrive and depart. Year after year, we top the preferred carrier rankings... we're also regularly

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ranked preferred employer for university graduates. At Expo, we would like to cement this bond, this fondness with our stakeholders and at the same time show that we are a powerful, innovative player who will play a leading role in tomorrow's world of travel. Now, we're not exhibition experts and we know that there must be some rules for such an event. So we have some flexibility as to how to achieve this goal." Jeff's colleagues briefly looked up from their minicomputers, at him and at each other, and shook their heads ever so slightly, to express their doubt as to the degree of flexibility their group CEO was going to be prepared to allocate to any ideas brought forward by someone else but him. But Jeff, who had been with the airline for longer than most people, continued confidently and unperturbed: "You're the artists, the dramatic advisors, so let's discuss possible approaches. If we have to focus on a particular customer segment, we would like it to be youngsters from, say, 15 to 25. The seniors and the kids we have them anyway. But the youngsters will be our customers of tomorrow. With these upcoming low-cost airlines all over the place, we need to woo them well."

During coffee break I had a chance to speak to one of the overtly busy CEOs, whom I knew from his previous assignment and who had only recently joined the group. "Are you glad you made the move? How do you like it?" I asked him amicably. "Yeah, it's great… crazy. So much is happening… at such incredible speed. We're constantly travelling around the world, having meetings at 2 a.m., at 6 a.m., anytime. Tim's productivity is just amazing." He paused and continued: "it's great – as long as you don't want to have an opinion of your own. You know, there's one boss, just one. You do what you're told. That's something I had to get used to". We moved back into the meeting room and, after some more discussion, agreed that Jeff and our head of arts and culture would sit together and work out a proposal for Expo. After the meeting, the head of HR offered me a ride into town. I remembered that I felt that he needed to talk and I gratefully accepted. He started right away: "You know, all that glistens is not gold. We're having tremendous problems, especially me. But problems are not on the agenda. In fact, 'problems' is a non-word. If you want to have a career in this company, you don't have problems. We are advised to call them 'challenges', it's more positive and makes you believe you're in control". He grinned listlessly. "You can't imagine what we're going through. It's not going nearly as well as one could think from the media. The merger processes are totally chaotic. Endless legal, political and financial problems, tough union negotiations and massive external pressure encumber our work. But above all, none of the acquisitions seem to have the slightest intent to 'integrate'. They don't seem to like us in those other countries. They never do what they're told. They even consider us arrogant, can you imagine? Us, arrogant? You know, the national identities are very strong in these subsidiaries. The best people are leaving as fast as they can. We're throwing money at them to retain them, but even so. Anyway, nobody wants to know this. Of course, up in the boardroom, Tim and his McKinsey boys shine with their PowerPoint presentations and bluff everyone. They're far away from the mess I'm facing every day. And what it's costing us! Every week, we have legions of top executives flying all over the place to try to advance the integration process, to define the economies of scale, the synergies from the consultants' excel sheets. In the meantime, while these synergies are not materialising – and, frankly, they're mostly not… – people aren't doing their real jobs. Synergies. I can't hear the word anymore. It looks great on paper, to merge two engineering sites. But engineering sites are people, you understand: people! They have families, they have identities, houses, friends… they can't be moved like potatoes!"

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Two months later, one of the airline's aircrafts crashed into the sea near Boston. All two hundred and thirty passengers and crew perished. The communication and handling of this tragedy is considered, up until this day, as exemplary in every respect. The compact, concerted management team act was characterised by the compassion, by dignity and by the unbureaucratic short-term assistance that is necessary in such a situation. Media and public were equally empathic. However, some months later, rumours about grievances within the group multiplied. The financial press began to question the strategy, the company was criticised for falling service levels, mounting delays at its hub and for acquiring second-rate airlines. Also criticised, especially by the foreign media, were the various integration processes. But it was mainly the investors who no longer accepted the argument that the airline was buying access to major markets rather than just ownership stakes. Public opinion swung from euphoric and empathic to seriously anxious. Members from the board and the management team sent mixed signals to the media, as various individuals began to save their hide. The dementi of there being any major problems in the group followed circumventively: "The rumour that we are having a leadership crisis is tommyrot!" said Tim on national television and forecast a 300 million profit for the year. Just days later, the chairman of the board called an extraordinary meeting to advise the board to drop the aggressive acquisition strategy and to withdraw from the minority participations, which were all hit by falling revenues and exploding costs and to focus instead on the mother airline. The board followed his advice and Tim, symbol of the group's managerial confidence, stood down.

One year later, while companies such as Lufthansa, who were embedded in global alliances, reported important supplementary revenues from this, Tim's company – or what had been his company – posted a record loss of over 2 billion Euros. The share price fell by half. Despite furious restructuring, a liquidity crunch and a market collapse led to his aircrafts being grounded and the company going into receivership shortly afterwards. The airline's Expo project, which was finally to have been a rock and pop club, had been abandoned right after the terrorist attacks on the USA of September 11th, 2001.

Much more than an airline's survival was at stake: this was a national crisis. The illustrious board, made up of the best leaders the country had to offer, who also sat on the boards of the country's major banks and industry giants, went into hectic activism to try to recuperate what there was left to save: company, image and, last but not least, face. The board, seconded by its business and political friends, recruited a reputedly tough senior executive with an irreproachable track record, who agreed to take over the restructuring, on condition that he was to be paid 8 million Euro upfront and that he was to be helped in the company's refinancing by the major banks. The media reports went haywire especially when they heard of the planned layoffs of tens of thousands of staff and found out about the upfront payment to the new CEO. By that time the group had debts of more than six times the value of its equity. Its valuation by Moody's Investor Service had gone from AAA to B2 in a record five months.

All these events were a profound shock much as if, with the airline, the whole country was going down. The public's trust in the country's economic and political leaders had taken a serious bashing. Top executives' salaries and benefits were openly questioned for the first time in this country, which has a reputation for being particularly discrete about money matters. "Con men", "rip off artists" and "amigo-economy" were some of

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the gentler expressions read and heard more and more often, in the media and in private conversations about the country's leaders.

Years later, when the country's economy had recuperated some of its self-confidence, and Expo had taken place and been some sort of success after all, I ran into Peter, one of the airline's board members. We sat next to each other at a charity dinner. Knowing that he, like his colleagues, was still awaiting the outcomes of several mismanagement trials, I didn't want to spoil his dinner and made sure, despite my curiosity on how he saw things from a distance, not to address the subject. In fact, it was he who began talking about it. At first, he spoke in general terms about the airline industry, low-budget carriers, terrorism etc. But towards the end of the dinner and after a few anxiolytic glasses of wine, Peter suddenly opened up and got quite personal: "You know, the end of this airline, slap-bang as it happened, was certainly not a sudden stroke of ill luck. It was the result of years of poor decision-making by arguably incompetent managers and mostly absentee board members, including myself, with zero industry experience… Looking back, it's ludicrous and surreal. You know that only months before the announcement of the billion dollar losses the board was seriously debating whether we should buy Lufthansa?" He was surprisingly candid and I made sure to keep my mouth shut and listen. "Let's face it, for decades the election into this prestigious board was a function of one's political party and a requital of one's loyalty to the elite network… you know: 'passe-moi le sel, je te renvois le sucre'[vi]. That's how I came in, too. We were informed of the massive financial reserves the company had, we got great presentations by the CEO about his acquisition strategy, prepared in collaboration with the hottest consultants in town; the going was good – or seemed good, should I say today. It's true; I did feel uncomfortable at some moments. It looked as if we had suddenly discovered the perpetuum mobile, but could it be? But then I was just a simple board member, one of 29, later of 20. And I mean there were some of the greatest cracks of our country's economy on that board, CEOs of a large bank, of a food giant, of a high tech business… nobody questioned what was happening. So, soon I felt totally safe and yes, of course, I enjoyed the kudos and the free first class tickets, who wouldn't?"

4.2.2 Key Phenomena Observed

A bright and hardworking CEO of a highly reputed airline group, seconded by the best business consultants in town, proposes a basically plausible but highly risky merger and acquisition strategy. The company board, made up of the finest political and economic leaders in the country approves the strategy. Together, within three years, they ground the company's airplanes and lead the company into receivership. Why? How?

This tale is richly packed with well-known post-merger phenomena summarised in Table 4-2.

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Table 4-2: Phenomena Observed in the Airline Tale

Phenomenon	**Discussed in**
Choice of Board members and effect of board composition on behaviour and performance	Addressed in section 4.8.2 but not conclusively discussed
The repeated lack of consideration of cultural differences and other soft factors in merger planning and management, despite stark evidence of the importance of this fact	Chapter 2: sections 2.1, 2.2, 2.3 and 2.4 and, in this chapter, sections 4.8.3, 4.8.5 and 4.8.8
External influence, mainly of politics and media, on merger and post-merger decision-making	Sections 4.8.2, 4.8.4 and 4.8.8
Persistence and repetition of counterproductive executive behaviour despite evidence that it does not yield the desired result	Sections, 4.8.3, 4.8.6 and 4.8.8
Communication to Stakeholders in post-merger situations	Sections 4.8.3 and 4.8.5
Relationship between societal change, organisational change and individual change in the use of discourse and metaphor to shape a new culture	Chapter 2: section 2.8 and, in this chapter, sections 4.8.4 and 4.8.8
Trust and distrust in post-merger management	Section 4.8.7
Role of consultants, advisors, confidants and coaches	Sections 4.8.2 and 4.8.4
Loss of key talent in post-merger situations	Chapter 2: sections 2.2, 2.3 and 2.4 and, in this chapter, sections 4.8.3, 4.8.4, 4.8.5 and 4.8.7
Merger as a promise of a better future, management of this promise and consequences of non-fulfilment of the promise	Sections 4.8.3 and 4.8.6
Learning inhibitors in situations of crisis	Section 4.8.8
The above phenomena are not new to the academic post-merger discussion, although the literature available stems mainly from the USA. There is an additional phenomenon in this tale related more directly to the subject of this research, which is barely touched upon in the literature and therefore worthwhile examining more closely in the hope to find contributions to the understanding of the role of CEOs in post-merger situations: Why did so many promising and previously successful individuals fail in this post-merger situation?	This is discussed in detail in section 4.8.3

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4.3 Lost in Translation

I want that glib and oily art
To speak and purpose not.
William Shakespeare, *King Lear*, 1605

4.3.1 The Tale

This is a saga about culture, globalisation, power games, and metaphors in the automotive industry, leading to one of the most tragic cross-Atlantic merger failures in history. It began in the spring of 1998, when the mega-merger revival had just picked up and continues up until this day. My distance to these events is greater than in the other tales, since I did not have formal contacts with any of the protagonists until sometime in the summer of 2000. At that time I was the Dean of a business school and was called into the company to discuss management development programmes, emphasising culture cohesion and team building. But as luck would have it, I had regular informal contacts to some key protagonists of the deal and its aftermath. I knew Stefan Angst, a German key player in this merger, from us having studied in the same schools and, as is customary, we met every now and then at alumni events and other informal occasions, to share experiences. Another executive, Bob Norton, who was also to be instrumental in the merger from the US side, I had met at a management congress in early 1997 and our paths had crossed at irregular intervals ever since. In addition, two business school professors whom I know well, one American, Tom Holbrook and one German, Jürg Weihrauch, were regular strategy consultants to and lecturers at the company. Many late night discussions with them allowed me to have additional insight. Finally, at one point I even ran into the man himself, the Group's CEO Karl Schmitt (or Karl the Great, as they call him in house), very briefly, at one of these hundreds of satellite events that take place around the World Economic Forum in Davos.

It's 1998 and love is in the air. After some years of downsizing, cost cutting and wound licking, the global business community's thoughts are turning again to love. Mega-mergers, marriages of businesses, are sexy again. They're also notoriously risky. The Economist calls them "...often a triumph of hope over experience", evokes that their history contains enough tragedy to terrify the most resilient romantics and adds up that mergers had, just in the three-year period in which this tale plays, destroyed some 134 billion dollars of shareholder wealth[7].

The merger in this tale, one of the largest industrial mergers in history totalling over 90 billion Euros market value and concerning over 430'000 employees worldwide, was to be different: it projected to increase sales by 13% and to bring cost savings of 3 billion Euro per year within two or three years. According to a widely publicised proxy statement with the merger terms, dual headquarters, dual CEOs and equal numbers of top manager from both merging firms would ensure the merging partners' equality. No employee layoffs or plant closings were announced to occur as a result of the merger. Today, the merged "marriage of equals", as it had been announced, totals 320'000 em-

7. The Economist, February 5th, 2005, p. 9

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ployees and is worth less than the pre-merger value of either one of the merging partners. Sales have decreased importantly, market share came down by over 20%, healthy pre-merger operating profits by both companies have turned into a 1.3 billion dollars operating loss and the group's shareholder value has declined by over 40%.

"Hi, Stefan, how good of you to call me: How are things in the south of Germany?" "Good, it's good. Are you in Zurich tomorrow? Can we meet?" Whenever Stefan calls from the office he is always extremely short-spoken. He once told me that he is quite sure that the company's executive phones were tapped, but then he always had ever so slight paranoiac tendencies. Yet, his attitude was somewhat symptomatic for the company he worked at. There was an aloofness about executives there, and a somewhat stiff correctness, which seemed hyperbolical to anyone having worked in an American business environment. Even Swiss managers who assumed positions there described the working climate on the executive floor as extremely cold, impersonal and gruff. And, as is widely known, the Swiss are not exactly known as the incarnation of overflowing emotionality. It was uncommon to use first names and everything that was said or, even more so, that was written down in a memorandum, an e-mail or suchlike, was put on an assay balance first. Form seemed to prevail over content; bureaucracy over flexibility and to trust your colleagues was considered a leadership weakness. Stefan has been with the German merging company since the late 80s when Eduard Richter, Karl's predecessor had begun to diversify the group into a technology giant. An airplane manufacturer was acquired, then another one, then a financial institute was created, and finally another airplane manufacturer annexed. The synergies did not materialise, the results deteriorated and Eduard had to go, making way for Karl who immediately and ruthlessly began to undertake what he had been called in for: the big cleanup. Although Stefan had belonged to Eduard's troop of young prodigies, he survived and was even named CEO of one of the group's European subsidiaries. Karl would not be called "The Great" had he settled for cleaning up. Mergers were so much sexier and after just three years of restructuring he brought off the coup of this merger of mergers. So these days, in addition to his CEO job, Stefan is one of the German integration managers of the merger. He busily rushes out of the arrivals door at Zurich airport, scans the waiting crowd, spots me, nods briefly and charges towards me. "I'm great, how are you"? He fleetingly answers my greetings. He looks far from great, but then I know he will calm down, abandon his top management role-play and open up as soon as we get to a quiet place. Like many of his colleagues, he seems under constant siege. I drove him down to the university campus. The patio right next to the library should do the trick. We'd spent many a never ending evening there during our studies and, old as we had become, we would not risk to run into somebody we knew… "Listen, I've been thinking… you know all these headhunters very well, don't you. Can you tell me which one I should consult and how to go about it? This time I've really had it…" "Stefan, what are you saying? You've got everything going for yourself! You're one of the youngest CEOs of your group, you're in the heat of the fire of one of the most spectacular mergers now…" I wondered. He paused a long moment, as if to weigh my words with what was his own, seemingly very different reality. "Believe me, I've tried to look at it this way, as a challenge, a way to learn new skills, improve my English, discover a new culture… but the milk has turned, definitely. 'Challenge'… if I only hear the word I get cynical. You know, we're the world champions of the metaphors… we don't have 'problems' in our company, by decree! We're instructed to call them challenges. Our merger is the 'perfect fit,' the 'transatlantic powerhouse'… let

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me laugh. What fit? This merger should never have happened. The only guys who benefit from it are the CEOs, the Board members the countless lawyers and business consultants. We're simply not compatible. The Americans go for lean efficiency at the expense of quality, they don't have any discipline, they don't like us; it's a total chaos. And we... well, you know us, our formalism, our striving for perfection and precision down to the last memorandum. Karl thought he could get by in that he would let the two groups maintain their existing cultures. But then how do you get the synergies? Synergies. Another word I'm finding increasingly hard to swallow. It's funny, in the beginning I really went for this metaphor thing. After the first shockwave these power expressions seemed to actually work. Mind you the dose was heavy: speeches, press releases, videotapes, stock proxy statements, newsletters, e-mails... Some PR consultants must have gotten rich big with us. The communication was of a piece and it was being crammed down all our throats. But it worked, then. For a moment, people were proud to be part of this truly global super baby. The stakeholders' anxieties were alleviated, too. But now, during implementation, and since the fabulous financial forecasts aren't materialising, this whole power talk is obverting. The American executives are deserting by the dozens, good guys. Remember Bob Norton? He's left, too. He regretted it; he was extremely frustrated at the wastage. ' All the energy, the enthusiasm we'd built up, the pride... it's irresponsible to throw it away like that', he told me. I tried to build him up, and proposed that we'd make something out of it, from within. But he didn't have the faith that this was possible under this leadership. So he left and many great guys with him. We have no choice but to replace them by Germans if we want to achieve the projected synergy goals." "What do you mean by 'having no choice', Stefan, surely the answer to them not feeling enough respected is not necessarily to respect them less?" "You're right, but this message of this venture being a peer partnership was never really honest from the German side, it was pure tactics, and the true agenda has soon been understood by the Americans, that's why all the guys that can leave, do. And now it's blunt 'take no prisoners'. I'm telling you, it's a mess. We're totally unprepared, we don't even have enough executives who speak decent English, let alone understand a culture as different from ours as theirs. Frankly, even I didn't expect it to be so extreme and you know I always liked the American style, their enthusiasm, their entrepreneurship, their guts... the big leeway one gets as an executive there. But in this constellation... they're so different in everything: how they communicate, express their emotions... remember the time the US CEO shed some tears at the management meeting? Can you imagine Karl, weeping before his management team? Then the planning, decision-making, negotiating... everything is so fast, so improvised, their leadership is totally unreckonable to us. Our people are putting their foot in it with every step they make. They *hate* us. I'd even brought in Jürg, you know our old professor, to moderate some management workshops to help us understand our differences and sort them out. It was heavy. At first I thought the best thing would be to take us all to the woods, equip us with pump action paintball guns and let us have a go at each other. There was a lot of antagonism and also quite a bit of indifference. Some even openly stated that they were just hanging around to wait for the retention bonus, after which they'd be off. But then it got better, you know Jürg, he's great. He's so sharp, brilliant in putting things into context, identifying opportunities, making people see the big picture, and he's got this humility about him which goes down really well in such moments. He's not typically German at all. Anyway, we did get closer and came up with some pretty plausible action plans. But back in the trenches, little of it seems to materialise. The feeling is that this is more like a 'shotgun marriage'... It's

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man against man for the posts and what's more, there is this incredible American spirit, this fervent patriotism, which I frankly just don't get. You know, in Germany, our history has dispossessed us of that kind of feeling. Anyway, life's too short for this kind of shit. My wife's just had twins and I'm seeing them so rarely I can't even distinguish them. No retention bonus is big enough to offset this." He stacks away his cigarettes and we put on our jackets and make a move, as earlier we'd agreed to let the evening die away with a film. American Psycho is Stefan's choice and I'm wondering for the first time if I should seriously worry about him.

We're in summer of the year 2000 and a delightful dinner on the superb terrace of the legendary Zurich Baur au Lac Hotel is slowly tapering off. It's a tradition we have, whenever Tom comes to Europe, usually Germany, to work with his automotive client, he stops over in Zurich. I'm not so presumptuous as to believe it's just for us to meet. I reckon he sees his Swiss banker, too. But we have come to appreciate these encounters, where we share our views and experiences in a totally uninterested way about everything under the sun. "You know, it's farcical and embarrassing: with all the millions of Euros our clients spend on strategic planning… worse, with all the tens of thousands of man days they invest – or perhaps waste -, on gathering data for our splendid "SWOT", "PEST", "Five Forces"[vii] and other analyses that are meant serve them, with the help of myriads of suave, terribly young business consultants and some wise, terribly grey-haired professors such as myself, as a basis for a coherent global strategy… Would you believe that we never in 20 years, and I'm saying *never*, saw the big things coming! We were always one step behind. Can you imagine, we were staring at it but we didn't see the Berlin wall come down, until it was being torn down by the people with their bare hands… We didn't anticipate the dangers of fundamentalism, of terrorism as a new form of war; we d' grossly underestimated the breakneck speed of transformation of China for a long time, and so on. All these were expensive omissions, of highest relevance for our business: we weren't prepared for the new Eastern European markets; we're still terribly behind Volkswagen in China today… Sometimes I wonder if it weren't wiser to analyse a little less and rely on common sense a bit more. I know I'm speaking against my own interests by saying this, 'cause I'm making a lot of money with strategy consulting. And much of it is useful – of the consulting, I mean, but also of the money." His ostentatious, baritone laugh makes some neighbouring guests turn their head in our direction. The Baur au Lac terrace is not really known for its cheerfulness. He pulls himself together and continues: "No, but seriously now, what I'm observing, what preoccupies me sometimes is that these strategic planning processes really appease our CEOs and boards." "Isn't that their purpose?" I'm asking, while waving to the waiter to bring us another espresso. "Sure, but what I mean to say, what I'm observing is that for many CEOs the strategic planning exercise seems to *replace* their reflection, not support it. To understand the company, its markets and the environment does not seem to be a permanent need to them, you know, not like you and I, we read a lot, we keep our eyes open, we look at the bigger picture of things, try to make sense of the world, construct and reconstruct our reality in an ever-changing context. To them, analysis seems to be a kind of item on a to-do-list. You know, once a year you analyse the world and adjust your plans. Then you're done with thinking and you can move on to the real stuff, the action." He pulls on his Havana, grateful that for now in Swiss restaurants one can still smoke, and continues: "And I perfectly understand it, the pressure they're in is tremendous. Take the merger I'm accompanying in the automotive industry. The challenges are mind-blowing,

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the street's[viii] pressures, the differences in business mentality, the cultural resistance, and the poor business fit – and now of course, to make matters worse, the general automotive market slump. You need to focus to survive. And yet, I'm wondering if by that you don't give up a certain essential vigilance, a certain intellectual reflexivity, which you might just need to make the right decisions. It's as if they delegated their reflection to the strategy process and that's that. From then on it's thinking, and above all acting, in the box again. They're not all like this, by all means. But this automotive CEO certainly is. A pure tactician. Is it enough? I wonder." Tom has been around forever, he's approaching 70, he's an emeritus now, but he's more appreciated than ever. He's seen it all, done it all, with 20 years in business and another 20 in academic life, as researcher, lecturer, dean… the lot. And yet he is curious as a child, he regards every encounter, every new company assignment, every new class as a discovery, and a source of new wisdom. Rare were the moments when I'd seen him blasé. I sure hope I'll be a bit like that at his age, if I'm blessed to get there.

Meanwhile, back at the ranch: it is now eighteen months that the merger was announced as the: "…single global entity", the "…perfect fit of two market leaders for further global growth", the "marriage of equals", the "…world class products that complement each other" and the "…trans-Atlantic powerhouse". The merger woes are at their zenith, the American CEO has just been fired, sales are down, share prices are slumping, the battles in the trenches are merciless and the media reports devastating, with very different argumentations depending on which side of the Atlantic their editorial office is located.

A management congress on M&A in Basel, organised by a European university institute would give me the opportunity to meet with Stefan again. Apparently, the retention bonus had been substantial enough after all, because he was still in the game. As luck would have it, Tom was going to be there, too. Perhaps I could get them to share some of their viewpoints? Sure enough. The colloquium was interesting, especially because for once there was no trench between the academics and the practitioners. Both sides were very critical vis-à-vis the merger mania, the failure statistics of around 70% were confirmed and it was also noted, once again, that no merging company has ever made a serious effort of a retrospective evaluation of the sense or nonsense of their merger. However, nothing truly innovative was presented, no 'magic solution', which would bring light into our darkness and so we skipped the last presentation and went off to a nearby pub. "I'm not surprised you're going through some tough times trying to tame your American partner, Simon – or should I say 'acquiree', because in the meantime I think we all agree that it was not a 'marriage of equals' but a downright takeover." Tom contemplates, as we take a walk off the university campus, and reminisces: "Just think for a second where they come from: they were virtually bankrupt in the 80s. They were kept alive through government loans and the charismatic leadership of Joe Rocco, their CEO at the time. How did he do it? He picked up the pieces building on the traditional American strengths of market-drive and entrepreneurship. He explicitly and strategically linked the company to the primordial American values of patriotism and competitiveness. And it worked: like Phoenix from the ashes the company emerged from these troubles as a committed, dynamic and tough competitor with a culture steeped in American pragmatism, creativity and combat spirit. This was an *American* affair, customers were actually buying their cars to help them survive and employees considered themselves the sym-

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bolic owners of the company. Their common suffering had created a unique culture, – uniquely *American*. Even unionised workers were ready to swallow wage cuts to save the ship." Tom remembered, and went on: "What's more, there was a strong commitment to avoid any of the follies that had led to their near death, a general readiness to accept change and a belief that by standing together the company could survive almost anything. This merger must have come down on them like the ultimate betrayal and created a huge sense of loss." Stefan nods, and adds: "Yes, I'm realising this. And also the fact that they have little international experience, having drawn much of their business from NAFTA markets. And the maladroit comments by our CEO in the German press, stating that he had always planned this to be a take-over, rather than a merger, is certainly not helping... Our dear 'Great one' is becoming a liability; I sometimes think that he and his gaffes alone are responsible for almost half the subversiveness we're dealing with in the field. Why does he have to be so, er... German? And what's more, he's lifted off completely now. In meetings, you can't talk to him anymore, he's simply not listening, he just throws decisions at us – sometimes the exact contrary of what we'd worked out and agreed upon! And when we ask why, he barks at us and stomps out. He should take his lithium more often. He's on another planet. He doesn't want to hear of problems. All he cares about is what's written about him in the monthly managers' magazines. He speaks in public, pulls off his show... Even his nick name is changing, they call him the 'ca(r)ll girl' now. Anyway, we can't count on him anymore, but we have to get out of the vicious circle of pressure and resistance. And I believe it's possible. What do you think of my idea, Tom, here it comes: the common denominators are the engineers, the mechanics: the *car* guys. And even though we have some pretty gruesome examples of 'AGABU'[ix] and 'not-invented-here-behaviour' in those kinds of departments, I still believe that's where we can get this pastry to stick. Their passion for cars is universal; it has the potential to reach beyond the street fights. Because both have a history of creating legendary automobiles, both have some pretty wicked projects in their pipelines and both are curious to get a hold of what the other guy is better at. What if we just stepped out of the slick metaphors and picked out one engineering project... you know, pin this whole medley onto something tangible, something sexy... a car to which both teams could contribute the best they have. Maybe they could find together? I mean of course if the media stop their bashing, if the financial analysts calmed down, if the economy picked up, if, if..." Simon laughs ironically: "I know it's a far journey, but we have to start somewhere. And I've started, I'm not even proposing the project for now, we're working more or less undercover, hoping that when we get discovered, we'll be too far advanced to be stopped. You know the saying in our house: When you want something done, it's better to ask for forgiveness than for permission...!" This idea was welcomed and tossed around a bit and examples of possible sports cars, minivans or even racing cars were evoked. I noticed that the transatlantic conversation worked perfectly as long as there was some mutual respect and a common passion: cars. With affection I threw in a saying I had often heard from my mother: "The difference between men and boys is the price of their toys...".

Some months and 21'000 layoffs later: I happen to be assigned with a small workshop moderation job for one of the subsidiaries of the Davos World Economic Forum, in a nearby hotel. The place is a charming chalet-style hotel pepped up with some mind-numbing luxury: bullet-proof glass cabinets with expensive watches and Hermes handbags, classy booths with Scottish cashmere sweaters and plenty of prestigious

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Swarovsky crystal WEF souvenirs. The place is swarming with eager corporate jet pilots, security staff in tight black suits and wires sticking out of their ears, busy CEOs in skiing apparel or casual shirts, political chieftains in ill-fitting suits or flamboyant traditional costumes – who had flown in from places most of the participants weren't able to spell let alone locate on a globe – and a seemingly infinite reserve of young, good-looking polyglot assistants of all kinds. With all my scepticism I can't help being caught a little in this inebriating this-is-the-place-to-be-atmosphere. The stuff that legends are woven off is omnipresent. A strange mix of indubitable power play, stalwart business talk, weather reports and issues of societal concern occupies the casual conversations around me. The backlash against globalisation had been gathering strength and it was today compulsory for every global sachem to find the right words and possibly some deeds to prove that he is a good environmental citizen. Karl, who is having a mineral water in the Swiss stone-pine chalet-type bar in the left-hand corner of the hotel entrance, had delivered an impassioned speech the day before about goodness, truth and beauty and committed his company to social responsibility. This morning, he had announced 26'000 more layoffs in his US subsidiary. The 'US subsidiary' is what had become of the bride of the erstwhile 'marriage of equals'. He was visibly in good spirits and seemed to enjoy his first steps in his newly discovered role as a kind of elderly statesman, disseminating advice on how the world should be seen and run.

Three years and 43'000 layoffs later, on a mild spring afternoon, I'm catching a train for Geneva for a business meeting with a leader from the IT industry. I love those precious first spring days when you can feel the sun strengthening on your pale winter skin again after a long and gloomy winter. Somehow you are very sure that all will end up being well and that man is basically good. I pick up a German management magazine that someone had left behind on the seat next to me, skim through it and an interview with Karl the Great catches my eye. We are writing year six and 110'000 layoffs since the merger announcement; I'm thinking to myself, let's read what he has to say.

Journalist: "You are facing much criticism these days, at the annual shareholders' assembly you had to listen to allegations of shareholder wealth destruction, image damage and more. How do you deal with this?"
Karl's answer, sempiternally confident and true to himself: "If I couldn't bear to be criticised, I'd be the wrong man for the job. The company is doing just great; this will be a good year for us. We're making profits again and experts attest us the most fascinating and innovative product portfolio in the industry."
Journalist: "Your judgement of where you stand with the merger and the restructuring?"
Karl: "The cup is 3/4 full."

Oh Father, if it is possible, let this cup pass from him…

4.3.2 Key Phenomena Observed

A leader reputed for his toughness and uncompromising nature is brought into a highly renowned but stalled German-based automotive company that had massively diversified by means of dozens of major acquisitions, which it is failing to digest. After some years of hard-core restructuring, the new CEO announces one of the biggest and most

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spectacular mergers with a US-based competitor. This merger is widely and persistently announced as perfect match and a necessary strategy in a globalising world. These messages are not embraced by the stakeholders: the merger has a poor start and continues to fail for several years, without the CEO being able to change this course of events. Considerable shareholder value and approximately 100'000 jobs are annihilated. The two historically and actually very different cultures cannot be persuaded to cooperate and the US partner is gradually taken over and reduced to a subsidiary. The CEO stays in power but alienates himself from the company.

Almost all classic pitfalls of merger and post-merger management are observed in this tale and summarised in Table 4-3.

Table 4-3: Phenomena Observed in the Automotive Tale

Phenomenon	**Discussed in**
True and/or camouflaged rationales for mergers, their plausibility and their effect on post-merger compliance	Sections 4.8.3, 4.8.4 and 4.8.8
Usefulness of strategic analysis and planning	Section 4.8.3
CEO and self: narcissism, feeling of superiority and invulnerability	Sections 4.8.2, 4.8.4 and 4.8.8
Disregard or underestimation of cultural and national differences in post-merger management and leadership	Chapter 2: sections 2.1, 2.2, 2.3 and 2.4 and, in this chapter, sections 4.8.2, 4.8.5 and 4.8.8
External influence, mainly of politics and media, on CEO behaviour	Sections 4.8.2, 4.8.4 and 4.8.8
Relationship between societal change, organisational change and individual change in the use of discourse and metaphor to shape a new culture	Chapter 2: section 2.8 and, in this chapter, sections 4.8.4 and 4.8.8
Trust and distrust in post-merger management	Section 4.8.7
Role of consultants, advisors, confidants and coaches	Sections 4.8.2 and 4.8.4
Loss of key talent in post-merger situations	Chapter 2. sections 2.2, 2.3 and 2.4 and, in this chapter, sections 4.8.2, 4.8.4, 4.8.5 and 4.8.8
Merger as a promise of a better future, management of this promise and consequences of non-fulfilment of the promise	Sections 4.8.3 and 4.8.6
Learning inhibitors in situations of crisis	Section 4.8.8

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Table 4-3: (Continued) Phenomena Observed in the Automotive Tale

The above phenomena are not new to the academic post-merger discussion. There is an additional phenomenon in this tale, which is barely touched upon in the literature and therefore worthwhile examining more closely in the hope to identify contributions to the understanding of the role of CEOs in post-merger situations:	
Acculturation through discourse and metaphors in merger and post-merger management	This is discussed in detail in section 4.8.3

4.4 Crouching Tiger, Hidden Dragon

4.4.1 The Tale

Baby, don't you know I'm just human
And I've got thoughts like any other one
And sometimes I find myself oh Lord regretting
Some foolish thing some foolish thing I've done
But I'm just a soul whose intentions are good
Oh, Lord, please don't let me be misunderstood.
Nina Simone, excerpt from song lyrics *Don't let me be misunderstood*, 1960

This is a story of an attempt to defy history with yet another giant high-tech merger. It is also a tale of a broken man.

Lucas leads me into his office, closes the door and throws his jacket onto the back of the visitor's chair on which no visitor ever sits anyway. He opens the top button of his flawless shirt, loosens his tie, pulls the top drawer open and indulges in a drink from his office bottle. But it doesn't get better. He knocks back a second drink but still nothing happens. It's quiet as in a church. He sniffs the management magazine he's holding, slaps it on his desk and points at its front page. Him again. "I'm tired," he says, noticing my worried look at how hastily he expedited the two drinks.

Lucas has just fired 2200 people. It had to be. A year had passed since the company last merged. It had been a spectacular merger, very controversial. Stock market, clients and staff alike had received it with extreme scepticism – especially since the merger before had been nothing less than a fiasco and by no means digested yet. "Merger… consolidation, customer value, concentration process, shareholder value, cost synergies, growth opportunities… most of it is swanky, hollow jargon. It's coming down from headquarters and I'm passing it on to my people and the media. Some days I'm finding it hard to bear and his certainly is one of these days…". "C'mon, Lucas, my heart's bleeding… you'd agreed to it, didn't you? And your post-merger retention bonus must have paid at least half of the indoor swimming pool you retire to in the evenings when you get home whacked from your unions negotiations?" I couldn't help answering a bit bitchily. "It's

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true, but did I really have a choice? This ball game's bigger than me," he answered wearily, knowing far well that one always had a choice.

Usually he finds some solace in the business sections of the print media. Not because the economy was doing particularly well, but because… and as the fog gradually disperses in his brain and chases away the daily solicitudes, he senses it very clearly again… because these are times for *real guys*. And where can they be found? In the corporations, of course. That's where tough lads fix up the messes, which their eternal opponents, the namby-pamby strategists, had caused. Tough guys like him.

In the past months he had been abundantly portrayed as the "Sanierer" [x] of the moment. He was, alternately, called the "quiet", "excellent", "cunning", "profiled", "merciless", "smart", "legendary", "diplomatic", "successful", "experienced", "single-minded", "two fisted", "bone hard", "hard as steel", "stone cold", and recently "controversial", "uncompromising" and "stubborn" *Sanierer*…

"Jackie, I'm telling you, I'm getting seriously pissed at these would-be poets, snipers and hypocrites from the media. They just have no idea. And no right to treat me like this. Who are they, anyway… and where *are* they, when I get to the office at 5.30 am, jet lagged, to go through my papers… when I drive home at midnight, after a tough day's work with decisions needing to be made that they would never come near, or, like yesterday, after three hours of union's negotiations… They spend their nights in the jazz club, get up bleary-eyed at 10.00, come to the news room and think: '…I need an article by 4 pm. Hmm, let's see… whom could I play for a sucker today… Yeah, I think this Lucas guy is ripe. He's been made a hero long enough, his time's up…'. Then they copy-paste a few paragraphs from previous articles – long live the internet –, distorts some ancient 'facts' who were wrong in the first place, calls a few disgruntled ex-colleagues and competitors of mine, gets some juicy statements – all of them obviously anonymous –, has lunch with one of these arrogant financial analysts and concocts his scandalous article. The editor in charge then adds a juicy headline and they're done for the day. Back to the jazz club. And of course, the rival newspapers stay on the ball and develop the falsehood one step further the next day." Oops, it looks like *Sanierers* are human beings, too.

For the past 12 years, the information technology company Lucas is now heading had performed merger after merger – well, acquisitions, really, but they were called merger to save some faces and soften the blows. They had swallowed one weakening competitor after another in an increasingly stagnant market. Every time the same announcements: by combining, the company would hope to enhance its products and services portfolio to expand from its traditional hardware generics markets into the high-availability solutions market for banks, stock markets and the industry. And every time the same results: it's not really working. The parts don't match, the engineering groups play their usual 'not-invented-here' game, the customer does no longer recognise what the company stands for, the employees neither. The financial analysts always want more, the shareholders, too. So, finally, a *Sanierer* has to deliver the goodies, the performance improvement the stock markets stipulated – and fast.

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Lucas was such a 'Sanierer'. Nothing really predestined him for the job: he'd been with an IT company at first, in his younger years, in fact with one of the companies that had since been merged into the group he's managing today. But he was ambitious and after a while he got fed up of just being the Swiss guy of an American company and limit himself to the 'carrot and stick' part of management. He wanted to have more responsibilities, more scope for creation. So he left the IT industry and took on a Swiss midsize technology group. The minute he got there, the industry collapsed. This, together with a few skeletons he found in the company's closets, resulted in his having to undertake his first brutal restructuring job. After that, his profile was shaped and he was called into similar companies for similar operations of major corporate surgery. He did not like to do this, but he did it effectively. I guess it afflicted him more than he wanted to admit, and it changed him. "I've come a long way, but I'm not sure I like where it's going" he once told me when he was at the height of his restructuring mania. And one of his colleagues then told me about him scantily throwing unexplained decisions at the management team, declining to discuss issues, storming out of meetings, refusing to answer mail messages or telephone calls – and even firing people by SMS[xi]. Recently he went back to the IT industry. Whether it was 'an offer he couldn't refuse', a streak of nostalgia or a remnant of dignity that had brought him back to the roots was unclear. But when I'd called him to congratulate him on his new assignment he did say some words in the respect of wanting to have some fun again.

But Lucas is not having any fun. He is again a pawn in an American game, only the game has become tougher. And he is yet again confined to doing what he had wanted to do no more: lay off staff. He has no choice but to: "... cut costs by billions through layoffs of redundant administrative positions", as he and his US boss had announced at the recent crisis press conference. It was the first message in a long time, which the stock markets really honoured. Redundant. If only. He knew well that a large portion of the layoffs were by no means redundant, but consisted of smart, astute, well-educated men and women, who had the hard luck to be part of very promising long-term projects which now, in the heat of the battle, had to be abandoned to achieve short-term financial results. He knew that these were people that the company would need and be buying dearly, if it could find them at all, some time in the near future. Contrary to what Hermann, his head of human resources thought, he had not become completely oblivious to the greater picture of things. But, contrary to Hermann, he had to deliver quarterly reports to a headquarter under pressure and to a bulimic stock market, to which some even deny long-term vision.

He wants to take a third drink, but then he leaves it at that, screws up his bottle. I had recently told him that I truly felt he drank too much and that he should seek some professional help about it and about his condition in general. He pauses for a moment. At the edge of his conscience, five questions are being swept, like gentle waves onto a flat, lonely beach on which, as luck would graciously have it, a blonde temptation was sunbathing in a bikini:

- Was really so much broken within this company?
- Is it still broken?
- Where have all the strategists gone?
- Where have I gone?

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– And why is there no English – or for that matter French – translation for the word *Sanierer*?

"I'm tired". Indeed, he didn't remotely resemble the enthusiastic, let's-go-for-it guy who had once been my boss, fifteen years ago, in the golden years of the IT industry, where our only problem was to get out the tender offers in time to the customers who bought, unseen, whatever we could produce. Those were glorious, exciting times. Our company at the time had grown out of nothing to a staff of 7000 in just four years. It was a perfect place to be for young people who were craving to be given some responsibility. We were all working day and night in a fun, albeit somehow psyched up atmosphere. There were table soccer, dart and pinball machines in the canteen and coffee was free of charge. Things were moving fast and moving *upwards,* and so were we. We got promoted faster than we could say the word, eight times each in just four years… Lucas really liked people, then – and we liked him. There was a subtle charisma about him, not overdone. He was clearly the boss and drove us hard, but he was not distant at all, he managed to be one of us and he enjoyed it. Now he was… grey. Grey. As this word came to my mind, looking at him, I became aware that everything about him was grey: his office furniture, his suit, his complexion, his eyes… even the weather had joined in the round dance of the colour of death.

In actual fact, nothing could happen to him. Not in the sense that it was happening to some of the managers and staff he had laid off. With every merger Lucas' pockets had been filled with handsome boni in the millions range. And he is paid well, even if a large portion of his salary was in stock options. And if he decided to leave, or "if I 'decided' to be left", as he once said ironically, he would again leave with a respectable severance package. Although, "…'respectable' might not be a fortunate choice of adjective in this case", as he wryly added in a moment of lucidity. Nothing could happen to him. What's more, he was 'just following orders' now, so nothing he did was really 'his fault'. But again, this thought, much as the two drinks, didn't make things better. And he didn't really want to talk about it, not beyond a few elusive comments on fatigue and on being fed up to the back teeth. "You know, I really envy you for doing your PhD. It must be great to really stick with something, to go to the bottom of things. I mean in management, you just can't… I guess you would get fired if you asked to have all the facts before making a decision. It's all so piecemeal. You hop from issue to issue hoping to more or less grasp the essence of it, shoot an answer and off you go to the next meeting to do your gig and off again. And in the evening you're pooped and wonder what you did all day. I sometimes really envy guys who can show their sons and daughters what they do for a living, you know, an airplane, a painting or even a loaf of bread…"

As I left Lucas' office, bidding farewell with a stranded solacing phrase of which I knew it would solace strictly nothing, I ran into Hermann, the human resources guy who had just had another fight with Uwe Klose from sales. Uwe was under fabulous pressure to reach his sales goals and he just couldn't understand why the new products took so long to come out of the engineering department. "We've taken over all these superior engineering guys… what are they waiting for? Where's the famous jam-packed product pipeline, the multiple-process servers, and the unique high-end performance? I get nothing but complaints from my customers… product delays, lousy service, pricing problems, confusion. I'm telling you, I've more or less had it, I'm not gonna settle for this much

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longer!" He stomped off, came back, threw his half-empty plastic coffee cup into the waste paper basket and stomped off again.

Hermann sighed and said, apologetically: "he's right, I understand him, but things are not so easy. He's a committed and capable guy with a great track record and a fabulous customer network, but I guess he won't stick around for much longer. You can't imagine… the executive headhunters are circling above us like vultures these days. But what can I do? We've all the best practice HR systems in place, workplace satisfaction questionnaires, leadership training programmes, incentive packages… you name it, all downloaded from our US headquarters. But it's not working. All I can do is to keep throwing money at people, but that's not enough. Not for the good guys. The climate is just awful, these days. The best talents are fleeing in masses. We have some serious problems, it's true, and some are global with nothing much we can do about them. But quite a few are home made and if Lucas were at his best, you know, charismatic, positive as he used to be. If he just stood there and delivered some of his sense-making, visionary messages… perhaps we'd have a chance to turn the mood again." "But I always thought you were absolutely state-of-the-art in post-merger matters? Your best practices are the model procedures that are being taught at all the business schools, together with those of GE," I asked. "Sure, headquarters took extraordinary steps to develop an integration plan, and us, the countries to adapt it. By the time the legal ballots were cast, we'd spent more than half a million man hours grappling with the strategic, organisational and cultural issues involved in bringing together these two technology giants. The intentions are noble and the investments more than considerable. But you know the difference between classy overhead slides delivered by overpaid consultants and the reality in the field… It's getting real ugly in the trenches. There are so many overlapping units in the two companies; I wonder how they could see any truly complementary benefit, except consolidating the headquarters, and perhaps squeezing concessions from suppliers. Frankly, I perfectly understand all the catcalls and mudslinging and the dogged opposition of the founders and minority shareholders. You know "streamlining product lines" look great on a PC presentation, but product lines are people. All we have is people. Those are our only assets. You know it well. It's pathetic, we are, or should I say, we *were,* the learning organisation, the knowledge company par excellence. We had huge, boundary-spanning communities of practice, knowledge networks that included employees, customers, universities… Our innovation power was legendary. Go and have a look now on the web and see what's happening in these community chats. It's a disaster. The tone is cynical, destructive. And I'm reaching my limits, too. You see, headquarters is sending out the financial targets, Lucas is translating them into layoffs, basically, and that's that for them. But I'm the guy who has to do the layoffs. I'm facing the guys. And whom are we letting go? The older guys, the mid-fifties, they're doing a perfectly good job, but they're the most expensive. Their salaries had gone up in the golden years of IT, their standard of living, too and now that the employee markets are in our favour we can get younger people for half the price. But I know these guys, many of them are my friends. I know their nightmares, their sleepless nights, their mortgages, their night sweating and their depressions. I know if their wives are about to leave them, I know that every morning while shaving, every time they're called into my office, they wonder: 'will it be my turn today?'. And I'm telling you, I've been doing it for years now, but I can't get used to it. Every time it goes under my skin. It's as if someone had died: disavow, anger, sense of loss, fear and shame. Theirs and mine."

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Uwe, who had just come back from placating a key account customer, draws another coffee from the dispenser and joins us: "Do you know of any large-scale high-tech merger that has ever worked? Think of Xerox... or IBM purchasing Rolm, after sinking a billion dollars into the business they sold it off to Siemens for less than they paid. The same with AT&T and NCR. And now us... we already screwed up with the last merger. Remember the market share we lost to Dell and Sun? While we sort out our portfolios and redraw organisational boxes, our competition seizes its chances and races ahead. What happened to creativity, to imagination, to innovation? To plain and straightforward organic growth? It does work, doesn't it, look at the successful guys in our industry: Dell built its business from scratch, Apple, too. Cisco is making small acquisitions to jumpstart the building of new capabilities. I can't work like this; I have strictly no arguments for my customers. Dell is fundamentally superior to us in the commodity business with its built-to-order direct sales model. And in the soup-to-nuts global hardware, software and services business we're a laugh compared to IBM. Sure, we have a bit of basic maintenance, but global customers demand high-level consulting and total outsourcing services... and what do we have? Integration committees! We don't even know which products we're keeping or killing. I'm playing for time with my key accounts, but when things get complicated, customers jump. That's a fact of life. What's more, I can't find any colleagues to do the work we have to do! They're spending their days in dozens of internal committees struggling with the integration process, mainly trying to get a good deal out of it for themselves, which I can perfectly understand. Only, in the meantime our competitors are winning the tenders which were ours to win."

As some software engineers come into the cafeteria for their lunch break, Hermann and Uwe calm down. "Anyway, we have no choice now, we have to pull... pull this through quickly and pull ourselves together. We have our chances, we have great engineering and we used to be one of the most innovative companies around. We'll have to get the butchery over and done with, and then go back to our roots." Hermann says. And Uwe adds: "yes, if the present brain drain leaves us with some of these guys. I doubt if you can keep them with retention boni as you do with us. There's just too many of them and, anyway, they tick differently. But for this we need a different CEO – and quickly -, Lucas can't do it. He's run down, dead beat, tilt. You know this as much as I do. Remember the other day, when he was supposed to give us the state-of-the-union pitch. He was just babbling. It was mortifying. And he hardly talks to the media anymore; he used to be so good at that. It's urgent that he confronts them now. Expectations are that our merger will fail: someone's got to face the uphill battle and prove our critics wrong. But he's just hiding in his office – which is probably a good thing, seeing the state he's in. And the direct messages from the US aren't sufficient for our media and our clients. They want to know what we make out of it, what the consequences are right here. And by the way, we want to know, too. He doesn't talk to us anymore either, and when he does, he flips, loses his temper, storms out of meetings... He has his confidant now, his coach. But I'm not sure that guy does him much good. He's probably telling him how great he is and that's about it – and of course he sends a juicy bill at the end of each month. They spend hours on end in his office and work out checklists that he then presents to us in the management meetings. No, we need a charismatic, stirring guy, preferably one with no history in any of the companies we're composed of. A guy that stands for a new beginning – a guy a bit like Lucas was, twenty years ago. Remember how he was? You know, he was my first real role model. The way he would come in, with his shy smile, stand before us and just begin

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talking, seemingly about anything. He'd tell us a little anecdote, something he'd experienced just minutes before, seemingly unrelated to the problems we were facing. But then you'd notice that it was not: it was really to the point. And he had us in his pocket. Any real issues we'd have would be resolved in no time." Hermann had similar memories: "What amazed me was his way of motivating people. I mean he's not very tall, is he and not the kind of 'Businessweek' front-page executive. But he had a presence, then. Incredible. He'd just put his hand on my shoulder and ask me how things were and I was up and running again for 6 months, ready to give it all! How did he do it? I think it's because he really liked people." Uwe gathered his stuff and set out to leave. "Anyway, that's the kind of guy we need now. A guy that can show us that the hardship will lead to a bright future, one that people can trust. Where can we find him?"

Meanwhile Lucas, feeling sorrier and sorrier for himself, is getting closer to an answer to the famous question of who drinks all that 'Schnaps'[xii] that the national statistics department indicates as being drunk per capita, from nursling to doter, every year.

4.4.2 Key Phenomena Observed

A bright and successful local CEO of a US company is tired of being a small number in a larger game. He takes over a Swiss-based international company in which he assumes the overall responsibility. Massive restructuring including many layoffs is needed to bring this company back on track. He does this successfully and is called again and again into similar companies to perform similar tasks. He becomes burned out and yearns for a job of less pressure and preferably one of growth and development, rather than downsizing. He returns to his original formula of being a local CEO of a US company. Only this time, the company is also forced to downsize. He is depressed and increasingly unable to do his job.

The occurrences in this tale display a number of salient post-merger phenomena, which are summarised in Table 4-4.

Table 4-4: Phenomena Observed in the IT Tale

Phenomenon	**Discussed in**
Stereotype behaviour; executives correcting unsuccessful action with an extra dose of the same action	Sections 4.8.2, 4.8.4 and 4.8.8
A failed post-merger integration leads to another merger (to "save" it), which also fails	Sections 4.8.3, 4.8.6 and 4.8.8
Global competencies and the role of the local CEO in a global merger	Sections 4.8.1, 4.8.4 and 4.8.5
Post-merger integration strategies, i.e. degree, mode and speed of integration	Sections 4.8.1 4.8.5, 4.8.6, 4.8.7 and 4.8.8
External influence, mainly of politics and media, on CEO behaviour	Sections 4.8.2, 4.8.4 and 4.8.8

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Table 4-4: (Continued) Phenomena Observed in the IT Tale

Disregard or underestimation of cultural and national differences in post-merger management and leadership	Chapter 2: sections 2.1, 2.2, 2.3 and 2.4 and, in this chapter, sections 4.8.3, 4.8.5 and 4.8.8
Trust and distrust in post-merger management	Section 4.8.7
Role of consultants, advisors, confidants and coaches	Sections 4.8.2 and 4.8.4
Loss of key talent in post-merger situations	Chapter 2: sections 2.2, 2.3 and 2.4 and, in this chapter, sections 4.8.3, 4.8.4, 4.8.5 and 4.8.7
Merger as a promise of a better future, management of this promise and consequences of non-fulfilment of the promise	Sections 4.8.3 and 4.8.6
Learning inhibitors in situations of crisis	Section 4.8.8
The above phenomena are not new to the academic post-merger discussion. There is an additional phenomenon in this tale, which is barely touched upon in the literature and therefore worthwhile examining more closely in the hope to identify contributions to the understanding of the role of CEOs in post-merger situations: The CEO in conflict with himself: narcissism, depression self-pity, feeling of guilt, loneliness and burn out	This is discussed in detail in section 4.8.4

4.5 Kill Bill

The trouble with the world is that the stupid are cocksure and the intelligent are full of doubt.
Attributed to Bertrand Russell

Change is one thing, progress is another. Change is scientific, progress is ethical; change is indubitable, whereas progress is a matter of controversy.
Bertrand Russell, in *Unpopular Essays,* 1950

4.5.1 The Tale

This is a tale of ghosts of the past, of a lulling present and ambitions for the future and how difficult it is to let go of a past that has treated one well, in favour of a future that is likely to be quite a bit less snug.

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And once again an executive career is over, once again a man moves from his top floor office suite into the 'Gnadenbüro'[xiii] in the nearby company villa. Once again a man hands back his frequent flyer platinum card and must accept that his time is over and that capitalism is, all told, a very picky form of life. But never mind, for Roger Schmid, the guy for whom place and time are merely coordinates, VIP lounges and corner offices are not scenes to which his heart clings. He had made it from warehouse clerk to chairman, via Munich, Hong Kong, Tokyo, Boston and Zurich and, anyway, he's a Judo black belt: this smidgeon of prestige loss he can cope with. He pours himself a Martini cocktail and, despite being only 5'6 tall, he looks beyond it all. Or does he?

But it is as it is as it is... and Roger is clearing his desktop and moving next door, taking with him his faithful secretary, who is also reaching retirement age. It's a good office, spacious, with decent furniture and some Asian bauble standing around. On a sideboard, pictures showing him alongside many notables as part of the rich and smiling Swiss establishment and some press photographs with him shaking the hands of heads of states, UN commissioners and other global figures. Next to them, some prizes gather dust. It doesn't look as if much work is being done here. "It feels fantastic," he says, but then that's what they all say and they say it a bit too quickly and a bit too airily. But he looks solid and candid and I want to believe him, if only because believing is so much easier than doubting. In the future he will be satisfied with having: "... no more power, but *influence*", as he says. As a "senior adviser", which he now calls himself, he would counsel, coach and be asked for advice from the height of his achievements and thereby stay in touch. And should he get bored he would go off boar hunting in the north of Italy or travel to Asia with his young second wife... or they would take his private jet and fly to the pristine shores of Martha's Vineyard, where he has a house. "I might even read some of these books that have accumulated on my bedside table. You know, really read them, from beginning to end, rather than zap through in the hope of coming across a quick-fix answer to a problem or to find a fancy quote for my next speech," he laughed, "I wonder if I'm still capable to stick with a book from beginning to end. I guess I'll be looking for the executive summary."

Ten years ago his great ascension into the highest circles of the country's decision makers had begun. His specialty was the transformation of stagnating Swiss technology groups into nimble, alert, globally competitive players. Many of the companies he took charge of had a glorious past, a questionable present and a most uncertain future. 'Made in Switzerland' was no longer enough to conquer the world's markets. 150 years of warless prosperity had brought onto the country a treacherously comforting stability, not really favouring the type of fighting spirit and creativity that was needed to keep up with what was happening around it. Moreover, the standard of living had reached a level, which would be difficult to maintain, combined with a mentality of a natural expectation of 'always more'. But other countries were catching up. They had smart people; they could produce superior goods, too, and at much lower prices. And they were hungry, which we are not. A German satirist had once said on TV that what the Swiss defined as downright misery would, in his home country, be relished as a cosy little dwelling. And that was the whole problem: how to get someone to solve a problem, which he is not aware of. A person, a company – or a country. Roger had seen these dangers earlier than others, and he had been a man of action, an intrepid senior officer of the Swiss militia army and a damn hard worker. What's more, he had the confidence of his early merits both in sports and

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in business and of a man who had never failed. At the age of 32 he took over his first company and turned it around in no time. After that, with his rising reputation as a man of few words and effective deeds, he climbed up the ladder, unflinchingly restructuring company after company, with a firm hand and the help of increasingly useful contacts in the country's political, military and financial power texture. He hadn't necessarily been one of them, but he was solving their problems and that opened doors. More often than not, the companies he restructured had to let quite a bit of blood and most of them ended up in the hands of international conglomerates. His restructuring style had become legendary. Get the financial cracks in – he called them 'commando troops' and work around the clock in a meeting room renamed the 'war room' to identify any values that might be exploited or sold off. He enjoyed the rough, 'take no prisoners' approach. By the end of the first year, the initial management teams of his companies were usually all gone – many had been fired, the others had resigned in outrage. But he got away with it: early public protests soon gave way to fatalist half-heartedness. After all, this was the age of globalisation and some sacrifices had to be offered to this golden calf.

"I don't think this guy can even spell the word 'doubts', or any other type of feeling for that matter. The other day his son called in with a problem and he... gave him an appointment ten days from then! You know, a slot, as we get them: Monday morning, 7.30 to 8.15." Blanche is the only woman executive anywhere near Roger. She'd been in the company before and has survived so far. We're working on an Expo project together and are just taking a break. Blanche is a truly superb human resources manager and she had managed some tough times under Roger quite brilliantly. She's got the brains, the tools, the guts and the heart and within her possibilities she had softened quite a few top management blows vis-à-vis the employees. Thomas and Sebastian, two more executives from Roger's team are also joining us. "I wonder: does he ever get the blues?" Blanche adds, sipping her green tea. "Anyway, it's over now. We're part of the Siemens Group now. I wonder what this will be like." It had just been announced that Roger would be leaving to take over a stalling major international Swiss-based industry group. "Blanche, that's typical of you. You women are all the same, always looking for feelings. These are tough times and we needed a tough manager and Roger is just that. Not many would have gotten us back on track so quickly. He saw what needed to be done and he did it. It's as simple as that. And, by the way, he was my colonel in the army and I can tell you, he can be quite funny. He even played cards with us once: he didn't have reservations to hang around with simple soldiers." Sebastian remembered, and Thomas added: "Yes, it's true, he's not a snob at all. But I wouldn't go as far as saying he's one of us. His reserve never goes down. Even when he apparently relaxes, his guard is up. Any friendliness is rare and never disinterested. But that's what a good leader is probably about. It's ok with me. As long as he gets the company up and running, I don't need to like him, do I?" Blanche can't argue with this but she's after something else: "Sure, but what I'm wondering with these CEOs is, what do they do when they're down? I mean they're not allowed to show it, are they. And where do they get their energy? I get it from empathy, from sharing things with people I trust, not just the successes, but also my doubts and my worries, and by listening to theirs. But Roger, he's in his own closely guarded world, totally focused on performance. He's been an overachiever all his life, excelling in sports, the Army and business... He denies any vulnerability." The conversation went on for a while but it was a bit as if some deaf-mute talked to each other and soon they began talking operational tasks again, so as to find common ground.

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Roger had been appointed Chairman and CEO of a big industrial group with a dark past. The firm had originally been a tools manufacturer, bought by a German company in the 20s and turned into an armament factory. Although it had fallen back into Swiss hands by the mid 30s it had been one of the leading arms suppliers to the countries of the axis, Germany, Italy and Romania, in World War II. The name was tainted and, since the end of the cold war, the armament markets were becoming less attractive. The moment had come to draw a big line under the past and make a fresh start with a new name and a diversified product portfolio, based on the available technological competencies and infrastructure. A perfect job for Roger who was not known for his pettishness. "Some men can make decisions and some cannot. Some men fret and delay under criticism" this Truman quote and some by Clausewitz, such as "Blood is the price of victory", were among his favourite sayings.

The re-branding of the new company was a tremendous success. Nobody noticed that, ironically, a part of its dark past had crept into the new company name, as if to say that a past can't be shed like a worn-out coat. The group was highly mediated, mostly positively and Roger was wasting no time. To fill the giant with life, substantial acquisitions were performed and the existing departments restructured into what would finally be over 90 companies, structured into six divisions of information technology, semiconductors, data storage and a number of applications for surface technology and astronautics. Plants were destroyed, mainly in Europe and new ones were built, mainly in Asia and people were shuffled to and fro faster than you could design an organigram. Not a shadow of questioning was being voiced, no resistance was apparent. "It's great to have this new name and this renown for state-of-the-art technology. For the first time I can proudly say where I work," Thomas had confessed, as we were discussing the Expo participation of the group. He'd moved along with Roger to the new company, just as Sebastian did. They were both great admirers of Roger's, especially of his speed of execution and his incredible self-confidence. Indeed the restructuring, the acquisitions, the plant closings were implemented with the precision, the speed and the total lack of scrutiny of a perfectly planned military attack. Everybody was taken by surprise, including the media, the financial analysts and the employees. Roger's reputation was reaching its summit and he was flooded with solicitations by other crumbling companies to come and repeat his miracle with them. Indeed, he hires a CEO for his technology group, so as to have more time and accepts mandate after mandate in other companies. Some observers begin to wonder if any of these numerous companies might just become the overmuch one, "la bataille de trop" as Alain, Roger's French colleague puts it.

Four years and several compensation packages later, Roger is standing with his back to the wall. His masterpiece, the global technology group, still an omnium-gatherum of dozens of uncoordinated parts, has landed on a sand bank. One by one, the other companies he had taken on for restructuring are failing. Many of his colleagues have meanwhile gotten cold feet with his aggressive acquisition strategy and are not following his advice so readily. Some are selling off again what they had acquired under his leadership. It's not his fault if they don't have the nerve to go through with a strategy once decided, come hell or high heaven. It's not his fault that the semiconductor industry has been sluggish for so long and is virtually collapsing these days. Nor is it his fault that the Swiss salary structure is simply not competitive anymore and that he had to close down the plants and rebuild them in all urgency in China. In a war you have to reckon with some

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losses. You can't have everything. His job is to restructure, to "transform", as he calls it and for this you have to "purge", "sanify", "streamline", "convert", "relocate", "re-orient" with all the consequences, in this case the loss of over 80% of the original jobs. The quantum leap from the mechanical to the electronic ages is a job killer, let's face it: chips are replacing jobs and that's a fact.

"But it's the results that count and they are not good. Roger knows and accepts this in principle, sure, he's also a figures man, but he can't understand that his stakeholders can't plainly see what there is to see: it's all going perfectly well, it's just taking a bit more time... You know Roger: he's basically a military commander. To change strategy in the midst of the battle is the last thing to do. That's also the reason why he fired his CEO. I wouldn't have done it, the chap is really good, but I can understand it seen through Roger's eyes. Still, the pressure is increasing. The analysts are running out of patience, the media are eager to dismantle the very myth they had created – the usual story – and the employees, or what is left of them, are no longer docilely swallowing the relocations, the pay cuts and the layoffs. They have come out of their state of shock and they are ready to have their say in the matter. They are mobilising, they even have their own website where people can voice their criticisms of the management and propose solutions." Thomas explains in his usual, differentiating way. "Mind you, I really think this media campaign against Roger is highly unfair," Sebastian replied, "all these guys want is scandal and sensation and they don't care about the damage it creates. I still believe Roger's the only one who sees things as they truly are. You have to be flexible these days, you have to be able to react to changing markets." "Sure, but why didn't he stick with us and bring this ship into the port? Let's face it, he used to be a hunter and has become a gatherer. He's sitting on over a dozen boards, mostly as Chairman. This works as long as the going is good. But most of these companies are in trouble; many of them would need him full-time! And even if he does give them good advice, I'll grant him that, but he's just hopping in and out of their realities. He can't really blame them for not following his proposals." "You're right, we're not seeing much of him these days and when we do he is curt to say the least, or even arrogant." Thomas admits, "Also, he's never been a great communicator and communications and transparency have become really important lately. Before it was mostly limited to politicians, but ever since Parmalat, ABB, Enron and other gaffes, it's business bosses' bout now. They can't hide in their strategy rooms any longer and move their pawns around. They have to come out and account for their acts. It's odd, it was he who had insisted for corporate governance to be introduced in one of his firms, but he himself doesn't seem to live by it. I hate it when he sends out his e-mails to the management team with the latest board decisions. How does he expect us to implement these if we haven't the slightest explanations on the rationale behind?" "What's worrying me even more," Sebastian adds, "is that his friends, or whatever you want to call them, his power network, anyway, seem to begin to forsake him. The recent unfriendly takeover that was launched on one of his companies had been initiated by one of his closest allies and comrades. That's a bad sign."

One by one, Roger is retiring from his various boards. Each one of these moves is acclaimed by the media and the public. Realising that the winds have changed, he decides to go before he's sent and announces that he will not present himself for another legislation period at the head of his 'pièce de résistance', the global technology group. The trading floors acquit his departure with a plus of 4% on the group's stocks.

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As he is shuffling some papers on his desk he shows me his latest acquisition: a pre-pop era painting by Andy Warhol, which he had acquired at a local art fair. Quite by chance, since the group he'd been in charge of had boasted a remarkable collection of modern and contemporary art in its company assets, and since his new wife dabbled a bit at painting, he had taken an interest in art. He had needed something. As he had reached the top a few years ago, he'd soon found out that 'being there' was much less fun than 'getting there'. There soon was an empty feeling inside him asking to be filled. It had been the first time he had granted himself a leisure activity in his life, apart from playing cards in the army. "Le boucher devient bouddha avec l'âge[xiv]", had been Alain's apt and a trifle malicious comment on this new development.

Roger might just have managed his final curtain from corporate life rather well, after all. The newspapers had immediately let go of him as soon as he had disappeared from the arena and recently some articles putting his achievements in a more balanced light have begun to appear. It looks like the sun will be setting graciously over this corporate career. Whether they will be numerous to avail themselves of Roger's consulting services is another question. But then... there is always boar hunting and art vernissages to fill his days, which are now getting longer and yet fewer.

4.5.2 Key Phenomena Observed

A smart, hardworking, military-style executive recognises that the world is changing and that the natural industrial competitive advantage of Switzerland is eroding. These jewels of the Swiss industry needed to be massively restructured and rendered more efficient to survive in an increasingly competitive world. From a very young age on, his management competencies and visionary skills are brought to light and he is entrusted with the assignment of restructuring a company, then another and yet another, aligning success after success. Finally, he takes on a Swiss-based global leader, which has a dark history as an arms producer and supplier to the wrong side during World War II. The task goes beyond downsizing and streamlining: the corporation needs to be totally transformed into something new and unrelated to the past. He goes about it, efficient as ever, changes the name, closes factories, moves plants from Europe to Asia and acquires dozens of companies to be integrated into the new group. In the early years his success is omnipresent and he is asked to join the boards of numerous other firms having similar problems. His presence in those boards alone is perceived as positive, both by rising stock prices and by eulogistic media articles. The more he is everywhere, the less he is somewhere and after some years these companies are failing to bring the announce results and having great difficulties. The CEO senses that the winds have changed and steps down, one by one, from his assignments. The media applaud each one of these moves. He goes into early retirement and becomes a business consultant.

This tale illustrates a large number of post-merger concerns, which are summarised in Table 4-5.

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Table 4-5: Phenomena Observed in the Technology Tale

Phenomenon	**Discussed in**
Circumstances, context and why some merger integrations are easier than others	Sections 4.8.1, 4.8.6 and 4.8.8
A failed post-merger integration leads to another merger (to "save" it), which also fails	Sections 4.8.2, 4.8.6 and 4.8.8
Murphy' s Laws or when one thing goes wrong, everything goes wrong	Sections 4.8.2 and 4.8.6
Post-merger integration strategies, i.e. degree, mode and speed of integration	Sections 4.8.5, 4.8.6, 4.8.7 and 4.8.8
External influence, mainly of politics and media, on CEO behaviour	Sections 4.8.2, 4.8.4 and 4.8.8
Disregard or underestimation of cultural and national differences in post-merger management and leadership	Chapter 2: sections 2.1, 2.2, 2.3 and 2.4 and, in this chapter, sections 4.8.3, 4.8.5 and 4.8.8
Trust and distrust in post-merger management	Section 4.8.7
Role of consultants, advisors, confidants and coaches	Sections 4.8.2 and 4.8.4
Loss of key talent in post-merger situations	Chapter 2: sections 2.2, 2.3 and 2.4 and, in this chapter, sections 4.8.3, 4.8.4, 4.8.5 and 4.8.7
Merger as a promise of a better future, management of this promise and consequences of non-fulfilment of the promise	Sections 4.8.3 and 4.8.6
Learning inhibitors in situations of crisis	Section 4.8.8
The above phenomena are not new to the academic post-merger discussion. There is an additional phenomenon in this tale worth examining more closely in the hope to identify contributions to the understanding of the role of CEOs in post-merger situations: Spectrum of managerial action: management vs. leadership; local vs. global mindset	 This is discussed in detail in section 4.8.5

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4.6 The Graduate

I shall be an autocrat: that's my trade. And the good Lord will forgive me: that's his.
(attributed to) Catherine the Great, around 1780

4.6.1 The Tale

This is a tale about perception and reality and how some leaders propose another way of doing the things that had always been done a certain way. The tale plays in various companies of the chemical and pharmaceutical industry in Basel, later called life sciences industry, mainly in the years from 1996 to date, although some earlier encounters with some of the key protagonists are included where they are hoped to bring additional insight to the events. I have myself worked in this industry, first for eight years as a young manager within the company, thereafter for four more years as a business consultant. Later I had regular formal contacts regarding the planning of Expo and, finally, in my function as a Dean of a business school, to discuss management education programmes. Many of the key protagonists have become good friends, which means that I had, and still have, numerous informal encounters with many of the key players who shape these global life sciences organisations.

It's February in 1996 and it's carnival in Basel: Contrary to how it sounds, 'Fasnacht' (carnival) in Basel is a serious matter. On a Monday morning at 4 a.m. in all the streets and in private houses the lights go out and about 17'000 citizens, magically masked and costumed and loosely organised in groups of drummers and players of the 'piccolo', a small transverse flute, walk the crowded streets for three days and three nights to the enchantment of over a million visitors from near and far. Ahead of each group called 'clique', four husky porters shoulder a huge illuminated lantern. Each clique has its 'sujet': a chosen theme, local, national or international, that which has preoccupied, angered or rejoiced them most in the past year. Costumes, lantern paintings and lengthy, biting poems on coloured paper strips distributed to the public by the cliques, are all aligned by each clique on a chosen topic, bringing out the irony of it and making fun of the notables behind it. Basel having a mere 180'000 inhabitants, it is quickly manifest that there is simply no household in the whole city that is not closely or remotely concerned with Fasnacht and that normal life in town comes to a complete halt for three days. And when the cliques take their break in a pub or in many private houses opening their doors to complete strangers for the occasion, when the masks come off for their owners to eat a plate of traditional hot flour soup, have a glass of wine or a piece of onion pie, the uninformed observer will be surprised to see some familiar faces: perhaps the local minister of finance, the Chairman and CEO of a leading global bank or the head of marketing of a pharma giant, side by side with the taxi driver, the insurance saleswoman and the museum's overseer. For over 15 years now I have joined the tradition: my house, too, is open on Fasnacht Monday for anyone masked and his or her friends to come in and warm up with a plate of soup. Today, Werner, the head of communications of a pharmaceutical company is part of the crowd. He, too, never misses a carnival. We're all having a great time. At one moment there are close to seventy people crowded together. Everyone's helping, plates are handed across the rooms, food is passed on and I make sure the glasses stay full. Werner seems his usual self, formidably costumed and in the

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best of spirits. “How are you, Werner, how are things at work?” “Fine thanks. Isn’t this Fasnacht morning just great?” Our paths cross quite regularly, even now that I’m not working in the same company anymore. Mostly we meet in VIP lounges. “VIP lounges are places where top executives can meet in another context than business, without incurring the risk of having to meet with real people. You catch a glance of the normal world, or what you have come to think is the normal world; but behind a bullet-proof screen and with a glass of Champagne and a hot cheese cake in your hand,” Werner had once put it. Usually we’d use these chance meetings to share some work experiences but this morning Werner clearly had no wish to do so. What with the house brimful and the decibels around us at airfield level I didn’t pay any more attention to this fact and went on filling glasses.

Werner and I were both from Basel. Famed as a centre of the humanist movement in the 15th and 16th century and for many years the home of Erasmus of Rotterdam who is buried in its cathedral, our hometown is also one of the world’s capitals of the pharmaceuticals industry. Four global chemical and pharmaceutical players have grown out of some local colour and chemicals manufacturers founded in the 18th and 19th century. Although they had oriented their product portfolios in such a way as to avoid direct competition, there was a certain rivalry between them. Each had its particular culture and took great pride in its history and its place in the international business world. In 1971, two of them, PHABA and AGRA, announced that they were joining forces. This merger, a relative novelty at that time, had come as a shock to the local community and to the whole country. It was a time when most people did not think in terms of career optimisation but rather had an often lifelong, almost family-like relationship with their employer. The companies’ management teams argued that this going together would strengthen their position in an increasingly international business environment. The layoffs resulting from this merger were modest, because it had been agreed that all the divisions would be maintained, as well as the two well-established product brands of the original companies. Not much was known about ‘integrating cultures’ yet and not much was therefore done about it. When I joined the company in 1979, which was then appropriately called PHABA-AGRA, and even until my departure from it in 1986, it was functioning as an entity but in the daily dealings the two original cultures were still perfectly palpable. It was quite frequent that in meetings, a particular opinion voiced by one of the attendants was qualified as obvious, since he was a PHABA-man, or an AGRA-man for that matter.

In the 80s and 90s this merged company had developed particular, innovative communication and leadership policies. In those days the global pharmaceutical industry was quite close-lipped. While it developed pharmaceuticals for individuals, these individuals were not its direct customers and were therefore not addressed by it. The companies’ marketing and communications focused on the hospitals and the medical doctors. While there was a constant theoretical risk of pollution from the industry’s production plants, which were often situated in the midst of large cities, the public was left in the dark about these risks, as well as about any incidents, when they happened. At one time, there had been a serious accident caused by one of the companies, right outside Basel, resulting in a huge fire, large-scale but minor intoxications and substantial destruction of the flora and fauna of the river Rhine. The CEO did not come out to render an account of what exactly happened for over ten days. At the same time, some Swedish doctors

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multiplied accusations about the industry allegedly dumping outdated medications in third world countries. Also, there was a case of tens of thousands of Asian patients going blind and suffering from paralysis. They had all taken very high doses of a particular drug against diarrhoea and although this medication was almost a hundred years old and nobody anywhere else in the world displayed similar side effects, these Asian victims, supported by powerful American lawyers, blamed their sufferings on this medication and led a fierce campaign against PHABA-AGRA. "We're really having a bad streak", my boss Arthur said as he was preparing for another late night in the company's legal department. He was part of the task force assigned to prepare the argumentations both for the media but also for the hundreds of division heads out in the group's country organisations. It was important that the messages were aligned. What's more, there seemed to be some leaks of confidential information and the company didn't know where it was coming from. It had been decided that tonight some encryption experts would individualise the outgoing telexes so that the one leaking to the press could be identified.

While many pharmaceutical companies began to reinforce their legal departments to deal with these unpleasant occurrences, Werner saw things differently. This was not a streak of bad luck; these were not some independent incidents happening. This was bigger, more like a change in paradigm. Be it for tactical reasons or for a true concern for a more transparent dialogue with the world around his company – knowing him, it was probably both – Werner decided that it would be wise to anticipate this emerging tendency. At the time he was the head of the legal department, but he always had a special interest in and a special talent for communications. And somehow he managed to convince the board and group management that more transparency was needed: the 'open door policy' was born. "The 'open door policy' is destined to go further than 'issue management', our earlier communications offensive," Werner had once explained to us at an international management meeting, "issue management is concerned with anticipating possible forthcoming issues and avoid them, or at least be legally and communicatively prepared if and when they get addressed, meaning when we get found out." He explained, "But that's mere symptoms treatment and it won't be enough in the future. The times when we could do as we pleased are over. Pressure groups will increasingly rap our knuckles, the patient will want to have his say in the matter of what he or she will swallow or not. So, eventually and the sooner the better, we must go much further than just manage our adversaries by our power and our myriads of bright lawyers: we must work *with* them. And we must tell all! Full disclosure. How many residues do we deposit into the Rhine per day, what type of residues, what are the consequences; where in town do we stock our reserve chemicals, what are the true dangers of explosion or pollution incurred; how many animals do we have in our research departments and how are they treated; how do we do business with doctors all over the world, etc. etc. We must tell all." Salman, the head of South East Asia interrupts Werner's speech: "Er… sorry, Werner, but isn't all this a bit, er… romantic, if I may say so. You know as well as all of us here that all's not well in the state of Denmark. And it never will be. I mean you're in headquarters, but we're out there in Asia, in Africa, in the Middle East, and we have to make our figures, bring in the baksheesh! It's a tough world and if you want to sell your drugs, you just have to oil some palms. If you want to make profits you can't be holier than the pope. I mean it's not that we are breaking laws, or so. As far as waste disposal is concerned there hardly aren't any laws, so we're just doing what everybody does. Different

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countries, different customs." But Werner was picking up speed now and the vehement nods around the table to Salman's proposition only seemed to encourage him: "Sure, this may be so. But what I'm saying is that times are changing, for everybody. And it's a good thing they are. Wouldn't you rather your people went back home in the evenings with a sense of pride? What about yourself? If our executives leak information to the press about abuses or perceived abuses in their organisations, it's because there's a malaise, isn't there. So firing those executives does not do it. We must make sure that the eventually there are no more abuses to disclose!" Salman nods: "Ok, perhaps you're right. But why should we move first? Let the others take the first blow." Werner was not to be perturbed and went on: "On the contrary. We must move first. In five years from now I want our management to completely change its annual reports to include some of these items. Perhaps we will even publish a separate environmental report, where we disclose all our activities and project improvements we intend to make." It all sounded perfectly plausible. But why was it so terribly remote from any reality I knew? And how was he going to persuade 40'000 executives worldwide to change their business practices?

It's 1984 and Arthur, my boss storms into my office: "Jacqueeeee… look at this again, 'open door policy' my foot… this feels more like 'open leg policy', they're on to us everywhere. We're getting nothing but bad press," he sighs and hands me the weekly media report. My boss could be just a trifle crude in his choice of words, but mostly to the point. These were not the days of political correctness yet. And as far as the open door policy was concerned, many shared his feelings. It's not working; it's turning against us. The industry had been so closed up to the public that we are getting all the frustrated journalists who had been fighting to get closer access to a perfectly secluded industry. Werner, who had passed by our offices, replied: "Cool it, Arthur, just relax, these are normal teething problems. Sure, it was unfortunate that our instructions to all employees to be henceforth more available to the media and inform them candidly on anything they want to know, resulted in this stupid story of our medical representatives bribing doctors with sleazy nights in the red light district, gold watches, and suchlike. But then this is not good marketing practice, don't you agree? Now we know about it and can change it. And now we have the awareness in house that things need to change. The external pressure is helping us improve." Arthur is not convinced: "Werner, you're an old May '68 romantic… This can't work. I bet the Basel citizens will freak out when your environmental report will come out next week. This will create havoc". But Werner, who must hear these and other arguments from his management colleagues every day, remains stoic: "Give us six months and these little scandals will turn in our favour. We have shown that we're willing to play it transparent and that we have a true intent to improve things. Our competitors will be forced to do the same. They will do it hectically and poorly, because they don't have all the data we gathered over the past years – and they will not have the first mover advantage. The same goes for the environmental report. Do you really think the public will be surprised by what's in it? People aren't stupid, you know. And they'd rather know if they're sitting on explosives and that we're planning to remove them, than being kept in the dark. They'd rather know when the Rhine turns purple again what exactly it is we've dumped into it and how we are planning to avoid such spills in the future." I'm truly impressed by Werner 's independent spirit. I'm also impressed by his powers of persuasion, because to pull this policy through with top management, some of whose protagonists had become quite arrogant by decades of prosperity and untouchability, must not be easy every day.

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It's 1988 and thanks to six years of further education during my evenings and weekends I'm now a bachelor of systems engineering and a master of organisational change and have been appointed a key account consultant at a leading IT company. In this function I'm in charge of moderating top management workshops with the objective to increase the productivity of IT investments. In a first wave, businesses had heavily invested in IT, but without much changing their organisations. Not only did their investments fail to result in productivity increases, but they also required additional administrative and support staff. It was my job to outline to the management teams that the smart use of IT could indeed bring about tremendous productivity increases but only on condition that one understood its logic and that one was prepared to fundamentally rethink one's organisational structures and processes, sometimes even one's strategies and objectives. Which were core businesses to keep in house, which were non-strategic functions that could be outsourced... these and other such questions needed to be examined and the company's information flows, which were at that time still closely coupled with the flows of goods, needed to be redesigned. Such decisions needed to be made at the top echelon, which gave me insights into the strategies and objectives of some of the most exciting companies. My market was the process industry: food, beverage, chemicals and pharmaceuticals. So, now I'm back on my home turf but wearing another hat this time.

My ex-company has changed quite a bit. 'Empowerment' has appeared on the business scene and, as usual, my former company was among the pioneers to embrace this new concept. Management layers had been reduced from 10 to 6, long-coveted titles had been abandoned and instead, each employee was given the power of decision and signature necessary to perform his or her task. And one could even detect the occasional female in a management position. Once again, it was Werner, now Head of Corporate Communications, who was to a large extent at the origin of these changes. He was convinced that classical hierarchies no longer sufficed for responding to present business needs: too slow for decision-making, too cumbersome and not adapted to companywide knowledge exchange. He was also sure that people would respond positively, meaning that they would be more productive, if endowed with clearer and richer job assignments, more responsibility and the necessary tools to assume this responsibility, such as the power to sign, the authority over a budget, etc. All this made sense, especially since the pharmaceutical industry and the economy in general were going strong and it was more difficult than it had been to attract good personnel. In short, he was a Theory Y[xv] guy and PHABA-AGRA was turning into a Theory Y company.

Every year our IT company invites its biggest clients to a futurist fair in Cannes, where the latest business applications are presented, simulated in a futurist conception of what tomorrow's world could look like if linked up with IT systems. This is a great opportunity to get to know the customers' needs, to establish a personal rapport with them and, of course, to close some good business deals. My primary contact for my consultancy mandates within PHABA-AGRA is now Horst Meesters, the Chief Information Officer of the group. Horst is a fascinating person, a tough, demanding client, pushing us to permanent improvement and a brilliant thinker. Originally a chemical engineer, he turned to informatics later in his career. He is extremely well read, is interested in history, philosophy and politics besides his basic field of the natural sciences, and he has a fabulous capacity of abstraction. What's more, he is very funny. Not the jovial type of funny at all: he keeps his distance but he likes a good conversation and a good laugh.

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Horst has worked in two rivalling pharma companies, RABA and SABA, before joining PHABA-AGRA. He got me acquainted with his peers in the other companies and he is also an eternal source of knowledge regarding the differences in culture and leadership within these companies. "Our cultural differences are best explained like this, " he once said: "two executives each from the three companies PHABA-AGRA, RABA and SABA come to a meeting. On each chair in the meeting room, there is a paper clip. The clip is slightly twisted, with the sharp tip pointing upwards. The two RABA guys come in, see the clip, fling it on the floor with a nonchalant move and a disdaining look on their face and sit down. The PHABA-AGRA guys come in, see the clips and warn each other: 'watch out, there's a clip! Don't sit on it, you might get hurt!', then they take the clip, twist it back into its original shape and put it in their pockets for further use. The SABA chaps come in, see the clip and sit on it, thinking: 'if our CEO put that there, it must be alright!'" The members of the party, a group of clients from all three companies in question, acquit his little tale with roaring laughter and a few knowing grins. We'd all just toured around the IT fair and are now enjoying a fish soup at a nearby harbour restaurant. A lively discussion follows this anecdote, during which the cultural differences between the elitist, arrogant RABA, the authoritarian, patriarchal SABA and the participative, somewhat blue eyed PHABA-AGRA were grosso modo confirmed, with each actor, depending on his affiliation, describing his company's culture in a better light and making benevolent fun of the others.

In February 1996, just a few days after Fasnacht, a news bomb hits the town. PHABA-AGRA and SABA announce their merger to become one of the world's four major pharmaceutical and agro-alimentary groups. Nobody had the slightest idea of this. Never before or after until this day had a merger of this magnitude been planned so discretely. Not the slightest oscillations on the two stocks, no speculations in the media, and no gossip in town: nothing had sapped through. This time, contrary to the merger 25 years ago, the merger foresees the complete integration of the two merging global giants, under a new name, INNOVENT. The company and its product lines will be aligned under this new name and all the old brands, established over more than a century, will disappear. Just days after the announcement, the huge logos on the industrial skyscrapers of Basel's northern skyline are being removed and the new ones put up. And, as we can follow on the news, the same is happening in hundreds of their subsidiaries around the globe. Chairman of the new group is Louis Menet, the classy, elderly statesman-like Chairman of PHABA-AGRA. CEO is Richard Summit. Richard who? As much as Louis' nomination could be expected, as much Richard's comes as a total surprise to anyone close to the industry.

The street acquits the news with an impressive share price jump. The media immediately set out to dissecting what happened. The local and international management world, be it in the board rooms, the airport executive lounges, the golf courts or the karaoke bars, knows no other subject for quite a few days and the speculations are wild. How could such a mega-merger be negotiated in complete secrecy? What exactly is going on here: is it arrogance, ignorance or smart tactics that makes INNOVENT abandon its century-old, globally established brand names and opt for a completely new start? And, by the way, is this not mass-destruction of shareholder value? How will this merger shape the industrial landscape? Who is taken over by whom in this merger, since we all know that mergers of equals don't really exist? And, above all, who the hell is Dick Summit? Which

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magician's hat have they pulled him out of?

"Werner! Is that what you call friendship... you could have made me a rich woman!" I exclaim with a wink and give Werner a big hug. "Yes I know, and myself a rich man..." he grinned radiantly, as I persist, "there you sit in my house with your Fasnacht costume, drink my wine and eat my food and don't say a word! And all the time you must be thinking about what's cooking on the stove back at the office... Anyway, congratulations, that was an ingenious masterstroke. I never would have thought it possible that a merger of this size could remain undisclosed. I mean, when I think of the due diligence, the planning and all the clarifications that are necessary. You must have been quite a crowd, and each and every one kept his mouth shut. Amazing. One of these days you'll tell me more about it, won't you, when it's no longer classified." "Sure. We were about thirty people and most of us said this couldn't be kept a secret. But we said, why not try? And we did, and we became a kind of 'dead poets' society', a clandestine, sworn-in conspiration... Obviously, I had to leave the team for three days to go to Fasnacht; it was the ultimate smokescreen. Each one of us had to pursue his normal rhythm of life, despite the huge workload we had, otherwise we would have raised suspicion and something would have leaked out. Believe me, when it was finally announced I had to apologise to quite a few people, namely my wife and my adult children, because I had to lay quite a few false trails, even with them. My son-in-law is an investment banker, can you imagine? But I'm forgiven now, I'm getting warm meals again."

"Dick is a perfect communicator. Exceptional. And in the end, it's all communications", Werner tells me as we meet next time. "Mergers are simple." "Excuse me? Mergers are simple?" I'm exclaiming, worrying about all the thought I'd put into my research about the phenomenon. "Sure. Mergers are a promise. Once you know that, the rest is simple. A promise for a better future made to the management, the employees and the shareholders. If the promise is plausible, it will immediately be honoured by the stock markets. The employees need some more time. What you need to do is to create the perception that the promised future will actually materialise. So you have to explain it plausibly, preferably not in such terms as 'increased profits' or 'cost savings'. These can and will be results of a good merger, but they can never be the goals. You explain the process that has led to the decision, the 'better future' this decision will hold – you know, things like that the future of the company will be assured, the competitiveness improved, etc. – and then you outline the steps that need to be taken to get there." "But how do you ensure that you are believed?" I'm eager to learn. "Ok, that's the tough part. You need to be trusted. That means you need a top executive who is credible. And who stands up and faces the public discourse... one who takes the nasty questions too, who is permanently available and accessible, who is conscious of his responsibility as a role model. And the manner in which he does this, the way he treats people around him, the amount of compassion he has for the inevitable losers in such a process, the solutions he finds for the inevitable problems.... All these things will determine the future culture of the merged company." "A-ha. So a merger is easy when you have guys like Louis and Dick heading it?" I'm resuming and he laughs: "Absolutely. They're a perfect pair. Louis is the incarnation of executive integrity and Dick is the incarnation of the new generation, the exceptionally brilliant eager beaver on his side. And they both perfectly understand the role of communication in this venture. Now, our job is to teach these communication skills to the rest of the crew. I've become a one-song-singer, these days,

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a preacher of sorts, 'Mr. Communications'. I keep repeating that 'communications' is not something new; it's not a new task we've invented, in addition to 'management'. Communication *is* management, and management *is* communication. What's more, communication is not 'telling something', but 'shaping something', namely the perception of the message receiver. Annual reports and media bulletins are not about what is written in them, but about what is read from them. A drug is not dangerous when it's dangerous but when it is perceived to be dangerous. Our scientists that are invited on TV have to learn that public perception of a drug is not shaped by statistics and dead mice, but by simple stories about how we go about improving the quality of life for people with ill health. Perception is reality." Werner sighs. "But Werner, isn't that a bit cynical?" "Sure, at first sight it's cynical, if you understand it as meaning all you need to care about is what people perceive, irrespective of 'what is', then yes. But what I'm after is that perception will *shape* reality. Ideally, our shop must be in order when we open our doors. But no shop is ever perfectly in order, especially one that's been closed for so long. So we're using communications to shape perception: we're perceived as the honest guys who have nothing to hide. And since we are hiding nothing, since we are seeking the dialogue with our opponents, we're putting ourselves under pressure to live by the perception we've created, to constantly align perception and reality if you wish. Our shop gets cleaner every day, we have less and less things we would tend to want to hide and we're getting a lot of respect for this."

"I give him six more months, absolute max." Rudolf speculates, "he's just too inexperienced, I mean what has he done before? He was a simple medical doctor in a hospital, a brilliant one they say, and I'll grant you that. But how does that qualify him to lead a global, multibillion dollar battle cruiser?" It's springtime in the year 2000, we're in the VIP Lounge of the Basel soccer club and it's half time of a champion's league game. We're losing. Rudolf is the head of one of the research departments. Werner is there, too as well as some colleagues from Legal, Human Resources and Marketing. "Well, I don't know, he had a brilliant start didn't he? Especially the team approach with Louis as Chairman and Dick as CEO is quite unique. They complement each other rather well, I feel. The experienced, senior somewhat conservative Chairman that sees things from the long-term perspective and the young, eager beaver shooting star, wanting to learn, to know everything and to change things faster than his shadow. And I believe there is some true respect between them, which is not obvious, is it?" Andreas from Human Resources interjects. "Yes, the first years were spectacular, it's true. The way they merged the companies, unblinkingly with an amazing determination and a breathtaking speed of execution. At first I thought it arrogant and frankly wrong to change the company name, to destroy these old and worthy brands, and for such a weird new name, too... But it was so right! It was the perfect shock and it was the same shock for everybody. You just had no choice but to follow, and all were in the same boat." Gus, the head of marketing, nods: "This is true, it was a real merger of equals if there ever was one. And it was fast. The key structures and positions were announced in no time. Sure, we had integration teams for the layers below, but not these endless, pseudo-democratic integration team meetings, where everyone turns in circles and you don't get anywhere. And, by the way, we have the best of both worlds. We have clear instructions, we know where we're at, we have the power of this large organisation behind us but in our own units we are fairly independent. We have a lot of decision power and can shape our organisation according to our local culture and that of our country. That's quite exceptional." Gus had lived through a merger with an-

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other company before and had often complained how things there had dragged along forever and how the frustration and the sense of loss had increasingly eroded the productivity and the motivation. Here, things were different. Decisions were made incredibly quickly right through the organisation. "We had been told to implement the merger in our country within three weeks. I called back to say 'that's simply impossible – how do you expect me to merge 4800 people who had been enemies for decades in three weeks?' And I was told: 'and yet you will do it'. And I did! I'll never forget that. I sort of had the feeling that we were reaching into a new dimension of management here. I mean there was a kind of brutality about things, by the sheer speed of execution and the impossibility to argue. It was quite autocratic, especially for us, who came from PHABA-AGRA and had been trained in empowerment for all these years. And there were quite a few who were left behind, especially older executives, who simply couldn't follow the pace. And yet, people were treated well. They were given clear instructions, they were trained and, above all, they were always the first to be informed about any changes," Rick adds. Rick is a country manager from Scandinavia, who'd come in to headquarters for his annual budget discussion. "Yes, exactly, I truly believe that this made the difference," Gus adds, "Werner, that's your merit, I'm sure. This 24-hours hotline you had installed for all employees worldwide, on which all management decisions could be viewed, or I should say heard, the minute they were made, was simply spectacular. Some of the news was bad for some, ok. There are always winners and losers in such situations. But at least nobody was ever left in the dark. Everybody knew that he or she knew as much as anyone else and at the same time than anyone else." Werner just smiles. He's not saying much, pleased to get some salient informal feedback on how things had been perceived by the field. He, too, believed that the employee hotline had been decisive in helping to keep things calm and permit speedy implementation. It had cost a lot of money and manpower but it had well been worth it. "Mind you, Gus," Andreas contemplates, "I don't share your 'merger of equals' view at all. Let's face it: what is left of empowerment? And, I know we're not supposed to think in these terms, but where do the large majority of executives come from that are in power today? SABA, no question. Most of the efforts we had made in PHABA-AGRA to involve executives more, to give sense to their tasks, to make them genuinely feel a part of the decision-making process, of the bigger picture... All this is simply gone. We are managed – and we are managing, for that matter – pretty autocratically, today. This is something I had not understood and still don't. The SABA guys were used to it, that's how they had always worked. Don't ask questions, just follow orders and execute well. Control your results and report back. That's why they have all the good posts today. But our executives, ex-PHABA-AGRA, had a completely different culture! I was sure that they would not stand for it, you know, to be relegated back to the dark ages of dictatorship. At any moment, I expected a revolution, an uprising. I mean that's what peoples do when they're oppressed, don't they? They shake off slavery! But no, nothing happened." Werner, who had the same preoccupations at the time of the merger, confirms pensively: "Andreas, I felt exactly like you, and I anticipated the same problems. But then I resigned myself to accepting that this is the way mergers needed to be done. I mean when the house is on fire, and I truly believe this metaphor is justified here, you don't instruct your fire fighters to organise into work groups and discuss what needs to be done. I guess, when a new stability will have been reached within the organisation, empowerment will come back." Rudolf is still brooding: "You may be right, but it's not as simple as that. Not everybody will settle for this. The pluralist philosophy, which Louis Menet had built up over many years, is gone. And this pluralist environment had its strengths. I mean we had

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truly independent thinkers in our top management teams, critical people. You know, the kind of guys, and girls for that matter, whom you would not normally find in large organisations, because they can't come to terms with large bureaucracies. And it's people like these who often stand for innovation, for the bold strokes. Well. I'm not seeing many of those around now. It's just us, the guys with the big mortgages, or with three more years to go before retirement who stand for it. Frankly, isn't that a problem?" "In the long term this must change, I agree, and this will be one of the tests Dick will have to pass. Can he adapt his leadership to get some critical thinkers to join his team? I still think that his leadership was appropriate. Now, he'll have to prove that he can adapt it to circumstances." Andreas confirms. Gus, the previous merger victim, sees things differently: "For me it worked. In a time of crisis you must have a clear message and everyone must subject himself to it. Full stop. The pressure is too high, from the outside and from within. The best tool to motivate my managers was the fact that we were allowed to participate in the public announcements, annual meetings, etc., you now the analysts' and the shareholders' meetings. There we could observe our big bosses stand up and give answers to questions we all had. The country managers could go there physically, which by the way was great, because I could get to know some of these analysts and build up a relationship with them. But what was even more useful is that these sessions were transmitted on our intranet. This way, all my executives could attend. That really helped me to move my herd roughly west." "I'm still not convinced we've turned the corner. I mean there is still quite a bit of unrest not to say chaos in some organisations." Rudolf replies, "and the street is not fully convinced either. The pharma market is growing, but our stocks are not. I agree that the stock price is just one measure and perhaps not the most significant one for the state of affairs of a company, at least not on a daily basis. But it is the most visible one, and it has lost quite some value. That's what I call pressure. As I said, I give Dick six more months. I'll buy you all a drink if he's still around at next year's champions' league game. And every year after that." The soccer game has resumed. We all grab a heated blanket and take up our VIP seats again.

Four years later we're having our fourth drink at Rudolf's expense. Super-Dick, as the media has labelled him in the meantime, is still going strong. He has just announced record results for the 8th consecutive year. Louis has retired and Dick is now Chairman and CEO. He's more powerful than ever. He's had all the titles and prizes the global media could invent: the world's 100 most influential people, the most influential European businessperson, etc. The stock is gradually recovering, not spectacularly, but consistently. Still, nobody knows who he is. Super-Dick. He's different from any other executive in just about every aspect one looks at. I've met him on a few occasions, business panels, executive dinners and suchlike. Never directly with respect to Expo, which was handled by his head of sponsoring. Switzerland had become pretty inconsequential to INNOVENT, a 'quantité négligeable' in this new global ball game. Still, we had our moments of discussion, like that time when he had offered me a ride back from Zurich to Basel in his chauffeur-driven limousine. As everyone else, I was first of all taken in by his devastating elegance and charm. But there was more. What amazed me most was his presence, his focus. This guy was heading one of the most challenging businesses in the world, he had just come back from a trip around the globe with tough analysts' conferences in four corners of the world within something like 72 hours, he had held a remarkable speech at his evening's dinner half of it in perfect, almost native French, the other half in German, it was nearly one a.m. and he would be back in his office in less than 5 hours. Yet, he was

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sitting in the back of his car, listening to me as if nothing else mattered on earth than what I would be saying next. His face alternately expressed a boyish shyness, a profound empathy, the determination of a man of responsibility, veritable sorrow and meditative contemplation, depending on whether we spoke of the dress I was wearing, which he politely marvelled at, the health problems of the Third World, the progress he was making with the merger, possible rationales for the persistent relative decline of the Swiss economy or the corruptive nature of power and money. And we touched upon these subjects and some more, reached surprising depth during the one-hour drive. He gets out of the car and bids me farewell. I open my door, kick off my excruciatingly hurting pumps and toss my handbag on the side table. I feel a bit boozed up, but it's not the drink. Either I've just encountered a leading personality I'd long given up hoping would exist – or one of the most stunning and convincing actors on the planet.

I'm reading an interview with Dick in Time Magazine. In fact, I'm first reading comments on this interview in my daily newspaper. It seems that Dick has confessed to having had improper thoughts... thoughts of greed. These unprecedented words from a corporate leader in the aftermath of the Parmalat, ABB and Enron scandals make the headlines of just about every business newspaper around the world. I buy Time Magazine for the original version and I'm reading a highly judicious interview with some powerful reflections about short versus long term management, how to deal with stock market pressures and what really matters in corporate management. The greed part is not even 5% of the story. But of course it's the part that sells. Again I'm impressed by Dick's candour. Few are those that have remained sufficiently self-critical to detect the temptation they're facing, I'm thinking. And those of us who do permit ourselves an occasional dive into the darker abyss of our souls would rather go to confession than talk about it to a journalist. But as things are, Dick is a perfect candidate for putting such subjects on the table. He's been successful for years, making money for his shareholders, but also filling the R&D pipeline with potential future blockbusters. What's more, he's instructed his company to take up research on drugs against tropical diseases again. For many years, this segment had been virtually abandoned by the pharmaceutical industry in favour of rich people's diseases such as cardiovascular disorders, diabetes and obesity.

"Seriously, Andreas, can you enlighten me: who is Dick Summit? Is this guy real? He is a universalist, taking into account the needs and wants of the entire planet's stakeholders, and yet he is totally focused on the operational success of his company. I'm told he is a perfect authoritarian, controlling things down to the last detail and tolerating no contradiction. And yet, I'm also told that he is eager to learn from every encounter he makes, and I've experienced it myself. He really listens and seems to instantly analyse all that is said and store it in the appropriate sections of his phenomenal brain for further use. He is bold and innovative, fearlessly candid and yet he has doubts. What's more – he expresses them in public. I mean in the past year, this guy has all by himself just smashed every single rule about what business leaders are to say or not say to their staff or to the public. All this bullshit about showing no weaknesses, being the guy with all the answers, being the unbudging rock people can rely on; about global business being a kind of war, where 'take no prisoners' is the only way to win. He's just ignored it. We know he had a serious bout of polio in his childhood, depression and psychotherapy as a young and brilliant doctor; he's told the world that he had to fight thoughts of greed and personal corruption when faced with his first important executive compensation packag-

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es... Frankly, the more he's telling us he's a normal human being, the more surreal this chap is coming across." Andreas smiles. We're talking business education: How to teach executives the unteachable, that which cannot be learned except in the trenches. And I'm shamelessly exploiting the opportunity to try to advance my understanding on Dick, the enigma. "All you are saying is true, J., and more. He is everything and the contrary of it. The more apparent transparency he offers, the less he can be understood. Whenever I feel that I now know how he ticks, he amazes me with a contradiction. Take speed, for example. Nobody has ever implemented a merger as quickly as we have. Speed was king. And today we can say that everyone thinks and acts INNOVENT. The amalgam is a perfect success. And yet, while he perfectly masters speed as a tool, he does not succumb to it. The shareholder pressure to merge again is huge. But he does not rush into it. He refuses to subject the company to what he calls the 'tyranny of quarterly earnings' at the expense of long-term growth. At the same time he does not see the long and the short-term as dichotomies. He is incredibly patient when patience is needed. The same with trust. He trusts his collaborators, he takes colleagues and adversaries seriously – and yet he trusts nobody but himself. Mind you, one thing that can be said is that by trusting himself he's backing a great horse. And I mean 'horse', because he's a phenomenal workhorse. But as I'm listening to my words I feel I have to correct myself: I'm not sure he perfectly trusts himself either. What I mean to say is that he remains vigilant at all moments, even vis-à-vis his own motives. His vigilance, his suspicion of success, is perhaps his greatest strength. The more he is successful, the more vigilant he gets. It's when we're facing difficulties that he seems to relax and know exactly what to do. The exact contrary of what we usually do. For example, it's during the economic downturn some years back that we had massively increased our R&D investments. Anyway, first and foremost, the guy is simply brilliant. I've yet to meet another person with his intellectual productivity and his analytic capacities."

Two years later I run into Marvin, the chief editor of a leading German business magazine whom I'd once invited to speak before the executive MBA students of the business school I then worked for. We're both coming out of INNOVENT's annual shareholders' meeting during which Dick had announced record results for the ninth consecutive year. Marvin was still drunk from speaking to Dick after the conference. "His communication is out of this world. He delivers the message with the unbearable lightness of being, in perfect, ready to print English, French, German and probably some other languages I don't know of. He comes across as the perfect triple bottom line[8] chap: profits, people, planet. He's a philosopher and a pragmatic. He's never stereotype but gives his counterpart the impression of just having asked a particularly fascinating and hitherto unevoked question. He sets the lot of us checkmate before we've taken a breath after posing our question and without us feeling we've lost face. He's polite, attentive, helpful – and strictly never irritated. Somehow he stands above any provocation we might try on him, he gives lessons without ever falling into pedagogy and what's more, he actually seems to live by them, more often than not. Is it an art, a science or just a gift of the Gods? The only communication error he ever made was when he posed next to his Harley Davidson, some years back. At that moment, I was sure: this time he's faltering. He's beginning to believe the celebrations about his person. He's beginning to believe he's infallible. But no. He remained vigilant; he sensed the danger and swiftly tuned his communications

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back to his previous modest, reflective and humble image. The same when he joined the Board of a leading global bank some years back. All of us journalist thought, this is it. He's bribable after all; he's joining the power spinney. But some years later he resigned. I guess his unflinching sense for the dangers of conflicts of interests made the cobbler stick to his last. What can I say: I just can't manage to catch him off guard. Is this guy real or a magnificent manipulator? I still don't know after all these years." Marvin confesses awesomely and we're both wondering if it matters.

4.6.2 Key Phenomena Observed

A young doctor, brilliant but with barely any executive experience is appointed to head of one of the largest and spectacular mergers of two leading global pharmaceutical giants. He has little credibility, no merger experience and no friends or lobby in the company or industry. He has everything that is needed to fail, but so far, and for the past nine years, he seems to be doing almost everything right. Why? How?

Again, a number of salient phenomena are observed in this tale and summarised in Table 4-6.

Table 4-6: Phenomena Observed in the Life Sciences Tale

Phenomenon	**Discussed in**
Show business and spectacle in management	Sections 4.8.2, 4.8.3 and 4.8.6
CEO's estimation of the importance and/or delegability of post-merger management	Sections 4.8.1, 4.8.5 and 4.8.6
Post-merger integration strategies, i.e. degree, mode and speed of integration	Sections 4.8.5, 4.8.6, 4.8.7 and 4.8.8
External influence, mainly of politics and media, on CEO behaviour	Sections 4.8.2, 4.8.4 and 4.8.8
The success trap and how to avoid it	Sections 4.8.2, 4.8.6 and 4.8.8
Trust and distrust in post-merger management	Section 4.8.7
Role of consultants, advisors, confidants and coaches	Sections 4.8.2 and 4.8.4
Loss of key talent in post-merger situations	Chapter 2: sections 2.2, 2.3 and 2.4 and, in this chapter, sections 4.8.3, 4.8.4, 4.8.5 and 4.8.7
Merger as a promise of a better future and management of this promise	Sections 4.8.3 and 4.8.6
Learning inhibitors and how to avoid them	Section 4.8.8

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Table 4-6: Phenomena Observed in the Life Sciences Tale

Besides these discussed phenomena there is an additional, less familiar phenomenon in this tale worth examining more closely in the hope to identify contributions to the understanding of the role of CEOs in post-merger situations:	
Dichotomy, paradox, ambiguity and conflict in post-merger management	This is discussed in detail in section 4.8.6

4.7 La Grande Illusion

I claim not to have controlled events, but confess plainly that events have controlled me.
Abraham Lincoln in a letter to A. G. Hodges, April 1864

Nous vivons en enfants perdus nos aventures incomplètes. (We live as lost children, our adventures incomplete)
Final text line in the film *Hurlements en Faveur de Sade* by Guy Debord, 1952

4.7.1 The Tale

This is a personal tale about naiveté or courage, about culture, politics and business, about men and women, about friendship and trust, and about a strange country by the name of Switzerland, also called a 'Willensnation'[xvi]. And rightfully so, because as far as the eye can see, there is truly no plausible geological, cultural, linguistic, political or other overt reason for this cluster of highly diversified communities to be a country, except that some men had once decided that this should be thus.

This tale is different from the preceding tales in two respects. First of all I am describing events in which I myself play a key role. This is unusual in ethnography but, I trust, acceptable here, due to the fact that my assignment, Expo.01, was designed to be – and indeed became – the ignition for some fundamental societal discussions about the history, the state, the purpose and the vision of Switzerland within Europe and the world. By this, its cultural, social, political and economic environments and their protagonists were publicly scrutinised. This scrutiny shall be in the centre of my narration. The fact that I was heading the Expo.01 project was in a paradoxical sense secondary, although it can be assumed that since it was I – a woman – who led through this national omphaloskepis[xvii], some concepts were enhanced rather than others. Inevitably, some unconscious biases colour this tale – perhaps somewhat more than the other tales – and I have no more to offer to solve this problem of subjectivity but my full disclosure of my consciousness of this fact and my willingness to work to limit this bias. The facts that these events happened over five years ago and that much had been written – and read by me – about them from various sources and perspectives may help me in this endeavour.

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Secondly, this tale does not describe a merger situation but a large project taking place in, and concerning, a particular country: Switzerland. Yet the key phenomena that seem to pose problems in mergers, namely the transience of the situation, the ambiguous and mutating power structure, the need to deal with a large number of stakeholders each having different, sometimes conflicting interests, the intense media pressure and the need to converge different cultures toward a common goal, were very present here. In a sense, the abstraction can be taken even further and one could speak of Switzerland as a 'post-merger organisation'. Although its 'merger' has been completed at the Congress of Vienna in 1815, with the re-annexation of the canton of Valais and the adhesion of Geneva and Neuchâtel, it can be observed that the 'post-merger woes' are nowhere near overcome. The cultural differences are considerable and not improving. Rather they get more or less accentuated, mostly depending on the economic state of affairs. Without making too much of this rather arbitrary analogy, it might be worthwhile, since the overall performance of Switzerland is, all things said and done, rather positive, to identify if some success factors my be transferable to business mergers.

Expo, being the key to the door that permitted me access to the field for this research, has been described in previous sections. I therefore limit myself here to the enumeration of some key figures, which can help to understand the complexity of the setting of this tale. The project had a budget of approximately 1.5 billion Euros and was to be opened for six months. It necessitated the hiring, build-up and layoff of 12'000 employees within five years. In this sense, it represented the lifecycle of a business organisation in fast motion and could be expected to display many of the problems a company experiences during its lifetime in an extreme form. Four exhibition sites, each the size of several soccer fields, were to be set up, on piers built for that sole purpose on the shores of some Swiss lakes in one of the bilingual regions of Switzerland. The project was to be largely privately financed, through sponsoring and entrance tickets, but was radically subjected to a political logic and had to respect the innumerable political sensibilities and diversity of the country. This meant for example that the actors in charge, including myself, were not chosen exclusively for their competence and experience in organising such an event, but also with regard to their origin (e.g. German-speaking or French speaking part of Switzerland), political orientation, etc. so as to ensure that all the country's minorities were equitably represented in the management of this project. The content of the exhibition was supposed to represent the questions and challenges a nation like Switzerland was confronted with at the beginning of the new millennium and the social, political, technical and cultural assets and qualities it possessed to face these challenges. It was also to be a big common celebration, which should revive the somewhat tainted "Wir-Gefühl[xviii]" of the country. These prerequisites necessitated a bottom-up approach, involving as many individuals, interest groups and minority communities as possible. At one time, the Expo organisation managed over 20'000 of these working groups with obviously very different, mostly conflicting ideas of what should be the representation of our country. Individuals, associations, companies and various interest groups had spontaneously submitted over 3000 projects. The media, with 1200 registered journalists, made themselves the judge of if and how these prerequisites were respected. Ten million visitors were expected to visit the event. During my mandate, I received approximately 150 personal letters per month from Swiss citizens who felt they wished to tell me their Switzerland, encourage us or propose some ideas for the project. After my dismissal was announced on live television, I received over 2700 letters of re-

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gret, encouragement and consolation (and two really ugly ones). A teletext survey gave me a positive public opinion rating of 72%. The government mandated a consulting firm to establish a status report on the Expo situation. This report was established without inquiring me and attested an amiss management performance to both the Board and myself and my management team. The tale covers events that happened during the last year of my mandate, between autumn 1998 and August 1999, and in the year thereafter.

Usually, the real event was the event before the event: the 'Apéritif' prior to the business dinners. The trick was to swiftly screen the hall, identify the most utilitarian business partner and stick to him or her, usually him, so as to be seated next to him for dinner – or, if there is fixed seating, to get to exchange business cards and snatch the promise of a future appointment. That's what I came for and that's the only reason for me to put up with yet another of these bleak and never-ending business dinners in these impersonal conference hotels that look the same all over the world. This can't be left to chance. Useful business partners are rare and usually useful to many. Apéritif times are hunting times. I grab a glass of the usual insipid and tepid white wine and mingle with the masses of elegant but somewhat extinct middle-aged gentlemen in identical anthracite/black/scarab blue suits in the lobby of the Hotel International. A noncommittal smile, a handshake here and there, some routine small talk, always scanning the room, eyeing slightly above the left shoulder of the obnoxious and irrelevant interlocutors to whom, apparently, I seem to be the utilitarian person... Hmm, let's see... Hugentobler is here, Aschwanden and Meier, too... not bad, but... better still, there's Vischer! My lucky day, I'd been hoping to casually bump into him for weeks. He was no less than the sword I now needed to have a chance to cut the Gordian knot I'd gotten myself into with this Expo project. Let's go. Now comes the phase, which in the Silicone Valley is called the 'elevator pitch'[xix]. I draw nearer, put on my best prodigious-daughter-smile and try to charmingly place my bait. Yes! A fleeting exchange of courtesies, a quick swap of business cards and off to the next contact. This, I master perfectly. Only in the first years of my career had I attempted to meet with these management legends on a par and persuade them by my intelligence. After painfully knocking my nose on the glass ceiling, I quickly understood that the door to this ceiling lies elsewhere. Know your place, girl.

Edith, one of the rare pioneer women in Swiss business in the 60s and by 15 years my elder, had once initiated me into this world. Even though at the time I thought she exaggerated quite a bit and estimated that her highly critical stance must be a result of many more nosebleeds than I would ever have from crashing into the glass ceiling, I was grateful for her advice. I was sorry for the unmistakeable bitterness in her voice and was all the more appreciative of her and her generation's work, which would permit me and my vintage to have a more 'normal' relationship with men in business. Edith told me: "Most of the leading protagonists of the Swiss economic and political tissue are of the same age, mine, meaning they're reaching retirement age. They have been through the war, grown old together and have knitted, over the decades, an impenetrable power network, which permits them today to change the country's destiny, or that of the conglomerates they are in charge of, with a couple of well-placed phone calls, or in the men's room for that matter. Just look around you: in the boards of leading industries, in the banks, the employers' federation, and so on, everywhere you see the same faces. In parliament and less prestigious associations you find their faithful Sancho Panzas. This is a devilishly effective mycelium, of clean- (and sometimes dirty-)-tricks-fellows, permit-

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ting fast decision-making, powerful cartels, sometimes alas by circumvention of our somewhat cumbrous direct democratic system. They would comment these democratic omissions as 'cutting some corners'" she explained coolly, and Michael, her husband, a feminist of necessity, added: "This state of affairs is ever so timidly questioned, every now and then, be it by some rare, unflinching politician or by the odd independent journalist, but basically it's tacitly tolerated, since it brings prosperity to the country." Edith, gaining momentum, went on: "Now, these men, and they are all men, have a pretty lopsided image of women. What women do they know? They know their mother, a brave and subdued bondservant of their father, they know their spouses, docile, dependent and possibly representative ladies in charge of the education of their offspring and of generally facilitating the domestic environment from which they set out to conquer the big, wide world. Then they know secretaries, their unimposing, duteous, efficient and close-lipped daily servants. And finally they know the lady behind the bar where they sometimes have their nightcap and a chat when the loneliness gets insufferable. And *you* want to *talk business* with these guys?" She smiled and added: "But I've got some good news for you: some of them have daughters, and daughters-in-law. And these girls do weird things nowadays like studying economics, medicine and law instead of literature and geography...! They enrol at McKinsey's, Morgan Stanley's and the Coca-Cola Company and seem to get entrusted with men's stuff. And they're standing their ground. Now of course, they're *their* daughters, so it's obvious that they are exceptional. And yet, it makes them think, in those rare moments when they stop shooting and start aiming. So here's my advice: if you want to get on in today's business life, be a daughter-in-law." She had a good laugh at her recital, but the look in her eyes left no doubt that she meant every word of it. "But Edith, you're right, I've met these guys. But aren't things gradually changing? Aren't we observing a new generation of executives stepping into the business arena? Ok, some of these new players are the prodigies of the old guard, but many are not, international corporations bring them in from abroad. And they're different, anyway. Some of them have wives in positions as important as theirs, for them it's normal that women should be in business, they don't have that anachronistic image of woman anymore..." I hopefully chipped in. "This is true, I'm not saying that nothing's changing, but they are not yet in these top positions that govern no less but the country's fate. They can be found at the head of Swiss subsidiaries of international corporations, for example. But yes, there is an evolution if only because the old, majestic eagles are gradually withering in their eyries. But this doesn't necessarily make it easier for you. Because to these new guys, you are *competition, unfair* competition. They *know* that you can do the job, the job they want, too. And they also know that the pressure is rising to employ women in top positions and that it's even becoming sexy to have the odd woman in your management team. And, by the way, it attracts good women to the lower echelons, where we are most appreciated, as you know, because we work harder and cost less... So it's in the interest of these guys to nurse the clichés and defend their macho turf for as long as they can. So they will speak up for equal chances and concurrently they will do all in their power to make sure you look silly and incompetent." We laughed and I stacked Edith's recital in the back of my head with a generous pinch of salt.

It is autumn 1998 and the pressure from the media, the political parties, the innumerable working committees and interest groups is at its height. I knew this would happen, it's a kind of law of nature that in the midst of such large, visible projects, when the problems cumulate, the blessed souls mobilise and the expected progress is not yet visible,

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the tempest rises to gale-force level and the voices demanding nemesis multiply. What is changing is the effect on our management team. Whereas up until recently, the pressure welded us together, these days it is leading to ever-increasing conflict within our team. Some of us are also visibly exhausted, having gone to the limit of our forces, and paying the tribute in health and even in some budding mental disorders. Others no longer believe in our success and are beginning to attend to their personal agendas. In addition to the usual handful of external coup d'états that are gathering at any moment somewhere in the Expo orbit and, until now, ended up backfiring, I'm noticing various lobbies and initiatives involving my very colleagues. After all, there's a life after Expo and this seemed the moment to remember this. Their performance is deteriorating and their projects are delayed. The rhythm at which I have to stand before the press and announce delays and problematic issues is infernal. In a normal business structure, I would have to let go at least three of my colleagues and I even know that they would probably not mind. But this is not a normal business structure. Any changes in the management team have to be submitted to a board of 23 highly inexperienced and in the meantime terrified local politicians and they would never approve such changes, which would again provoke media comments. Still, this afternoon I would propose one change. I spoke with my technical director this morning and announced him my decision. He was not exactly pleased but relieved nonetheless. Anyhow, he was on his last legs. I'm finding it more and more difficult to lead my colleagues and to instil the necessary fighting spirit to the team. It's as if the magic was gone. The weekly management meetings have degenerated into rakish accusations, with everyone sweeping his dirt into the other one's garden. What's more, when my executives are going back into their departments, they stir their colleagues up against the rest of the organisation.

My head of communication announces to the media that the technical director is leaving the management team, arguing that the conception phase was now over and that Expo would now need someone operational for the implementation. The media echo is surprisingly factual although there are the odd speculations that the working climate in the Expo management team was amiss. A euphemism. But how can I change it? I'm packed with fundraising meetings, opinion leader visits and reporting meetings with the Government, but I go to see my colleagues as often as I can, encourage their staff, have individual meetings with them to assess their situation and come up with solutions. It helps, but I sense that I'm combating symptoms and that the effect of my motivation boosts and the time period they last for are declining.

I decide to increase the dose and call in my colleagues to a weekend in the woods. There I give them a state-of-the-union speech mixed with a mom-separating-fighting-children-talk. It's the first time I come down tough on them. They're a bunch of extreme individualists, capable of the most extraordinary things as long as kept on a long leash. "Just keep our backs free and bring in the money. We'll do the rest," was their unanimous request to me when I'd had my first meeting with them. This worked really well in the beginning; after all they'd been in the project long before me. They were the authors of the feasibility study, which was now to being filled with life and implemented. But since we are being bashed every day, I'm feeling that all they want is a boss who says: "Shut up and do what I say". I'm not that kind of boss at all but I'm willing to try. After my speech, we have a reasonably constructive working session, outlining major problems and agreeing on an action plan to solve them. And problems we have: the fund-rais-

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ing was proceeding reasonably well, we had arrived at almost 200 million of the budgeted 280 million Euros, but the fountains are gradually running dry and what's more, we are having important budget overruns. Marketing is moving slower than it should, the technologies for the pier constructions are not approved yet and the artistic department is a total mess. The selection of projects and the moderation of working groups for the "collaboration of unusual partners", which were supposed to develop the selected projects further, were becoming simply unmanageable. This approach was proving to be a Pandora's box with wounded vanities and unfulfilled personal agendas crawling out of it by the dozens. How much easier would it be to just welcome the projects, mediocre and stale as most of them were, and implement. To give each party, each company, each interest group a little corner of Expo where they could 'put up their stand', serve up some sausage and cheese and receive their adherents – and preferably have nothing to do with the rest of the event or Switzerland's destiny. In fact, that's what I'd been hired for, a reasonably attractive, polyglot female anchor woman, who would smilingly pass on the governmental messages to the people. The same goes for my colleagues, each one of them a true professional but basically a blank sheet. The problem is that we aren't complying. We are determined to use this unique opportunity for a public debate, for some serious thinking about where we come from, where we stand and where we might be heading as a country. To touch upon a few taboos, to question some of the country's less chocolaty sides, but also to identify potential strengths and some shoaled creativity... to win the bet that the diversity of our country is above all an asset. All this in an aesthetically accosting, playful, non-pedagogic but nonetheless earnest way. Of course we knew that by going as far as we were allowed, we would get nowhere. As Cocteau said so well, we would have to know 'how far we could go too far[xx]'. This had soon become our goal, the motivation for us to leave our cosy, well paid corporate lives and venture into this 'kamikaze' project. Well, it seems that to those who called us up onto the scene, this is far more that we were asked to do. Whether we will manage is written in the stars, but we are giving it all, taking all the risks it needs. After all, how often in a lifetime do you get the chance to perhaps make a small difference to your country and not have to go to war for it?

This afternoon I have my meeting with Peter Vischer, the guy I'd finally met at the business dinner the other evening. Peter is one of the absolute power players Edith had described so well years ago. He was Chairman of the Board of two of the most magnificent Swiss global corporations, one industrial and one financial. But his power reached far beyond that, there was an aura about him, which perhaps only Helmut Maucher from Nestlé, meanwhile retired, could have matched. He was a truly global player exerting also important political influence well beyond the borders of our country. A dozen phone calls from Peter and all our financial problems could be solved. It was a big tactical mistake of mine not to have gone to see him right at the beginning of my mandate. But at that time the first companies were running in our doors to be part of the project and I'd thought it wiser to bring in the harvest when it was ripe. Frankly, I'd not anticipated that a year later we'd be in quite such a mess, either. Anyway, off I go. The meeting goes reasonably well, I go for the daughter-in-law approach, which seems appropriate and of course I have two of my male directors with me to give this whole delegation the necessary level of testosterone. Peter is the silent type. He listens, makes some curt, and yet rather friendly remarks and that's that, with the effect that everybody around him is awestruck. I'm thinking that I should try this out with my management team. The media

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is commenting positively on Peter's commitment to support Expo and we're having some oxygen again.

Two months later: Just minutes before Cari, my artistic director and I are supposed to begin a common exposé before 500 people in some town hall, she squeezes an envelope in my hand: her resignation. She has decided to go, and to go the loud way. Her resignation letter, which will obviously leak into the media some time soon, is a five-page list of accusations of what I and her other colleagues did wrong, didn't do or did too much of. It had obviously been formulated by a business friend of hers, as it is full of such salient managerial expressions as: "lack of professionalism", "insufficient leadership structures", and so on. Cari had been an obvious choice because she was a globally admired, charismatic, mystical, highly creative and yet typically Swiss multimedia artist and performer. She was a natural born communicator and, with the exception of a negligible handful of particularly reactionary fellows, she had us all in her pocket, men and women, old and young, from the top executive to the local politician, to the grandmothers, to the immigrants, to the yodellers. She represents like no other person the modern image Switzerland wants to project with this Expo: innovative, intelligent, multicultural, cheerful, courageous; a bit subversive, and endowed with some kind of modern, innocent patriotism or, as she called it, matriotism.

Cari had also been a risky choice, because although she had a history of sharing some of her larger artistic projects with other artists, she was an individual artist, – very individual – and she had no substantial project management experience. She was also, as we found out later, a very exhausting person to work with and had quite some wear and tear in her team. To begin with, we had put an experienced manager at her side to manage her department and set her free for the artistic part of the task. Six months and three such managers later she was still not sure how she wanted to structure her department and the functions between him and her. She was always in a role-play. On the same day she could be a daughter seeking advice, an inaccessible diva, close to hysterics, a good friend with whom to steal horses, a perfectly structured manager and an absolutely brilliant creator of art and you never knew who stood before you until she began talking. In the beginning we just loved it. She fascinated us as she fascinated anybody and her unusual behaviour was never unfounded. Her very walk was a message and so were all her acts and her myriads of guises. When she left the table in the middle of a stakeholder meeting to go lying down on the floor in the back of the room it meant that she had a back ache, sure, but also that we should stop babbling and get on with it. The media were in trance before her and eating out of her hand. She disarmed their timid criticisms without even opening her mouth. On her introductory press conference she flew in by helicopter over the Alps, due to traffic congestion – what a symbol! – and walked into the room with blue hair down to her waist. After some questioning on whether such a globetrotting pixy could really represent *all* of Switzerland, she presented her projects in a traditional costume from her home canton and finished the conference by singing the 'Beresina'-song, a once popular folksong long forgotten by the new generation. And when her management capabilities were questioned she presented the magic Expo piers wearing a dark grey business suit and her hair chopped short. It worked every time: her press conferences caused traffic jams and Expo covered all the front pages and 80% of the daily television news programme. The dependency of the project on her is becoming such that she is becoming more and more unmanageable.

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And now she's leaving. Indeed she had sent out some overt and disguised cries of help. And I'd tried to react to them but more often than not, by the time I got to her I had a different person before me. I would find her locked up in her atelier, inaccessibly guarded by her artist assistants who put on particularly grave and reproachful faces and walk on tip toes, or she was in perfectly normal spirits again and we would have a factual planning meeting. I guess you can only be a gifted artist if you are excessively sensitive. How else could you sense and anticipate society's existential orientations as acutely as she did. This extreme sensibility made her suffer extremely from two phenomena: first of all, the fact that she found out that from the minute she was perceived as someone sitting on 200 million Euros to spend on artistic projects, she couldn't trust anybody anymore. Everybody wanted something from her and they didn't always go about it honestly. Many tried to manipulate her into preferential treatment by pretty Machiavellian means. That sometimes really killed her. Secondly, as I, she received hundreds of letters of Swiss citizens projecting their longings and aspirations on her, seeing in her the saviour of Switzerland. This unsatisfiable expectation was tough to carry, too. And I had a billion Euro project to manage and could not hold her hand. Since I had summoned her, I was responsible in her eyes for all this pain. "Cari, we're going to work hard but we're going to have a lot of fun", I had told her then and she was not having fun at all.

The media are coming down on us like a sledgehammer. Both Cari, but also we are being heavily criticised. She, because she hadn't been able to handle the flood tide of artistic submissions, I for not having given her enough support. As usual, when a woman stumbles, there are critical comments about women's business fitness and, in this case, some of the old cliché that women can't work together. First voices are asking for my ejection. Our board members, the honest but overcharged troop of local politicians, are trying to save their necks by demanding endless explanations from us instead of supporting the project. They demand an increase of management and control instruments, something we are already more than apparelled with. To try to calm the spirits we commission an external report which should examine the nineteen existing controlling instruments and committees – most of them imposed on us by the Government – as well as their effectiveness and their coordination. The report is relatively mild and of course, by the time it is published, nobody is interested in it anymore.

We're in February 1999 and the state of the nation has somewhat calmed down. We have been able to appoint two new directors to the management team, both of whom were very well received. The artistic department is more in a mess than before since many of Cari's colleagues had left after her departure, but the new artistic director, a solid and calmly communicative architect and museum's director, manages to take things in hand rather effectively.

It's June 1999 and things are remarkably calm. The team works well, we could cut the first sod and people were generally believing that this event was going to happen and that it would perhaps even be fun. But under the seemingly calm waters, various intrigues are continuing to be spun. I'm summoned for the third time by very a powerful industry boss, who asks me, as every time, to fire my head of finance because he was supposed to be fraudulent. Thorough investigations have not yielded any proof or this accusation and I'm sticking with him. However, this hydra is growing more and more heads and a powerful media opinion leader is telling me sub rosa that if I don't fire the guy soon it will be me who is going.

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July is usually "Saure-Gurken-Zeit"[xxi] and the media are glad to have Expo to focus on. Anyone voicing the slightest complaint, and in the meantime there are many injured souls and unconsidered proposals around, gets a half page of media coverage, putting us into the defence and obliging us to justify. Since parliamentary elections are forthcoming, there are many political candidates who use this welcome media platform to give us the whole nine yards. Moreover, this is the time when a side benefit of this event, namely the public value and reform discussion of national institutions, such as the army, the major churches, the agricultural subsidies and the old age insurance scheme are in full bloom. Unfortunately, these discussions are not held constructively as I had naively hoped, but as a perverted mix of genuine concern, personal warfare and barely hidden particular interests, mainly formulated as an accusation against Expo. A recommendation by Expo to the three major national churches to rework their Expo project was for example publicly depicted as representing no less than a rejection of the Almighty Himself…

The solidarity in my management team is crumbling. We're working together well, the climate is amicably professional and yet I can sense it. Many of us find it hard to take the media pressure. The daily walk down to the newsstand in the morning is hell; huge posters with populist accusations and pictures of us with juicy captures on all the front pages meet us there. We're constantly under siege. The discussions are not as open as they used to be, tactical games are gaining terrain. Some of us are beginning to seriously suffer from persecution mania. In the evenings we go home and have to calm down mothers in law, answer to our spouses, children, neighbours and friends. Personally I get up at five and usually catch the last train around midnight to bring me to some hotel room close to where I have my next meeting the morning after. Recently I was so tired and I had a critical 'hot chair' type interview on national television in the evening. An afternoon meeting was cancelled and so I decided to have a couple of hours' sleep in a hotel close to the broadcasting studios. When I asked for a room for just the afternoon the receptionist nudged and winked and gave me two keys… I'm hardly at home, maybe once every fortnight and when I am the phone doesn't stop ringing and if it's not the phone, it's the doorbell: journalists everywhere. My significant other, who is also my confidant, is getting seriously fed up with this harassment and with Expo – and probably, I couldn't hold it against him, with me and what I've become: an anchor woman. He tells me to be less available and delegate the media work to my media department.

So I go out there and talk. I spend my days trying to appease the media and my own board and delivering justification report after justification report requested by the government, instead of working on the real problems and managing the project. I know exactly that my priorities are wrong but I don't seem to manage to change them, because my media adviser insists that in the case of a crisis, and this is something like a permanent crisis, the boss herself must stand up and answer to the stakeholders. There is a new minister in charge of the project now. The first minister in charge was a full-blood politician in the positive sense of the word. He was at the end of a brilliant career, had no more lobbies to protect nor any elections to win and he was going to support this project with as much subversiveness preserved in it as possible. He was like a rock in our backs, shielding us from troubles and aggression. Sadly he had to resign for health reasons and he passed away shortly afterwards. His successor is the previous minister's sempiternally sworn enemy and he's taking an opposite stance to all that his predeces-

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sor had created. He also hates this project. He is an unemotional facts and figures guy. What's more, he has taken an immediate and overt disliking to me, thus diminishing my negotiation power with the political and economic power players.

We're in the beginning of August and I invite the management team to a weekend in the mountains, a matter of closing the ranks and analysing the project status independent of the media reports. I'm noticing that we're getting rather paranoid and unable, even ourselves, to separate the facts from the fiction. "Why is the perception so horrible, when the reality is just fine?" is the general feeling. I'm digging deeper to find out how 'the reality really is' and I'm realising that we are deeply caught in our justification discourse, even when among ourselves. It takes us a whole day and quite a few bottles of wine in the evening to be capable of some factual work the next morning. We get our act together and decide to go into the offensive once again with a press conference this coming week. At the conference we candidly outline the state of affairs, lay open our problems and delays and present our measures to remedy them. We also display some rather attractive new projects and a number of new sponsors and manage to appease the spirits for a short moment. We meet afterwards to agree on the deliverables for the forthcoming management meeting and go back to work. In the evening I get a phone call from my media opinion leader, urging me one last time to fire my head of finance or else, he 'can't guarantee that you'll be allowed to survive on the head of this project much longer'. I thank him for his advice and ignore it.

In the past days something strange has been happening. A number of media accusations in various newspapers are being particularly aggressive towards our management team. This in itself is not new, but this time it more systematic, the articles are more uniform as if based on a single message. It seems to be a concerted action and, judging from the highly ranked politicians that are quoted, probably initiated from somewhere quite high up in the government. A round of phone calls to my colleagues confirms this and I'm sensing that they are very nervous.

It's August 4th and we are having our management meeting. As usual, we kiss each other on the cheek before sitting down. This time, the kiss feels like a kiss of death. And indeed it is. My colleagues are asking me to resign. The media pressure had become such that something had to happen, a "Befreiungsschlag"[xxii]. And the something was to be my resignation. What's more, we had asked the government and the cantons for additional funds some weeks earlier and, as I'm learning, the minister in charge had promised my colleagues to support this request in parliament on condition that I was being made to step down. I'm realising that I'm being sold, by my comrades-in-arms and, incidentally, friends for 600 million Euros. A fair price.

In this moment I'm totally incapable to analyse the situation and draw learnings from it. This will take me months. For now I just feel a little numb and hopeless. In a complete trance, I deliver my dozens of live television interviews in four languages, wishing my colleagues all the best with the project which I consider important for the country, etc, etc. After that, I'm alone. I'm brimful of impressions and empty at the same time, and a bit bashed, too because going from a 16-hour day to a completely empty agenda in just a few minutes must be comparable to crashing into a wall with a tuned sports car although the latter I have not done. But I have been brought up a fighter and soon I cheer up. I remind myself that I have the stuff to go on. Come on, I'd had my winning mo-

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ments, in sports, in business and in my life as a woman, a wife and a mother. And, first but not least, once in a time, many decades ago, had I not, after all, been the best choice between a million of rivalling spermatozoids…?

The whole Expo team momentarily: "…falls in a cataleptic state because of the departure of this charismatic personality.[9]" But three months and yet another report later, this time a hefty and calamitous report loading everything unpleasant on the people who had left, if so me, the management team – minus the head of finance who had immediately gotten fired – takes up momentum again and in May 2002, with one year's delay, a neat and proper Expo, devoid of any subversiveness but on time and not too massively over budget, opens its doors to the public.

I never speak to the media again about Expo. Some would have liked to hear my version since everyone else, informed or not, had expressed themselves abundantly on the subject. But self-justification has never worked in history, it had taken the Catholic church over 300 years to apologise to Spinoza, and, anyway what is there to justify before I for myself have found out, or constructed, what was 'just' and what was not?

4.7.2 Key Phenomena Observed

A successful, mirthful and communicative female executive is asked by the government to take on Expo, a large, traditional once-in-a-generation Swiss societal project. The project is controversial and considered of high risk and a dozen highly reputed male executives had been asked before her and had turned the offer down. The woman accepts, with a number of bright capable friends, to go on this collective journey of discovery about what Switzerland was, is and wants to be in the future and to make an event out of this search for the grail. Participation is to be the leadership style. As she is given 10% of the budget needed for such an event, she sets out to sell a dream to the Swiss people and raises close to 200 million Euros in 18 months. Meanwhile, innumerable concupiscences, clashing interests, disgruntled die-hards; exhaustion and management shortcomings provoke massive economic, cultural and political pressures and unprecedented, surrealist media harassment. Under this pressure, everything cracks: the creativity, the friendship, the loyalty. Her leadership cannot keep it together: a public sacrifice is needed. Her comrades-in-arms ask her to step down.

The most salient phenomena observed in this tale are summarised in Table 4-7.

Table 4-7: Phenomena Observed in the Expo Tale

Phenomenon	**Discussed in**
Show business and spectacle in management	Sections 4.8.2, 4.8.3 an 4.8.6
The management of diversity in times of crisis	Sections 4.8.2, 4.8.5, 4.8.6 and 4.8.8

9. Hubschmid (2002), p. 61

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Table 4-7: (Continued) Phenomena Observed in the Expo Tale

Perception/reality gap	Sections 4.8.1, 4.8.2, 4.8.3, 4.8.4, 4.8.6, 4.8.7 and 4.8.8
Women in top management	Not discussed
Under siege, persecution mania, the effect of extreme outside pressure, political or mediatic, in transitional situations	Sections 4.8.4, 4.8.7 and 4.8.8
Role of consultants, advisors, confidants and coaches	Sections 4.8.2 and 4.8.4
Loss of key talent in crisis situations	Chapter 2: sections 2.2, 2.3 and 2.4 and, in this chapter, sections 4.8.3, 4.8.4, 4.8.5 and 4.8.7
The promise of a better future and management of this promise	Sections 4.8.3 and 4.8.6
Learning inhibitors and how to avoid them	Section 4.8.8
Besides these discussed phenomena there is an additional, less familiar phenomenon in this tale worth examining more closely in the hope to identify contributions to the understanding of the role of CEOs in post-merger situations: Trust and distrust in transitional organisations	 This is discussed in detail in section 4.8.7

4.8 The Moral

I can believe anything provided it is incredible.
Oscar Wilde

By the above seven tales I have tried to sketch out my years of observations in the German-speaking European executive arena of how top executives cope and learn in transitional situations. In this subsequent moral I attempt to pull out, understand and define some essential phenomena observed. Some of these phenomena were chosen for further analysis and explanation based on the frequency of their appearance, some others by their specificity and uniqueness and by their relative absence in the body of literature. For the sake of conceptualisation I juxtaposed these experiences, conversations, thoughts and observations on to the writings and findings of other researchers. In stark contrast to the public interest and the media scrutiny academic research on top executives, their action and reflection and their impact on their organisations' performance is scarce. For reasons of lack of data on Germany and Switzerland, the literature deployed stems mainly from the US and, to a lesser extent, from the UK and Scandinavia. The increased attention that top executives enjoy today is in an odd contrast to the fact that

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there are no solid recent studies available on this population. Dahrendorf's statement from the 60s that the: "...economic upper class [is the] most unknown leadership group of the German society[10]" still holds today[xxiii].

I have not attempted to identify which top executives were coping 'better' than others, in so far as I could avoid. Instead, I have tried to bring out the impressions and judgements that top executives have about what to them makes 'good' and 'bad' management and in what situations, both in their judgement of themselves as of others, as well as, in parts, how their direct reports and other stakeholders perceive this. This was done in the hope of understanding more about the learning and coping mechanisms that these executives apply in their sense making and their shaping of values that should aliment their organisation's entrepreneurial action and performance. The impact of executives on organisational learning has been described in the literature[11]. However, little research has been dedicated to executive learning and its relationship with organisational learning. The way executives make sense of their own and others' experience is an important influence on their own development as individuals and is likely to be a significant contributor to organisational development and to change management[12].

What is a CEO, why does he or she exist and how does he or she function – in general and particularly in post-merger situations? The image that has emerged is one of management being essentially a human social and moral craft, but with an increasing weight of individualism as the actors rise in the echelons of power. The dimension of isolation is becoming palpable and the actors face situations of extreme complexity and pressure. While executives do occasionally reflect in and/or on action, they are essentially actors. They draw on their baggage of experiences, which they have tacitly and explicitly acquired on the way to success. However, normally they have reached the positions they are in because they have aligned success after success. Their baggage of experiences therefore becomes homogenous. They develop a style and patterns of action, which have repeatedly worked and which are becoming their way of doing things. More so, they develop a reputation, a personal brand of sorts, for a particular management situation and are repeatedly offered the same situation. Other than with entrepreneurs, who more often than not experience occasional setbacks and failure, often even bankruptcy along their professional pathways, executives often experience long periods of success. Since executives, as opposed to entrepreneurs, are essentially mercenaries, they tend to shape their careers in such a way as to change positions when they are at the perceived height of a certain assignment. This is when their personal market value is highest and the opportunities for an even higher position greatest[13]. This move is often made irrespective of whether the previous assignment is really completed[14]; sometimes the CEO may even close his tenure with a grand departure in the form of a major M&A[15]. The perception and the organisational reality are not isochronic. A CEO may still be adulated in the media while the problems and pressures may be mounting within his or her organisation. When a new opportunity arises, the present assignment is described in a certain positive rhetoric giving it a sense of completion, thus justifying the next move. Similarly, when executives start their new assignment,

10. Dahrendorf (1965)
11. eg. Argyris and Schön (1978); Daft and Weick (1984); Nonaka and Takeuchi (1995); Senge (1990)
12. Kouzes and Posner (1987); Richter (2004)
13. Watkins (2003)
14. Conger and Nadler (2004), p. 51
15. Watkins (2003)

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their first move is to critically assess the situation the previous CEO has left behind. This due diligence is imperative[16]. It is also common CEO tactic to display its results to the stakeholders in the most alarming manner possible: the more the situation they are taking on is distressing, the higher the progress under their management will be perceived[17]. Inversely, this framework may explain why so many CEOs encounter a problematic management situation when they take on a new assignment, namely:

- partly because their predecessor has left before the job was done
- partly because they display the situation as problematic, possibly more problematic than it is.

From the richness of data the above tales offered, some phenomena were selected for further discussion in this moral. They are summarised in Table 4-8. The selection is based on their frequency of occurrence or, inversely, by their idiosyncrasy. Another criterion for selection these phenomena rather than others was the relative absence of literature on them, especially literature based on European data.

Table 4-8: Summary of Phenomena Selected for Discussion

Phenomena	**Section**
Managerial Discretion in Post-Merger Situations	4.8.1
Why Promising and Successful Individuals Can Fail	4.8.2
Acculturation Through Discourse and Metaphor	4.8.3
The CEO and His or Her Self	4.8.4
Management vs. Leadership; Global vs. Local Mindset	4.8.5
Dichotomy, Paradox, Ambiguity and Conflict in Post-Merger Situations	4.8.6
Trust and Distrust in Transitional Organisations	4.8.7
Executive Learning Inhibitors in Post-Merger Situations	4.8.8

4.8.1 Managerial Discretion in Post-Merger Situations

How much does the post-merger CEO account for success[xxiv]? At first sight, Lew from the banking tale had all the necessary qualities and the volition to lead this conglomerate of mergers and acquisitions into a new and common culture and with it to the desired performance, yet he did not succeed. It seemed as if his openness, enthusiasm and dynamic nature were used as a smokescreen by an organisation which was, under his supposed leadership, continuing to function as it always had. How determining is the CEO for the successful achievement of his or her organisation's goals, and does this differ in post-merger situations? What is the managerial discretion of a CEO in a complex multinational merger environment? Some studies have explored the linkage between executive leadership and organisational outcomes but the findings that relate top man-

16. Finkelstein (2003)
17. Conger and Nadler (2004), p. 56

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agement action to organisational effectiveness are, to say the least, inconsistent[18]. Four factors are said to affect the performance of a company: macroeconomic conditions, the company's particular industry, its competitive position and its CEO[19]. Models range from strongly deterministic over integrative to completely voluntaristic[20]:

- *Deterministic perspective*: external control model (executives are largely constrained by their environment)[21]; rational normative model (there is usually one best solution; strategic decision-making is in fact a mechanical act)[22]; contingency model (organisations depend on the environment's resources, the CEO's task is to ensure this adjustment and otherwise serve as a symbol for the company)[23].
- *Voluntaristic perspective*: strategic choice model (executives are the dominant coalition, they make – largely rational – choices and thereby have considerable effect on their organisations' performance)[24]; upper-echelon theory (executives make choices and their values, cognitive abilities and perceptions are very important to this process)[25].
- *Integrative perspective*: executive discretion varies and depends on environmental, organisational and individual factors[26].

In the light of the recently increasingly animated public discussion on CEO compensation, the media are also addressing the issue of managerial discretion. The Economist[27] has turned its sharp eye to the issue and came up with the same answer as to all good questions: it depends how you look at it. Quantitative empirical studies and surveys on the subject of how much the CEO accounts for the overall performance yield results from 14% to 50%[28]. Some qualitative studies on the subject claim critical importance of the CEO for company performance[29] and others find evidence that the CEO has little or no consequence on company performance[30]. Judging from the hero-worshipping and the adulation of the specialised press and from the important CEO compensation packages, the impact that is expected from CEOs on the performance of their organisations must be perceived as high by stakeholders. A substantial body of literature confirms that executive activity has a considerable impact on management and employee attitudes[31] and on company culture[32] and these factors have emerged as decisive in post-merger situations. Eisenhardt et al confirm the central role played by senior executives, describing their role as: "...visionaries for the future, ... spokespersons to external constituencies, role models and coaches for employees and cheerleaders for corporate accomplish-

18. cf. reviews by Bass (1990), Hunt (1991) and Cannella and Monroe (1997)
19. Wasserman et al (2001); Ward (2002)
20. Hitt and Tyler (1991); Schrader (1995)
21. Hannan and Freeman (1984, 1989); Pfeffer and Salancik (1978)
22. Ansoff (1965); Bourgeois (1984); Porter (1985); Schrader (1995); Aaker (1998)
23. Pfeffer and Salancik (1978); Kieser (1999); Donaldson (2001)
24. Child (1972, 1997); Hambrick and Mason (1984)
25. Hambrick and Mason (1984); Lawrence (1997); Priem et al (1999); Carpenter et al (2004)
26. Hambrick and Finkelstein (1987); Wasserman et al (2001)
27. The Economist (2003)
28. Carpenter and Golden (1997); Wasserman et al (2001); Ward (2002); Betrand and Schoar (2003); Ahn et al (2004)
29. Katz and Kahn (1978); Thomas (1988); Finkelstein and Hambrick (1996); Ahn et al (2004)
30. Pfeffer (1977); Hannan and Freeman (1984); Meindl et al (1985)
31. eg. Mowday et al (1992); Morris et al (1993); du Gay (1994); Kolb and Shepherd (1997); Martin and Frost (1999); Beech (2000)
32. Tzeng and Uzzi (2000)

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ments.[33]" Managerial discretion refers to the latitude of options the CEO has in making choices. The three sources of managerial discretion are:

- the degree to which the environment allows variety and change
- the degree to which the organisation affects executive actions (e.g. publicity surrounding the decision)
- the degree to which the CEO him or herself is able to envision and create courses of action[34].

In Hambrick and Mason's upper echelon theory[35] (which is integrative of findings from behavioural decision theory, i.e. ambiguous cues, conflicting goals, value aspiration levels) values, cognitive abilities and perceptions of top executives are central to company performance. Top executives have idiosyncratic cognitive bases and they face an ongoing stream of environmental and organisation stimuli. To deal with this overload they limit, selectively filter and interpret the stimuli. The outcome of this cognitive process, together with the executives' values, shapes his or her decision-making. This perspective recognises the influence of external factors on strategic choice and thus claims that the organisation can be seen as a reflection of its top executives. However, since values, cognitive abilities and perception are difficult to measure in general and in CEOs in particular, top executive characteristics (such as age, socioeconomic background, education and career path) are used instead as observable proxies for the study of the psychological constructs that shape executive perception and decision-making. This is criticised by some researchers who argue that proxies can be insufficient and unreliable and call for an inquiry in the intervening processes[36]. Some circumstances provide managers greater discretion than others[37]. Wasserman et al propose the contingent opportunities view framework, which shows that the impact a CEO can have on company performance differs markedly by industry and that the impact is highest where opportunities are scarce or where CEOs have slack resources[38]. Other studies have also focused attention on the measurable characteristics of industry or firm context as determinants of managerial discretion[39]. Khurana has studied the effects of charismatic leaders on company performance and has produced evidence that the CEO's influence on corporate performance is greatly exaggerated. Organisational performance is: "a complex interplay of social, economic and other forces far beyond one person's power to influence. By linking performance to individual leadership, boards oversimplify reality in hopes of finding easy answers.[40]"

Fact is that executives to a significant extent define company identity and impact company performance through their decisions and actions[41]. Since poor decision-making and launch failures are costly to their companies and damaging to their image, execu-

33. Eisenhardt et al (1997)
34. Hambrick and Finkelstein (1987)
35. Hambrick and Mason (1984)
36. Lawrence (1997); Priem et al (1999); Pitcher et al (2000)
37. Child (1972); Pfeffer and Salancik (1978); Finkelstein and Hambrick (1996)
38. Dutton and Duncan (1987); Wasserman et al (2001)
39. Huff (1982); Spender (1989); Abrahamson and Hambrick (1994); Haleblian and Finkelstein (1993)
40. Khurana (2002), p. 1
41. Hambrick (1994)

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tives are naturally expected to consider whether they have the latitude to act and in what situations which actions are likely to be possible and successful[42]. Strategic issues such as M&A are often characterised as having greater complexity, equivocality and uncertainty than other organisational issues[43]. The question of CEO discretion in M&A environments is important in its own right, but also with regard to how it is perceived and understood by the actors involved, by the managers and the employees and by the external stakeholders. The distribution of power between the board of directors and the CEO and its perception can vary considerably. The abundance of information executives are faced with and their limitation in processing it, especially in situations of crisis, results in biased filtering and selective perception[44]. In most tales (airline, automotive, IT, technology and life sciences) the board considered its role of strategic overview as remote and CEO discretion was high and also perceived as high. In the banking tale, the case seemed different. The board of directors, labelled 'the strategists' by the executives, was still very powerful. It even seemed that they were making all the decisions on the course of events, on the mergers and even having considerable operational influence and that Lew was installed as a kind of anchorman, an actor who should communicate the decisions and represent the new culture. The figurehead CEO is normally attributed to low discretion situations, i. e. situations of relative stability, which is not Lew's case[45]. Company performance is evidenced to be higher when CEO discretion is aligned with the situation[46]. Lew did not interpret his role like this and began shaping the bank according to his ideas. Jacqueline in the Expo tale found herself in a similar situation. The literature on cognition and decision-making has provided evidence for this likelihood[47]. Both Lew and Jacqueline diverged from the limited role they were given and developed their own initiatives. In Lew's case the conflicting conception of his role and his power led to confusing messages being sent into the bank and weakened Lew's leadership, which is particularly fatal in post-merger situations, when uncertainty is high anyway. Jacqueline and her team managed at first to increase their discretionary set as they managed to translate their perceived control into purposive involvement in many domains and generate multiple courses of action, until some powerful interest groups recovered from their surprise over this impertinence and claimed back what they regarded as their territory.

An inhibitor of management and employee alignment with a CEO in a post-merger situation can be the rationale that led to the merger in the first place, or rather the perception by management and employees of this rationale as plausible and beneficial to the company. This is especially so when the media widely question the rationale, when they evoke the fact that the board of directors and the top executives of the merging companies pocket substantial merger boni, while important layoffs are anticipated. Lew's company performed a number of mergers. The internal and external stakeholders did not always perceive these as obvious entrepreneurial choices and there was a lot of talk in the media and within the companies about enormous compensation packages being paid to top management in relation to these mergers and this created bitterness and

42. Carpenter and Golden (1997), p. 200
43. Mintzberg et al (1976); Carpenter and Golden (1997)
44. Weick (1979); Nisbett and Ross (1980)
45. Datta and Rajagopalan (1996)
46. Finkelstein and Boyd (1998)
47. Simon (1958)

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frustration among management and staff. Post-merger integration failed to materialise. The cultures remained separate, despite considerable efforts invested by the management in post-merger integration exercises. Even though it was clearly part of the local culture to 'make big money', as was regularly expressed as a goal by many executives, the important boni in relation to the layoffs and the destruction of shareholder value were perceived as exaggerated greed and concupiscence. The question therefore imposes itself whether there is a relationship between the failure to recognise the rationale for a merger as beneficial to the company and subsequent integration difficulties. In listening to the above actors, the lack of understanding of the merger rationale was certainly not the only reason for the integration difficulties, but it seemed to make it more difficult to swallow the pill given that it was not perceived as a remedy for the company. Underlying this perspective is the recognition that managerial situations vary in their 'relative strength[48]'. Strong situations are those resulting in relatively common interpretations of an issue and induce a common understanding regarding the course of action to be taken[49]. Such situations have "…widely accepted rules of conduct which constrain and direct behaviour.[50]" In contrast, weak situations allow various interpretations and responses to identical issues[51]. From the above tales and based on the numerous accounts in literature on the ambiguity and uncertainty surrounding the process[52], post-merger situations are suggested to be weak situations according to this distinction. Also, executives who fail to meet synergy promises and have difficulties in progressing with merger integration may consider this inability as a threat[53] and "…trigger consequential organisational responses such as restricted information.[54]" The M&A and post-merger situations in the above tales seem to be particularly prone to this. CEOs were repeatedly informed by their colleagues, especially the human resource managers about the cultural integration difficulties but seemed to belittle or deny this information. They had the habit of "…lying to each other and shaping things… [to fit their] vision of who [they] were," as Tony (in the banking tale) put it.

Another inhibitor could be the perception of the importance of the task of the human side of post-merger integration by the CEO. Often the fact that human or cultural difficulties would arise in the first place was not sufficiently anticipated. Lew's wish to change the company culture was not particularly related to the fact that it was absorbing a number of different cultures, it was more related to his awareness that the times were changing and that banks such as his needed to address internal and external stakeholders with more transparency. As far as the merger was concerned, Lew's behaviour was similar to that of many of the CEOs in these seven tales, namely that to him a merger basically meant "…buying a company and then returning to business as usual"[55]. In fact, most CEOs had some knowledge that cultural difficulties would be forthcoming during the post-merger phase, but seemed to systematically underestimate these. None of the companies had performed a human resources due diligence in the way this is done for

48. Mischel (1977)
49. Carpenter and Golden (1997)
50. Weiss and Adler (1984), p. 20
51. Mischel (1977); Weiss and Adler (1984)
52. eg. Mintzberg et al (1976); Donaldson and Lorsch (1983); Carpenter and Golden (1997); Vaara (2003)
53. Dutton and Duncan (1987); Staw et al (1981)
54. Carpenter and Golden (1997), p. 188
55. Bijlsma-Frankema (2004), p. 257

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financial assets and legal questions prior to the merger, although many subsequently expressed regrets that this had not been done. Companies that had a history of M&A did have post-merger integration programs and processes in place, such as in the airline, automotive and IT tales above, but these programmes were mostly delegated to an integration manager. The merger was perceived by the CEOs as something additional to managing their companies; something outside their immediate field of responsibilities and that could be delegated. In some mergers, integration programmes were even put in place subsequently to problems arising. It is only in the life sciences tale that a different approach was chosen. Dick's perception was that merger management was in fact his primary managerial task. He considered that by managing and leading the merger integration he was managing and leading his company. The literature on issue interpretation claims that executive perception is systematically associated with qualities of the issues themselves such as their complexity or their 'framing'[56]. Issue interpretation impacts subsequent behaviours such as prioritisation, time and money allocation and information search[57]. In situations of complexity and perceived inability to cope, executives tend not to respond instinctively to stimuli anymore and remain in their stereotype patterns of reflection[58]. This learning inhibition, which accords with some of the above described behaviour of information search restriction may partly explain why executives repeatedly persist in underestimating the cultural difficulties of mergers. It may also explain why many react to a personal behaviour that obviously does not work by increasing the dose of the same behaviour.

The personality characteristic 'locus of control' is regularly addressed in the literature on managerial discretion. Locus of control reflects executives' generalised perception of the degree by which they control, or are controlled by, the environment[59]. 'External' executives tend to believe that the events they experience are mostly beyond their control while 'internal' executives tend to view their destiny and that of their organisations as primarily under their control. One might expect CEOs to be naturally 'internal', but some studies found that senior executives vary substantially in their locus-of-control orientation[60]. Research claims that locus of control is a context-independent, stable and individual difference that does not vary across situations[61]. The above tales do not support this claim. Lucas (IT) and Roger (Engineering), and to a lesser extent Jacqueline (Expo) clearly display a change in behaviour between the early 'internal' years of their career and the final, more difficult years, during which they perceive the organisational and situational variables as controlling them. While Lucas seemed to have definitely turned into an 'external' executive, Roger and Jacqueline have left their organisational contexts in favour of situations in which their 'internal' character would again be confirmed. This finding may be worthy of further and more specific research than this study can provide.

While locus of control is seen as stable by the literature it is recognised that executives' perception of their discretion is positively and causally associated with the power others

56. Kahneman and Tversky (1979)
57. Dutton and Duncan (1987); Gioia and Chittipeddi (1991); Golden et al (1993); Thomas et al (1993)
58. Walsh (1995); Carpenter and Golden (1997), p. 189
59. Rotter (1966, 1992); Hambrick and Finkelstein (1987); Carpenter and Golden (1997)
60. Hambrick and Finkelstein (1987), p. 387
61. Kinicki and Vecchio (1994); Carpenter and Golden (1997)

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ascribe to them[62]. The CEO who interprets his or her latitude to act more widely than it is effectively attributed will act in a way that will increase the perception of his or her discretion by stakeholders, which will in turns lead to an increase in their discretionary sets. Again, the above tales do not entirely support this claim. Indeed, Dick from life sciences is a perfect example supporting this claim: he had been put in place as a young doctor under the wings of the highly respected and seasoned chairman and had immediately begun to convincingly portray an image of the man in charge, thereby leading his superior and other stakeholders to ascribe this claimed discretion to him. With Lew at the bank and Jacqueline at Expo, however, the same behaviour did not yield the same result, or at least not sustainably in the case of Jacqueline. Further researchers may wish to measure or observe executive behaviour with this interesting question in mind.

Lew misjudged his discretionary power and by that he did not manage to acculturate the merging partners and to achieve his goals of increased transparency and had eventually to step down. He was swept up in the action, championing a cause he believed in and caught unawares. CEOs are inevitably faced with attempts to be taken out of the game, especially when they steer organisations through crisis times. The literature identifies a number of recommendations how to reduce such threats[63]:

- *Operate in and out of the fray*: to lead one's change initiatives from the top, but also to verify its effects on stakeholders and to go down into the organisation to observe in detail what is happening to it, as it is happening; to monitor who is defending holy cows and/or if the initiative is understood and/or if it is understood correctly. In Lew's case the new leadership style has shaken old habits of some powerful colleagues who, contrary to Lew who was relatively new in the organisation and had no lobby, was facing long-standing, effective networks who could discretely undermine his action. Also Lew's new somewhat 'softer' leadership style was mistaken by the organisation that as a result began to neglect some corporate governance issues, which led to a huge loss and ultimately to Lew's dismissal.
- *Court the uncommitted*[64]: Many managers and employees are not immediately in favour nor against change, they are uncommitted and wary and observe the new leader or the new situation before deciding to support or resist it. This pool of uncommitted colleagues can be crucial to a CEO's success. Commitment can be obtained by "walking the talk" and by dismissing individuals who do not effect the required change. Lew practiced what he preached but he did not particularly court the uncommitted nor did he act consequentially with people who resisted him.
- *Cook the conflict*: To effect change, some pressure is necessary. Too much pressure can result in destructive turmoil. The pressure in Lew's bank was mainly bottom-line-oriented.
- *Place the work where it belongs*: When CEOs intervene in lower echelon conflicts and solve them themselves they will be perceived as to blame for what is happening. The recommendation is to mobilise others to solve problems.

62. Carpenter and Golden (1997), p. 200
63. Heifetz and Linsky (2002)
64. Stahl and Sitkin (2005)

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4.8.2 Why do Promising and Previously Successful Individuals Fail?

When CEOs fail the blame is often placed lock, stock and barrel on the one person's shoulder: the unsuccessful executive. This is human nature and fair to a certain extent. However, these tales, especially the airline tale, show that there is often a wider array of major forces at play. One possible cause that seems almost overlooked in literature is the impact of the composition of the board and of the CEO onto the entrepreneurial outcome. The stark lack of rigorous oversight in the airline tale is observed to have to do with this composition. On the one hand the appointment to this board was not done by criteria of competency in the particular field of airline management, but principally by function (for example the minister of the town in which the major airport hub was located) and by inbreed (the closed circle of highly powerful decision makers heaved each other into this board, which was considered one of the most prestigious in the country)[65]. None of the board members had any experience in this industry, nor did the CEO. If the members were experienced managers in other industries, which many of them were, this might not necessarily be a problem, as abstractions can be expected and also since cross-fertilisation from other business domains can be positive and yield in creative and unusual approaches[66]. However, other factors related to the composition of the board brought about a considerable absence of corporate oversight, let alone cross-fertilisation or creativity. For one the board was very large: right until the moment of crisis it united well over 20 members. As a consequence no single member considered him or herself decisive or even particularly relevant for the company success. Secondly, the fact that these board members represented the country's ultimate insiders' club of key decision makers, these people were very busy and did not dedicate much attention to this board, which was, after all, a prosperous company apparently fortunate to have a serious, hard-working CEO who knew what he was doing. Whilst board member selection and the impact of board composition on company performance, especially in M&A, emerge as important concepts from this research, these extend beyond its immediate concern and are therefore not discussed in detail. In the wake of recent accounting and executive pay scandals and in the light of increasing institutional and societal pressure to increase diversity[67] the selection, role and aptitude of boards have increasingly attracted researchers' attention[68]. However, specific studies on M&A boards are still missing and might be worth inquiring.

Another possible contributor to derailment seems to lie, paradoxically, in the CEO's and the board's previous successes. This phenomenon and its effect upon the learning ability are discussed in more detail in the final summary of this chapter. Strictly nobody had ever been seriously in contact with failure before these events. Their personal going had been good, their own companies' going had been good, this company's going was good and the CEO's going was good, too. Not a cloud in the sky. This lopsided collective baggage of linear experiences devoid of any encounters with failure seems to have turned many mental switches onto off with respect to alertness and vigilance[69]. When the CEO

65. Ruigrok et al (1999, 1999a, 2004)
66. Jackson (1992a)
67. Hillman et al (2002)
68. e. g. Dalton et al (1998); Forbes and Milliken (1999); Stiles and Taylor (2001); Aguilera and Jackson (2003); Hillman and Dalziel (2003); Lynall et al (2003)
69. cf. also Probst and Raisch (2005)

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proposed a choice of strategies, among them one extremely risky M&A strategy it can be assumed that he expected some serious questioning, especially since risk taking was not a feature of either the company nor the country up until that moment. But the questioning was missing, or remained anecdotal. Many members of the board had later admitted to having had reservations with regard to this strategy, but did not express them because nobody else did. What happened could be described by the Abilene paradox:[xxv] everyone agreed to what nobody wanted because everybody thought that this was what all the others wanted. This paradox defines the symptom of inability to manage agreement[70], which differs from the widely discussed inability to manage conflict. Several board members agreed, as individuals, in the privacy of their offices that this was a strategy that looked good on paper but that would ultimately fail for a number of reasons, namely for legal, cultural and cash flow difficulties. But they failed to communicate their beliefs and doubts in the formal board meetings and maintained an optimistic façade so as to not make others worry unduly. As a result of this collective counterproductive action and the subsequent crisis it led to, the board members experienced frustration, anger and existential anxiety. As a consequence, subgroups were formed that blamed other subgroups or individuals for the company's problems. Harvey lists five possible underlying themes for this behaviour of omission:

- *Action anxiety*: executives may act in contradiction to their understanding of the problem at hand because of the anxiety that surges as they think about what would happen if they acted in accordance with what they believe should be done[71].
- *Negative fantasies*: executives fear to be made scapegoats or branded as disloyal or as non-team players and foresee loss of face, prestige and position as a possible consequence of voicing a controversial opinion or of 'owning up'[72].
- *Real risk*: risk is an existential condition and executive action has consequences that may aggravate the present state of affairs. Some executives in some contexts are unwilling to accept existential risk as one of life's givens and prefer to opt for passiveness rather than speak up.
- *Separation anxiety*: Humans need to be connected, engaged and related and fear separation, alienation and loneliness. Research indicates that ostracism is one of the most powerful punishments devised. Executives may fear that if they speak up against the (perceived) general opinion they may be labelled as disloyal and get rejected. This can lead to self-defeat, collective deception and self-destructive management decisions[73].
- *The psychological reversal of risk and certainty*: there is a paradox within the paradox in that the very absence of action for fear of being separated will bring about the feared separation. Executives reverse the real existential risk and the fantasised risk and by doing so transform a probability into a certainty. Because by not taking action the project will fail. Some will get ejected and the remaining will live in a climate of blame, distrust and suspicion, and thereby alienation.[74]

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70. Harvey and Albertson (1971); Harvey (1988)
71. Janis (1972)
72. Argyris (1970)
73. Slater (1970)
74. Harvey (1988), p. 21

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A third attenuating circumstance could be homogeneity of experience. Many of the board members had gone to the same universities and prestigious business schools and through similar professional careers. Moreover, they had either worked within the business consultant firm that was instrumental in the airline tale, or had used that company's consultancy services within their own companies. This means that they were conditioned in a particular way of strategic thinking and problem solving and also in a particular rhetoric. The strategic solutions presented thus gained in plausibility because they corresponded, in content, process and form, to previous successful strategic experiences. This phenomenon seemed to have added to the virtually total absence of scepticism or watchfulness. This rejection of diversity, despite or because of its obvious advantages, is apparent in most tales. Also, the board members had reciprocally supported each other during their careers, lifted each other mutually into high positions and each others' companies' supervisory boards. It can be expected that they found it tactically unwise to challenge any of these colleagues who could retaliate if and when they would inevitably meet again in another power constellation. There was probably also some gratefulness, a moral contract, and considerable mutual respect. All this can prevent executives from forwarding unpleasant opinions. Finally, places where successful people gather, as was the case here, will be crowded with people who "...exaggerate their importance and underestimate the role of uncontrollable variation.[75]"

Another source of failure could also lie in the choice of the CEO. The company was rich but in a strategic impasse and the board chose a charismatic leader, somebody who could shake things up and offer a radical new vision of the future, even at the expense of strategic competency and industry knowledge. In the economic downturn of the 80s following a long period of corporate prosperity a "...quasi-religious conception of business emerged (characterised by words like mission and vision)[76]" and with it a new breed of leaders, capable of shaking things up, motivate followers to come along to the "promised land" and bewitch analysts, stockholders and the business media. While charismatic leaders do inspire troubled companies with awe and hope by their ability to exercise diffuse and intense influences over the beliefs, values, behaviours and performance of their followers[77], they seldom have positive impact on company performance[78]. The main reason for this is that charismatic leaders tend to induce blind obedience in his followers – in Tim's case even with his superiors and other stakeholders – which means that a single person is de facto making all decisions, in this case to perform a number of M&A of beat-up companies without having the resources nor the competencies to integrate them. This unchallenged leadership in turns can lead to narcissism. Excessive narcissism in turns leads to a tendency toward empire building and grandiosity[79]. Symptoms of this in Tim's tale are the excessive M&A mania and the surrealist suggestion that 'we should buy Lufthansa'. Narcissism also blocks learning and leads to an unwillingness to 'hear the truth'[80]. Here, the legal, financial and cultural problems fed up from the organisation were definitely not heard. Furthermore, the charismatic leader's deliberate destabilisation of the organisation can catalyse change, but this change can also bring

75. Askvik and Espedal (2002) citing March (1994), p. 31
76. Khurana (2002), p. 4
77. Conger and Kanungo (1987); House et al (1991); Waldman et al (2001); Howell and Avolio (1992);
78. Khurana (2002), p. 1
79. Murphy (1996); Arndt et al (2000); Tracy (2004)
80. Hirschhorn (1988)

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the CEO too much in opposition to the past, the traditions and the values that had originally made the company great, which was the case here. The 'promised land' had not been reached, but the homeland was gone, too.

A fifth possible cause for CEO failure might be the impact of the preceding CEO's action on his or her performance[81], i.e. poor succession management by the board[82]. As long-standing CEOs enter the final years of their tenure, they are faced with some temptations, as Conger and Nadler put it: "Some (...) no longer have the will to grapple with new problems – they wish only to sail out into a golden sunset on calm sees. Others don't want to leave the job and hang on until the bitter end, regardless of what's best for their companies or their successors. And still others are happy to sail, but only after they've finished up their tenure with a headline-grabbing accomplishment that may reflect their own needs, rather than the organization's"[83]. In this tale, Tim's predecessor had succumbed to a mix of the second and third temptation. He wanted to stay on and he wanted to accomplish a global alliance with the most prestigious competitors and himself at the head of it. He negotiated this rather poorly and offended many people whose collaboration Tim was later dependent on. The alliance failed, causing a lot of bad feelings, and the previous CEO to step down.

Another reason for failure that is more frequently discussed in the literature is the business environment during the CEO's tenure. This was indeed difficult for a number of reasons: it was a down period in a typically cyclical industry, the country's rejection of adherence to the newly shaping European Union had diminished the company's starting and landing rights in European cities, the company had experienced a terrible plane crash and, toward the end of the tale, but by then the crisis was still well under way, the terrorist attacks on New York of September 11th, 2001 had brought about a general decrease in travel activity. These are substantial factors, which might have contributed their share to the decline of the company, but many other airlines faced with similar problems had produced excellent results in the same time period.

Finally, another cause for failure could lie in the handling of the crisis from a communication point of view. Good communication is abundantly addressed in literature as being essential to post-merger success[84] and a key reason for merger failure. 'Good communication' in merger situations is defined in the literature in a multitude of ways with a common agreement that there should be much of it[85], that it should be visionary and symbolic[86] and that all internal and external stakeholders need to be addressed (preferably in the right order)[87] honestly and computably and in a clear and comprehensible language[88]. Additional factors that are found to enhance the effectiveness of communication include empathy and respect for people[89], understanding the importance of

81. Conger and Nadler (2004), p. 51
82. Khurana (2002); Lucier et al (2002)
83. Conger and Nadler (2004), p. 51
84. Pandya (1999); Montague (2000); Bijlsma-Frankema (2004), p. 261
85. Desmarescaux (1998)
86. Desmarescaux (1998); Auster and Sirower (2002)
87. Gemignani (2001)
88. Pritchett (1987); Montague (2000)
89. Bijlsma-Frankema (2004)

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culture[90], acknowledging problems and dealing with them[91], engaging in a true dialogue and negotiating agreements on change[92], gain the commitment of the stakeholders involved[93], legitimise the changes that were undertaken[94] and evaluate the changes and obtain feedback on their effectiveness[95]. These recommendations were not new. They are abundantly discussed both in the academic and the popular business literature and they were even discussed within the respective organisations themselves. Especially the human resources managers repeatedly expressed notes of caution and made recommendations to the CEOs. It can be argued that if within the various airline mergers, just as in the subsequent mergers in the automotive and the engineering tales, top management had read these writings on the walls and respected these factors, the integration problems they were facing would have been lower and even solvable. Why have these executives in the face of these enormous integration problems not learned from these insights? Why did they persist in strategies and tactics that did not bring about the desired outcome?

Communication proceeds in patterns, which can be positive or negative depending to how executives frame issues, use discourse and metaphors, criticise, listen, talk and body-talk. There is a self-reinforcing loop between perception and behaviour. At the announcement of the merger this loop is often positive, as long as the merger rationale is perceived as positive. As the post-merger phase progresses and the invariable problems arise, be they failure to achieve synergies or other promised objectives, or inter-cultural clashes or talent drain and layoffs, the loop often turns on the negative. In the context of merger, three dimensions of framing become apparent[96]:

- *Affect*[97]: affect concerns how people use semantics and body language when communicating, how they talk and listen. These conversational details may be small and unimportant by themselves, but they accumulate and shape communication patterns of either positive or negative nature[98]. Affect is closely related to the phenomenon of trust, which is discussed in more depth in section 4.8.7.
- *Discourse*: the discursive dimension is concerned with the written or spoken discourse, metaphors, symbols executives use to focus on certain concepts rather than others. Discourse and metaphors are heavily used in many of the above tales and are therefore analysed in depth in section 4.8.3
- *Negotiation*: the negotiation dimension concerns the general attitude executives have concerning the previous companies and the newly merged company[99]. Negotiation is understood as: "two or more interdependent parties who perceive incompatible goals and engage in social interaction to reach a mutually satisfactory outcome"[100]. Negotiation is a dynamic communication process involving adjacent

90. Buono and Bowditch (1989)
91. Buono and Bowditch (1989); Cartwright and Cooper (1992)
92. Cartwright and Cooper (1992); Lubatkin and Lane (1996)
93. Lubatkin and Lane (1996)
94. Marks and Mirvis (2001)
95. Pritchett (1987)
96. Dooley and Zimmerman (2003)
97. Gronn (1983)
98. Anderson et al (1996); Quinn (1996); Tulin (1997); Boden (1997)
99. Putnam (1985)
100. Putnam and Roloff (1992)

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pairs (e.g. question and answer) and turn taking and leading to cyclical communication patterns[101].

These three dimensions of communication framing need to be coherent and interact with one another but they can also have independent dynamics. Both the affect and the discourse dimensions are influenced by the partners' disposition to negotiate[102]. In the airline tale it is interesting to note that little negotiation communication could be observed at the board level. This is taking place at operational levels, especially between the human resources department and the various national and professional unions. At board level there was a general unanimity, perhaps even a complaisant indifference and a rather homogenous, rational and matter-of-fact discourse and rhetoric by all the actors who, as stated, had similar career histories. This rhetoric passed reasonably well with external stakeholders but was sometimes perceived as too cold and abstract by middle management and employees. The communication was abundant in the beginning: while the bulk of the communication work was delegated to the CEO, all board members loved to publicly acknowledge the bold, dynamic strategy and gave a great number of interviews. The CEO concentrated his communication on two groups of stakeholders: the financial analysts and media and the immediate management team. These he managed with extreme professionalism and with the help of a considerable public relations staff who meticulously prepared each and every media conference, management meeting or interview. Nothing was left to chance or to improvisation. Any further internal communication, be it in headquarters or in the mergee's subsidiaries, was almost entirely delegated to the integration manager and the local CEOs. However, employee commitment to change is dependent on top management communication[103]. Referring to the above communication dimensions it can be said that all CEO communication was limited to the discourse dimension. There was no affect and no negotiation. As long as the going was seemingly good, this somewhat rigid and highly rational leadership and communication style was accepted by all stakeholders as somewhat weird but apparently effective. On the one hand it was reassuring: there were obviously some tough, competent and no-nonsense executives at work here. On the other hand, little bonding, identification or sense-making developed among the company's managers and staff, which might have partly been the cause for the considerable talent drain experienced by the company[104]. The moment some serious problems came up, with the announcement of the financial loss, the whole communication broke down. The negative spiral began to turn and all stakeholders lost their countenance at the same time. What was at first just a difficult management situation turned immediately into a major crisis. The board members withdrew completely and began to develop their personal face saving strategies and the CEO was unable to handle this situation in which he could not rely on prepared, flyspecked communiqués. Only days before he stepped down he denied the rumours about the blooming leadership crisis as 'tommyrot' and refused any further comment. The only exception to the airline's subsequent communication misery was the tragic plane crash. At that moment, the complete management team and board was on deck and perfectly delivered the messages that need to be conveyed in such terrible

101.Keough (1992)
102.Gibbons et al (1992); Dooley and Zimmerman (2003)
103.Higgins and Vincze (1993); Taylor (1995); Markides (1997); Evans et al (2001), p. 298
104.Lubatkin et al (1999)

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moments. The public relations department had had a consummate contingency plan in place for this situation the company never wished to experience. However, the positive spin this tragic event paradoxically gave to the company's communication did not last. Yet, this proves that even moderately talented executives can communicate effectively in time of extreme pressure and crisis, if prepared and if the situation is perceived as needing top management communication[105]. This was obviously not the case for the post-merger situation, which was totally underestimated and perceived as operational and delegable.

This top management communication behaviour observed in most above tales could be called 'squid management'. High communication and self-marketing, especially toward external stakeholders, such as media, analysts and major customers is performed in successful times while in times of crisis fact are concealed or executives even withdraw altogether from their communication responsibility. Karl at automotive, Lucas in IT and Roger from engineering have displayed a similar behaviour. Lucas withdrew altogether. Karl did not withdraw from the media but from the company, i.e. his communication turned to societal and charity issues. Roger also took on more and more outside assignments. Although the academic and popular literature are in phalanx about crisis situations needing the reinforced presence of the principal actors on the forefront of the company[106], executives have difficulties to abide by this recommendation. This seems another example of the psychological reversal of risk and certainty described above. Because the executive fears to lose face and prestige he or she behaves in a way that worsens the situation, so that it will definitely lead to a loss of face and prestige. The loop of psychological reversal of risk and certainty also works in the positive sense. The communication in post-merger situations begins with a promise: the promise of a better future, which will bring growth, security and prosperity thanks to synergies and enhanced competitiveness. This is the risk, or as it could be called in the positive sense, the opportunity. This opportunity will become certainty if the people who have to materialise it – the managers, the staff, the customers, the suppliers, the investors, etc. – embrace it. Communication activities must therefore generate the right perception in those stakeholders, the perception that the 'promised truth' is true[xxvi]. Important elements in this perception management are[107]:

– *Conviction transfer*: the belief that the promised future will indeed hold must be instilled in the major stakeholders. For this it is not enough to deliver facts and figures. A genuine conviction transfer must take place. Profits and cost savings cannot be the purpose of the merger, only a possible result. It must be made convincingly plausible why this merger is in the best interest of the common future. For this, process information is needed, for example an explanation of all the relevant steps that have led to the merger decision. This conviction transfer cannot be delegated, but must be done by the CEO him or herself. The person who is responsible for the promised future must be visible and ready to answer all questions. Except for his communication with financial analyst, Tim had delegated this task to the integration manager and thus this transfer has not taken place.

105.Epstein (2004)
106.Pritchett et al (1997), p. 145; Galpin and Herndorn (2000), p. 49; Evans et al (2001), p. 298
107.Von Wartburg (1999)

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- *Media presence*: The new company must show its colours and be present in the media by competent representatives to permit a true public discourse. If top management does not find time for this in the hectic integration period it will stand in its own way to success. The public will want to know how the restructuring is handled, what compensation packages are foreseen for layoffs, who are the leaders and which intermediary objectives were set. Concerted media presence shapes the perception of the merger toward outside stakeholders. As long as the delta between the 'communicated truth' and the operative reality is small, the media will positively reflect management competency toward the inside of the organisation. What the media say can come across more credibly than any company memorandum or glossy brochure. Executives who take their media work seriously simultaneously support their leadership legitimacy within the organisation. However, since the external communication is always a step ahead of the internal reality, there are inevitably consistency discrepancies in the perception. These discrepancies must be kept small, by fast integration decisions and by 'dilemma communication'. The delta between the conveyed 'truth' and the bitter reality was enormous in Tim's tale with the consequence that the stakeholders did not convey the projected future it into certainty.
- *Credibility*: If the promise for a better future is to be believed, it must be made by a person who enjoys high confidence. Confidence, or trust, is generally not earned but given. For trust to be given the CEO must be aware of his or her role as an example, a rainmaker. He or she must state an example worth copying with his or her attitude and live the values that underlie the merger decision. Executives must have the kind of communion with their stakeholders that they intend to install as the forthcoming corporate culture. The inevitable uncertainty, distress and concernment that go with a merger must be countered with a clear vision and precise objectives and tasks. The process of development of these objectives must be done in a timely manner but there must be the necessary judgement and openness to be able to integrate new insights that invariably arise during the process. If the objectives and the leadership attitude are coherent, trust will be given and the common negotiation of best practices and of the forthcoming organisational texture will bring stakeholders closer. Other than some board members who were perceived as basically indifferent to the company and more interested in prestige and first class trips, Tim was basically credible. He was clearly not interested in personal riches or prestige. He worked consummately day and night and even travelled economy class to permit the company to sell another first class seat. However, Tim was not perceived as being interested in the people and their very genuine problems. The common future was imposed and not negotiated, except where it was inevitable as in the case of the very well organised pilots' unions.
- *Integration figure*: There is therefore a need for one or several authentic integration figures with whom the stakeholders can identify. Figures alone do not make a merger, people do. Credible trusted personalities are more necessary than ever in moments of uncertainty and ambiguity. What such persons do or say is perceived as true: perception becomes reality. These truths must however always be infused by real facts and situations, otherwise they risk to be dismissed as propaganda. These truths must orient themselves in the real people whose problems and opportunities are ultimately defined by themselves and not by the people who decide over them. Despite the fact that Tim was perceived as basically honest, he never was this integration figure.

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From all the tales it is in life sciences that perception management is handled most successfully. Dick seemed to have recognised the importance of merger communication and dedicated a maximum of time to this. In fact, he managed the company through communication and managed to align perception and reality so as to remain credible up until this day.

4.8.3 Acculturation Through Discourse and Metaphors

Several of the tales display how top management uses organisational discourse and metaphors as means to influence the way the merger is interpreted and thereby adopted by both merging partners' cultures. This is especially evident in the automotive merger. As Kroeber and Kluckhorn suggest: "Culture consists of patterns (...) transmitted by symbols constituting the distinctive achievement of human groups, including their embodiment in artefacts: the essential core of culture consists of traditional (...) ideas and especially their attached values; culture systems may on the one hand be considered as products of action, on the other as conditioning elements for further action.[108]" Organisational discourse, the symbolic dimension of organisational life and the way speech constitutes meaning for members[109], simultaneously expresses and creates collective identity and culture for stakeholders[110]. It is a "way of knowing...[focusing on] the subtle aspects of organising and to determine what is figure and ground in the framing of organisational events"[111]. It can strengthen organisational culture by motivating managers and employees to work cooperatively[112] and manage tensions, fluidity and paradox in organisational identity[113]. Such discourse takes the form of formal speeches and statements given by top management[114], but also of casual conversations[115] and recurring anecdotes managers and employees tell and retell[116]. It is also written down in formalised statements such as reports, internal memos and press releases. Literature argues that discourse in mergers serves as a function of sense making[117], enculturation of new members[118], uncertainty reduction[119], management of identification[120], bonding[121] and the creation of norms, roles and structures[122]. Discourses, which proved useful in reducing equivocality are retained and reused for similar purposes, or discarded when not useful. Discourses that are communicated publicly may become "tenacious justifications", difficult for the organisation to discard or deny[123]. One problem with

108.Kroeber and Kluckhorn (1952)
109.Weick (1979); Putnam and Fairhurst (2000)
110.Cerulo (1997); Hardy et al (2005)
111.Putnam and Fairhurst (2000), p. 79
112.Schein (1985); Fiol (1991); Hardy et al (2005)
113.Gioia et al (2000); Pratt and Foreman (2000); Fiol (2002); Lund (2003); Hardy et al (2005)
114.Seeger (1994)
115.Hardy et al (1998)
116.Brown (1990); Browning (1992)
117.Weick (1979, 1995); Maitlis (2005)
118.Putnam and Fairhurst (2000)
119.Grant and Oswick (1996)
120.Browning (1992)
121.Brown (1990)
122.Schein (1985)
123.Weick (1988)

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discourse is that it is closely linked to the actors' cultural identity and language. The data in both research loops strongly suggests that a merger between companies that speak the same language (e.g. both German) does not necessarily facilitate acculturation compared to one between culture differences that are more evident. This may be because when the actors are seen to be culturally related, the difficulties are not anticipated[124]. Vaara speaks in this case of the "...paradox of cultural proximity.[125]" The differences in culture are then subtler[126] and often invisible[127]. Silence could for example be mistaken for consent whereas it could simply be an expression of a culture of conflict avoidance[128]. Another difficulty with discourse is the fact that top management needs to simultaneously address very different groups of stakeholders representing many diverse, often conflicting stakes, need and values[129]. To maintain credibility with all stakeholders and address their competing needs and wants becomes more difficult in global environments[130]. One strategy is to use general and ambiguous discourse, so that each group of stakeholders can take different meanings from the same message[131]. Another aspect of discourse is its speed and pervasiveness. Intimately tied to rituals, myths, symbols and cultural artefact it is quickly disseminated throughout all levels of the organisations[132], especially in highly uncertain moments, such as post-merger situations, where the need for information and therefore the information seeking behaviour is enhanced[133].

Metaphors, powerful rhetorical tropes comparing seemingly unrelated subjects entail larger belief and meaning structures. They function selectively to highlight some ideas over others, to create new ways of seeing and thinking[134] or to mask and de-emphasise some ideas or values[135]. In times of high uncertainty when meaning construction is needed to interpret multiple and often diverging organisational realities, metaphors have instrumental value in helping to embrace change[136]. Scholars have identified that metaphors have particular utility in situations where organisational reality needs to be restructured in the light of radical change[137], especially when continuity needs to be maintained[138], i.e. in the management of such organisational dichotomies as stability vs. change and autonomy vs. coordination[139].

While the CEO in the automotive tale used sufficiently abstract and broadly constituted discourse to relate to diverse audiences, he still aimed primarily at constructing a positive meaning of the merger among its US stakeholders. These he considered his critical

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124.Hofstede (1991)
125.Vaara (2003)
126.for cultural dimensions cf. also Javidan et al (2005)
127.Clair et al (2005)
128.Vaara (2003)
129.Cheney (1991); Freeman (1984)
130.Seeger and Bolz (1996)
131.Eisenberg (1984)
132.Putnam and Fairhurst (2000)
133.Rogers and Agarwala-Rogers (1976)
134.Lakoff and Johnson (1980)
135.Hart (1990)
136.Marshak (1996), p. 151
137.Grant and Oswick (1996); Marshak (1996)
138.Putnam and Fairhurst (2000)
139.Smith and Eisenberg (1987), p. 369

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audience, whereas the German stakeholders' positive meaning was grosso modo understood as assured. He used symbolic globalisation speech, such as 'world class products and brands', two market leaders joining up for global growth' and 'global synergies' and unifying, equal footing metaphors such as: 'a single global entity', 'a perfect fit' and 'a marriage of equals'. These metaphors are heavily used and heavily heard and repeated by colleagues and customers. The justification of mergers for globalisation reasons is a frequent underpinning of merger rationales. By emphasising on the 'single global entity', Karl and his US counterpart aimed at positioning the merger as natural growth and evolution to a global scale in response to environmental changes. It should signal the beginning of a new and inevitable alignment of the automotive industry[140]. The 'single global entity' metaphor, grounded in the larger notion of global presence being a prerequisite for competitiveness, had at first a wide appeal to both shareholders and employees, especially since it was tempered with assurances that the unique identity of the two partners would not be lost. However, there was little relation between the chosen rhetoric and the actual decision-making. The suggested changes got "…forgotten in hypocritical organisational reality.[141]" This hypocrisy between the rhetoric and the organisational reality was soon unmasked and a culture clash broke out that was attempted to be remedied by imposing the German culture onto the US company. This immediately unmasked the metaphors and gave them a negative connotation. Stefan and his colleagues still used them, but in a cynical way. The 'perfect fit' metaphor was a smokescreen created by Karl to downplay the companies' contradictions in terms of culture and values and to imply that convergence in terms of structure and cultures was not a primary merger goal. Again, this metaphor provided both external observers and employees with reasons for embracing the project. And again, the metaphor turned sour when the gap between the promises it entailed and the reality that was beginning to be experienced widened. With the 'marriage of equals' metaphor the CEO sought to portray the merger as voluntary, based on mutual attraction and expected benefits for both parties. It was also designed to create the meaning that no single person would run this group. This metaphor harvested deep scepticism from the onset and soon began to be manipulated by the US executives, e.g. as a 'shotgun marriage', to create negative meaning. Approximately one year after the merger the complete rhetoric that Karl had put in place had been belied and had lost its purpose of framing organisational reality. The value of the metaphors is how they enable people to place their experiences in context[142]. As the gap between the emerging reality and the rhetoric widened and inconsistencies and confusion began to reign, the explanatory value of the metaphors was reduced and the same rhetoric created cynicism and reduced management credibility. The meaning system of the corporation became incoherent. During the subsequent five years, Karl seemed unable to change the rhetoric into the positive for any of his stakeholders. Dick in the life sciences tale, initially as a duo with his chairman Louis, managed the rhetoric/reality gap more tightly and thereby more prolifically. While the total change of company name and the suppression of the previous global brands left no doubt as to this merger being a project of radical change, its executives' promises were less boastful. Their communication was not based on metaphors but on a sobering argumentation such as that the merger would 'assure the future of the company', ensure 'sustainability' and

140.Fitzgibbon and Seeger (2002)
141.Vaara (2003)
142.Stohl (1995)

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enhanced global competitiveness. Organisational reality was framed by the unconditional availability of the executives to the media and other stakeholders, for further explanation; by Dick 'taking the nasty questions, too'. Furthermore they had anticipated the need for fast explanation and seconded every announcement immediately with the correlating organisational and personnel consequences via their 24h telephone hotline. It was the media, rather than the company, that strongly worked with metaphors to describe the new company and, especially, the new and unexpected CEO. 'Life sciences giant', 'Super Dick', 'smiling Dick', 'eager beaver' and 'wizard' were some labels that emblazoned the front pages. Although this discourse was principally awesome it was still considered a liability by the executives who did all to tone it down, by relativising their communication and occasionally admitting to unresolved issues and, in the case of Dick, to vulnerability. This relative discursive modesty was accompanied by regular, immediate and openly communicated answers to issues at hand. Lucas in IT and Jacqueline and her team at Expo also had to deal with media rhetoric, which was at first positive and turned sour later in their assignment. Lucas handled it by withdrawing from the media; Jacqueline remained available in the hurricane. Both failed to gain back credibility.

Karl's coping strategies to correct his discursive derailment were varied. The 'single global entity' and the 'perfect fit' metaphors were maintained. Whether this was done because their negative effect was not recognised – because in his increasing march towards grandiosity Karl had stopped being vigilant (stopped learning)[143] – or whether the metaphors had become 'tenacious justifications and difficult to discard,[144]' is unclear. The 'marriage of equals' metaphor was actively discarded, even contradicted by Karl himself and revealed as pure negotiation tactics, in other words as a lie. This cost him and the company considerable management credibility and some legal difficulties with shareholders. Stakeholders, and above all Karl's colleagues perceived this as dishonest and narcissist. Karl had "taken off completely", was "not listening anymore" and was perceived as being "on another planet". Narcissism leads to the development of an excessive preoccupation with one's image as a successful manager[145], towards empire-building and grandiosity and the manipulation of others. It favours extreme individualism, hinders collaborative behaviour and leads to an unwillingness or even incapacity to 'hear the truth'[146]. This perception of Karl by his colleagues is also manifest in his nickname 'the Great'. Such excessive self-centredness and lack of empathy – Karl found it necessary, for his own ego, to debase his US counterpart by telling the world that he had never really meant to play it fair but had always intended to take over the merging partner – diminishes trust and thereby the lubrication that allows the organisation to work[147]. The consequences were massive key people desertion, physical desertion by leaving the company – like Bob Norton, who regretted 'the wastage' but did not have the faith in the leadership to stay on – or moral desertion by passive or active subversive action within the company, like some of Stefan's colleagues, who were 'just waiting for the retention bonus' or like Stefan himself, who believed he couldn't 'count on [Karl] anymore,' but

143.Bennis and Nanus (1985)
144.Weick (1988)
145.Bruhn (1991); Heckman (1997); Tracy (2004)
146.Bruhn (1991); Bennis (1988); Murphy (1996); Arndt et al (2000)
147.Bennis and Nanus (1985)

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felt he had to do something, to ' stop the vicious circle'. While his subordinates authored increasingly tragic narratives of events, resisting subjugation[148], Karl preserved his hegemony by telling a narrative of epic change[149]. But the top management team was no longer a moral community[150], and therefore, as Anthony and Reed argue, no longer effective: "Accumulating evidence shows that managers (...) depend for their effectiveness upon norms of reciprocity, upon trust, obligation and the maintenance of defensible social relationships... Reality, both social and economic, (...) depends on the dialectics of control and cooperation, on leadership and community and, finally, upon authority, which is essentially moral.[151]" Karl, unable or unwilling to provide this leadership, was gradually leaving the confinement of his organisation for a bigger world in which he was apparently less challenged and began to add a societal dimension to his global discourse.

Stefan's coping strategy at first manifested itself by a wish to leave the company. It was unclear why he did not, whether for material reasons – he had a new house and a family – or whether for moral reasons, because he liked the company and saw the theoretical potential it bore, but probably more the latter. Stefan remained receptive and eager to learn and understand what was happening. He was not, as many of his colleagues, staying on passively, waiting to pick up the paycheck and the retention bonus. He was committed and ready to give it all. He clearly expressed the powerful tension at the top echelon of the company, between what he and other senior executives tried to achieve and the priorities and values of Karl. Although he did marvel and sometimes despair at the cultural differences between the US and the German cultures, his antagonism was much stronger towards Karl than any other group of stakeholders. He saw himself as an "...agent of the interests who own or ultimately control the organisation in which [he works],[152]" and his frustration vis-à-vis Karl, whom he perceived as not being such an agent anymore, was mounting. He tried to influence the course of events from his position by shaping it, together with colleagues, according to their own judgements about what would be best for the company. These executives were "...deploying their discretion to achieve certain corporate goals" and prepared to rather 'ask for forgiveness than permission' as one executive in the tale put it, since they believed that through the normal hierarchies the action that was necessary in their eyes could no longer be initiated. Their actions were "...shaped by an alternative sense of the corporate interest.[153]" They saw their role as one of ensuring the long-term viability of the organisation and did not accept Karl's definition of how this should be done, judging him to be primarily concerned with himself. Karl's attempt to create a common culture that "...shape[d] behaviour or (...) structure[d] one's perception of the world[154]" had failed, because the discourse underlying the acculturation was not trusted.

148.Jermier et al (1994)
149.Foucault (1977); Brown and Humphreys (2003)
150.Anthony (1986), p. 188
151.Reed and Anthony (1992), p. 608
152.Armstrong (1989)
153.Smith (1990a), p. 151
154.Heidrich (2002), citing Carrol in Freeman (1952)

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4.8.4 The CEO and His or Her Self

The heroes in the seven tales are leaders of organisations in complex and uncertain situations, they are bright, committed and hard working but they are also simply human beings. They are not superwomen or men, although they are portrayed as such in the popular business press and sometimes end up believing it themselves. They all have inadequacies and anxieties and need sense-making from the people they manage. Steering organisations through times of extreme change can be hazardous and exhausting. Lucas from the IT tale shows us that the price for success can be high. The business community and the public expect CEOs to be competent, tough, in control, provide leadership and to generally have all the answers. Executives are pressured by stakeholders and by their own expectations and advised by consultants to devise:

> *"... rational and emotionally neutral systems and corporate structures to 'solve problems' and 'make decisions', 'run the business'. These 'scientific' and rational-analytic practices give reassurance but can leave managers so distanced from the 'managed' that their capacity to control events is undermined. And they also tend to leave managers isolated from the essentially human community, which the organisation might be. This can mean that their own emotional and security needs are not handled, with the effect that they retreat into all kinds of defensive, backbiting and ritualistic behaviour which further undermines their effectiveness (...).*[155]"

There is a strong notion in the business community about executives being separate from the people they manage, a different caste. And the executives themselves often support this notion with their behaviour. When CEOs prescribe change they often exclude themselves and speak of the others having to change. They consider that they themselves have 'seen the light', that they already have the attitude aimed for, and that it is now their job to lead the others to the same enlightment. Similarly, executives often speak of their duty to motivate people, give them a sense of belonging, identity and purpose, i. e. attend to their feelings. Ever since the 'social man' was discovered in human relations theory, they know that employees are often more motivated by sentiment than by reason[156]. But executives themselves, it is assumed, are rational. And they do not manage themselves as they manage their managers and employees. There is little academic or practical evidence that their own insecurities and need for sense making are attended to[157]. This is marginalised or ignored in the business administration discourse[xxvii]. This separation of their selves with the rest of the community often leads to crushing isolation[158]. This isolation has repercussions on executives learning capacities, which are discussed in other tales and in the conclusions of this chapter. It also has repercussions on their health. The negation of feelings and the collateral isolation in the "...last bastion of denial of human vulnerability[159]" combined with external and self-imposed demands can lead to burn out, a psychological dysfunction such as anxiety, negative stress, sense of loss, feelings of guilt, lack of interest in other people, depression and

155.Watson (1994), p. 13
156.Mayo (1933); Roethlisberger and Dickson (1939); Maslow (1943, 1954, 1998); McGregor (1960); Herzberg (1964)
157.Weber (1968); Fineman (1994); Watson (1994); Kisfalvi and Pitcher (2003)
158.Marano (2003)
159.Marano (2003)

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suicidal thoughts[160] as well as to a number of physical dysfunctions[161]. There is evidence that social support is an effective way to reduce stress[162], but there is also some evidence that stress reduces social support[163]. In post-merger situations, some social networks that executives may have had – that may include their direct reports, their boards or their key customers – are often disrupted, because of the power play of the two merging organisations at work. While there is substantial literature on employee stress management for job satisfaction and performance[164], the literature on CEO stress, unsurprisingly since this is a 'bastion of denial' and a taboo subject, is scarce. However, the problem seems real. Philip J. Burguieres, one of the rare CEOs who decide to share their experiences of depression[165], was impressed by the many reactions he received from CEOs besieging him for help after his 1999 speech on the subject at the World Presidents Club[xxviii]. More so, the condition is evidenced to self-select to: "…any profession that requires stupendous effort, energy, confidence and the willingness to take risks.[166]" Since the mid-90s academic attention on the phenomenon occurring in top management has increased and the condition, known as bipolar disorder[xxix] or manic depression[xxx] has been given a name that relates it specifically to top executives: CEO disease[167].

Executives are generally outstanding and smart people. They are effective and they work extremely hard. They are confronted with substantial internal external demands, which are enhanced in post-merger situations, such as:

- *Business-related demands*: stock market and shareholder expectations, competition, extreme travel, customer demands, generally heavy work loads, sieving hundreds of e-mails and phone calls a day, union negotiations, legal meetings, media solicitations, personality conflicts, etc.
- *Private demands*: representational duties, charity and or community work, family conflicts, expectations in children's scholar performance, spending time with the wife and children, wealth management, etc.
- *Self-imposed demands*: genius, excellence, perfection; image management, physical exigencies (diet, marathons, golf handicap), etc.

Executives often dispose of considerable administrative coping skills and infrastructures, such as consultants, assistants, task forces, strategic planning systems and processes, objective setting, time management, organising, problem solving and fast action taking[168]. Many CEOs however do not have sufficient personal coping skills in place. As they rise up the career ladder, external achievements and results become the sole measures of who they are. By denying pain they lose empathy. Once they are at the top they find that there is: "…something in the nature of success that makes being at the top dra-

160.Nordell and Sime (1993); Marano (2003)
161.Sime et al (1993)
162.House (1981); Vaux (1988); Cutrona (1990); Viswesvaran et al (1999)
163.Marcelissen et al (1988)
164.e. g. Larsson et al (1990); Setterlind and Larsson (1995); Sime (1996)
165.Blauner et al (2005)
166.Sam Oserzky, Toronto Mood Disorder Clinic, cited in Tillson (1996).
167.Byrne et al (1991); Jenkins (1996); Tillson (1996); Elsberry (1998); Smock (1998);
168.Thornton (2002)

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matically different psychological terrain from getting there[169]" and often the expectation that success and wealth transmute into happiness ends in disappointment[170].

Lucas is not the only CEO in the tales that has been observed to suffer from mental disorders. In fact, he is not the most problematic case, because he is – faintly or acutely – aware of his condition and is likely to address the problem some time soon. At one point in the tales Tim, Karl and also Roger display a depression symptomatic comportment in that they show signs of clinical narcissism, they refuse to listen or to face people, they stop explaining decisions and generally cease sense-making leadership; they lose their tempers, avoid making decisions or abruptly change their minds, refuse to concede mistakes and gradually withdraw from human contact and are increasingly concerned with themselves rather than the company. Dick openly spoke of a bout of depression in his early years as hospital executive. Despite the fact that one earlier research paper could find no significance for CEOs being particular prone to what is meanwhile called CEO disease[171], some credibility can be given to many recent research claims that a substantial and increasing number of CEOs "...who are running big companies (...) are suicidally depressed"[172] and that mental illness is on the increase among executive knowledge workers[173]. Besides the fact that this problem should be addressed for the sake of the concerned CEOs' job satisfaction and quality of life and that of their entourage, CEO depression seems to be quite costly in terms of shareholder value and gross global product. A dysfunctional CEO can destroy jobs and a market valuation that has taken decades to build[174]. Some examples of manic-depressive executives having wrecked companies have been recorded in the US[175]. No data could be found in Europe.

However, there is also evidence that manic depression can be beneficial to creativity and entrepreneurship. There seems to be a correlation between genius or extreme creativity and manic depression. Many great artists and statesmen have been plagued by manic depression[xxxi]. And recently, since manic depression has been renamed bipolar disorder, some very creative CEOs have come forward and admitted to it[xxxii] and some even claim that it is the secret to their success. The symptom that so captivates them is hypomania[xxxiii]: extreme glibness and self-confidence verging on grandiosity. The important characteristics that executives need to make their organisations perform, such as intelligence, confidence, focus and clarity of thought; stamina, creativity and productivity are the very traits heightened during mild manic episodes. In that state, some executives report that "...things become clear", "...you see the big picture... that's what takes you to the top", "...it gives you that extra bit of panache to do the big deal", "...you can work with hardly any sleep", "You feel like Jesus Christ, there isn't anything you can't do" and " ...you can plan any business deal, seduce any man or woman or spend any amount of money."

169.Marano (2003)
170.Real (1997)
171.Ladou (1979)
172.CEO Philip J. Burguieres cited in Marano (2003)
173.Brown (2002); May (2003)
174.Conger and Nadler (2004)
175.Jenkins (1996)

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From this it can be assumed that CEO disease may even be at the origin of quite a few M&A decisions in the first place, as Smock[176] suggests in his research on the symptoms of advanced CEO disease:

- tendency to take care of oneself first, justifying it in the name of shareholder value[177]
- trappings of power, ostentation (e. g. new headquarter building, lush executive suite, company jet)
- tendency to surround oneself with yes-people; management meetings resembling 'worship services'[178]
- inability to delegate, overcontrolling micromanagement, insistence on putting a personal stamp on almost anything
- Inability to admit mistakes, give credit, share the limelight[179]
- decided leaning toward growth by acquisition in lieu of a balance of internal and external growth
- replacement of wife for a younger and blonder trophy
- reluctance to share information with board or key collaborators
- inability to develop and designate a heir-apparent
- appointment of cronies and guaranteed yes-people to the board, unable and unwilling to monitor managerial activity[180].

There is evidence that CEO disease, when diagnosed, is monitored mainly by containing the symptoms with medication[181]. Some of the CEOs who have openly spoken of their condition even explain that they 'ride the tiger'[182], they go off and on their medication, depending on their business schedules in order to slingshot themselves into a hypomanic episode, so as to be more creative, more aggressive and get more work done. This behaviour is symptomatic for the CEO's wish to keep control at all costs.

Some theory is available as to how to avoid the syndrome[183], namely in the growing literature on work-life balance, although this literature either focuses on the supervisory management level[184] or on women managers[185], often reflecting the achievement orientation and instrumental rationality that is fundamental to modern bureaucratic thought and action[186]. Recommendations include a number of socialisation actions, which are in stark contrast with the external and internal CEO realities observed in the tales. Key recommendations include:

176.Smock (1998)
177.Maccoby (2000); Conger and Nadler (2004)
178.Kets de Vries and Miller (1984); Finkelstein (2003)
179.Khurana (2002)
180.Schaffer (2002); Maitlis (2004)
181.Jenkins (1996); Tillson (1996)
182.Dr. Sagar Parikh, Director of the Bipolar Clinic at the Toronto Hospital of Psychiatry, cited in Tillson (1996)
183.Rousseau (1995); Quick et al (1998); Hobson et al (1998, 2001, 2004); Bennett et al (1999)
184.Kirmeyer and Dougherty (1988)
185.Crosby (1982); Staines and Pleck (1983); Geurts et al (2003); Demerouti et al (2004);
186.Caproni (2004)

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- *To know one's employees*: to keep in touch with one's direct work interlocutors as human beings, know about their personal situations, their families and personal pursuits outside work. This can help anticipate problems and maintain an interest in people, both in the direct reports but also in the self. It will also, since the CEO is a role model, favour a culture of empathy in the company.[187]
- *Open door policy*: to encourage colleagues to speak freely in general and to bring serious problems involving stress to the CEO's attention immediately. This is considered critical to early problem identification and possibly resolution.
- *To monitor changes in colleagues' behaviours*: For a variety of reasons managers are reluctant to bring problems to their superior's attention. Changes in work attitude such as decrease in performance, low productivity, tardiness, absenteeism and apparent substance abuse (medication, alcohol) can be indicators for depression[188].
- *To show empathy and compassion*: When addressed with problems, to take the time to listen attentively and genuinely express empathy, to place oneself in the situation of the confiding colleague can demonstrate that there is genuine care.
- *Professional assistance referral*: serious problems (substance abuse, divorce, problems with adolescent children, suicide thoughts) the recommendation is to make a specific referral for professional help. To provide personal helpful advice or coping strategies can incur legal liability and is to be avoided.
- *To provide time off*: often time off can provide help to deal with stressful personal situations, as long as it can be assured that primary job functions are performed during the absence, so as to avoid anxiety about work backlog.
- *To offer an explanation to colleagues*: When a serious problem confronts a management team it should be explained in general terms while protecting the person's privacy.

There is no apparent reason why such an approach, although clearly stemming from research in middle management and supervisory level environments, could not also be beneficial at CEO level. However, for this, the CEO would need to perceive him or herself as one of the lot, rather than as a separate, rational entity, just as the public and the media would need to accept CEOs as normal human beings. While psychiatrists recommend that affected CEOs come forward about the condition so as to relieve tension about the secret and be able to follow proper treatment[189], the business literature disadvises this arguing that unless a CEO is sufficiently empowered and strong, his authority may get undermined if his condition is known[190]. There are also some other problems with this approach, namely top management time, space, culture, fame and money:

- *Time*: Top managers in large organisations, especially in post-merger situations, are under extreme time pressure. They hardly have the time to meet with their closest collaborators, let alone observe them and their behaviour. More and more, management organisation and coordination activities are performed via e-mail and even SMS.
- *Space*: This tendency is enhanced by the fact that these CEOs' responsibilities are international and there is a lot of travel involved. Often, top management colleagues

187.Hobson et al (2004)
188.Lieblich (1994)
189.Kunkel and Frederiksen (1997)
190.Tillson (1996)

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don't see each other for weeks as they share the load of international travel among them. Again, in post-merger situations travelling is enhanced because two physically separate entities, often with subsidiaries in several countries, need to be integrated.

- *Culture*: "It's tough at the top", "To make an omelette you need to break some eggs" and "If you can't stand the heat get out of the kitchen" are some of the dictums that appear in the tales and stand for this climate of toughness. They are occasionally expressed with a pseudo regretful yet proud sigh, as if to mean 'we're in the club of the real guys, but we can take it', but often also with considerable resignation. Top manager's single focus on performance creates a no nonsense climate in the top floor. Vulnerability is often sanctioned or is feared to be sanctioned and therefore denied. Stress is socially acceptable and even a proof of hard work and high responsibility. Admitting to psychological problems is not[191]. Office etiquette dictates that it can only be referred to through jargon: bosses 'flip out' or 'lose the plot', albeit sometimes the clinical dimension of executive comportment is hinted at, as in the automotive tale when an executive jokingly (?) suggests that Karl should 'take his lithium more often'. Moreover, behaviour that is viewed suspiciously in psychiatry is often applauded in business: adjectives such as 'driven', 'bold' and 'decisive' are beloved of headhunters, but to psychiatrist these traits are warning signs of a personality destined to derail[192].
- *Fame*: By the time the positive traits of minor turn into the destructive symptoms of fully-fledged manic depression, CEOs are often at the height of their career and range among the most celebrated and envied people in the business community and beyond. This state of glory is difficult to give up and the CEO would, even if he or she were aware of dysfunctions arising, want to continue the ride. This state of glory also acts as a barrier for colleagues to address the subject with the person concerned.
- *Money*: Finally, because of the surrealist difference in pay between the CEO and his direct reports and even more vis-à-vis employees, there is little comprehension for CEO suffering. It is felt that for all that money it's normal they should have to suffer a bit. Inversely, executives often feel guilty about it. The high pay, which on normal days they feel they deserve for the high responsibility and the hardship they incur, can weigh on executives in moments of melancholy, for example combined with a birthday making them aware that they are perhaps mortal after all. They can become: "…frantic that they have not done enough with their time and it can send them in a volatile state (…) they can become pathologically guilty and don't want credit for anything. They feel they are crooks.[193]"

It is thus not surprising that although there is evidence that the above recommendations help avoid depression and even that managers who are helped in this manner show tangible increases in their levels of commitment and performance after the crisis, none of the observed top management teams displayed an environment in which such human action would have a place. Yet there is evidence that executives who care about and are in touch with those they lead are more effective[194].

191.Overell (2001), p. 70
192.Jenkins (1996)
193.Sue Cheshire, Director of the Academy for Chief Executives, cited in Overell (2001), p. 71
194.Kouzes and Posner (1987)

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One coping strategy that is addressed in some of the tales is the use of consultants, confidants or coaches. The CEOs observed had different strategies with regard to consultants. Lew did not have a particularly close personal consultant or confidant. He was an outspoken and jovial type and interested in many people, so he sought the advice of a number of different people, at one point in time even mine. Tim was a rational and bottom-line driven person and his consultants were of the same kind. For more personal advice, mainly on communication, he worked rather closely with his head of public relations. Karl from automotive and Roger from the engineering group were lonesome wolves, true thoroughbreds. They were accompanied by myriads of consultants but exclusively for fact-finding and analytic support for strategic and technological issues. Lucas from IT had a confidant, a personal coach that was perceived by his direct reports as counterproductive. Dick in life sciences was said to work very closely with his head of public relations. Jacqueline's coach was her significant other. There is evidence for both positive and negative influence of coaches, personal consultants and confidants. Executive coaching is a relatively recent concept and there is much controversy on the coaches' roles. Underwood describes it by exclusion: "…it's not a substitute for therapy. And it's not business strategy.[195]" It is a person of trust to whom the CEO can tell his or her thoughts and fears, who will mirror the CEO's behaviour and permit him or her to change it, if needed, both for better performance and improved quality of life. It has not been examined whether CEOs who work with coaches are less liable to succumb to CEO disease than others. As seen in the above discussion, any influence upon the CEO that has the power to provide disinterested feedback is probably welcome. The very initiative of a CEO to seek the advice of a coach is probably a sign that he or she is not yet totally affected by all the symptoms described above. Coaches have no stake in the issues at hand and can give an outside view to them. Prerequisite is mutual trust. Confidants have also been known to hurt, undermine or otherwise exploit their clients and the executive is often the last to become aware of the relationship becoming destructive. Three types of destructive confidants are described in the literature[196]:

- *the reflector*: this person mirrors the CEO's positive self-perception and repeatedly comforts him or her with confirming his excellence, his fairness, etc.
- *the insulator*: he enhances the natural tendency of the CEO toward isolation and buffers him or her from the organisation, preventing critical information flow to and from the CEO
- *the usurper*: this type of confidant integrates him or herself with the CEO in a bid for power.

Another coping strategy against CEO disease is to balance career demands with rewards from competencies and sources of pleasure that are unrelated to money, power and glamour[197]. Drucker argues that executives need to start building a second career, frequently a non-profit one, before they reach the peak of their business career[198].

195.Underwood (2005)
196.Sulkowicz (2004)
197.LaBier (1986)
198.Drucker (1999a)

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4.8.5 Management vs. Leadership, Global vs. Local Mindset

Roger in the technology tale has had a brilliant and highly successful management career. As long as he took on and managed companies in deep trouble his astute managerialist skills worked perfectly. When employees have the choice between bankruptcy and a hierarchical mechanistic work environment the choice is quickly made. The literature about the difference between management and leadership is abundant and the concept has also been discussed in the theoretical foundations in Chapter 2. The term management basically encompasses the technological, analytical, structured, controlled and deliberate side of a CEO's task, whereas leadership focuses on the psychological and sociological qualities, such as experimentation, vision, flexibility, creativity, intuition and communication[199]. These concepts are seen in the literature as interdependent and complementary, management being concerned with the 'hard' and technological issues of bringing an organisation to perform, while leadership encompassing the soft side of business, the people aspects. Some scholars see the concepts of management and leadership as incremental: "Management becomes leadership when a leap of faith on the part of the followers is required to move them in the desired direction. Management is logical; leadership goes beyond logic. (...), leadership [is management] with ethics and values in such a way that the practice becomes systematises, sustainable and transferable.[200]" Some authors see the concepts of management and leadership as exclusive. Kotter postulates that they are different systems of action involving the same functions – e. g. decide what must be done, create the structures and processes that can organise the resources toward what must be done and ensuring that people actually do what must be done – but accomplish them in different ways[201].

There is increasing evidence from leadership literature that organisational outcomes, both strategic and operational, are reflections of the values and cognitions of powerful actors in the organisation[202]. But there is still a majority of literature, especially in the field of strategic management, in which explanation of organisational strategy and effectiveness is detached from people and centres on techno-economic factors[203]. Many executives like Roger are strongly management-oriented. Roger is an excellent planner and budgeter. He sets targets and goals, allocates resources to his plans, organises and staffs. But he does not 'set a direction'. Planning is deductive in nature and designed to produce results, setting a direction is destined to produce change. It involves cultural aspects, looking for patterns, linkages and relationships in the data at hand that can provide explanation of why the plan, this proposed future, is good for the company and which are the steps that could lead to it. By this, those who can create coalitions are aligned and committed to the goal, which has become common. Since many of the success factors in post-merger management are people-based and prone to extreme power play the need for complementing management with leadership is enhanced: "A peacetime army can usually survive with good administration and management up and down the hierarchy (...). A wartime army, however, needs competent leadership (...), no one

199.Hickman (1990)
200.Heames and Service (2003), p. 119; Weaver (2004)
201.Kotter (1990)
202.Hambrick and Mason (1984); House and Aditya (1997)
203.Pfeffer (1977); Hambrick et al (1982)

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yet has figured out how to manage people effectively into battle; they must be led.[204]" The traditional management style of organising, directing and controlling proved to be starkly inadequate for culture integration tasks and Roger soon reached the limits of his management style when he took on the technology merger, just as Karl did in the automotive tale and Tim in the airline tale. The need to link facts and targets to a certain extent to human needs, values and emotions is not a new insight. Yet examples of it being truly practiced by top executives, rather than just claimed in the human resources section of annual reports, websites and memoranda are still rare and it seems that in post-merger situations, perhaps for the sake of speeding up the process, the leadership part of executive action is often diminished rather than accentuated. But post-merger leadership seems to involve an enhanced need to see, to think, to feel, to know, to act and to learn differently:

- *To see intentionally*: For one, Roger, Karl and Tim simply did not see the need to "...bridge the chasm of cultural differences.[205]" Both remained in their hitherto successful stereotype behaviour and were unable to 'see intentionally' to focus on those aspects that support the objective of integration[206]. Intention is the psychological process that creates reality, i.e. the human perspective thereof[207]. Intention directs attention to certain stimuli and ignores the multitude of other perceptual options. Once this attention is obtained, there is a disposition to continue noticing the same stimuli and perception becomes repetitive and habitual[208]. Intentional seeing enables managers to break free from stereotypes and consciously select new intentions. Had Roger, Tim and Karl understood this, they would have involved all the stakeholders in a process of vision creation for the new organisation. Like this, they were incapable of seeing and therefore of creating a new organisational reality. Instead the old reality was being destroyed but not replaced by a new one, thus creating tremendous frustration and resistance. As seen in tale 6, clear intention among the stakeholders strongly facilitates target achievement[209].
- *To think outside the box*: Roger was a brilliant and intelligent executive, but at a certain point in time he failed to think 'outside the box'[210]. He stuck to his models that had worked in the past and when difficulties arose, he attributed them to inaccurate data being fed into the model rather than the structure of the model[211]. He was stuck. This blockage on hitherto successful models in new situations could be observed in many tales: Tim, Karl, Lew and Lucas all enhanced the same action when in difficulty rather than changing their tactic. Successful merger leaders, such as Dick, seem to allow for more deviance in their thinking[212] and thereby to be more capable of discarding accepted methods and recognising and using different models in different situations[213]. They understand that mergers are paradoxical situations and

204.Kotter (1990a), p. 4
205.Shelton (1999), p. 4
206.Shelton et al (2003), 318
207.Csikszentmihalyi (1990), p. 27
208.Shelton and Darling (2001), p. 266
209.Rosenberg (1998); Shelton et al (2003)
210.Chussil (2005)
211.Chussil (2005)
212.McKenzie (2004)
213.Shelton et al (2003)

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that less is sometimes more and slower is sometimes faster and that merger results are often a function of critical relationships rather than critical mass[214]. Dick radically changed his organisation and assured that major synergies were achieved, but he also understood the power of small units. He observed the fact that upstarts always beat his company in research and development for example. Small units are more entrepreneurial: they are intelligent in strategy formulation[215], more flexible in their reaction to the markets and align corporate and personal goals better[216]. So Dick tried to beat the odds by creating small units within his big corporation to have the best of both worlds[xxxiv]. Roger and Dick on the other hand had created situations where the merging partners actually blocked each other, not only in operations but also in the markets. What seems to be common sense, namely exploiting the natural strengths of the organisations at hand, appears to dictate a need for paradoxical thinking[217].

– *To dare to feel*: The heart is the primary source of energy for the mind-body system[218]. It generates signals that are a function of thoughts and emotions. Positive emotions such as joy, hope and love increase coherence and thus energy. Negative emotions such as anxiety, frustration, anger, conflict and stress decrease coherence and cause the mind-body system to lose energy[219]. The heart 'calculates' the ratio of positive to negative emotion and determines thus our sense of wellbeing[220]. Many of the above mergers were principally stress-filled and proved to be a major energy drain as evidenced by the executives' accounts and the departure of so many key executives. It seems therefore important to create a climate that makes people feel alive and energised, regardless of external circumstances: a climate of appreciation and encouragement, rather than a problem-focused leadership style. To begin with, this requires a CEO who recognises the stake that relationships and emotions play in a merger environment[221]. For this, he or she should be capable to express emotions to a certain extent. The leadership of Tim, Karl, and Roger was devoid of any visible emotional component. They seemed to have some psychological awareness of the above concept, because in their organisations certain negative words, for example the word 'problem', were banned from the corporate management vocabulary and replaced by others, for example 'challenge'. But since there was a discrepancy between the imposed psychological rhetoric and the rationality of the leaders, these measures turned sour and managers became cynical about them, which they expressed with such comments as "...I can't hear it anymore". Roger had strong emotional intelligence in his earlier executive years but lost it in the burn out. Lew and Jacqueline both acknowledged the emotional side of their management, with different results. Dick's leadership was a strange mix of emotionality and rationality. He worked a lot with empathy and aligned people by taking into account their feelings and by an exceptional cross-cultural interest and sensibility, which he also proved by speaking at least three languages perfectly. He displayed much self-awareness, which

214.Handy (1998), p. 107
215.Chussil (2005)
216.Semler (1993); Colvin (2001); Gladwell (2002)
217.Shelton et al (2003); Courtney (2003)
218.IHM Research Update (1993)
219.Shelton and Darling (2001), p. 267; Shelton et al (2003), p. 319
220.Diener and Larsen (1993); Goleman (1995), p. 63
221.Willingham (1997); Krass (1998); Hunt and Scanlon (1999)

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other leaders did not display. He was conscient of his weaknesses and not afraid to talk about them, a candour which in Karl's organisation would have been mistaken for 'wimpiness'[222], as can be observed from the German executives' comments on the tears the US CEO shed during a management meeting. But Dick's self-awareness was accompanied by a capacity for self-regulation, permitting him to control impulses or even channel them toward good purposes. Lew was sociable but lacked some other social skills that would have allowed him to get his colleagues to cooperate in the direction he desired[223].

- *To know intuitively*: The over-abundance of data available in the information age mandates new ways of dealing with information. Roger, as did Tim and Karl, relied much on data analysis techniques and linear forecasting and strategic planning methods, which seem inadequate in complex, non-linear organisations. Intuitive decision-making processes play an increasingly important role: "Intuition is neither a conscious rational process nor a linear exercise (...). The ability to scan large amounts of information without a predetermined agenda, and yet be able to tap that subconscious trove of possibly pertinent data, may become the only way that the managers of the next century will be able to keep ahead of competition.[224]"
- *To act responsibly*: In post-merger situations, executive action is often observed more closely than in more stable situations. To begin with, each stakeholders' contract – legal and/or moral – with any one of the previous companies is jeopardised. Drastic change is announced, confusion reigns, and there will be winners and losers among the stakeholders involved in this change and because of the interconnectedness of the systems, each executive decision influences other stakeholders' decisions as well[225]. Often the merger arouses important media attention, which enhances the visibility of executive action even more. To act responsibly is essential – both in the sense of 'action', i.e. of making good, ethical decisions that help the organisation to perform to the benefit of all stakeholders, as also in the sense of 'actor', i.e. to step up onto the scene to communicate and inform clearly and responsibly what is happening. Hooijberg and Quinn speak of: "...the ability to act out a cognitively complex strategy by playing multiple, even competing roles in a highly integrated and complementary way.[226]" Roger was a silent, rational decision-maker. As long as he was in environments that were doomed before his arrival, this hierarchic and occlusive behaviour was functioning. When he took over the technology merger, things were different. The group was in reasonable shape and the stakeholders had enough self-esteem to dare to question and even resist decisions. Roger was unable to assume this new role of negotiation and transparency.
- *To learn, To cope*: Remaining vigilant to and capable of adapting to changing environments is described as a key requirement for survival[227]. In merger situations 'the situation changes every day' as some executives have mentioned in the tales: key executives leave, existential contractual liabilities that the due diligence process had not identified are unearthed, unions call for walkouts, key customers defect, majority shareholders sell their shares, media bashing sets in on some detail which grows

222.Goleman (1998)
223.Goleman (1995, 1998)
224.Parikh (1994); Black (2000)
225.Rosenberg (1998)
226.Hooijberg and Quinn (1992), p. 164
227.Pfeffer and Salancik (1978); Fligstein (1990); Senge (1990, 1998); Schein (1996, 1996a, 1997)

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into a major scandal and many more such surprises expect the CEO when he or she gets to the office in he morning. Imperfect information is therefore acknowledged as a fatality and experiential learning tends to replace long-range planning and rational calculation as bases for organisational survival[228]. Experience, however, is not always a good teacher and some of the cognitive limits that constrain rationality can also constrain learning. When executives have repeatedly successfully coped with their environments they tend to interpret this as a rationale for institutionalised cognitive models on organisational structure, practice and logic and padlock themselves to new learning, while the environment continues to change[229]. Levinthal and March call this phenomenon the 'success trap'[230]. It is the consequence of "…mutual local feedback between experience and competence.[231]"

Another consequence of the successful exploitation of a particular action strategy is that the executive's confidence gets boosted to an overrated extent. Executives then settle in the specific area in which they have competence and if they generalise their experience to other areas they are likely to exaggerate the likelihood of success. But this may not be thus if the new area and/or contexts are significantly different[232]. Yet, as long as confidence is boosted, often also by an adulating business press, executives: "…will tend not to discover and not learn from a number of unanticipated failures when these are insignificant.[233]" The following liabilities of success have been identified[234]:

- *Complacency*: it is unlikely that executives will experiment with ideas when he or she is confirmed with existing models that perform successfully. If the period of success is long, the refusal to leave existing routines persists even in the face of some alarming or disruptive events occurring. Tales 1-5 above confirm this finding.
- *Risk*: to experiment while the going is good may be risky since the experimentation may result in something unsuccessful and the executive may lose face and/or be reprimanded by the Board or the media for not adhering to procedures. Jacqueline in tale 7 is a good example of this behaviour.
- *Information blinker*: success tends to limit the attention to and search for data that might tergiversate some of the anticipated and presumed positive results. Priority is given to data supporting existing routines. Again, most tales confirms this behaviour. Only Dick in the life sciences tale is described by his executives as keeping an open mind.
- *Homogeneity*: success fosters homogeneity regarding procedures, staff and culture. The successful CEO will strive to maintain his or her successful formula by avoiding divergent actions and by keeping practices uniform. This becomes evident in the executives' choice of team members, which are mostly from one merging company and often a clone of the CEO. This homogeneity subsequently furthers conservatism and anti-experimentalism attitudes within the organisations' management teams and pushes any experimentation willing individuals out of the team[235].

228.Huber (1996); Levitt and March (1988)
229.Askvik and Espedal (2002)
230.Levinthal and March (1993)
231.March (1994), p. 38
232.Zollo and Reuer (2001); Srikanth (2005)
233.Askvik and Espedal (2002), p. 6
234.Sitkin (1992)
235.Askvik and Espedal (2002), p. 7

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The literature interprets learning limitations as cognitive due to 'finite information processing capacity' experienced by executives in the face of ambiguity, conflict and uncertainty[236]. But there may be other explanations, especially in post-merger situations. Successful executives develop biases with regard to how they come to consider action and evaluate the results of their action. At all moments, companies develop 'world views'[237], i.e. collective interpretations of their reality. They blazon these views with epic narration and images of themselves and their environment. These views, called 'strategic paradigms', are bundles of rules and norms used for meaning and sense making that influence which issues are perceived and how they are perceived and what learning and collective interpretation of organisations ultimately results. The strategic paradigm is shaped by information the management team receives from internal and external sources and inversely the strategic paradigm will itself shape the way this information is collected and interpreted. "It affects the actors' perception of what is happening, why it is happening and whether what happened was satisfactory. In this way the strategic paradigm constructs socially approved conceptions of legitimate organizational practices, and that again might give the actors a conception of control.[238]" In addition to the cognitive limitations to learning described in the literature, there could also be political limitations, in general but especially in post-merger situations where the stakes and the ambiguity are high and the cards are shuffled anew for the winners and losers to be determined. This game is played by multiple stakeholders with conflicting interests not entirely solved by organisational rules[239] and instances of conflict and interest competition are determined by power relations. These stakeholders' will be affected by how problems are addressed by top management and, consequently, a multitude of organisational games of interests and power, mediated by the frameworks the organisation uses to comprehend its environment might evolve around the strategic paradigm[240]. In Roger's tale a military background was identified as an asset for career promotion, Lew in tale 1 insisted on risk taking as a critical component, Tim had set his priorities on rational, figures-driven executives and in Karl's world it was good to be German and an engineer, whereas in the US merger partner it was entrepreneurship and sales skills that counted. Those who disposed of these qualities and functions benefited from these respective frameworks in status and resources. It can therefore be argued that executives who have vested interests in certain frameworks rather than others will tend to favour strategic diagnosis and action that promotes these interests. Denial of problems and crisis may arise from sincere albeit ignorant conviction but it can also arise from resistance in order to retain or obtain power and status[241]. In post-merger situations these 'paradigm politics', where conflicting perspectives are disseminated by opposing stakeholders[242] are much more intense and create strong disruption in the internal and external communication of the organisation[243]. CEOs countersteer this by developing 'defensive routines' that prevent stakeholders from experiencing face loss or threats. These defen-

236.Vaara (2003)
237.Hedberg (1981), p. 8
238.Askvik and Espedal (2002), p. 9
239.Cyert and March (1963)
240.Pfeffer (1981, 1992); Mintzberg (1983, 1984, 1985); Askvik and Espedal (2002)
241.Starbuck et al (1978), p. 118
242.Levitt and March (1988); Fiol (1994)
243.Argyris (1994)

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sive routines in turns create barriers to communication of valid and exhaustive information. Therefore:

- the *cognitive perspective of the success trap* causes unawareness of relevant information and blindness that prevents learning. It is therefore the outcome of an unintended organisational process, while
- the *political perspective of the success trap* is the consequence of executives being unwilling to exchange and use relevant information and to discuss relevant issues related to a potentially successful strategic paradigm. It is therefore an intended organisational process.[244]

The success trap phenomenon is very present in the above tales. All observed actors, perhaps with the exception of Dick, are to a certain extent victims of this phenomenon and display the complacency (and sometimes arrogance) the cognitively or politically generated blindness to crisis and the inability to change the hitherto successful formula to a changing environment. Why Dick has so far remained immune to this virus and what his and possibly other executives' strategies are to prevent falling into this trap will be questions investigated in more depth in the second research loop.

Another concept that can be expected to influence managerial action in international post-mergers is 'global mindset'[245], since one of the success factors of post-merger management is acculturation. Many CEOs in the tales regret that they have not enough global managers. While there is no research that directly examines global mindset and post-merger organisations, there is a growing body of knowledge on the executive's global mindset and the capacity to internationalise[246]. Since cross-national mergers are a way of internationalising it is likely that the findings from this research will at least partly apply. The concept of global mindset includes attitudinal and behavioural aspects. In organisation theory and cognitive psychology, mindset refers to the way humans make sense of the world. An executive with a global mindset is said to:

- represent an executive's positive attitude towards international affairs[247]
- display openness to and awareness of cultural diversity and the ability to cope with it[248]
- respect how things are different and be capable of imagining why things are different[xxxv]
- have the capacity to be 'incisive' as well as generous and patient[249]
- have interest, inquisitiveness and curiosity in foreign cultures and a generally cosmopolitan orientation[250]; an attitude that considers uncertainty and unfamiliarity as a 'fuel' for discovery[251]
- have an understanding of his or her own roots, be flexible in cultural issues and adaptable to new things[252]

244.Askvik and Espedal (2002)
245.Stanek (2000); Hong et al (2000); Manolova et al (2002); Nummela et al (2004)
246.Gregersen et al (1998); Harveston et al (2000); Knight (2001); Nummela et al (2004)
247.van Bulck (1979)
248.Kedia and Mukherji (1999); Fletcher (2000); Gupta and Govindarajan (2002)
249.Bartlett and Ghoshal (1995)
250.Black and Gregersen (1999)
251.Black et al (1998)
252.Brake et al (1995)

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– have a drive to communicate, be rather extroverted, have a broad-based sociability[253]
– have a collaborative negotiating style.[254]

A global mindset is reflected in the active and visionary behaviour of executives to be prepared to take risks in building cross-border relationships. However, global mindset is not sufficient and executives must also have the knowledge and capability to sustain it. Global mindset is a dynamic concept that interacts with its surrounding field and is permanently revised as learning takes place and experience accumulates[255]. In cross-border mergers, moreover, three levels of culture differences have to be managed, the individual level, the organisational level and the national level[256]. A global mindset can turn cultural differences from a major difficulty in mergers to a source of value[257].

Research on the relationship between global mindset and performance is scarce but there seems to be some evidence that companies led by executives with global mindset internationalise faster[258], although not all researchers have found evidence for this[259]. The benefits of a global mindset are stark. They lie in the respect and curiosity to discover how the other culture works and in a willingness to learn the best of it and to assimilate it with ones own experiences. Practically this means that such executives are ready to internalise structural, processual and cultural elements of the foreign partner if these are deemed better and combine them with the strengths of their own organisation. This leads to an increase in the use of common processes, in an improvement of these processes, in reduced costs with duplication efforts and, above all, in a reduction of the confusion and resistance factor[260]. What seems logical in view of the synergies sought is in reality difficult because of the 'not-invented-here-syndrome'[261]. Executives in environments where the global mindset is missing spend an inordinate amount of their time reconciling conflicting information based on multiple practices and systems in use. Roger had, since his days as a warehouse clerk, developed a global outlook. His career had taken him around the world to the extent that '…place and time had become mere coordinates' to him and the companies he restructured were internationalised both organically and by acquisition. However, there were limits to Roger's capacities in that he did not attempt to master the languages of the countries he was involved in, except for some business English, nor was he much interested in getting to know the local cultures beyond bringing home 'some Asian bauble' from his business trips[xxxvi]. Roger, but also Karl had a conqueror's mindset, i.e. they sought to take over the foreign culture and internalise it by annihilation. Such executives tend to attract, select and develop similar executives within their organisation. Inversely, executives with a global mindset shape a culture within their organisations that attracts multicultural individuals.

253.Black and Gregersen (1999)
254.Black and Gregersen (1999); Stanek (2000)
255.Fletcher (2000)
256.Morosini (1998); Gertsen et al (1998); Very et al (1998); Heidrich (2002)
257.Krishnan et al (1997); Morosini et al (1998)
258.Madsen and Servais (1997); Knight (2001); Harveston et al (2000)
259.Nummela et al (2004)
260.Conn and Yip (1997)
261.Beer (1980)

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Rationales for the absence of global mindset in executives and the lack of executives with global mindset and the capability to sustain it are found in the fact that until recently, executives were sent abroad for specific assignments necessitating technical competencies or fire fighting abilities, since much of the need was to solve an immediate business problem, such as a troubled factory start or a legal issue. This has consequences on the selection of the candidate – he or she would need technical or legal skills. Also, since such assignments were usually ignited by an immediate problem, language and cultural training were usually skipped and no time was allocated to adjusting to the settings[262]. Often these assignments result in failure and the expatriates repatriate early and/or leave the company[263]. A more systematic and long-term approach to the development of global competencies is required and is beginning to be implemented in most large companies with regard to selection and training. But companies are also well advises to practice abundant cross-border exchange of executives in multi-national organisations, well before any merger project is in sight. Since executives are often not keen on letting their best talents go it may be necessary to formalise this goal and link it to incentives.

4.8.6 Dichotomy, Paradox, Ambiguity and Conflict

In management practice there is a tendency toward rejection of the logically inconsistent and a focus on convergence[264]. The same is true for management theory, which displays a similar appetence for uniform meaning and interpretation[265]. Some examples are the discourses on shared vision[266], on the search for cohesion[267], on the definition of clear-cut common goals[268], on group cohesion, on the unification of the followings in leadership[269]. Yet, top executives typically face situations with high ambiguity and uncertainty that permeate business practice, usually combined with extremely high stakes. The field of business practice is perhaps more prone to such paradoxes than other fields for a variety of reasons, such as the perceived need for a rational answer to everything, the preference for action over reflection, the need for instant gratification, the growing number of stakeholders that intervene in organisational concerns, the need to protect oneself and the organisation from legal problems, the desire for a to-do-list and "...a preference for the measurable over the significant.[270]" In post-merger situations the number and the extent of contradictions and paradoxal fields of tension increase[271]. The uncertainties executives face are alternately described by them in such terms as dichotomy, paradox, contradiction, ambiguity, dilemma and conflict.

262.Whitman (1999)
263.Whitman (1999)
264.Beech and Cairns (2001), p. 1304
265.Hedberg (1981); Weick (1991); Kim (1993)
266.Wack (1985); Collins and Porras (1996); Cohen (1997)
267.Pettigrew and Whipp (1991)
268.Rumelt (1987)
269.Bass (1985)
270.Heames and Service (2003)
271.Haspeslagh and Jemison (1991); Vaara (2003)

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Dichotomy

A dichotomy is a difference between two fundamentally opposite, non-overlapping and jointly exhaustive ideas or parts. Dichotomies are common in Western society that is said to have an argument culture. Tannen claims that in Western culture dialogue is characterised by a "…warlike atmosphere in which the winning side has the truth.[272]" In the present tales executives refer to such dichotomies as paradoxes or contradictions. Regarding social systems Hampden-Turner and Trompenaars describe societies using six dichotomic patterns[273]:

- *Universalism-Particularism*
- *Individualism-Communitarianism*
- *Specificity-Diffuseness*
- *Achieved Status-Ascribed Status*
- *Inner Direction-Outer Direction*
- *Sequential Time-Synchronous Time.*

Typical underlying dichotomous principles in post merger management are:

- *Individual vs. collective*: e. g. at a company level to save the individual strengths of the merging partners or to unify as much as possible for economies of scale and synergies; at the leadership level to lead the merger with an visible, individual guarantor of the promised future or with a diverse but complementary team; at the organisational level whether individual needs and contributions should be valued in the new culture or rather community and team needs and contributions, etc.
- *Stability vs. change/flexibility*: e.g. how much to benefit from the disruption of the merger to implement radical change vs. how quickly to achieve a state of relative stability.
- *Simplicity vs. complexity*: post-merger situations are complex and disruptive: should they be explained in their complexity so as to permit learning and innovation or simplified for fast action and effectiveness.
- *Differentiation vs. integration*: e.g. at the product level to keep all the products and brands or to unify the product range; at the leadership level to recognise the value of diversity vs. demanding blind obedience in the process of shaping the new culture, etc.
- *Centralisation vs. decentralisation*; e.g. of plants, of systems, but also of decision-making processes (democratic vs. autocratic decision-making).
- *Linear vs. non-linear*: Post-merger situations are by definition non-linear. They are, for most stakeholders; sudden, unexpected and disruptive events.
- *Long-term vs. short-term goals*: this choice is often made under considerable constraints from stakeholders, especially from the stock market that pushes for short-term results. Short-term results in post-mergers can primarily be achieved by lay-offs. All other bottom-line-enhancing means take more time.
- *Speed vs. giving time/pre hoc vs. hoc*[274]: this push versus pull choice is a key dichotomy in all post-merger situations encountered: should one act fast and uncompromising, accepting a momentarily high degree of anxiety and the risk of making some precip-

272.Tannen (1998)
273.Hampden-Turner and Trompenaars (2000)
274.Chroust (2004)

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itous, wrong decisions or should one take the time to fully understand both companies and their success factors, explain decisions carefully, hear stakeholders out and integrate step by step; also, should post-merger-related tasks, such as human resources due diligence be performed prior to the need or when the need arises.

These underlying dichotomous principles have many more applications than those offered, both in and of themselves and in combination with one or more of the other principles. For example, all these choices have cost and quality functions associated with them: performing a task later – e.g. choosing which leader to assign to each post in the case of duplication as is typically the case in mergers – might make it less risky or better due to more information available, but also more risky or more costly due to defection and thereby rising manpower costs. Centralisation may reduce redundant stock but increase transportation costs, etc.

Paradox
Paradox is the simultaneous existence of two inconsistent states, such as in dead and alive or in the statement: "Ebulides the Crete says that all Cretes are liars". It is a situation or statement or group of statements that is apparently true but leads to a contradiction or to a situation that defies intuition. Paradoxes that emerge from the tales are for example that soft leadership is really harder than hard leadership: i.e. that a leadership behaviour based also on soft factors (such as having empathy for colleagues and staff, involving people in decision-making and paying attention to cultural differences, etc.) may 'be harder', i.e. more demanding on people and/or leading to hard results more quickly and effectively than first-degree result-oriented management. Inversely, merciless and quick integration action may be a better and less brutal way to respond to uncertainty in post-merger situations than time-consuming and meticulous explanation and selection. Disruption and pluralism as are characteristic of post-merger situations are spurred by paradoxical tensions. The classical conceptions of change as a smooth, linear and planned processes vanish[275].

Contradiction[xxxvii]
A contradiction occurs when two or more objectives or statements are seen as incompatible and one seems to have to reject at least one of the objectives or statements outright. Typical contradictions described in the observed business situations are found between the image executives portray of their organisations toward the outside and the reality lived by the managers and employees within the organisations.

Ambiguity
Ambiguity describes a situation or statement that can be reasonably interpreted in more than one way, sometimes deliberately so. Ambiguity is both seen as a problem and a coping tool. A problem is that employee resistance to merger integration can be interpreted as being the result of lack of uncertainty due to insufficient involvement, but also as due to lack of fast decision-making. Ambiguity as a coping tool is found in the purposely ambiguous rhetoric used in post-merger situations in order to allow different stakeholders with conflicting objectives to interpret different meanings into the statements offered.

275. Eisenhardt (2000), p. 704

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Dilemma
A dilemma is a decision-making situation with no clear preference between the available options. Both options are perceived to be equally attractive or unattractive. The dilemma is solved either by changing the subjective preferential hierarchy in favour of one option or by making a random decision.

Conflict
A conflict occurs when two or more parties have goals that are perceived as incompatible and are in a state of hostility. Conflict is the result of an unsatisfactory resolution of a dichotomous situation. Overt conflict is observed in Karl's automotive tale between the American entrepreneurial and market-driven team and the German hierarchical and engineering-driven team and in Jacqueline's tale between the management team members' diverging views of how to deal with political and media pressure.

In the following theoretical discussion the term dichotomy shall be used for these apparently irreconcilable positions that CEOs are faced with.

The CEOs in the above tales have different formal and informal coping strategies to deal with dichotomies, or apparent dichotomies. As these are all leaders of large multinational organisations they have sophisticated analysis and decision-making models in place and are advised by some of the most prestigious business consultants available. The theories and models they apply tend to become increasingly complex in an attempt to capture these intricacies of reality. While such models may serve a purpose at some level, executives often have difficulty to apply them to their realities[276]. In post-merger negotiations, for example, time pressure is high, available information is scarce[277] and the number of stakeholders and issues can become so complex that executives can: "...lose sight of simple yet fundamental principles, such as the fact that the other party is negotiating with you because he/she believes you can be helpful (or hurtful) in some way.[278]" Post-merger organisations are furthermore ill defined and almost always "wicked systems,[279]" i.e. complex, environment-dependent systems whose very existence changes the requirements and assumptions the systems were built to[280]. Many CEOs strive for clarity, simplicity and fast action. They therefore tend to accept the dichotomous viewpoint of situations as a state, rather than a process and opt for either of the seemingly incompatible courses of action. They see it as a fatality, the price to pay; as reveal many dictums they use, such as: 'you cannot have your cake and eat it' or 'you can't make an omelette without breaking some eggs'. For example, Tim in the airline industry chose conflict over cooperation, Lew in banking chose openness and gave up control, Karl in the automotive merger communicated both economies of scale and uniqueness, but his hidden agenda was a takeover and the absorption of the US merging partner by the hierarchical and engineering-driven German partner; Lucas in IT struggled between a number of dichotomies such as individualism and communitarianism, uniformity and uniqueness and delegation and control, headquarter-induced systems and local realities

276.Morgan (1986)
277.Chroust (2004)
278.Volkema (1999)
279.Kopetz (1997)
280.Lehman (1985)

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and got personally lost on the way. Others, when faced with contradictory and divisive sets of decisions, do not accept their apparently dichotomous character, or rather perceive them as processes and seek to overcome the either-or decoy. Karl tried to communicate, with little success, both the strength of the unity of the two merging partners and their individual uniqueness.

While pluralism and its various perspectives is addressed in the literature on organisation theory[281], it is commonly conceived as thesis and antithesis and often discussed in a reductionist way[282], by proposing a hierarchical relationship privileging one side over another – as in action theory or structural functionalism – or reconciliation in which structure is both the medium and the outcome of action[283]. The researcher's observation of the field brings her to argue that attempts to achieve coherence and convergence, particularly in post-merger situations, are flawed in application as soon as they are based on binary-oppositional thinking. Issues may be oversimplified when considered as good or bad, right or wrong, etc. Management practice that seeks to unify can in fact disunite and it seems that to cope with disunity is the very essence of management: to go beyond the preference for singularity or for simplistic false dichotomies and manage the ambiguities, the complexities and the paradoxes[284]. It appears though that the social conception of management implies 'being tough', making 'painful decisions' and 'breaking some eggs to make an omelette' and that this can lead to precipitous choices and decisions that may decimate the quality of what could be reached by going beyond the obvious. It seems that opting for both-and, rather than either-or, may be seen as indecisiveness and weakness and as slowing down the decision process. Even the term coping, which is here not used in a defensive manner, but in the sense of 'grappling with success', is shunned in management practice since it is perceived as standing for being overtaxed and an inability to exert control, or as hesitation; all states perceived to be unacceptable for a leader. The expectation followers have in their CEO – and/or the CEO in him or herself – of having all the answers and not being afraid to make painful decisions seems to be very strong. So much so, that with the exception of Dick in life sciences, none of the CEOs saw themselves in a position of being able to admit that they sometimes doubt, that they occasionally grope forward or that they feel their way through these situations of extreme complexity that they face. Yet, executives have a number of coping options when dealing with dichotomous tendencies, or the conflicts resulting thereof, in that they can[285]:

- *solve them*: they choose a course of action believed to yield the best possible outcome for one option ant the expense of the other in a win/lose fight. Karl in automotive has soon sacrificed much of the US partner's assets and imposed the German culture upon the merger
- *resolve them*: they select a course of action that sacrifices either option in parts in order to be just good enough for both opposing tendencies: a compromise. Tim's human resource manager was forced to find largely unsatisfactory compromises in his negotiations with the pilots' unions, so as not to get blocked from action altogether

281.Salaman (1979); Fox (1974, 1985)
282.Chia (1996); Knights (1997)
283.as in Giddens' structuration theory (Giddens, 1984)
284.Feyerabend (1999)
285.Ackoff (1978, 1981)

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- *absolve them*: they ignore the contradictions, withdraw or sit the conflicts out hoping that they will go away. The banker Tony was a master in sitting out conflictual situations rather than take a stance. Lucas is an example of a CEO who ended up ignoring conflicts, for lack of strength of facing their underlying dichotomies
- *dissolve them*: they try to change the nature of the dichotomous entity or entities so as to unmask the apparent dichotomies as false dichotomies. Jacqueline embraced the national dichotomous themes in an attempt to bring them to a public debate and dissolve them, which was successful for a while but ended up in a mess. Dick opted for change and stability; he drove a radically fast integration process but cushioned it by relieving the anxiety with a singular personal and operational communication effort: all management decisions were immediately transcribed onto a24h-telephone line from which they were recallable by all. Also, he was personally extraordinarily candid and accessible to stakeholders on a daily basis, which gave credibility and stability to the changing system.

There seem to be at least three ways in which the relationship between opposing, seemingly exclusive tendencies are conceived[286]:

- *The conceptualisation as mutually exclusive, discrete entities*: this represents a clear either-or relationship and leads to a solution. It is a zero-sum-game with a winner and a loser, i.e. the price to pay for the winning dimension to win is invariably that of the opposing tendency to lose[287].
- *Uni-dimensional conceptionalisation*: dichotomous or conflicting positions are formulated as a continuum: there is white and there is black and they are linked with infinite grades of grey. This conception presupposes a compromise, or resolution approach. A compromise represents a mix of ideas from both poles of a same dimension but it does not provide a framework that encompasses both poles entirely.
- *Multi-dimensional conceptionalisation*: the opposing tendencies are seen as mutually interdependent. They are conceived as not only coexisting and interacting but also forming a complementary 'and'-relationship. This is a non-zero-sum situation in which win/win, lose/lose and win/lose outcomes are possible.

Therefore, dichotomies and paradoxes are complex situations, but they can, under certain circumstances, also be seen as a source of innovation and enhanced productivity. Increased complexity also signifies a potential increase in options of action. The theoretical non-dissolvability of dichotomies usually leads to either-or decisions and thereby to conflict. But this same theoretical non-solvability can also pool energies and spark off a reflection process leading to a transformation of the dichotomy into a dialectic situation, in which both either and or become possible. The precariousness of the initial situation leads to creative leaps that can bring organisations and individuals to opt for hitherto untested third positions. It appears that such solution development is triggered with kaleidoscope thinking[288]. Most often when something seems impossible from a certain perspective it becomes easier to accomplish with another viewpoint[289].

286.Gharajedaghi (1983), p. 8
287.Burrell and Morgan (1979)
288.Heames and Service (2003)
289.Hesselbein et al (2002)

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This happens when and/or relations are viewed as opposing dimensions or tendencies, rather than opposing states. Although a person cannot usually be alive and dead at the same time, he or she can display tendencies toward both. The body of literature on the concept of dichotomy management often draws evidence from the natural sciences, but there is an important difference. Social systems are information or knowledge-bonded while physical systems are energy-bonded. Knowledge is, unlike energy, not lost when deployed and shared. On the contrary, dissemination of knowledge can increase the knowledge level of the social system as a whole, which enables it to constantly recreate its structure without displaying a catastrophic cusp[xxxviii]. In social systems, different levels of concern for dichotomous tendencies will have different modes of organisation or leadership emerge[290]. For example in the case of the apparent dichotomy of change and stability, four theoretical modes are possible[291]:

- *A high concern for stability*: conservative leadership behaviour based on status quo maintenance, concern for regulation, homogenisation and compromise. In leadership this is a strictly results-oriented leadership mode; in societal organisation it represents a state of organised simplicity.
- *A high concern for change*: radical behaviour focusing on change, reactionary or progressive, at any price. In leadership this represents a paternalistic mode, with a high concern for peoples' weaknesses; in societal systems this describes the mode of chaotic complexity.
- *A low concern for both stability and change*: this indifference to change and to stability; autopoiesis. In leadership, this represents a laisser-faire leadership mode with little concern for either people or results; in societal systems this stands for the mode of chaotic simplicity.
- *A high concern for both stability and change*: ideal-seeking system searching for stability through change. In leadership, this represents a facilitator mode, with a high concern for the organisation's performance and a high respect for the employees' potential; in societal systems this stands for the mode of organised complexity, signifying a higher level of organisation achieved by movement toward complexity and order concurrently.

This last mode represents the systems view of organisation, i.e. purposeful systems with purposeful parts: information and culture-bonded systems with the capacity for both structure creation and structure sustainment[292]. The same concept of social systems development as an at least three-dimensional phenomenon can be observed in another typical managerial dichotomy, that of integration and differentiation:

- *Differentiation* represents an orientation emphasising intrinsic, stylistic values and tending toward increased variety, complexity, autonomy and morphogenesis.
- *Integration* represents an orientation that emphasises extrinsic values and tending toward more order, uniformity, conformity, collectivity and morphostasis.

290.Blake and Mouton (1964)
291.Gharajedaghi (1983)
292.Buckley (1967); Ackoff and Emery (1972); Gharajedaghi (1983)

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When either dimension is viewed as a physical pattern reflecting a one-dimensional movement between complexity and order, a higher level of social development is missed out on. The systemic vision of social dynamics is:

> *"...unfriendly to any monistic view of human history that seeks to explain it by a single factor, whether this is a materialistic interpretation, as in the case of Marxism, a simple theistic interpretation as in biblical Judaism or in eschatological interpretation in terms of some simple denouncement..."*[293]

It is from overdetermination[xxxix], from the co-application of the seemingly dichotomous dimensions of differentiation and integration that stem the essential developmental processes of social systems such as innovation, organisation, socialisation, participation and adaptation and of the social functions of generation and dissemination of knowledge, value, wealth, power and beauty[294]. Yet, this interdependency and multidimensionality of social functions and development processes is often not recognised, or at least not applied, by executives who, driven by the need for fast action, by a monistic focus on facts and figures and a desire to simplify their leadership messages, tend to view as a dichotomy what is perhaps a dialectic and opt for rigid and one-dimensional either-or approaches to dichotomy management. This is particularly fatal in post-merger situations. In social systems:

> *"...oscillations of lower amplitude occur without disruption within the critical boundaries, as periodic shifts in governments, e. g. between ... Democrats and Republicans in the US, demonstrate. But in a polarised society, if rigid orientation tries to cross the critical cultural line, a violent and destructive reaction will move it back to the other extreme, producing further frustration and greater oscillations and, finally, cusping into a change of phase. Retrieval from such a situation is then extremely problematic, and the relationship between members is irreparably damaged..."*[295]

This example taken from the world of politics can be analogously observed in post-merger situations, where the suppressed culture fights back with the means it disposes of such as overt or passive resistance, actual or psychological resignation, customer alienation, theft of company resources, media leakages, intrigues and subversiveness. It can be assumed that for different levels of integration sought must be combined with corresponding levels of required differentiation so as to avoid oppression and, conversely, higher levels of differentiation require higher levels of integration so as to avoid chaos. Therefore, the disruptions witnessed in a social system are basically produced by dichotomous treatment of dialectical realities. To remedy this situation, executives would have to understand how they could transform one-dimensional formulations of dichotomous tendencies into multidimensional formulations in order to generate a feasible whole from infeasible parts. In other words it can be said that 'and'-relationships describe dialectical interactions between opposing tendencies while 'either-or'-relationships denote dichotomous reactions between them. Of theoretical and practical use would therefore be to be able to distinguish under what conditions opposing tendencies are *dialectical*

293.Boulding (1978)
294.Gharajedaghi (1983)
295.Gharajedaghi (1983), p. 12

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and when they form a true *dichotomy*. This distinction and its implications to a social context are addressed by Ackoff and Emery's concept of purposeful systems[296]. It describes social systems as purposeful systems with purposeful parts in which the systems and the parts have a choice of both ends and means. Interaction between purposeful parts can therefore take many forms, namely:

- *Cooperation*: when ends and means are compatible.
- *Competition*: when ends are compatible but means are not.
- *Collaboration*: when means are compatible, but ends are not.
- *Conflict*: when both ends and means are incompatible.

In this logic, dialectic resembles competition, a conflictual situation in which contradictions in lower-echelon tendencies are used to create higher-echelon orders. Although the tendencies pull the system in its desired direction, the opposing tendency is also required to attain the system's end. A *dialectic situation* is therefore a conflict in tendencies that have a common higher-echelon goal. A *dichotomy* is a conflict in ends and means. A question worth examining is therefore to what extent a dichotomy can be changed into dialectic. In complex environments, winning becomes more difficult. Often, preventing others from winning is easier than to win oneself. Especially in post-merger situations, great numbers of stakeholder and interest groups dilute the theoretical strength of the actual power hierarchy. Even small and disadvantaged stakeholder groups have learned how to prevent the seemingly opposing side from winning and, in a poor climate the illusion that losses for the opposition be the equivalent of winning can prevail and prolong struggles to a lose/lose end. Yet, it is this same awareness that lose/lose is essentially uninteresting that has the potential to turn a win/lose game into a win/win situation. However, ends and means are exchangeable concepts, since an end is a means for a further end. Since a dichotomy is transformed into a dialectic situation when a higher-echelon goal is combined with lower-echelon conflicting tendencies, the search for a higher-echelon end can continue up to and including the ideal, when ends and means converge[xl]. Often, the conflicting tendencies agree on a goal as a means to another conflicting higher end, whereby the dichotomous conflict is converted to a dialectical one only to be succeeded by another dichotomy at a higher echelon. To have a dialectic lead to another dialectic there must be agreement at the ideal level[xli]. If the ideal level does not yield a common end for conflicting tendencies then the conflict is considered non-dissolvable within the context of existing worldviews. The ideal is however not an absolute but a reflection of the desires and fears of the here and now of members of the social system, and therefore in constant reformulation and need for reconfirmation.

Conflict as a Tool for the Management of Dichotomies

Executives not only need to manage dichotomous tendencies, but also the sometimes salient people conflicts inherent in them. Vice-versa, it can be observed that social conflict can be valuable in the management of dichotomies. As discussed in Chapter 2, executive team disagreement is not addressed in post-merger literature and even in general management literature most conceptualisations of top management also treat the top executive team as a homogenous entity, usually examining its relationship with other stakeholder groups, such as employees, shareholders, unions or the board of di-

296.Ackoff and Emery (1972)

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rectors. When executive conflict is addressed, research often takes a static and entirely negative view of conflict, assuming that executives have a set of fixed views that reflect their self-interest in relation to their professional and personal ambitions[297]. From this perspective conflict is devoid of the concept of emotional attachment to the position and/or to colleagues. It is seen as cumbersome and unpleasant, as a perceived incompatibility, and as something to be avoided since it slows pace and creates politics[298]. Examples of such conflictual executive environments, as well as environments in which conflict is overtly or tacitly suppressed, are omnipresent in the above tales. However, something else could also be observed, namely that in some contexts some executives managed to create an atmosphere of positive conflict that flags opportunities for problem creation[299]. Jacqueline explicitly sought this in the early period of Expo and for this ensured that her team displayed much functional, ethnic, cultural and age diversity and that all key issues are publicly debated in terms of multiple alternatives with no taboos nor strings attached. Dick makes sure he is advised by people from different nationalities, ages, functional and cultural backgrounds and he holds himself a 'king's jester' in the person of the head of communications. Lew in tale 1 tries to create a climate of positive conflict but fails. Decades of repression as a reaction to disagreement had burned his colleagues and made them distrustful, apathetic and even disengaged.

There is a research body that considers the concept of conflict, or rather some type of conflict – in these papers alternately termed 'issue-oriented', 'cognitive', 'functional', 'task' or 'substantive' conflict – as valuable or even essential for effective strategic choice[300]. The perspective there is that conflict is not a static concept but rather dynamic in that "…it unfolds as executives gain a deeper grasp of their business and their preference for action through constant immersion in alternative viewpoints." Such conflict is emotional and requires both the confidence and the volition to engage in a process that many executives shun. Lacking experience, confidence and thereby motivation leads to the crushing of dissension or to the development of groupthink[xlii]. Other reasons for avoiding conflict may be a fear that it could lead to personal animosity and harm working relationships or an impatience with endless debates and a fear that such debates will show down decision-making. Yet, the studies examining the positive effects of conflict management claim that conflict can be fast and cohesive. Furthermore, too little conflict can lead to inactivity because a sense of urgency is missing.[301] Also, cognitive conflict contributes to decision quality because it stimulates discussion and leads to outcomes that are superior to the original individual perspectives[302]. In fact, effective top executives focus on what they can control and a key lever of control is conflict management. Tactics that are proposed to create a climate in which conflict can emerge and be managed constructively are

– to build heterogeneous/diverse teams[303]

297.e. g. Boulding (1963); Reve and Stern (1989); Jehn (1995)
298.Eisenhardt and Zbaracki (1992)
299.Amason (1996); Ross et al (1997)
300.Wall and Nolan (1986); Priem and Price (1991); Amason and Schweiger (1994); Jehn (1995); Amason (1996); Pelled (1996); Eisenhardt et al (1997)
301.Van de Vliert and De Dreu (1994)
302.Schweiger and Sandberg (1989); Jehn (1995)
303.Jackson (1992); Sessa and Jackson (1995); Sessa et al (1995); Northcraft et al (1995); Milliken and Martins (1996); Raghuram and Garud (1996); Eigel and Kuhnert (1996)

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- to create frequent interactions[304]
- to cultivate distinct roles[305]
- to count on multiple-lens heuristics[306]
- to recognise managerial conflict as a valuable decision-making tool[307].

Build Heterogeneous/Diverse Teams

Teams composed of members from different demographic characteristics such as age, education, gender, function, socioeconomic origin; cultural background and ethnicity are more likely to have conflict[308]. If everybody in the management team looks alike, sounds alike, is roughly of the same age and comes from a similar background, the chances are that they will also think alike and no conflicts are likely to emerge. Diversity bears conflict potential for a variety of reasons:

- *Different perspectives resulting from different life paths*: who comes from marketing will look at the world differently than who comes from engineering or finance; seasoned, accomplished executives with no more career ambitions will bring different ideas to the table than someone young, internet-literate and hungry. Women, international executives, for example from Asia, Latin America or Eastern Europe bring in yet another standpoint.
- *Expectation of/attunement to conflict*: when people around you look and speak differently you expect them to think differently, you prepare for conflict, you seek it[309].
- *Energising effect*: Curiosity arises from leading a diverse and exotic team and a wish to discover how other people do things. Learning occurs in many ways, for example by listening more carefully and/or explaining things more in detail and with a sometimes limited vocabulary if and when the members come from different language backgrounds. By this special effort of clothing a message in simple words tacit knowledge can be made explicit both for the speaker and the listeners. Furthermore, the work in a multi-dimensional team is colourful and attractive and can provoke a certain elation about being part of something special, a "…truly global company…" or "…an exploration team into the knowledge age…".

However, especially in post-merger situations, when placements for executive positions must be made quickly and when a new culture is to be shaped, unité-de-doctrine, unconditional loyalty and even obedience are often sought above all and the choice of similar executives to the self is likely. Consciously or subconsciously, the tone gets more authoritarian and sameness is sought in a desire to limit the complexity, unify the team and reduce the pressure. Diversity, empowerment and other achievements of post-modern management theory are abandoned or postponed to later, hopefully more stable times. Tim and his airline crew, including the board of directors, are the starkest example of a homogenous team. Even at the expense of industry experience a common educational and business background was favoured in the composition. Conflict was not sought by any of the key actors nor was it offered. Right up until days before the record losses were

304.Eisenhardt et al (1997a), p. 79
305.Schweiger et al (1987); Graen and Cashman (1975); Buchanan and Storey (1997); Eisenhardt et al (1997), p. 52
306.Bantel and Jackson (1989); Eisenhardt et al (1997), p. 56; Courtney (2003)
307.Eisenhardt et al (1997), p. 59
308.Eisenhardt et al (1997), p. 48
309.Pelled et al (1999)

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announced the members of the board and the management team overtly or tacitly consented to all the actions Tim and his business consultants proposed. Their language, their messages and their fine-tuned, highly professional PowerPoint presentations were perfectly in tune with the language and habits of all colleagues who had gone to the same universities and who use the same business consultants. Lucas surrounded himself with the usual suspects from his previous IT environment; Karl tolerated no disagreement, which would have been considered disloyalty. He immediately placed his hierarchy-trained German engineers into all the outposts of the US partner and drove the organisation top down. Roger principally chose no-nonsense, strictly bottom-line-driven Theory-X-type executives, usually from his military network, to head his various acquisitions and restructuring projects. Lew, who was the striking odd man out in his otherwise all-grey banking team had plans to dilute the team's homogeneity, but he had to step down before this was possible. He regularly encouraged team members to voice their opinions and disagreements, to 'say something', but they lacked the confidence to do so. Jacqueline's case in Tale 7 was different, since she was heading a national project which had the respect for diversity and minorities as an objective: the media and other opinion leaders saw to it in a permanent public scrutiny that the various minority groups the country was made of were appropriately represented in the management team. Conflict was then plentiful indeed and mostly constructive and energising. Since the team was forced by external pressure to work together in a colourful combination of language, gender, age, ethnicity and cultural background, the expectancy that there would be conflict was high and the preparedness to deal with such conflict constructively and the curiosity to see what it would yield was, too.

Create Frequent Interactions

For conflict to emerge, executives must have an understanding of their own opinion and that of their colleagues, which is often not the case. Especially in multi-national organisations, where executives travel extensively, and in early post-merger organisations, where there are two headquarters and where executives that are meant to collaborate do not know each other well yet, there are little occasions for getting to know each other's way of thinking. Interaction between executives often happens at a distance (via telephone conference or e-mail) or, if physically, in pairs. To get to know each other leads executives to feel less constrained by courtesy and more confident to fight for a conflicting viewpoint. More interaction also simply creates more opportunity for conflict and creates more time for conflict to happen. Interaction also shapes opinions and preferences because many executives, due to their preference for action over reflection, shape and/or sharpen their views in discussion. Interaction "…creates a process of social discovery in which continued communication builds an increasingly complex and realistic understanding of key information and preferences.[310]" In the above tales we have both executives who explicitly create such opportunities, namely Lew's successor at the bank and Jacqueline at Expo. We also have examples of CEOs who do not see such meetings as necessary or shun them, namely Tim, Lucas and Roger.

310.Eisenhardt et al (1997), citing Anderson (1983)

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Cultivate Distinct Roles
Eisenhardt et al[311] observed that high conflict teams often work with clear, almost caricatural roles. Typical roles mentioned are:

- *Ms. Action*: the constant reminder to act, advocating immediate alternatives, less concerned with the long-term perspective.
- *Mr. Steady*: the levelling influence, the defender of such values as structure and planning and of the status quo
- *Futurist*: the visionary advocating alternatives from a long-term viewpoint who has little interest in day-t-day, operational issues
- *Counsellor*: usually seasoned executives with little political or personal career motivation who "...provide savvy and street smarts to the group[312]"
- *Devil's Advocate*: the dissenting role that frequently offers objections and unusual, less obvious viewpoints[313].

CEOs who work with conflict as a leadership tool tend to encourage such roles and even invite executives to develop them. When a role is missing, such CEOs tend to self-organise into taking up the role that is missing. By filling in the missing role, they encourage others to mould into complementing roles[314].

Another role that became apparent in the tales above, but is not mentioned in the literature on top management teams and conflict management is the role concerned with people rather than results, or with soft factors rather than hard factors. This role could be called Mr. Softie. The reasons why Mr. Softie has not been observed much in the literature appear to be twofold:

- *It's tough at the top*: the image top executives have of themselves and, to a certain extent, stakeholders' expectations in them are that a top executive must be tough and ruthlessly focused on facts and figures. After all, a lot is at stake and unpleasant decisions are seen as the price to pay for being at the top echelon. Considerations for people's welfare and company values can be regarded as 'wimpiness'. Sayings such as 'blood is the price of victory', and 'if you can't stand the heat, get out of the kitchen' stand for this comprehension of the top management role. Under internal and external pressure, as is the case in post-merger situations, this attitude tends to get enhanced.
- *The role of HR*: the human resources manager's role and place in top management teams, is as was observed in Chapter 2.3.5, still unresolved. For one, in six of the above companies, the human resources manager was simply not a full member of the top management team, which means that people-issues had to be addressed by the CEO or they were not addressed at all. But CEOs who do not include the HR manager in their management team, are unlikely to have sufficient awareness of the importance of people issues. Or, if they do, as in some cases where the CEO claims that HR issues are so important that they cannot be delegated, and therefore the HR manag-

311.Eisenhardt et al (1997)
312.Eisenhardt et al (1997), p. 54
313.Schweiger et al (1987)
314.Guetzkow (1968)

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er is reduced to a systems and administrative role, the CEO will be the one to bring the soft issues into the discussion at the risk of being perceived as weak and not up to the job by his or her colleagues and undermine his or her authority, which was the case in the banking, the IT and the Expo tales.

The paradox that 'soft factors' (people, culture, values) are considered less relevant than 'hard factors' (operative results, stock price) is still unresolved despite abundant evidence that 'soft' and 'hard' factors are not an either-or concept, but rather a concept of mutual dependency: effective management of soft factors leads to a better hard performance. Even in companies where executives are rationally aware of the fact that soft and hard factors are interrelated and interdependent, it could be observed that in moments of pressure, as in post-merger situations, a behaviour focused on hard factors is favoured. Effective management of soft factors means that human and cultural principles, policies and practices that match the company's objectives must be designed, implemented and be seen to be taken seriously on a day-to-day basis[315]. For this, both the CEO and the HR manager must sustain them. In the light of executives' tendency toward hard factors in times of crisis, it appears helpful if the HR manager were a full member of the management team.

Multiple-Lens Heuristics

Eisenhardt et al created the term multiple-lens heuristics to describe the concepts of problem solving by working with a variety of heuristic tactics permitting a team to debate despite seemingly clear positions, thereby managing to produce a synthesis that is qualitatively superior to any of the initial positions[316]:

- *multiple alternatives*: there is evidence that non-judgmental brainstorming to create three or more alternatives going sometimes well beyond the obvious solution helps teams to reconceptualise the issue at hand and develop conflicting viewpoints
- *multiple scenarios*: similarly, the systematic consideration of the issues at hand in the light of different future states of demand and competition helps to generate conflict
- *competitor role plays*: this is used for the identification and subsequent acting out of competitors' viewpoints
- *overlapping subgroups*: this heuristic tactic is not addressed at a particular dichotomous problem to be resolved or dissolved, but rather to create a general climate that favours conflict. Executives that are organised in small, overlapping subgroups to manage a number of recurring managerial themes (such as M&A, R&D planning and human resources development) get to know each other better in general and in different roles, which enhances the competence and the confidence for conflict to happen.

Recognise Conflict as a Valuable Decision-Making Tool

Above all, for constructive conflict to happen, a management team must recognise it as a valuable tool for the dissolution of dichotomies and the management of complex situations. There must be a general awareness that it is acceptable and even desirable to have debate and disagreement. By the above means executives can create a climate in which social conflict emerges that can then be used to enlarge the database and the

315.Becker et al (2001); Schuler et al (2003)
316.Churchman (1971); Bantel and Jackson (1989)

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resources for dissolution of dichotomous situations and prevent them from settling too quickly on the obvious. There is evidence that good conflict management is positively associated with performance[317]. However, as stated before, social conflict, if not managed properly, can be detrimental to problem solving, as can lack of conflict. Lack of conflict is often mistaken for agreement, but there is evidence that: "…what passes for agreement is often apathy and disengagement.[318]" The constructive management of conflict is therefore a second key success factor for the management of dichotomies. As stated previously, situations of high complexity and simultaneously of extreme tension as are many post-merger situations, enhance the need for social conflict but at the same time exacerbate the constructive management of such conflict. Time pressure, pressure from external and internal stakeholders such as the media, the stock market, unions and disgruntled executives from the disfavoured merging partner are some examples of influencing factors that can stymie the successful management of conflict. There is no specific literature on conflict management in post-merger situations but the general management and leadership literature addresses the concept. To create a climate favourable to constructive conflict management, it proposes that executives:

- *work with as much information that they can get hold of*: despite the common executive viewpoint that too much data bears the risk of interpersonal conflict because it enhances the arena, there is recent evidence that more information, especially if it is of good quality, encourages executives to focus on the facts rather than the personalities
- *debate on the basis of facts*: there is a direct positive relationship between reliance on facts and low interpersonal conflict. Executives waste less time on pointless and ill-informed debates over what might be. Facts create an issue-oriented culture
- *develop not just the two obvious dichotomous alternatives, but also multiple alternatives*[319]: often, in a wish to reduce conflict, executive teams limit themselves on one or two alternatives. But teams with a debate culture do the opposite: they purposely create a multitude of alternatives, including some they do not support, for the sake of debate. Multiple arguments diffuse conflict, move it away from either-or situations and permit executives to support several alternatives, which then incorporate several viewpoints. This moves the team away from hardened personalised solutions, brings enjoyment to the process which becomes a social and factual discovery trip and creates unusual solutions
- *share commonly-agreed upon higher-echelon goals*[320]: when dichotomous situations are framed as collaborative as well as competitive, destructive conflict is minimised. Creating a common objective around which the team can rally does this. Such common objectives do not imply groupthink but they do stress the team's shared interest in the outcome of the debate
- *use humour in the problem solving process*: the use of humour also enhances the collaborative side of debate over the competitive aspect. It relieves tension in that it: "…helps people distance themselves psychologically by putting those situations into a broader life context, often through the use of irony[321]"

317.Eisenhardt et al (1998)
318.Eisenhardt et al (1997), p. 60
319.Bourgeois (1984); Eisenhardt and Zbaracki (1992)
320.Bourgeois (1984)
321.Eisenhardt et al (1997a), p. 81

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- *maintain a balanced power structure*: Outcomes of debates that were experienced as having been fair are more likely to be accepted. A balanced power climate in which team members have some power increase participation in the debate
- *resolve issues without forcing consensus*[322]: successful fighters with low interpersonal conflict often display what is labelled "consensus with qualification". If consensus can be found the decision is mad, if it cannot be found in a debate, the most relevant executive makes a decision, guided by the input of the group. This is an equitable procedure that encourages participation but delineates clearly how an outcome will be reached. A process of fairness is important to executives and encourages acceptance[xliii]
- *avoid interpersonal conflict:* when disagreement is perceived as personal criticism such perception can turn cognitive disagreement into affective conflict[323]. In fact, cognitive conflict and affective conflict often exist together and the debate necessary for cognitive conflict can derail and be wrongly received, thus generating political gamesmanship, which in return triggers more affective conflict, undermine consensus, decrease goodwill and jeopardise outcome acceptance[324]. This mutation process can at first go unnoticed[325].

Contrary to common supposition, conflict management is a fast way of decision-making. It is interpersonal conflict that lengthens debates, not constructive conflict management. Furthermore, decisions resulting from debates soaked in interpersonal quarrels are not supported and their implementation is therefore jeopardised or delayed. In the above ethnographic work, Lew's successor to the banking merger in Tale 1 is the best example of a team that has a high debate culture hardly perturbed by interpersonal conflict. Jacqueline's team is an example of a constructive conflict environment turning into affective conflict. The threats and anxieties associated with the project rubbed off on the team dynamics and inhibited people's cognitive functioning in processing the highly complex information[326]. As a result of this anxiety, which turned into anger and antagonism, the team members lost perspective about the task being performed, stopped participating in the debates and began to build lobbies and protect themselves politically[327]. The literature is not unanimous about the effects of debate and disagreement in extreme non-routine tasks. Both a positive[328] and a negative[329] correlation are found with regard to the effects of cognitive conflict on performance in environments of extreme complexity and turbulence, as was Expo and as are some high-visibility post-merger situations.

4.8.7 Trust in Transitional Organisations

The phenomenon of trust plays an important role in all seven above tales. Lew in the banking merger and Karl at the automotive group could never build up the necessary

322.Eisenhardt et al (1997a), p. 78
323.Brehmer (1976)
324.Deutsch (1969); Brehmer (1976); Eisenhardt and Bourgeois (1988); Pelled (1996); Amason (1996)
325.Deutsch (1969); Brehmer (1976)
326.Argyris (1962)
327.Staw et al (1981); Roseman et al (1994)
328.Miller (1987); Fredrickson and Iaquinto (1989)
329.Van de Ven et al (1976); Jehn (1995)

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trust in their organisations to promote their ideas, whereas Tim, Lucas and Jacqueline had periods of trust in their organisations during which singular energies had led to extraordinary achievements[330], but all three had lost this trust somewhere en route. In Roger's leadership trust does not play a major role, he clearly stresses financial considerations and technical competence over relational and emotional issues[331] and focuses on control and standard procedures. Dick in Tale 6 seems to apply a mixture between trust and distrust. In transitional organisations, be they post-merger situations or complex project organisations as in the above tale 7, executives who do not know each other and who usually have not selected each other but find themselves working with each other through circumstances external to them have to collaborate quickly and effectively toward a common goal. For this they need to trust each other, i.e. a certain amount of trust must be given in advance. Especially if one of the key assets of combination is to be tapped, namely the diversity, the rich interconnections between the two merging partners, trust needs to have its place in leadership[332]. Lack of trust and the phenomenon of control-bound thinking is one reason for poor post-merger performance[333].

Trust can be conceptionalised along the dimension of rationality/irrationality: "...rational actors will place trust (...) if the ratio of the chance of gain to the ratio of the chance of loss is greater than the ratio of the amount of the potential loss to the amount of the potential gain.[334]" Outside this paradigm there seems to be agreement that trust involves some irrationality since it can only have meaning in situations of uncertainty when the trusting person "has incomplete knowledge of the probabilities of the trusted person's behaviour"[335]. Trust is therefore not exclusively based on probability calculations but also on such factors as feelings and culturally induced values[336]. Trust is also a mechanism to reduce social complexity. The executive who trusts acts as if only one set of future possibilities existed, that of the purposeful and desired action of others[337]. Many scholars claim that trust is a prerequisite for collaboration, especially in situations of transition and/or crisis[338]. Inversely, erosion of trust can lead to a depletion of communication and collaboration[339] and create a climate of rumours: the communication becomes increasingly strategic and speculations, lies, systematic indiscretions and disinformation increase[340]. Information is used as a tool of manipulation and power[341]. Constructive conflict resolution is no longer possible because nonconformist behaviour is sanctioned[342]: the 'credit of idiosyncrasy'[343], which tolerates ambiguity and permits diversity of opinions and the challenging of groupthink[344] and norms is no longer given[345]. The academic literature prima-

330.O'Reilly and Pfeffer (2000)
331.Willingham (1997); Krass (1998); Hunt and Scanlon (1999)
332.Eisenhardt (2000)
333.Pritchett (1987); Buono and Bowditch (1989); Cartwright and Cooper (1992, 1993a, 1993b); Pritchett and Pound (1996); Bijlsma-Frankema (2004)
334.Coleman (1990), p. 99
335.von Lampe and Johansen (2003)
336.e. g. Simmel (1908); Dunn (1988); Giddens (1990); Fukuyama (1995)
337.Hubschmid (2002), p. 353
338.Mishra (1996)
339.Rüegg-Stürm and Gritsch (2001)
340.Beckert et al (1998)
341.Emerson (1962); Pfeffer (1992); Rüegg-Stürm and Gritsch (2001)
342.Sinetar (1988); Zaheer et al (1998); Hardy et al (2000)
343.Hollander (1958)
344.Janis (1972, 1982); Eisenhardt et al (1997)
345.Luhmann (1979)

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rily interested in the conditions for trust and describes mainly the positive effects of trust on collaboration. It is hardly discussed whether trust can also have negative or dangerous effects. The major positive effects of trust are:

- *Reduction of complexity*: The complexity of post-merger situations is high: multiple realities come up against each other and have to be aligned to perform. Often this complexity is enhanced by considerable time, political and media pressure. Trust is described as the 'lubricant of the moral world[346]' and by that it facilitates communication and the constructive management of conflicts and dichotomies[347], it reduces uncertainty[348] and increases risk taking[349] and permits actions, which would otherwise not have happened[350]. By that, trust directly influences the performance and the success of a social system[351].
- *Disposition to pursue a common goal*: trust increases the willingness to contribute to a common goal-finding process and the commitment to adhere to it[352]. In many of the above tales the common goal was portrayed as being synergies and enhanced competitiveness in an increasingly global world. In Tale 7 Jacqueline had to raise some hundreds of millions of Euros for Expo without having anything tangible to sell. She managed to address the stakeholders by sharing a dream of a Switzerland to come. She was heard and the proposed goal was internalised as a common goal and she thus managed to access considerable resources.
- *Convergence of culture*: trust influences organisational culture in that it reduces possible options and gives orientation[353]. This orientation can also be manipulative because it creates an oversimplification and an overestimation of the coherence of the system[354]. Trust is in fact an element of the corporate culture[355] and supports socio-cultural integration[356], shared ambition and a collective identity[357], all key factors for success or failure of post-merger processes[358]. Distrust inhibits integration, because perspectives are not shared and 'genuine interaction' is not taking place[359]. The approximation and harmonisation of different cultures in M&A proved to be a challenge in all of the above tales. In Expo, the collaborators came from everywhere in Switzerland and abroad. In just a few weeks thousands, later tens of thousands, of individuals who did not speak a common language and came from the most diverse backgrounds had to collaborate effectively. Trust was the means to quickly create a foundation of common culture on which this unusual collaboration could materialise.
- *Agars for Learning*: Post-merger situations are moments with above average learning requirements: new cultures, systems and processes need to be learned and existing

346.Güntner (1997)
347.Sinetar (1988)
348.Zand (1997)
349.Mayer et al (1995)
350.Luhmann (1989)
351.Misztal (1996); Schweer (1997); Shaw (1997); Zaheer et al (1998)
352.Shaw (1997)
353.Luhmann (1989)
354.Kolbeck and Nicolai (1996)
355.Shaw (1997)
356.Shrivastava (1986)
357.Ghosal and Bartlett (1997)
358.Buono and Bowditch (1989); Marks and Mirvis (1985, 1992, 2001); Bijlsma-Frankema (2004)
359.March and Olsen (1975)

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information shared. Post-merger situations also bear above average learning potential: a whole new world opens up, other ways of doing things become apparent and since there is a natural pressure for change, such new ways of doing things can be more easily applied. Synergy is based on the transfer of capabilities and this transfer requires mutual understanding and learning[360]. The literature abundantly describes the essential role of trust in knowledge generation and learning[361] and the symbiotic relationship between knowledge and trust[362]. Trust is described as the boundary-spanning phenomenon that permits the connectivity of knowledge in the autopoietic process of learning[363]. On the one hand, the individual and organisational formulation and perception of identities is essential for trust to emerge and recursively trust promotes personal, organisational and inter-organisational learning, especially by its capacity to permit the articulation of tacit knowledge[364]. This articulation is usually accompanied by uncertainty and involves personal risk-taking. Lack of trust can hamper the capacity of observation and learning because information is withheld or not trusted. But trust influences perception in an ambivalent way and it seems that excessive trust can also negatively influence the functions of observation and reflection. This is evident in tale 1, where Lew's calling for more openness and transparency had led to excessive risk-taking and lack of some essential control. Similarly, in tale 7, the excessive trust given by Jacqueline and the reduction of complexity seemed to have led to an underestimation of potential conflicts. This ambivalence will be examined in the section on the negative effects of trust below.

- *Bonding of relationships*: people who trust each other engage in personal cooperative relationships[365]. Mutual acceptance and emotional affection enhance the collaboration to include the forbearance of short-term gains in favour of potential long-term upshots[366]. This ability for people to live and act in a snug environment also enhances motivation and job satisfaction[367]. In the beginning of Expo, for example, this 'bunch of friends' concept worked well and permitted fast advancement in the project.
- *Increase of effectiveness*: trust favours decentralised decision making[368] and increases effectiveness by routinising processes and structures because people have stable expectations in each other[369] and are willing to engage in diverse activities, which enhances team effectiveness[370].

360.Haspeslagh and Jemison (1991)
361.Huemer et al (1998)
362.e. g. Dodgson (1993); Nonaka and Takeuchi (1995); Boisot (1995); Huemer et al (1998), p. 140
363.Maturana and Varela (1992); Peterson (1988); Huemer et al (1998)
364.Polanyi (1958, 1967)
365.Beckert et al (1998)
366.Krystek and Zumbrock (1993)
367.Bierhoff (1997); Neubauer (1997)
368.Mishra (1996)
369.Creed and Miles (1996); Jones and George (1998)
370.Neubauer (1997); Shaw (1997)

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- *Improved communication*[371]: Trust enhances the readiness to forward unmanipulated information, to freely voice opinions, to listen to others and accept their proposals and to generally accept interdependence with others. To show respect for people, to value their culture, to take their problem seriously, to engage in dialogue to reach mutual commitment on changes and to behave in a trustworthy manner are all trust-related factors that are found to enhance communication in post-merger situations[372]. In Expo, this somewhat chaotic collaboration was essential to the project, which had the ambition to be innovative and, moreover, which carried the intrinsic notion of opening a public debate on the reform of some anachronistic structures of the country.
- *Facilitation of Process*: in a climate protected by trust problems are more clearly formulated, more time is invested in searching for alternatives and more realistic goals are set[373]. In Expo, the tens of thousands of collaborators were not located in some headquarters but spread over the whole country and even abroad. Organisational structures were kept to a minimum because of the anticipated fast growth and decline of the project, due to its transitional nature.
- *Resource allocation*: transitional and crisis settings are situations of inadequate resources[374] and Expo was a typical albeit extreme example of this. Trust provides flexibility and speed in the identification, unblocking and allocation of resources to the place where these resources are most needed to ensure survival[375].

The above tales highlight the power trust can have in generating energy and enthusiasm in organisations and aligning them quickly onto a common goal while permitting ambiguity and diversity of thought in the problem-solving process toward that common goal. The same tales also expose that trust can have severe negative consequences[376], and that perhaps "…too much trust may be put into the fashionable discourse of trust"[377]. These may result from oversimplification and an excessive generalisation of expectations, which can lead to the creation of incongruent expectations and thereby negatively influence the perception and the learning capacity of the actors involved[378]. The literature explicitly concerned with the downside of trust is scarce but some explanatory approaches for the negative effects of trust in some of the above tales, especially in the Expo tale, can be found. Concepts such as 'unrealistic' and 'blind' trust[379] are evoked. It is argued that trust, when too tenacious, can become "…inflexibly shaped into a pattern of pervasive trust…"[380]. Trust can also: "…improve the opportunity for wrongdoing"[381]. The complexity reduction, which permits action in the first place can, if it is excessive, inhibit action and thereby lead to compulsive or obsessive trust[382]. The readiness to ex-

371.Krysteck and Zumbrock (1993); Zand (1997); Sydow (2000)
372.e. g. Pritchett (1997); Buono and Bowditch (1989); Cartwright and Cooper (1992, 1993a, 1993b); Lubatkin and Lane (1996); Marks and Mirvis (2001); Bijlsma-Frankema (2004)
373.Boss (1978); Zand (1997)
374.Webb (1996); Hubschmid (2002)
375.Coleman (1995); Shaw (1997)
376.Fox (1974); Gambetta (1988)
377.Kern (1996), p. 9
378.Gabarro (1978); Hubschmid (2002), p. 367
379.Kern (1996)
380.Barnes (1981)
381.Granovetter (1985)
382.Strasser and Voswinkel (1997)

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plore new things becomes diminished and decisions are made within the range that is permitted by the 'trust agents'[383]. In such regressed trust systems trust is not given but postulated, which makes such systems vulnerable to human exploitation[384].

Some key negative effects of trust are:

- *Incongruent expectations*: Trust can limit the scope of perception through excessive reduction of complexity[385]. The observer can be misled by an over-homogenisation and overestimate the coherence of the system[386]. Trust in relation to time constraints, distance and the high complexity of certain endeavours – all phenomena of transitional and post-merger situations – can lead to wrong expectations and to a disregard for the context in which trust is given: "One form of irrationality in trust relationships (...) is to forget the background against which elements of trust exist"[387]. Excessive trust can also obtain a 'character of exclusivity'[388] motivated by an overreaching strive for harmony, which leads to isolation of the trusting group vis-à-vis other stakeholders and to a strengthening of mutual points of view within the group. This again can provoke a feeling of invulnerability and an exaggerated confidence in the group's capacity to act[389]. This was a major issue in the Expo project of tale seven. The agreement on a common goal – an innovative and competitive 'Switzerland of tomorrow' – soon gave way to tens of thousands of different expectations as to what this 'Switzerland of tomorrow' should look like and who will be the inevitable winners and losers of such a process.
- *Blind trust*: Giddens argues that: "...all trust is in a certain sense blind trust.[390]" Others see blind trust as being at the border of the phenomenon of trust[391] or as an extreme case of the disposition of trust[392]. Others again argue that blind trust is not part of the concept of trust since it does not – as the adjective 'blind indicates – reflect any of the parameters such as the perception of uncertainty, expectations or vulnerability nor the trustworthiness of the trusted person[393]. Influential factors that may favour blind trust are reported to be a high interest in common action by the CEO, 'good faith' turning into 'tenacious good faith'[394] under pressure; information exchange and collaboration hampered by time pressure, distance and complexity of the task[395]; fear of worsening the situation by questioning things (by challenging the trust)[396]; organisational design and collective mistrust vis-à-vis a common opponent. These are all factors that were characteristic in the Expo project (tale 7) during the late 90s.

383.Strasser and Voswinkel (1997), p. 234
384.Loose and Sydow (1994)
385.Kolbeck and Nicolai (1996)
386.Luhmann (1989), p. 619
387.Sheppard and Sherman (1998), p. 433
388.Loose and Sydow (1994); Hubschmid (2002), p. 369
389.Webb (1996), p. 290; Mishra (1996), p. 281; Hubschmid (2002)
390.Giddens (1990), p. 33
391.Shaw (1997), p. 15
392.Mayer et al (1995), p. 715
393.Powell (1996); Weibler (1997)
394.Hubschmid (2002), p. 372; Mayer et al (1995)
395.Sheppard and Sherman (1998), p. 425
396.Boos and Heitger (1996), p. 174

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- *Learning dysfunction*: the consequences of trust induced incongruent expectations and of blind trust upon individual and organisational learning capacity are found to be important. In transitional systems premature trust is given, which permits a collective perception capable of dealing with vulnerability, insecurity, risk and expectations. This can lead to the 'starke Weltanschauung[xliv]', which Sabel describes in societies where to trust each other is a prerequisite for membership. Such a situation in which members have no possibility to verify the claims of truth and legitimacy made by the established authority may lead to over-identification and to dogmatism, rather than to learning and to distraction rather than sensitivity. Kramer et al speak of the 'dark sides of identity-based trust' and note insufficient observation of warning signals, an overestimation of mutual favours and a deceleration of reaction time[397]. This leads to a slowdown of learning. Hubschmid notes that the learning capability depends as much on the capability of trusting other points of view as on the capability of challenging these very points of view[398]. Also, if individuals trust that others will take action they may refrain from personal intervention: "Thus, an unintended (and ironic) consequence of high levels of presumptive trust in others may be that individuals underestimate the need for personal action.[399]" Husted speaks of the 'high trust syndrome' and notes that the relationship between organisational members is diffuse and problems are perceived to be a natural part of any relationship[400].
- *Risk of Indifference*: Hubschmid notes that within Expo trust has created a 'drift into indifference' and was being used as a motive to roll off problems or not to assume responsibilities based on an attitude of non-interference[401]. Luhmann sees the 'upsurge into indifference' as a positive effect of trust[xlv]. In this sense, the dimension of indifference can indeed be seen as containing both positive and negative effects. It is, as often, a question of measure and it is the exaggerated strive for harmony and the uncritical mutual trust that bear the risk of mediocrity and even failure[402].
- *Trust as a prison*: Hubschmid has analysed that within Expo trust has led to a 'self-imposed pressure on to the trusted persons', which has had an imprisoning effect[403]. In times of extreme crisis, Jacqueline did no longer feel free to make the decisions she deemed necessary because this would have led to more uncertainty in an already unbearably uncertain situation. She felt forced to act according to expectations, i.e. contrary to her preoccupations[404]. Luhmann calls this 'trust as a handcuff': the personal formation of expectations is abandoned in favour of an internalisation of the expectations of the opponent[405].
- *Abuse*: Abuse is the intrinsic risk that is accepted when giving trust. The literature sees abuse as the central danger of trust giving[406]. Again, the measure of trust is decisive: in a context of 'compulsive trust', in which control mechanisms have been forsaken, opportunities for malevolence and manipulation increase[407]. People rely on

397.Kramer et al (1996)
398.Hubschmid (2002), p. 373
399.Kramer et al (1996), p. 379
400.Husted (1989), p. 28
401.Hubschmid (2002), p. 374
402.Krystek and Zumbrock (1993)
403.Hubschmid (2002), p. 375
404.Hubschmid (2002), p. 292
405.Luhmann (1989), p. 71: 'Vertrauen als Fessel'
406.Zaheer et al (1998)
407.Krystek and Zumbrock (1993); Shaw (1997); Sydow (2000), p. 57

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> the assumption that their modest commitment to the cause will not be discovered[408] or that their violation will by drowned within the ensemble of the organisation. When abuse becomes apparent it can lead to:"... chronic debilitating distrust and, ultimately, in organizational failure.[409]"

Trust is a resource that favours cooperation and reduces transaction costs. It permits ambiguity and nonconformist behaviour and thereby creativity and favours open communication and constructive conflict management. It facilitates the relationship with stakeholders and thereby the access to resources. Trust enables observation and learning processes and facilitates the articulation of implicit knowledge: "In a dynamic perspective there can be no knowledge without trust"[410]. Inversely, lack of trust hinders the learning process. All the above advantages of trust are essential in organisations and more so in complex transitional situations, such as post-merger organisations. Post-merger situations are characterises by a high complexity and uncertainty, by high political and media pressure and by a need for effective collaboration and communication with a large number of stakeholders having different, often conflicting or even dichotomous expectancies and interests.

A culture of excessive trust, however, can lead to incongruent expectations, to a limitation of the horizons of action and to a feeling of invulnerability. This in turns diminishes the learning ability and slows down the reaction time. It can therefore been said that the phenomenon of distrust also has its place in organisations[411]. Distrust is not necessarily a result of irrational fears but can be the result of solid experiences and knowledge[412]. Trust and distrust seem to be interdependent opposites, i.e. distrust may be the very prerequisite for trust to function satisfactorily. For trust to function, the general risk capability and the risk of disappointment need to be monitored[413]. For this to happen, it is probable that a system of high complexity that needs more trust may also need more distrust and that this distrust must be institutionalised in the shape of verifications and control mechanisms and regular formal sessions of reflection and challenging. Such formal sessions of challenging create a space where distrustful action is possible, without creating a distrustful attitude or climate. Such sessions had been institutionalised at Expo, both within the management team as with participants from outside Expo, but later abandoned under pressure for lack of immediate return and time.

4.8.8 Executive Learning Inhibitors

Executives have been observed to respond to a number of learning situations by 'non-learning' and/or 'non-reflective learning'[414]. Since the quest of how executives learn and cope, and of what may prevent them from normal andragogic behaviour, is at the centre

408.Beckert et al (1998)
409.Mishra (1996); Shaw (1997)
410.Hubschmid (2002), p. 377
411.Hubschmid (2002), p. 382
412.Lewicki et al (1998)
413.Luhmann (1989)
414.cf. also Jarvis (1987) and Mezirow et al (1990) and the section on Critical Reflective Learning Theory in Appendix L.

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of this research work, the essence of this quest is summarised again in ***Appendix V***, although some aspects of learning and coping are discussed in previous sections.

Most of the time in the managerial realities described in the above seven tales, several of these learning inhibitors manifested themselves simultaneously, which enhanced their inhibitory effect on learning and coping.

4. 9 Emerging Answers and Consolidation of Research Questions

> *There are no moral phenomena, only a moral interpretation of phenomena.*
> Friedrich Nietzsche

4.9.1 Emerging Assumptions and Answers

The questions and areas for further inquiry assembled at the end of Chapter 2 are confronted here with the above empirical material and its subsequent theoretical discussion. Many assumptions began to emerge. Also, the second literature search has yielded answers or strong hypotheses to some of the questions asked, which had not been unearthed during the literature search in the theoretical foundations of Chapter 2. So much so, that some assumptions emerge and even some answers seem possible and appropriate, within the limits of the generalisability of all qualitative research. Section 4.9.3 below discusses these limits in relationship with this ethnographic research loop. The emerging assumptions and hypotheses from the above research loop are recapitulated in Table 4-9.

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Table 4-9: Emerging Assumptions and Answers to the Research Questions

Q1	**How does leadership in transitional organisations, such as post-merger situations, differ from classical management and leadership situations in its requirements vis-à-vis executives?** Emerging Answers: Post-merger situations are a time window in the life of the organisation in which several organisation types exist simultaneously, juxtaposed and intertwined with each other. Instead of managing one organisation, the CEO must manage several organisations at the same time, each organisation having different, sometimes opposite management, leadership and communication requirements. The existing merging organisations A and B must maintain their relationships with suppliers, customers and other stakeholders, the temporary integration organisation must shape the forthcoming organisation and the newly emerging organisation must find its identity and shape up as quickly as possible to permit the dissolution of the other three transient organisations. All four organisations are composed of the same executives and employees who have different, sometimes conflicting assignments in these various organisations. They also all have a personal, sometimes existential agenda to take care of. Many executives are not aware of this complexity. For many, the task is completed by the merger closure and announcement. They return to their 'real job' and the integration effort is delegated to an integration manager. These assumptions also bring some light into the areas of further exploration A2, A8 and A10.
Q2	**Why do executives so often fail in post-merger leadership?** Emerging answers: Many executives simply underestimate the post-merger integration effort. For them, the merger is completed as far as their involvement is concerned after closure and communication. Even in organisations that have professional integration tools in place, the responsibility is delegated to an integration manager and the CEO involvement is limited to problems arising from the integration process. By this behaviour the CEO is always in a reactive state and somewhat detached from the integration reality. Even executives that perform their second or more mergers seem to repeat this behaviour, in full awareness of the cultural and other social problems they had encountered previously. They may dedicate a greater and earlier effort to integration planning but they still do not consider integration management as their task. Furthermore, many CEOs inappropriately generalise merger experience to subsequent dissimilar mergers, both if previous mergers were successful or unsuccessful. Finally, post-merger management is particularly taxing and some CEOs show signs of fatigue in repeated merger experiences. These assumptions also bring some light into the areas of further exploration A1, A2, A4, A5, A6, A12, A14, A 16 and A 17

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Table 4-9: Emerging Assumptions and Answers to the Research Questions

Q4	**Do executives recognise that there may be a correlation between their performance and merger failure?** Emerging answers: Two types of executive behaviour could be observed, that of considering oneself capable of and responsible for influencing and to a certain extent managing ones external environment and that of being driven by and a victim of external circumstances. While the former behaviour lends itself better to self-criticism, most executives observed seemed to have a problem with this, irrespective of their basic behavioural type. It is only after many years and often toward the end of the executives' careers when no more stakes are at hand, that a certain self-criticism can be observed. Some reasons for this appear to be the relative isolation of CEOs, their career ambition, their wish to stay in power, their preference for action over reflection, including self-reflection; their position 'under siege' by stakeholders and the self and outside perception of the infallible CEO who is always to be in control. Furthermore, fatigue and clinical conditions such as narcissism; anxiety and depression, as long as undiagnosed, render self-reflection difficult. These assumptions also bring some light into the areas of further exploration: A1, A2, A3, A6, A7, A15, A16, A17 and A19
Q5	**Why do many executives not seem to lean to cope with transitional situations, even after repeated experience?** Emerging assumptions: Many executives feel that transisional experiences are unique or so particular that generalisation is not possible or, inversely, do generalise merger experiences to subsequent mergers, but inappropriately. These assumptions also bring some light into the areas of further exploration: A12, A14, A15, A16 and A18
Q6	**How can post-merger experience be materialised, i.e. put into practice?** Emerging assumptions: At CEO level no solid evidence has been found on this question, which will be a key area of inquiry in the next research loop.
Q7	**What, if anything, do executives do to improve themselves and their performance?** Emerging assumptions: So far, little systematic efforts have been identified in the area of conscious and regular investments in self-improvement. This question will be studied in more depth in the forthcoming research loop.
Q8	**How do executives learn?** Emerging assumptions: So far, little systematic efforts have been identified in the area of cognitive exploration. There is evidence of some investment in the area of improvement (exploitation) of existing knowledge and skills for refinement and efficiency. This question will be studied in more depth in the forthcoming research loop.

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4.9.2 Consolidation of the Research Questions

Thus some advancement has been evidenced in the understanding of the research questions and the areas of further inquiry concerning the above contexts. The rich data has yielded a number of hypotheses, which are displaying considerable stability across the seven tales. Against this backdrop, the following *abstracted and consolidated research questions* (ACRC) are developed for further inquiry:

ACRC 1. What are the main success factors in CEO coping and learning in post-merger situations?
ACRC 2. Can any behavioural patterns and/or types be identified that lead to a better post-merger performance than others?
ACRC 3. How can such patterns and/or types be put into practice to enhance post-merger performance?

These new research questions will be the primary focus of the second research loop. However, all previous research questions and areas for further inquiry will be revisited in the course of the analysis of the second research loop for verification and triangulation. To put them aside altogether may be premature before having interviewed the actors themselves on their self and their work. This is of special concern since important data, relationships, concepts or constructs could otherwise be missed because, as the above analysis has shown, the questions are strongly interrelated with each other.

The analysis of the above ethnographic observations calls for further conceptualisation and theorising. Before doing this, it would be interesting to question some of the actors directly. For the reasons described in Chapter 3 and summarised here, a deeper inquiry by the methodology of Grounded Theory and the primary tool of the in-depth, semi-structured interview, might permit to unearth more substance and perhaps identify an emerging theory on top executive coping and learning in transitional situations. The results of this inquiry and their interpretation are the subject matter of Chapter 5.

4.9.3 Generalisations and Limitations

How representative of top executive work are the above ethnographic journeys into just seven organisations and looking at just one particular window of time in their life cycles? It could be said that the above discussion concerns seven idiosyncratic companies and their CEOs and can only be applied to those specific companies and situations the researcher was immerged in. But getting very close to executives in specific organisations and moments is a means of generalising about processes top executives get involved in and shape, and about basic organisational and strategic activities, rather than all executives or all organisations as such. By observing some unique situations in particular companies and of particular actors, the attempt has been made to bring out certain generalisations from these particularities[415]. In a sense, the uniqueness of these situations and actors are assumed to have a relevance to other unique work place situations and top executives. It is a matter of, as Yin puts it, "generalising theoretically, rath-

415.Watson (1994), p. 7

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er than empirically"[416]. This is possible because of the "common characteristics that every human being possesses and of the subsequent involvement of all human beings in certain basic social and psychological processes.[417]" Underlying individual uniqueness and cultural differences there are processes whereby we all have to make sense of life, engage with others, shape identity, manage feelings and, eventually, come to terms with our own transience. In these basic processes on how we manage our existence there are thus some continuities underlying the many variations observed. Moreover, the general and the particular can also be related because of the "sociological and political-economic continuities, which run through the circumstances of managers generally: the circumstances of advanced capitalism.[418]" The executives observed are all engaged in shaping work activities and furthering purposes that arise within the mechanisms of markets and profit making inherent in German-speaking and increasingly global capitalism. They therefore experience similar pressures, purposes and processes inherent in this particular way of organising management and act within the same patterns of power, ownership and distribution of wealth and advantage. Empirical generalisation, however, is not possible. One cannot say that because a particular executive acted in a particular way in the automotive industry in the year 1998, that other executives, at other times, in other countries, would act the same way when they find themselves in similar circumstances. But if a clear set of analytical principles and theoretical assumptions is applied to these various settings, one can: "generalise about the basic processual factors that are likely to come into play across these settings.[419]"

Endnotes to Chapter 4

i Transl.: "Thus, the unguarded author pauses for an instant, takes his breath again, and wonders with apprehension where his story may lead him."

ii 'integrated spectacle': This expression refers to the 1967 book of a Situationist thinker, Guy Debord: 'La Société du Spectacle,' in which he attacks hierarchy, wage labour and commodity production, arguing that these and other forms of oppression are subsumed in the domination of life by images: the spectacle. "The concrete life of everyone has become degraded into a speculative universe". Images are the currency of modern society. The spectacle itself is "…capital to such a degree of accumulation that it becomes an image". As for politics, the "…struggle of powers constituted for the same socio-economic system is disseminated as the official contradiction, but is in fact part of the real unity – on a world scale as well as within every nation". Debord introduces the terms of the "concentrated spectacle" of centrally planned organisations and the "diffuse spectacle" of the bourgeois-democratic Western civilisations. In a later comment, published in 1988, Debord argues that the "integrated spectacle" has now superseded both the previous forms of spectacles.

iii In this dissertation, the researcher refers to herself in the third person and through impersonal nouns such as "the author" or "the researcher". To emphasise the narrative and personal nature of these tales, these are written in the "I" form and in a more colloquial literary style.

416.Yin (1984)
417.Watson (1994), p. xiii
418.Watson (1994), p. xiii
419.Watson (1994), p. xiv

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iv While all these stories are based on true encounters and observations, all persons and companies are fictitious. False trails have been laid and other efforts made so that personal confidences will not be broken and no embarrassment caused. The actors' profiles and the companies' sizes, profiles, locations, and the exact circumstances and times at which events happened may be modified so as to prevent a clear recognition of the actors. Out of the same preoccupation of the protection of the feelings and interests of people, there are occasions where I have been more vague about the details of events than I might have preferred.

v Casual Friday (or Dress Down Friday): a slight reprieve from the dress code constrictions, that some services companies (especially banks and business consultants) celebrated during the years in question. Whereas, during the rest of the week, dark business suits, shirts, ties and dark dress shoes were the norm, employees were allowed on Friday to wear casual dress. For some companies this meant smart casual dress, others would allow jeans, t-shirts and sneakers.

vi Expressions such as "Passe-moi le sel, je te renvois le sucre" ("hand me the salt, I'll pass you the sugar") and its German equivalent: "Gibst du mir die Wurst, so lösch' ich Dir den Durst" ("If you give me some sausage, I'll quench your thirst"), were often mentioned in connection with this story, to describe the reigning favouritism and cronyism of an elite of the top 50+ business leaders and politicians in the country. In this closed-shop system, typical for a small country, the politicians and economic leaders in question sit on each others' boards of directors, ensure that attractive mandates and tenders are kept within their ranks and that vacancies are filled with insiders, in form each other ahead of other stakeholders about upcoming events, such as mergers, spin offs, etc.

vii "SWOT" (standing for Strengths, Weaknesses, Opportunities, Threats), a methodology which had emerged from research work at Stanford University in the 60s and 70s on why strategic planning often failed, had become a state-of-the-art strategic analysis and planning tool in the 80s and 90s and is still very popular today; "Five Forces" refers to Michael Porter's model of "Five Forces of Competitive Position" from his much acclaimed publication on Competitive Strategy (Porter, 1985); "PEST" (standing for Political, Economic, Social and Technological factors) is another common strategic analysis and planning tool, weighing principally external factors.

viii By "the street" (derived from Wall Street), Tom refers to the stock markets.

ix AGABU is a colloquial German business expression, abbreviated from "alles ganz anders bei uns" (transl. Freely: "this would/will never work here").

x "Sanierer" (German, lit. "he who heals") is a popular term used in the German-speaking business community and media to describe executives who perform substantial and tough restructuring tasks in run down companies. These processes are usually accompanied by massive lay offs. Although the term was originally chosen to reassure by its constructive, healing connotation, it meanwhile stood for the ruthless destruction of human capital for the sake of maximising shareholder value.

xi SMS: Short Message System is a communication device on mobile phones allowing users to send and receive short written messages that are stored in the receiver's mailbox and can be read, forwarded and replied to at discretion. The mobile phone can also be programmed to receive regular news and stock market alerts. This short and informal communication means is assuming an increasingly important role in top management information and communication and leadership behaviour.

xii 'Schnaps': German and Swiss-German colloquial term for dry liquor of high alcohol content.

xiii Gnadenbüro: (German, coll.; lit: 'grace office'): in Switzerland it was customary that re-

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tired top executives get allocated a life-time office and a secretary to permit them to manage any phasing out corporate and/or private activities in the style and professionalism they were used to during their governance. These offices are usually located away from the executive level, in a remote wing or a separate building.

xiv 'Le boucher devient bouddha avec l'âge' (lit. Engl. transl.: 'the aging butcher is turning into Buddha'): a phrase attributed to Vietnam's General Vo Nguyen Giap, who is said to have used it for Ho Chi Minh. Today, this phrase is frequently heard in Switzerland to describe tough executives who take on societal or cultural assignments during the end of their career.

xv Theory Y: This refers to McGregor's (1960) model of theories on the behaviour of individuals at work. Theory X assumes that man is basically lazy and needs to be controlled for best results, theory Y assumes that man is basically keen to work and needs to be encouraged for best results.

xvi 'Willensnation', (transl., 'nation by volition'): Switzerland defines itself as a nation by volition, created and developed by the will of people of different cultures and different languages on the basis of a common and democratically formed constitutional and legal foundation of direct democracy. This federalist construct has the duty to ensure for each citizen, but also for each linguistic and cultural minority, an optimum of participation and autonomy.

xvii 'omphaloskepsis': contemplating one's navel as an aid to meditation, formed from the Greek words *omphalos*, 'navel' and *skepsis*, 'the act of looking; enquiry'.

xviii 'Wir-Gefühl': (lit. transl.: 'feeling of us'): an expression used in the German language to represent a feeling of belonging, and thereby of solidarity, to a certain community.

xix 'elevator pitch' is a term that stands for a short, captive message that convinces a potential partner to give you more time to listen to the whole story. It was invented during the internet hype in Silicone Valley. It summarises a fictitious situation in which you get into the lift of an office building and you're lucky enough that your favourite potential investor gets in, too. You have the duration of a lift ride to deliver your idea, business model, company solution or whatever, before he reaches the executive floor and gets out. If the 'pitch' is convincing, he'll give you his business card and tell you to make an appointment.

xx Cocteau, Jean: "Le tacte dans l'audace c'est de savoir jusqu' où on peut aller trop loin."

xxi 'Saure-Gurken-Zeit' (German; lit. Engl. transl.: sour gherkin time): a term used at the stock market for inactive trading times, but also for times of low tide in the media, when nothing much happens and journalist have to create news to fill the newspaper pages. During such periods, occurrences that would normally be ignored or just briefly commented, get embellished on a grand scale and get repeated sequels over a lengthy time period.

xxii 'Befreiungsschlag' (German; lit. Engl. transl.: 'stroke of liberation'): a term originating from the legend of Winkelried, a Swiss captain in the middle ages, who is said to have thrown himself into the enemy's spears in a stalemate situation, so as to make an opening for his army to be able to pass through and subsequently win the battle.

xxiii There is a growing recent body of sociological literature on the German entrepreneur and on German entrepreneurial history (Berghahn et al, 2003), but no research on the executive. Similarly, there is substantial recent literature on organisational management research that is mainly concerned with new management concepts (Deutschmann, 1989; Faust et al, 2000; Dörre, 2002), but not directly with the top executive.

xxiv On a larger scale the question of how much a leader accounts for the success of his or her nation, people or battle has regularly been debated by historians, sociologists and writers. Examples are historians' claims that Napoleon had lost the battle of Borodino because, due to a cold, he was unable to instruct his army with his usual genius (Paton, 2002) or

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Voltaire's ironic remark that the massacre of St. Bartholomew was due to Charles IX suffering from dyspepsia. Similarly, French President Mitterand's candid memoirs display that his strong personal affinity for the German Chancellor Kohl and for the Russian President Gorbachew and his dislike for Britain's Premier Thatcher may well have influenced the course of events in Europe at the time, just as much as any rational economic or political logic (Mitterand, 1996).

xxv 'Abilene paradox': Prof. Harvey (1974) developed a parable on decision-making from a real life experience: Four adults sit on a porch in Coleman, Texas, some 50 miles from Abilene. It's very hot; they move around as little as possible and drink lemonade. They are a married couple and the wife's parents. At some point, the wife's father suggests they drive to Abilene for lunch at the cafeteria there. The son-in-law things this is crazy but doesn't want to upset anyone and so he goes along with it, as do the two women, who have not the slightest wish to do anything of the sort but don't want to upset the men. They all get into the scorching hot car, drive through the dust, have a very bad lunch and return to Coleman exhausted and frustrated. It is not until they're back that they find out that nobody had really wanted to go and accuse each other of having caused the ill-fated decision.

xxvi Truth, in the middle ages conveyed by the church and later, in a more secularised world, by science, is today said to be increasingly achieved by publicity. What a majority of humans perceives as true becomes 'truth by perception'. This concept of 'truth by perception' or also 'truth by trust' replaces truth in times of change and ambiguity, where it is difficult to know what should be true or not true. It is achieved by the credibility of identification figures, which emanate truthfulness. Trusted opinion leaders thus become surrogates for believed truth (Von Wartburg, 2004).

xxvii Watson (1994, p. 180) quotes Fineman on Weber's analysis of the bureaucratic mode of management as one that: "...eliminates from official business... love, hatred and all personal irrational elements." (Weber, 1968, p. 973), suggesting that this has led to the 'perpetuation of a concept of organising' that has little to do with what people experience in organisation, such as being: "...arguably (...) quintessentially a sense of being 'worried about...', 'envious of...', 'comfortable with...', 'resentful about...', 'hurt by...', 'sad for...', 'bored with...', 'happy with...', 'mad at...' and so on. Even the dull indifference which pervades some peoples' work experience is usually conveyed as 'feeling'"(Fineman, 1994).

xxviii Burguieres published his experiences (Blauner et al, 2005) and now runs a 'secret network' of CEOs with depression. As a result of his work with CEOs he is convinced that the estimates of prevalence of mental disorders at the top echelons of global corporations are strongly biased on the low side and that over 25% of top-level executives go through severe depression at one point in their careers (Marano, 2003). Jeffery Speller, a psychiatrist specialised in 'CEO's Disease' estimates that one in three senior managers exhibits this disease, which he defines as: 'a milder version of full-blown manic-depressive disorders' (cited in Jenkins, 1996).

xxix Bipolar disorder; bipolar affective disorder: moods that repeatedly swing from highs of exhilarating euphoria to the depths of dread and despair (Tillson, 1996; Elsberry, 1998).

xxx Manic depression: Hyperactivity and exhilaration followed by prolonged depression: a synonym for bipolar disorder. The condition is said to be frequently undiagnosed and remain untreated. If untreated it can lead to suicide in 20% of the cases (Elsberry, 1996).

xxxi Ernest Hemingway, Leo Tolstoy, Virginia Woolf, Vincent van Gogh, Mark Twain, Paul Gaugin, Georg Handel, Gustav Mahler, Cole Porter, Winston Churchill and Abraham Lincoln are some creative minds reported to have suffered from manic depression (Tillson, 1996; Elsberry, 1998)

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xxxii Ted Turner, Bill Liechtenstein, Robert Campeau, Pierre Peladeau, Bill Stearns and John Mulheren are some of the business personalities who have admitted to bipolar disorder (Jenkins, 1996; Elsberry, 1996). Again, these are all American and Canadian examples because this discourse is not led in Europe.

xxxiii Hypomania: hypomania is the upside of bipolar disease, it falls short of outright mania in which manic-depressives become psychotic and lose control. Hypomania makes people feel happy and vigorous and able to stick to the most punishing schedules for months (Tillson, 1996).

xxxiv Other examples of executives who have successfully managed to be 'big and small' at the same time are Bill Gore of Gore Associates, who had introduced the 'rule of 150' in his company, meaning that each facility was to be limited to 150 associates. Thus his company could grow, and did, yet continue to behave like small entrepreneurial start-ups. Semco is another example of a company that had a similar strategy. The company grew over 20% per annum over more than a decade but did not have headquarter facilities or even an organigram.

xxxv Taylor (1991) citing Percy Barnevik, ex-CEO of the Swedish-Swiss ABB group, which was merged under his leadership.

xxxvi Mastery of foreign languages and interest and experience in foreign countries are listed as components of global mindset in Dichtl et al (1990), Holzmüller and Kasper (1990) and Nummela et al (2004), p. 53.

xxxvii This definition of contradiction refers to the term's use in colloquial speech. In logic, contradiction is defined more specifically as the simultaneous assertion and negation of a particular statement and is taken as a sign that something has gone wrong and that premises have to be verified. The colloquial usage may be understood as having shifted grounds from logical contradiction to what in pragmatism is called performative contradiction (Ray, 2004).

xxxviii Catastrophic cusp: point at which a system (e.g. water) displays radical behaviour change when certain influencing variables are modified, such as an increase in temperature causing a change in phase from liquid to vapour. Catastrophe theory when dealing with the mathematical formulation of the same principle also evidences that at a singular point the system displays catastrophic behaviour (cusp), signifying a change in phase (Zeeman, 1977).

xxxix overdetermination: A concept from psychoanalytic theory purporting that multiple causes collaborate to produce a single observed behaviour, emotion, mental symptom or dream. Stemming originally from Freud (1900), the concept was later promoted by Althusser (1969) as a corrective to existentialism. Richards used the concept of overdetermination to explain the importance of ambiguity in rhetoric, the philosophy of language and literary criticism. The concept is further borrowed by a variety of other realms of thought.

xl In a discussion on the concept of omnicompetence Ackoff argues that '…one can desire nothing without the desiring the ability to satisfy it. The ability to satisfy all desires is an ideal necessarily shared by all men at all times.' This is a meta-ideal, where ends and means converge and become the same (Ackoff and Gharajedaghi, 1996).

xli The researcher and educator Bela H. Bathany used the concept of the empty chair to achieve a higher-echelon end in plenary meetings: the empty chair should remind participants of their common responsibility to the coming generations in designing systems for the world to come (Chroust, 2004, p. 227).

xlii Groupthink is a concept introduced in appendix L. It is a state by which executives come to value team camaraderie higher than critical reflection and thereby engage in self-censorship for the sake of apparent harmony.

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xliii This argumentation is largely inspired by a number of studies on conflict management performed by Eisenhardt et al in 1995-1997 (1997, 1997a and 1998).

xliv 'starke Weltanschauung', German; (Engl. Translation: 'strong world view"): in societies where trust is a condition for membership a common understanding is shaped by interaction and sharing of knowledge between members and groups, whereby the knowledge becomes universal. Gergen (1995) describes a similar viewpoint as 'local ontology' (Hubschmid, 2002, p. 350).

xlv Luhmann (1989, p. 26): By the 'upsurge into indifference' Luhmann argues that trust can occult certain scenarios, certain dangers, which cannot be eliminated but which should not irritate the action. Trust therefore reflects contingency (Giddens, 1990): realities become simpler, risks become more calculable and a psychological relief and a social 'canalisation' is created. Giddens speaks of this concept as a 'cocoon', which protects the actors from frustration and uncertainty, Gambetta (1988) calls it the 'means to cope with the freedom of others'.

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5 Loop Two: The Heroes Revisited

J'ai du succès dans mes affaires
J'ai du succès dans mes amours
Je change souvent de secrétaire
J'ai mon bureau en haut d'une tour
D'où je vois la ville à l'envers
D'où je contrôle mon univers
J'passe la moitié d'ma vie en l'air
Entre New York et Singapour
Je voyage toujours en première
J'ai ma résidence secondaire
Dans tous les Hilton de la Terre
J'peux pas supporter la misère.

J'suis pas heureux mais j'en ai l'air
J'ai perdu le sens de l'humour
Depuis qu'j'ai le sens des affaires.
J'ai réussi et j'en suis fier
Au fond je n'ai qu'un seul regret
J'fais pas c'que j'aurais voulu faire.

J'aurais voulu être un artiste
Pour pouvoir faire mon numéro
Quand l'avion se pose sur la piste
A Rotterdam ou à Rio
J'aurais voulu être un chanteur
Pour pouvoir crier qui je suis
J'aurais voulu être un auteur
Pour pouvoir inventer ma vie

J'aurais voulu être un acteur
Pour tous les jours changer de peau
Et pour pouvoir me trouver beau
Sur un grand écran en couleur
J'aurais voulu être un artiste
Pour avoir le monde à refaire
Pour pouvoir être un anarchiste
Et vivre comme un millionnaire

J'aurais voulu être un artiste....
Pour pouvoir dire pourquoi j'existe.
Claude Dubois, *Starmania, Le Blues du Businessman,* 1971

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5.1 Introduction

The preceding ethnographic excursion into the world of top management in the particular setting of post-merger management has yielded a first appreciation of how executives cope with their assignments, how they work out, shape and express their identities and interests and help shape and steer their (e-)merging organisations. This has led to a condensation of the research questions and provoked the researcher's interest to pursue the expedition and set out to concretely visit and speak to the actors themselves.

Ten cases were selected based on *theoretical selection criteria* described in the chapter on methodology. Each case study essentially comprised in-depth, semi-structured face-to-face interviews with two key actors of a multinational company, usually the CEO and one of his or her closest executive colleagues, that had experience one or several mergers in the past decade. Two interviews were held with each actor with a time interval of several months. The context in which they were active, notably the company itself, its strategies, structures, processes and communication behaviour, but also its external economic, political and societal environment, was also examined. As stated, the researcher's past involvement in the Swiss and to a certain extent German business environment has permitted her to build up a fairly solid network of relationships in the top echelons of the German-speaking European business environment. So much so, that all the actors asked, and some of these were CEOs of their countries' leading corporations, had kindly consented to receiving the deeply grateful researcher.

5.2 Analysis

5.2.1 Illustration of the Process

The research process is described in general terms Chapter 3. This section offers an example of *how the data was analysed and abstracted*. What follows are passages excerpted from an interview with a CEO of a global corporation having recently experienced a large merger. The interview form was that of an *in-depth semi-structured conversation*, permitting the respondent to elaborate on issues that he felt were important to his post-merger experience. He talked about his actions, his doubts, his life as an executive, his family, his past and his projects. Some of the important concepts that emerged were:

- how he perceived himself and made sense of his life as a global leader
- how he tried to understand the particularity of the post-merger situation
- how he spoke about culture
- how he learned and coped; how he acquired the necessary knowledge to make the management decisions that had to be taken
- how he defined performance and success
- how he verified and justified his actions; how he aimed for the right thing to do; what values were important to him
- how he related with stakeholders and the world around him in general.

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Some examples of statements on each of these concepts are presented in the following section.

5.2.2 Interview Transcript

On the Self

> *"How do I develop as a person? How do I grow? This is important for my leadership. For this I rely on feedback I get from colleagues, some informal, some formalised. For example I do a teaching series on leadership at Harvard these days and sometimes the feedback is very positive, sometimes it's not good and I ask myself why. How can I find a model for my transfer of knowledge, which is more reliable? And this reflects things about myself, not only about style, but many facets of my personality. Sometimes I simply overtax people."*
>
> *"Once we spoke about leadership, what is it, what not, what they wish for their people…What amazed me is that they expected ready-made answers. But I said: '…what is your contribution to this discussion? Don't look at me, look at yourselves'. Some said it was great but others said it was just twaddle, that I did not give them any direction, and suchlike. Then, when I taught ex-cathedra people took something with them, but I felt that the reflection was insufficient."*
>
> *"Then there's feedback in a talk between two people. This is an intense observation about what I am doing to the interlocutor, what is happening in the relationship. How can I deal with something that frustrates me, how can I motivate the other to 'be better', instead of only reacting?"*
>
> *"For me, in the concept of aloneness the emotionally most difficult aspect is to renounce having colleagues. You know, to have a beer, to relax, to have fun, laugh, to make fun at each other amiably… That's gone. This does not exist. Full stop. It's not accepted. In the beginning I did not realise this, but people don't want it. As a CEO, you don't belong."*
>
> *"All this raises the question of where do I belong? Who, where are the people that I can share things with? Except for at home, nowhere. Ok, for certain facets of life you can find belonging, you know, share this part of your life with this person and that part with another, and so on. And for example with <name of executive> and <name of executive>, when we have meetings, we get quite close. They are seasoned executives, they have no more ambitions, the have the necessary 'recul' for friendship to become possible."*
>
> *"I do live a 'normal life' at some moments. For example I go shopping at the mall. I love it. I really love going to the grocer's; I need it. When sometimes I don't get out for a week or so, you notice it. Then I just must go out, with my kids or alone. I like that very much."*
>
> *"I hade never made a conscious choice to become a leader. I experienced the pleasure of leading very early. But I never had problems assuming another role either, you know,*

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to say: 'I'll join you' in a cause. Still, during my studies, at the <leisure activity> and at <company name>, I always led."

"My dad was a university professor, my mum a housewife. I remember… (laughs) at lunchtime – it's funny how specific things come to mind – my dad enjoyed talking about colleagues. Not only unpleasant things, not at all, very lively anecdotes, this guy's a dope, that guy's great, I like him, what he did was great, how he speaks, etc. Very differentiated."

"My dad was very unproblematic regarding authority. When I came back from school and had a problem with a teacher he would ask me what exactly happened and when I told him he'd exclaim: 'that guy's a halfwit!' I never had a situation in which my dad or mum would say: 'this is a person of authority and you have to respect him'. Whatever, the priest, the teacher… their judgement was free and always depended on how people had behaved, what the conflict was about."

"I don't have a favourite book. Right now I'm reading a book on corporate governance – for the second time. It's well written and I have not yet integrated it fully. Besides that I'm reading (laughs) 'The Street Lawyer', a police novel."

"I have to manage my own paradoxes, too. For example, my life is about making money. But I also have a strong altruistic component in me. It's a fact. It's a trust issue. I don't take things at face value. Not with others, not with me, nor vis-à-vis destiny."

"I don't trust success, ever. I have seen that things can go well and badly and that after things go badly they will eventually go well again. So there's a strong optimism in me. But I also know that when things go well it's guaranteed that one day in the future they will go worse again. That's how it is… that's how life is."

"And then there is the question: 'can the unthinkable happen?' It can. The unthinkable I have experienced. When I was ten my brother died, my mum when I was 12 and then again another brother… This was, for me… (pause), it was almost a scorn. It hit me, less than my father, but it did. It was the unthinkable. It means it can happen. But it also means you can survive it. There is little that can really destroy you. And can you be immune against it? No."

"We are all vulnerable. We're people with strengths and weaknesses, but we are vulnerable. I guess the fact that I don't ever forget this has to do with my childhood experiences. But my acceptance of my vulnerability is more. It's also a protection against far-reaching, profound disappointments. So the question is, ultimately: 'is the vulnerability inhibiting? Does it make you pessimistic? Does it hinder you from giving enthusiasm to other people?' It's possible and if it is, then the vulnerability is a weakness."

"I never had a big defeat like getting fired or going bankrupt or anything like that. But I had defeats in the sense of projects I wanted to realise and didn't get support for. That I consider a defeat: inability to convince, to bring the message across. This is brutal. But I don't go back to my room to brood, when this happens. On the contrary, it inspires me. It makes me combative, I say: just you wait… Now I'll double my efforts, now you will really get to know me!"

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"I have often doubted if I have done the right thing with my life. I still do, periodically. I ask myself what we live for. I guess I'm probably ultimately a religious person. I'm saying probably because I don't practice. Religion doesn't play a direct role in our family, we don't pray together or speak about religion. But it's always there, clearly."

"When I have to go from this world I would like to be able to say that I have benefited more people than I have disserviced. That I have made good use of the opportunities I was given and not let them go astray, perhaps because they were not conform to the expectations other people had in me, or because I was too greedy or too stingy."

"I am aware of the fact that I am in a position that permits me to act in a nonconformist way, to be courageous. I'm listened to. But this necessitates that I be aware of what I could be doing or saying that would be of general benefit to mankind."

On The Post-Merger Situation

"The difference in a post-merger situation is the extreme uncertainty. Because there is discontinuity this creates incertitude in the collaborators but also within oneself, in as much as you have some hypotheses, which make you positive, but even when you are fundamentally positive you know well that some things can go wrong. So you don't really know how it will work out."

" Much of the anxiety and uncertainty that people are in – executives and employees – leads to new problems. People need more reassurance, beginning from financial conditions, over 'will I have a job, no job', about their families, to 'my future is collapsing…' and suchlike. All this you have to catch, to deal with, and still remain capable of action. These are problems you don't have under normal circumstances, not to this extent, anyway. All these big complex decisions, having immediate consequences for each and everyone."

"Nobody can prepare you for a merger. Not in the sense: '…you must do this, that and the other.' But what I needed most was good communications, determination and goal-orientation. To stick with it."

"I don't know if I'll endeavour another merger. I hope not, in a sense. It's a huge burden, a big strain. Exhausting. Ungrateful in a sense… and unpleasant. You don't do it if you don't have to. But if the need arises, I'll do it. But not with great enthusiasm."

On Corporate Culture

"My chairman and I were in complete agreement about the fact that we wanted with this merger to build a new company. But of course that is never absolutely true. Every merging partner has its experiences and a history and these are transferred, nolens volens. So it's never a total and absolute revolution or creation. But what was clear is that we would not accept such arguments as: 'we used to do this like this, like that, etc.'"

"Different cultures are opportunities. The weaker merging partner, and there is always one, does many things better than we do. You lose if you just take it over and impose

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your systems and structures and culture. So we look at every aspect and we ask ourselves: 'what's reasonable?' This morning the head of finance in one of the divisions was selected from the acquiree. And my local CEO cried out, telling me he had reservations about this guy. So I said: 'the choice looks reasonable, why don't you even want to consider it?' And this question, namely why not do things differently from how we always did them, even in periods of success, is a key question. It must be kept alive."

"A merger must be a partnership. Decisions must be based on true arguments, irrespective of which culture they emerge from. It cannot be that the guy who wins is he who shouts loudest, who complains most or who is for some reason in a dominant position. To transmit this way of thinking is what I see as my main task. Much more than making the actual decisions myself."

"What I have seen is that we were faced with two profoundly different cultures. One was to involve people a lot, discuss a lot and enormous laisser-faire. The other was directive/controlling. What we did was to choose directive/controlling and add accountability, meaning we gave people more leeway but also made them accountable for their acts. Of course those who came from the empowered company had big problems with this, because now they had to be accountable. Our employee feedback forms indicate that the highest rating is results-orientation. This is really strong now. The others, those that came from the directive/controlling culture, gained by the merger. They experienced it differently. They were enriched in their jobs."

On Performance

"To achieve good performance, you have to accept paradox. Take for example stinginess and generosity. You have to be giving and at the same time very parsimonious. I truly believe that when you create big things, when you go for large projects, you can't be stingy. In other moments you have to be ruthlessly thrifty and economical. That's the way it is! I can't help it… (laughs). For instance, say you have a huge opportunity, well you simply can't count the pennies and let the whole deal burst because you want this, and that… On the other hand it's a fact that when you look at travel and entertainment expenses you have to look at every penny, and I mean every, otherwise this will take shoreless dimensions!"

"The climate in the company is very different in different sites and largely influenced by the local management and by performance. Where the performance is good, the climate is better, in countries with momentary lack of success the climate figures are down."

"Our performance is good, we have managed to have great results right through the post-merger battle. Where we are not good is in general administration. We are perceived as complicated and bureaucratic. And the feedback on trust in me is down."

"I personally am both conservative and innovative. It really depends. What I truly believe in is that only that kind of innovation is useful that is finally getting implemented. Many things are wonderful, but do they bring results?"

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"How do I keep up to date? In what respect? As a person? (Laughs.) Oh God… can you? I think you can't. First of all, what's the problem: the problem is that things change. Business changes, the environment, etc. etc. There are cognitive questions you simply don't master anymore. Then you must decide. Which of these new issues do I want to be or remain competent in? What interests me, what doesn't? If it doesn't interest me, do I still have to learn it, anyway? This leaves you with things to learn that bore you. But if you're lucky you can learn things that interest you, too. Things you take pleasure in learning. Then there is intellectual stimulation."

"Another problem is that after a while you don't get challenged intellectually anymore, and by that your motivation sinks."

"Sometimes I browse through the latest Harvard Business Review, zap through the articles and I say to myself, that's quite interesting. Then I ask myself: 'is it fundamentally new?' and I have to say: 'not really'. But still some are useful because they structure existing concepts newly, put known things in new perspectives and from this I can go on to spin new knowledge. Even if it is not always applicable directly."

"Soon I realised that communications and a strong determination were essential. I needed to be both empathic and perfectly callous, impassible. It's paradox: on the one hand, regarding the individual fate, you must show understanding and empathy but when the whole organism is concerned you have to proceed in a perfectly cold and rational manner."

"I delegate, but I also pay attention to the detail. For example, I dig down deeply when I simply want to learn something, which I don't understand. But also when I deal with executives I don't know yet and I ask myself: 'does this guy know what he is doing? Does he have things under control?' Just after the merger there were for example situations when I really probed. I would ask a question and get an answer. Then I would ask the next question and the next and so forth… Either I got a sound explanation by this probing process or I got the evidence that all I was told was just hollow. And this, the latter, really irritates me. But if somebody tells me: 'I don't know, but I'll find out and I'll tell you', then my query stops immediately. That's absolutely legitimate and ok by me."

"What I can't bear at all is when people pretend something, when they pretend to know. Earlier this provoked me enormously. You know, to go on asking, probing, to insist, to see just how far the guy takes his bluff. Today a little less…"

"Recently I read a paper on trust, about there being different kinds of trust, you know, in competency, in personal integrity, and so on. But also in an organisation, that processes are structured, reliable etc. The author analysed this well and demonstrated it usefully. This was helpful for my own conceptualisation. This helped me to avoid hurtful expressions like: 'I don't trust you', which are misunderstood and become a big issue because the person things that I believe he lacks integrity when in fact my comment had nothing to do with this at all. It helped to choose the right words because I knew their meaning better."

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"I have conscious learning moments, sometimes at the very moment of information acquisition, sometimes later. When things go through my head again and I recognise the facts. For instance when I say something, during teaching, and I get a feedback from a student that opens up a completely new aspect to what I just said. Then I feel: 'wow, this is great!'"

"Also, I like when I'm with colleagues and we labour over a tough problem and then they suddenly come up with something grand. It's a great relief and discharge and at the same time a great joy… to see people capable of growing and developing."

"It even sometimes happens that I learn while I talk, but I don't like that at all."

On Verification and Justification

"The question is how you deal with anxiety. Now, if you have chosen to merge, consciously and for entrepreneurial reasons understandable to everyone – contrary to, for example, being taken over, or to merging for purely financial reasons or even for personal motives – it's a little easier. In this case you yourself believe in the opportunity and it's simpler to explain the rationale and the advantages [of the merger][i] *to people. You know, to explain how the future will be positive and better."*

"When you merger for the wrong reasons, not out of a conviction that it's better for the business, then the communication to colleagues and stakeholders of what you are doing and why gets more difficult. Then it's more a justification, an excuse. So, first of all it's a matter of whether you yourself believe that what you endeavour is good for the company. And secondly if you are capable to transport this message to others."

"A part of democracy has been lost for some people, those of <name of one merging partner>. Inversely, the other merging partner has gained in autonomy. This tightening of the reigns has not been done as a temporary acculturation measure. It's permanent; we won't come back on it. I don't believe in excessive democracy and empowerment."

"I'm not overtly religious, more with respect to how I comport myself vis-à-vis the other person. This sounds a bit pompous, please don't take it at face value, but I believe that God is within the other person."

"The answer to how I will be judged one day – and even if it's only vis-à-vis myself – lies in how I treat the destiny of other people. And especially the poorest of the poor. Did I know something that I should have acted upon and did not do it? And could I have done more than I did?"

"In a sense I'm in the right place for these kind of questions because I can do a lot. And we do a lot. But then there is a second question: how much does it cost me personally to do good? And I don't mean financially. Sometimes I ask myself if I should do something that costs me more, even if it were ultimately less effective."

"I have seen much misery in my travels: villages, full of disease, with 90% illiteracy; girls aged 8 or so that carried heavy loads, like donkeys. When I asked why they didn't

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use donkeys, I was told: 'a donkey is worth more than a girl'. If I should give up my job and go off to work in such a village, my personal effort to do good would be greater – and somehow the satisfaction probably, too. But it's an illusion in the chapter of life that I am writing at the moment. But then again the question is how generous is life with further chapters?"

On His Relationship With Stakeholders

"The integration decision process was as follows: first, my chairman and I made a calibration on basic values, no more. Then we discussed issues with the whole management team. Often, we tuned certain ideas ad hoc. For instance, the two of us would sit face-to-face and to our left and right we would have executives from both merging partners presenting issues to us. We would discuss the issues at hand and find agreements there and then. You understand, we would not discuss issues beforehand among the two of us to have a common standpoint, but would decide on the spot, in the plenary, based on the facts that were presented to us."

"It's amazing how things can go out of proportion in communications when one is sensitive and emotional about them."

"Post-merger management is very situative, even people-specific. You just have to decide once like this and once like that. Which I found has consequences, namely that people don't know what to expect. That's a little difficult sometimes. For those close to me I'm absolutely computable and predictable but for those a little further away there is quite some uncertainty."

"A common reflection between peers, between CEOs from different companies who share their experiences does not exist. This is a myth. My experience is the inverse. When I meet a peer and ask: 'how are you?' he will say: 'oh, I'm just great' and I then say: 'well, I'm not.' And that's it. In the rarest of cases someone will open up and speak candidly. I'm not speaking of intimacy, even just of opening up a little. It does not happen. The main behaviour that I observe is one of indirect competition and of: 'everything is just great with me'."

"Even when I'm together with peers for a few days, which is rare, no true common reflection happens. We meet in such places as Davos or suchlike. These are not environments where closeness could come up. That's pure activism. Nothing intimate can emerge there."

"I like to work with different people. To have the same homogenous characters around bores me. I don't make a special effort to get different people. It's a matter of selection. For me it's important that people are complementary in their strengths, to me and to each other, so that you get diversity. What I draw particular attention to is to have a good mix of conservatives and innovators. I need a spectrum there. I need the guy who says: '…but did you think of this consequence and that consequence…' and others who say: ' c'mon, let's get on with it, we need to move forward now!'"

"There are moments of fatigue with the media. This is exhausting, demotivating. There is true viciousness in that. When I look at <name of a media group>: it's absolutely

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impudent and shameless. And I mean 'shame-less' in the true sense of the word. Self-righteous! They confront others with a dishonest pseudo-morality and pretend to the highest ethical standards – for example in the CEO salary discussion – continuously, as a campaign. And yet, at the same time, these tabloids live off pages and pages of those small prostitution ads…I ask myself what kind of disgusting double standards are these? When on the one hand they make their money with murder and sex and the destiny of people, often distorted and biased – consciously and persistently – and then sit on the high chair of morality and proclaim what is good and what is bad in this country and its economy. And you can't even really defend yourself."

"There is another dimension to this, which is gruelling. The question of self-confidence. What makes you strong and what saps energy from you. That's an interesting question that nobody is unaffected by."

5.2.3 Memos Relating to the Transcript

Immediately after each interview had taken place and been transcribed a *memo* was written to capture first impressions and ideas and to provide a means of recovery and reorientation for the future analysis work. Memos could describe scenes; events and behaviours that sprang to mind right after the interview and may be usefully parked in a bank of ideas to be revisited in order to map out the emerging theory. The length of these memos varied between just a few lines to several pages, depending on the interview.

Table 5-1 is an *example of a memo* relating to same interview from which the above excerpts are taken. It represents a collection of particular thoughts, particularities, ideas and associations that sprang to mind and should not go forgotten, but also special observations the researcher made with regard to the climate at and around the interview, the intensity of actions or reactions that had some bearing on the experience and, perhaps, some implications for theory. As all memos, this memo was written in the style of jotted down notes in German, the researcher's mother tongue. For the purpose of this example the researcher's notes were fully formulated and translated into English.

Table 5-1: Example of a Memo

Memo to Interview Nr. 17
This conversation differs from other interviews in a number of respects: – What is most stupendous how this respondent seems to reflect *more thoroughly and regularly on his activity and his life in general* than other respondents. His action-orientation is less pronounced. While many of the other respondents were observably surprised at some questions asked and even affirmed that many of the thoughts they were asked to develop during the interview provoked a first-time reflection on certain issues of their work and life, this respondent obviously scooped his answers from profound previous personal, sometimes almost philosophical considerations.

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Table 5-1: (Continued)Example of a Memo

- Other than most other respondents, this respondent *rarely speculated about himself* in the conversation, beginning an answer for example with: 'I guess... or I suppose...' as most others did. He seemed to be perfectly prepared for every answer. His statements were extremely structured, sometimes even pedagogic. Often he answered briefly and then extended the question by saying: 'the question here is also... a)... b)... and c). He was candid and calm, but at the same time remarkably in control. He only lost his contenance once, when the conversation centred on the amount of accountability a CEO really had, when he briskly replied that some recent mismanagement trials in the US yielded sentences that went well beyond those of manslaughter.
- During most of the conversation the contemplation seemed to be the result of the person's strong need to be one step ahead of anything that could happen to him, perhaps as a result of some terribly tragedies, which he referred to as 'the unthinkable', that he had experienced in the past.
- Obviously this clear penchant for reflection rather than action, which is untypical for CEOs, has not had any negative influence on his performance or that of his company. On the contrary, the company is one of the rare examples of successful merger integration and sustained growth over more than a decade. It is probably because of this proof of efficacy in facts and figures that the respondent is admired and respected among his peers despite a behaviour (philosophical contemplation, doubts, vulnerability, empathy) that is normally considered a weakness in the executive top floor.
- At some moments the respondent openly questioned a number of his own actions and of those of his trade, tolerated personal doubt, cared about people, was aware of his vulnerability and spoke candidly about it. It is as if he was constantly trying to dig deeper into the rationales of his actions. This is particularly interesting because he can look back onto nearly a decade of highly successful action as a global top executive and would, therefore, be a perfect potential victim of the 'success trap'. By this intense self-reflection, the executive did not come across unsure or faltering but on the contrary, as a person of confidence and in consistence with himself.
- Whatever subjects were addressed, the conversation turned again and again around the polychotomous nature of a CEO's working environment and the need to address ambiguities, dichotomies and paradoxes by trying to resolve them. 'Being it and the contrary of it', rather than charging forward with standardised best practices and unilateral judgment seemed to be the essence of this executive's management philosophy. The respondent insists that it's not sufficient to be able to 'accept' or 'live with paradox' as is commonly claimed to be a characteristic of good leaders. He states that on the contrary, one should 'not accept' paradox or apparent dichotomies, to 'not take no for an answer' but to take the trouble to 'follow them through to the end' across many moves like a good chess player and, on the way, find out that most dichotomies can be debunked as false dichotomies as multiple previously not visible options appear.

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Table 5-1: (Continued)Example of a Memo

– Time: the executive showed no signs of stress or time pressure. The researcher was received at his headquarter office, waited less than five minutes and was then able have an uninterrupted and concentrated conversation with the respondent of approximately two hours. The respondent also appeared to generally have all the time in the world for regular and thorough reflection and self-reflection on his actions. Yet the facts, the media and the second executive respondent from the same company all attest that never before had a company had a faster decision and implementation process in place. All estimates and best practices on how much time was needed to due a due diligence on a potential merger candidate, integrate two global groups or change a company name were ridiculed by the speed of implementation in this case.

5.2.4 The Process of Abstraction

After transcription and rereading of the interview and memo recording, the next stage was to *analyse the data line by line*, looking for *codes* in each line. Table 5-2 describes some codes that emerged from the sample interview.

Table 5-2: First Coding Notes

Self concept I = alone
Self concept II = privileged
Questioning attitude vis-à-vis power
Need for involvement and participation
Lack of social contact = norm
Regret of lack of bonding
Disillusionment with peers
Problem solving = social activity involving debate
Nostalgia of university life, especially debates and problem solving in a team
Culture = the other
Leadership = management of paradox
High need for intellectual stimulation
Frustration with and mistrust of the media
Questioning attitude, distrust vis-à-vis success
Performance = indirect goal, material consequence of achievement of higher-level goals
Struggle with not being able to lead a 'normal life'
Feeling of being misunderstood
Need to lead a 'moral life'
Questioning if his life is a 'moral life'

Coding is the process of analysing data and at this stage coding was largely unfocused and 'open'. Hundreds of codes were identified and conjectured to have potential meaning and relevance. Through a constant process of comparison and to and fro within the data these were reduced to approximately 150 codes. These codes, which are the 'building blocks of theory'[1] were subsequently abstracted to a conceptual level and grouped into meaningful *concepts* and, in a second step, *categories*. The codes were scrutinised for every possible meaning through constant comparison, incident with incident and incident with concept. From this, *properties and dimensions* that emerged from the data were attributed to the concepts. Attention was given to meaning rather than quantitative values.

1. Goulding (2002), p. 121

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5.2.5 Theoretical Coding

To develop the theoretical frameworks, the incidents under study were traced through the description and explication of causal conditions, the phenomena, the intervening conditions, the interactional strategies and the consequences thereof. An example of theoretical coding is displayed in Table 5-3.

Table 5-3: Example of Theoretical Coding

Causal Conditions
Appropriate CEO behaviour publicly debated in the media
Rising unemployment is seen as CEO's fault
CEO believes to be misunderstood
CEO believes that external constraints force him or her towards layoffs
CEO believes that he or she can develop the capability to create employment in the future
Phenomenon
CEO's attitude to media criticism
Intervening Conditions
CEO's beliefs and feelings toward the media
CEO's attitude toward media
Attitudes of a wider circle of stakeholders
Company success
Interactional Strategies
CEO takes responsibility for open and clear media communication
CEO attributes blame
Consequences for Performance
Supportive environment that encourages risk and communication
Fast action
Fear of risk taking, closed communication
Consequences for the Executive
Credible image
Trusting environment
Anger and frustration towards the media

5.3 The Concepts

> *...the most ardent constructionists would wish to teach their children, "this is a dog" and "that is a cat". And if the constructionist screamed, "run, there's a fire!" he or she would not wish others to look with suspicion and retort "oh, that's just your construction."*
> Kenneth J. Gergen in: *Constructionism and Realism: How are we to go on?*, 1998

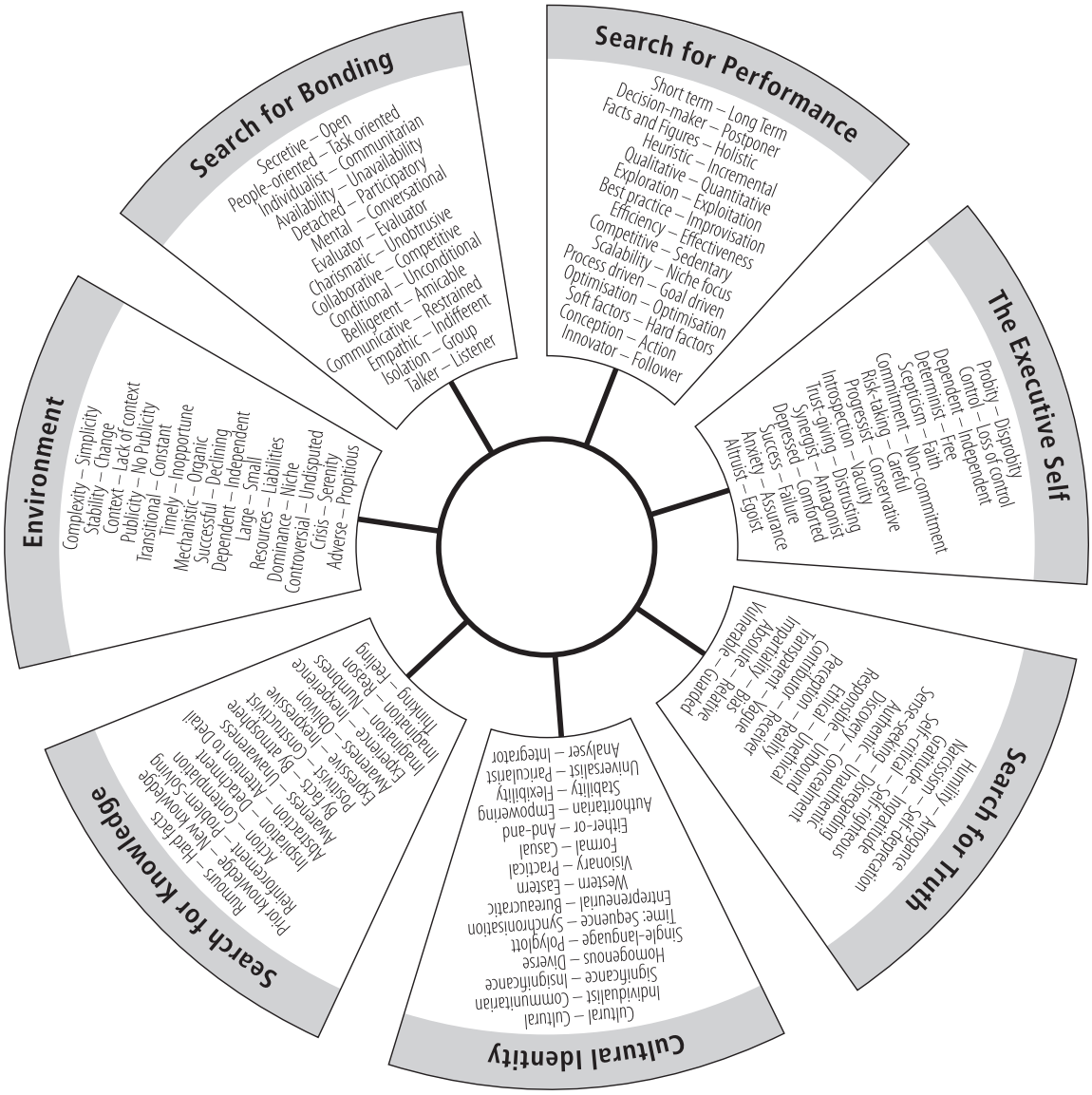
According to Spiggle[2]: "Abstract concepts encompass a number of more concrete instances found in the data. The theoretical significance of a concept springs from its relationship to other concepts and its connection to a broader gestalt of an individual's experience." Seven concepts were identified:

2. Spiggle (1994), p. 494

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- *The executive self*
- *Searching for truth*
- *Searching for knowledge*
- *Understanding culture*
- *Searching for performance*
- *Searching for bonding*
- *The post-merger environment.*

Figure 5-1: Concepts and Their Properties and Dimensions



The seven concepts emerging from the data are not standalone codes but have properties. They are illustrated in Figure 5-1. For example, *multilingualism* (a property) may be related to *understanding culture* (the concept), but culture comprehension may have many properties such as diversity, emotionality, communication style, leadership style

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and so on. What became apparent is that while the concepts do stand on their own, they are not mutually exclusive. Their interrelatedness remained important and the analysis yielded strong connectedness, coherence, and multiple relationships. Often, concepts displayed similar properties. For example *multilingualism*, the above-mentioned property of *understanding culture* was also related to the concept of *searching for knowledge*, just as *confidence* (a property) was related to the concept of *the executive self* but also to the concept of *performance* and so on. The concept properties were then dimensionalised in terms of intensity and for better differentiation. In this dimensionalisation process the property of *confidence*, for example, was paired with its antonym *diffidence* in relation to the concept of the *executive self*, but with its antonym *self-doubt* in relation to the concept of *performance*. This was an iterative process and led, in a later step, to the development of core categories. In the following sections the concepts, their properties and dimensions as they are derived from the data are explained and the salient literature relating to them is superposed for theoretical credence.

5.3.1 Concept 1: The Executive Self

> *"As a CEO you have an automatic credit of trust. Ok, you have to prove worthy of it, but you have it to begin with. And, hey, you're the guy with the joystick in his hand! You shape the culture, determine the spirit and with your energy assure implementation. That's a good feeling."*
> Respondent

An appropriate *starting point of conceptualisation* was the executive self in relation to the post-merger context. This research was concerned in parts with the motivations of executives to learn and, whilst establishing that no general theory of motivation exists, Weiner[3] suggests that any theory of motivation should include the self. What 'kind of persons he or she is', was of interest: how he or she perceives his or her personality and identity as is and in the context of and/or emerging from his or her personal history, educational background and/or family environment. This was likely to bear valuable indications on how he or she managed to develop and cope with shaping his or her organisations in transitional situations where this process of shaping is, as has been explained in previous chapters, particularly salient. In fact, in order to understand how executives shape such emerging organisations this task must be related to how they shape themselves as individual human beings.

The first salient observation the researcher made was that top executives appear not to be 'searching for themselves' too much. This finding contrasts with the literature, for example with Watson's extensive ethnographic work among British middle managers[4]. It seems that many executives, once arrived at the top job, consider themselves 'made for good', i. e. their action seems to be guided by a notion of a consistent and unitary self. This is especially noticeable in the first stream of interviews in which many executives seemed to be surprised at the very question[ii]. Most respondents produced – some with more some with less modesty – a ready-made, politically correct and marketable answer on who they were in terms of leadership traits that represented grosso modo the cliché

3. Weiner (1992)
4. Watson (1994), p. 44

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of how a top manager had to be, namely, a 'doer', 'dynamic', 'impatient' and 'goal-oriented'. In order to get beyond the stereotypes the question of the self was approached from different angles, such as, how they became managers in the first place, whether they had once had other life plans, how they spent their leisure time (if any), which was their favourite book, what they foresaw to do with their lives once retired and so on. Most respondents were visibly unprepared for such questioning. However, as the conversation progressed in a context of trust and confidentiality, the executives began to be noticeably interested in the subject matter of their selves and actually engaged with pleasure and, in some instances with some nostalgia, in the process of speculation about and shaping of their selves. What can be observed first of all is that many introduce their statements by: 'I guess…' 'I think…' 'well…' '…still…', 'mind you' and 'ultimately…', showing that in the process of talking to the researcher and trying to explain to her the relationship between their work and who they are, many respondents were in fact speculating about themselves, there and then. As could be expected from their age and track record, these senior executives had by and large affirmed personalities. It seemed that they had shut off their self-reflection on the 'possible selves' of what they might still become, what they would like to become and what they feared to become[5]. In some respondents this seemed motivated by a discipline of auto-deprivation with regard to caring about their own evolution assuming, as they explained, that 'there [was] a time for dreams and a time for action'; others seemed to simply be too caught up in their daily action to have the time and the distance to reflect on the self. Yet, psychodynamic theories state that selfhood changes as we develop and get older: a consistent and unitary self cannot be assumed. Humans adopt defensive manoeuvres to establish and/or re-establish a sense of wholeness[6]. Identity is one such defending mechanism used to provide a sense of continuity[7]. In fact, as the interviews progressed, such mechanisms became apparent in the course of the conversations. But instead of yielding convenient categories in the light of which behaviour could be checked against data, they generated more questions that took the analysis into a number of directions, such as: are there several selves? Is there indifference? Is there alienation and, if so, are we conscious about it? Is alienation a prime motivator in striving for answers? It became clear that it was necessary to refrain from the idea of analysing individuals and to focus on the identification of common behaviours situated around distinguishing themes. Such sets of common behaviour are however time and context bound. While the analysis emphasises the self and meaning in relation to learning and coping, it is recognised that this is only one aspect of the self and explains by no means the plurality of selves the individual is made of[8]. Some examples of statements that led to the concept of the executive self are provided below.

Whereas in the foregoing illustration of the process of analysis the statements presented stemmed from a single respondent, the quotes and statements introduced henceforth are from different respondents, grouped around the themes of the corresponding concepts.

5. Markus and Nurius (1986)
6. Goulding (2002), p. 128
7. Stevens (1996)
8. Markus and Nurius (1986)

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5.3.1.1 About Becoming an Executive

How do executives become who and what they are? Individuals are said to strive to give their lives purpose by engaging in specific behaviours that will give meaning and a sense of autonomy[9]. While the question on how the became executives surprised the respondents it was answered with visible pleasure, except in three cases where the question raised considerable nostalgia and resignation. Some executives explicitly set out to become leaders. They liked 'leading' and 'the action' and got early feedback that they did this well, which encouraged them to pursue this task. Csikszentmilhalyi[10] refers to this as the pursuit of happiness through the channelling and control over one's 'flow'; the conscious orientation of psychic energy to produce a feeling of wellbeing. Other executives 'sort of just slithered into [the task]'. Some nostalgic feeling came up in relating the course of events, circumstances and reflections that led to their executive status, but most executives spoke of their ascension with pride and contentment. The pride had to do with their societal standing and prestige, their capacity to shape things and make a difference and their freedom of action. In some cases, the quality (in the sense of moral standing) of the executive role was amusedly questioned (as in the first statement below). With very few exceptions respondents were affirmative of their choices, were fairly satisfied with their roles and used their memories and related imagery for leisure and amusement. However, three respondents displayed strong negative emotions in their relation of how they became executives, regretting this choice and displaying alienation, role deprivation and strong frustration with their choices and present life situations. One of these executives had recently experienced a highly mediated bankruptcy but the other two were fairly successful in their careers. These respondents spoke of management as being a 'hollow task', 'devoid of real satisfaction' and overflowing with bureaucracy and technocracy and superficial human contact. Gergen speaks in this respect of 'the saturated self', harassed by complex technology, impersonal communication and indirect interaction[11].

> *"I explicitly wanted to become a manager. I was about 30 then. I liked it. In the beginning I thought it was a terribly noble task…(laughs out loudly). I felt – since work takes up a large portion of life – rather spend it in a worthwhile way. The longer I was in management the more I began to feel the need to create things, to shape them. In fact – to have them the way I like them to be (laughs again)."*

> *"If I had to start all over again I would try to know earlier what I really want. The way I went about it, I had to work quite hard. Things don't come easy to me. I have to work for them. With further education later in my life I compensated for my poor schooling and managed to achieve great things, I'm grateful. But I believe if I had set out earlier to achieve a solid education I would have had an easier life. Not that I'm unhappy, mind you."*

> *"I never sought to be a leader. It all happened somehow. I wanted to be a simple journalist, a publicist, somebody who questions things, thoughtfully. I entered into the business because my father was there. It was what one did in my family."*

9. Yalom (1980)
10. Csikszentmihalyi (1990)
11. Gergen (1991)

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"I decided to become a manager in 1975. I then worked in production (...) it was too tough for me, exhausting – and at the same time not tough enough, intellectually. But then we had a manager, a girl, quite young, who was in charge of steering the production processes. She didn't get her hands dirty... She had a natural authority and that impressed me. And inspired me."

"I have personally chosen an atypical way to the top. I started with an apprenticeship in a small broker company. I found the environment great, especially the large, global banks. I wanted to play a role in there. My dream was to become head of trading in one of those large banks. I found that cool: great environment, lots happening, a great and happy life; make lots of money... You know, something to get up in the morning for. I mean you have to do something in life, so let's do something cool."

"Why did I want to be a boss? I guess all these big bosses impressed me in my early years at the bank. I wanted to be one of them."

"As a kid I wanted to become an engineman or a pilot. But I hated school and was not so good at it. My dad said, either you now make it to college or you do an apprenticeship. And I thought: more school? No, apprenticeship sounds better. So I didn't become a pilot. Later I had again a whimsy to do something technical. But my dad disciplined me again and so I finished my banking traineeship."

"Sure, I had many dreams when I was younger but there is a time for dreams and a time for action. Now I am what I am and I try make the best of it."

"I guess it was my upbringing, my origins that influenced me to become a manager. My father was politically active, an authority. That inspired me."

"I had a great tutor in my younger years. He always worked intuitively and I observed him closely. Intuition and the ability to listen and lead at the same time was key in his leadership."

"I loved the commercial side of life and I showed early that I could lead a team rather well. So I decided to become a manager. I was ambitious, driven, energetic and hard working but, most important, quite often lucky."

"I never had a precise goal in life. I never said: that's what I want to be when I grow up. It was more like situations, opportunities that came along and I had to decide do I want to seize them or not. Mostly I did."

"Being a leader is not a dream to me... nor is it a question of power, of having a large number of people under my command. It's just a means to reach certain goals I have. I want to serve society, that's my satisfaction. Not to be able to say I'm the boss and bully people around. It's a means to an end."

"I like my job. I never truly think I should have done something else instead. When I was young I wanted to become a paediatrician. I would have been a good doctor, I think. But I'm happy, I don't regret it. I'm having a good life. But one day I'll do something completely different. One day I'll surprise my friends and family..."

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"I never decided to become a leader. Honestly, I never thought of that. My desire was always to go back to the theatre. You know, there at 08.05 pm the curtains go up and the opening night begins… and all the hysterical fits, the sore throats and the other crises are overcome. The play begins. And that's my great satisfaction. That magic moment I find incredible. And I have contributed endless little steps toward it, but they're unimportant. It's the result that counts. It's the same with our merger. My little touches were there and they were very real but it's the result alone that satisfies me."

"I never decided to become a manager. It just happened. And I'm not even sure it was a good thing. I could have been happy doing something else, too. But one day I was assigned a team and did quite well and then I noticed that things were not running so good and I changed them. Quickly I had more power and so I moved up the ladder, believing that the more power I got, the more good I could do to the company."

5.3.1.2 How CEOs Describe Their Personality

As stated in the introduction to this section, the direct question of 'what kind of a person' they were, usually first led to a well-prepared, public relations-type answer as one would give it to a journalist in an interview where the goal is to look dynamic and in control. However, later, prompted by more indirect questioning, these answers were developed, turned upside down, questioned and relativised: the executives were in full speculation mode. While the classic notion of the executives' action-orientation was confirmed, a lot of reflective situations could be observed. Many executives paused for long moments and started their answers several times. Much self-criticism came forth and such statements as: 'I want to be a listener. I know it's important, but…' were not uncommon. If a generalisation at this stage were appropriate it could be said that the respondent started from a 'this is how I am' notion of the self in the first string of interviews and adopted a 'I'm like this… but (in a particular circumstance) I'm in fact also the opposite of this' and a 'I'm like this but I know that the opposite is sometimes better and I try [to vary]…' or also 'my wife says that I'm…. and I know I should be…' notion of the self. This self-reflection was very often linked to the recent post-merger situation in which some saw their typical set of personality traits challenged or even clearly unsuccessful. Challenging factors mentioned in this context were the need to motivate colleagues from a different cultural background, the need to negotiate with stakeholders that were not subordinates (unions, shareholders, analysts), the challenge of having to work together with younger, more internet-literate executives, the lack of time and other contextual factors. Especially in the second string of interviews in which the same respondents were revisited, the notion of 'possible selves'[12], the influence of cognition and emotions on behaviour, i.e. some behavioural blueprints[13] emerged: the respondents had a clear notion of how an executive 'should be', i.e. what the reigning societal norm of the executive societal nature and behaviour is, namely tough, decisive goal-focused and in control. While they tried to correspond to these expectations to avoid sanctions they seem to become aware, some more and some less, that their executive reality may call for another behaviour. Again, this reflection, expressed for example in superposing 'soft' and 'hard' factors of leadership, often appeared in transitional contexts,[iii] i.e. either with issues they faced in post-merger situations or in relation to the ongoing

12. Markus and Nurius (1986); Beyer and Hannah (2002)
13. Robinson and Davis (2001)

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hefty public debate on corporate governance. Some example media headlines on this debate are presented in ***Appendix W***. Especially in the second string of interviews the notion of how the executive 'should be', while still containing the original features, was completed with such adjectives as 'upright', 'credible' and 'a role model'.

"Once [a problem is] solved, I wanted to move on, to continue changing things. It's in my nature to always move forward. As soon as things are stable, I think of the next step."

"I'm more of an intuitive guy. I have quite a good gut feel for people, transactions, and risks, as opposed to others, for example my CFO. He's strongly analytical. You could say that we are exact opposites. And that's just perfect."

"I'm not a friend of intuition. I believe that these terms like intuition, imagination, inspiration are often excuses for lack of preparation or lack of real hard work."

"Well, I'm not the shoot-first-aim-later guy. I'm a listener. Of course I get impatient and then I talk frankly, when the other guy babbles incompetently, doesn't hit the subject, beats around the bush or has preconceived ideas. Then I do talk, I cut him short. I can be patient when I see that where we're going is right but we need some time, people need some more time."

"I seize the day, I'm sort of short-term. But I always have a long-term plan. But something must happen today. Why worry about the day after tomorrow if perhaps there is no tomorrow?"

"I'm a results guy, in the end. That's what gets measured."

"I'm only interested in people who are ready to exchange their ideas with me. If they have nothing to say they don't interest me."

"I'm a doer, not really a thinker. I get impatient quickly. I hate it when people beat around the bush."

"Charisma is useful. I use it. It's a positive winning shine that can get the customer to bring us more of his money, the employee to work harder, the authorities less bureaucratic. It's about being taken more seriously, but quietly and positively. I'm not a friend of aggressive, oppressive leadership, not one who shouts around. I never shout. When I'm not happy I simply say it in my words. I never get loud. Rather, when things get really serious I get extremely quiet."

"I don't consider myself a great manager, I don't know much about it, really. I practice management, well..., like educating my children, by responsibilisation. I hate the nitty gritties, I don't like the control... all this bores me."

"Why am I so autocritical? Perhaps from lack of confidence in myself (laughs)? I'm very interested in culture, philosophy, contemplation... I want to understand life, not just the company's balance sheet."

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"I don't consider myself a manager, perhaps a leader. Still… It implies to be a role model, to motivate people. Mind you, I'm not very good at this. There are some leaders who come into the room, make a joke and say: 'c'mon guys, we'll manage this!' and everybody runs again… I'm not good at this."

"I'm a thinker and a doer. I try to be both. But if I must be boxed, I'm a doer."

"I want to be a listener. I try hard. But I catch myself rushing into discussions all the time. I talk too quickly and give my own opinion, sometimes prematurely."

"I'm a long-term thinker, my shareholders are not. That's one of the divergences we have.

"I'm an explorer: I get bored with the existing, I delegate that. I like to go out to find out what's new out there. I like to anticipate, to be in control. I don't allow my self to be vulnerable. Except in my immediate environment. For example when I resigned from my previous job I cried in front of my management team. Tears came down my cheek and I didn't mind it…"

"I'm what they call a 'soft' manager, people-oriented. But I truly believe that 'soft' is in fact harder than 'hard'! It's harder for many people to be given leverage, to be responsible, to create, contribute, take initiative. The 'hard' management, when you're told: 'do this, you do that and there's no discussion' is much simpler. But I'm like that, I can't work any other way. I want to have smart, entrepreneurial people around me who wish to discover new land, advance, make mistakes, and make sense of their work. That's my satisfaction. In a command-and-control environment I'm simply no good. It bores me."

"I'm a listener. Earlier, as a salesman, it has helped me often to take my conversation partner seriously and actively listen and make sure I have understood. Lots of questions, open and short… the truth flows… and I'm a little wiser afterwards. It's clear to me that this is not typical for a top executive and perhaps some would not have chosen me for the top job because of this. But here I am."

5.3.1.3 How CEOs View Their Role in the Post-Merger Process

Post-merger management was described with respect and experienced as a particular challenge by most executives, especially by those who had managed several mergers. None of the respondents considered himself a post-merger-literate based on the fact that he or she had done it before. However, there were two basic attitudes toward the task. Some executives considered it an organisational issue that could be structured and delegated. For others it was clearly a prime part of their personal agenda. Moreover, the respondents' strategy toward the post-merger task did not seem to have changed in subsequent mergers: a delegator remained a delegator and a those who assumed personal responsibility for the integration process had done so from the onset and in all subsequent mergers, which leads to the assumption that this is a question of personal characteristic rather than strategy. Although the research sample is small and representativeness is not sought, it is interesting to note that all unsuccessful mergers displayed the delegating approach. Many respondents made a difference between their 'normal' leadership style and their 'post-merger' leadership behaviour, describing that in post-merger phases

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they were less in control of events and therefore required more flexibility, more improvisation skills and faster decision-making. In sum, they described their role as 'having to be it and the contrary of it' at the same time. Many saw in a certain loss of control during port-merger phases a fatalism attributed to the 'emotionality' of such a project, which was inevitably 'ugly' and 'got bloody'. Their tactics to overcome this situation was to tighten their leadership style, be more authoritarian and speed up the integration process so as to reach stability as quickly as possible: 'head down and through', as one respondent described it. With three younger CEOs the altercation with 'the self' was used to explain cultural difficulties with colleagues in post-merger situations, namely that 'it was natural' that they strove to maintain their established identities within their new settings. Tactics used to encourage a common socialisation process were stated to be to 'talk in pictures' and 'use stories of how the future will be'. These tactics concur with recent literature on the self in transitional organisations, where the use of imagery and visualisation[14], narrative[15], mapping[16] and feedback[17] are recommended. All respondents, those who rolled over it and those who engaged in it, spoke with equal respect of the post-merger task, considering it 'taxing', 'exhausting' and so on.

> *"What I have learned is that despite all the experience, despite all the planning you are always too optimistic. You always judge the project too fast, to easy, too good, etc. regarding the time it takes you, the qualities you obtain, the synergies..."*

> *"I'm the guarantor for the whole merger process, vis-à-vis shareholders, employees, also unions, etc. I'm the person of trust. This is key because in Germany these people (worker's council, unions) can block anything. I noticed this when I once withdrew from a direct contact with them. I had too much at hand so I inserted another management layer. But suddenly there was trouble. They said: 'but it's with you we worked, why no longer?' and I had to reassure them: 'but I'll still be here, I'm still guaranteeing things, I just can't do everything by myself, I have to set priorities'. That's when I noticed my role of guarantor."*

> *"Frankly, I believe today – and I'm saying this against my personal life philosophy – post-merger situations are not adept to my kind of self-motivating, entrepreneurial management style. Wherever I've been, whatever I've seen so far: it's the command-and-control style that gets the better of it. It's as if all this empowerment stuff is locked up in a drawer for later, when the crisis is over."*

> *"I know mergers are necessary. But I'm telling you, it's not fun every day and I sometimes think it would be nice to come out of this merger mania and try to grow through our own forces and our own creativity and imagination..."*

> *"I always share my reflections with my colleagues so as to responsibilise them, to empower them. Mind you, in the end I decide by myself. I share the analysis but never the decision. That's what I'm paid for, isn't it?"*

14. Fletcher (2000a)
15. Whitty (2002)
16. Shepard (2000)
17. Ibarra (1999)

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"I'm aware that my post-merger role is more one of coaching (...) of giving them an understanding of the mechanisms of such a phase so that they don't fall into a defensive attitude."

"These days I'm more a kind of supporting apostle who explains a process that is in fact logical but also emotional and could lead colleagues to adopt a defensive mindset. I can show them that it makes sense to embrace, to participate and to contribute. I can tell them from personal experience where it is simply pointless to oppose oneself, a waste of energy."

"There's tremendous exhaustion – personal and organisational fatigue. The pressure and fatigue was so great that we asked ourselves: do we need to inject new blood into the organisation? What's going on, some thing must happen. We really did get to the point when I proposed that we should discuss my proper stepping down... I really did not expect the merger to be so taxing. Not to this extent."

"I do go into detail when the reputation is at stake, when much risk is involved, when it's a great deal or when I'm not sure a person is telling me the truth."

"If I did another merger – which is highly unlikely – I would do it even faster."

"I'm the insolent guy in the team. This is my contribution to the company. My position is among the very highest but with no direct operational responsibility. A bit like a king's fool. That's my strength and that's dearly needed in a large global company. But I would not be the operational guy, or the CEO. If I were, it would not work."

"It's my experience that in post-merger times man tends to go back to controlling and authoritative behaviour. I truly believe that this makes things worse. I do the contrary, I believe you need to empower even more. Controlling in the sense of control is not useful. Controlling in the sense of helping and supporting, I'm for it."

"Post-merger management is like driving a Go-kart: you must have your feet on the brakes and the accelerator at the same time. You need to hold your horses to permit the newcomers to find their landmarks, yet you also just have to go for it, bully people to change..."

"In normal managerial situations I'm clearly in the driver's seat. It is I who set the agenda, I who decide this and that; my culture is relevant, etc. I don't need to worry about cultural sensitivities, at least not in the sense of having to understand somebody else's culture. I have my corporate culture; my leadership culture and I live and act within it. Those around me had said yes to this culture, that's why they're here. Things are clear. In a post-merger situation I first have to understand how the other is different before I can lead him. Sometimes these are absolute details. Which, however, radically decide the outcome of the game."

"Trust is a very important component. To begin with, the true merger does not exist, there's always a stronger and a weaker partner, a driver and an underdog. And the underdog knows: I'm at the mercy of somebody else now, somebody unknown... So, to

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begin with, à priori, there's no trust. But there is willingness to build it up. We're sort of in a state of 'compliant constraint'. And now the game begins: the underdog will provoke the driver with some actions, whatever, anything to make him make certain concessions or compromises: '…will I get that in the new organisation…', '…can we have this…'. And many do in fact allow for such concessions to be made or privileges to be granted. Then comes the moment of truth – and we're often talking real peanuts here – will the driver honour his promises? It's imperative to do so! You have to stick by your promises categorically and in detail because these are the first test of whether you can be trusted."

"It is my experience that there is no such thing as a natural 'mixing of cultures', that you first have A and B and then, gradually, something resembling AB. Even if you intend to do this, and you start off being all nice with each other and somehow fair and you take the same number of executives from A as from B so that the power is equally distributed… It's all bullocks, unfortunately. In the end it's one culture that takes over the other, it's almost a law of nature. So now I do it from the start. I define the culture, which is neither A nor B nor AB but C and I select the executives accordingly."

"My primary role after the merger is to keep the key people. After all, that's what we bought in the first place: people. It's not easy to do; you must be fast, be transparent in your communication and, ultimately, throw money at the people. By this you buy yourself time to be able to find out whom you want to keep and whom not. Because once thing is clear: the moment you announce your merger the head hunters are there, the very next day – and your competition, too – to create havoc in the management population! This means that considerable additional stress is brought into the organisation which you really don't need, believe me!"

"At first I thought, God, I have to do all this management and, over and above it, all that communication… But then I noticed that if I communicate well I have in fact managed, too. Communication is management, just as management is communication. I mean to say I manage through communication."

5.3.1.4 How CEOs Describe Their Coping

When asked about examples of what made post-merger situations particularly difficult and how they coped with these difficulties the respondents evoked again the fact that one was 'less in control' than in other leadership situations and that there were no recipes, no best practices and no clear-cut procedures that could be followed[18]. Some respondents found this lack of control and rationality unbearable[iv]. Since their leadership was built on control[19], it stressed them[v] to lose it and they sought the remedy in better planning, more structure and a more directive leadership style. Others described that this dealing with uncertainty had questioned and even modified their leadership style to allow for some vulnerability and generally more shades of grey, for a more constructionist approach. When under extreme pressure, sometimes CEOs simply 'cope', in the sense of 'muddling through'[vi]; they move ahead in critical situations, not by the best possible solution, but rather by any solution, a stroke of liberation that gives them just enough

18. Young and Cooper (1995)
19. Marano (2003)

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breathing space to prepare a next, more structured step[20]. Although it could be expected that considerable tacit knowledge be accumulated during such moments, most executives could not express any of these learnings nor did they analyse such moments of improvisation post hoc in order to render any learning explicit and use it again. Consistent with the findings from the ethnographic loop, and with Cashman's '...endless chain of present moments'[21], it was found that CEOs did not consciously synthesise with past experience. When asked, they estimated that generalisation was not easily possible because the situation was unique and any similar situations they would face in the future would be too different. Their focus is primarily on the present and on the near future. The good 'understanding of the past', which Kouzes and Pozner evoked as being important for effective vision adjustment in turbulent times[22], was not found. The closest indication to their exploration of past experience was the mentioning of some CEOs that they sometimes reverted to 'intuition' when insufficient facts were at hand to make difficult decisions. Merger management was again and again described as 'tough', mainly because of the human dimension it entails. In fact, a certain disillusion could be observed from the respondents' statements with respect to M&A. Frequent coping strategies evoked were intuition and improvisation. Interestingly both with regard to personal coping and to the leadership needed in such situation the term 'balance' or its synonyms regularly appeared: being 'in balance with oneself', 'balancing on the edge between organisation and chaos', being both stable and flexible' and 'balancing quickness and slowness' and also 'being both emphatic and unconcerned'. For some executives, the need to constantly struggle to reconcile apparently dichotomous situations was a sorrow, something they saw but could not do, or an explanation of why they failed. Their future remedy was better planning and coordination. For others, who saw the remedies more in human facilitation[23], uncertainty was a challenge, even a principle that they wouldn't 'take either...or for an answer'. Again, with out any claim to generalisation, it was observed that all failed mergers in the sample were managed by executives whose coping strategies were and remained positivist. A considerable source of frustration was seen in the interaction with the media, particularly because no effective counteraction to media attacks was perceived as possible. This is developed in more detail in Concept 7 below. To risk a very broad generalisation at this point in the analysis one could say that the respondents had a very strong need to be in control and to be able to act. Post-merger management seems to diminish both these phenomena and there was ambivalence about how to cope with this diminished control and action radius.

> *"How did I manage to get out of this mess? Perhaps it's my basic optimism. Of course I was really down at one time, but I have a basic faith that things will turn out right. It's a fundamental conviction I have, to believe in mankind. Before believing in God, I believe in man."*

> *"The culture problem fell on my head like a 10-ton rock. The CEO of the merging company was very attached to the past, very static in thinking! I couldn't fight or change that by myself alone, that soon became crystal clear."*

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20. Fowler and Fowler (1964); Beech and Cairns (2001)
21. Cashman (1998)
22. Kouzes and Posner (1987)
23. Mintzberg (1998)

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"Post-merger management is bloody tough, as is management, in fact. It's 100% vigilance all the time. But you can't give all, all of the time. So I force myself to take some breaks. This is also why I'm organising myself in a way as to be free to choose to do something else in about five years from now. You know, fill up my pension fund and so on. I want the economic independence to permit me to choose if I want to work some more or not."

"At times we were in over our heads: we were spending far more time fighting the reds against the blues than managing the company… How we got out of it? I'm not sure we are really out of it, but it got better. Frankly, what made it better was to get tough: fire some of the people who were strictly unwilling to make the slightest effort and recruit some new people from outside."

"Personally I've changed a lot in this merger. I have more initiative, more drive. At first I was afraid that the merging partner's radical focus on performance would make me feel uneasy. But the contrary is the case: we're delivering more service today, and better. My wife told me I've become a different person. I get up more easily in the morning, I'm more accessible, more available even during my private time."

"I thought a lot about my father in those days [of extreme media bashing]. He was a great political figure and he was also heavily attacked at times. It had taught me that you didn't necessarily have to have done wrong to be attacked. Sometimes it's just part of the job, the political mechanisms, you know."

"90% of the time I like my job, but sometimes it frustrates me. When I made all the efforts and yet a project doesn't pass, for whatever reasons, because of myself, others or a particular political context. When things are blocked. Then I think: why? Who am I doing all this for, anyway?"

"Ultimately it's the family that gives you the backing in tough times. Nobody else."

"Everybody speaks of work-life balance, all want to attain it, but in the end, when you look at the results, there are no solutions. So it's essential to have a sound personal setting, a good environment. It's a noticeable trend that many of us [CEOs] seek out our peers, even in our spare time. We're invited to the opera, to play golf, etc. and never get out of the business community. That for me is out of the question. It's extremely important to myself to have space to myself, to live a normal life. I don't need to spend my weekends with yet the same people again. I won't and I don't."

"I believe in intuition. My dad made himself a millionaire using his excellent business instincts, his intuition… even despite a poor education. Often the information available is not enough, and there's no time left to discuss and consider or reflect. Intuition plays a great role in 'knowing what to do'."

"I never had a great defeat in the classic sense but I suppose the <merger> debacle can be considered a defeat of mine, too. When the media blamed us for the bankruptcy, this was devastating. That went quite deep. Just imagine we went all out to help diminish

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the blow, help our country and then we were portrayed as those who did the least. It was a completely distorted portrayal of what happened."

"I have considerable post-merger knowledge, I'm at my fourth merger… From each I learned things, certainly. However, I feel that a direct transfer from merger to another is very limited. The situation is so new every time. What can be transferred is the experience on priority setting, e.g. that the integration phase is very important, that culture differences are real and need to be addressed, that the CEO cannot delegate this, etc."

"The first and foremost coping factor in post-merger crises is to be oneself in balance. If I'm out of balance I can't provide stability to the company. I'm simply not authentic, not credible, and therefore not effective. I truly believe that we executives have a long way to go to take better care of ourselves in the future. I'm not talking salary, but personality, spirituality, our mental state."

"It's only after I had got fired that I was really free. It took me some time, but… (pause) when you get out of such an unthinkable crisis you have so many opportunities again that you didn't have before when your role was clear to all. Now you can start from scratch – without any expectations from anyone – to ask yourself, what your strengths are, what your goal is in life, etc. and shape a chapter of your life that would have not been possible previously."

"I guess one reason why there are not more mergers in our company is that mergers are so incredibly tough. There would be reasons for more convergence in our industry, it's still very atomised. But for a company, and last but not least for its CEO, a merger is extremely exhausting. What it means in terms of crisis management, decision-making, communications… hard work, commitment, hours spent in airplanes, telephones, videoconferences… to be permanently available. You give so much of yourself in this process that you feel once in a lifetime is enough."

5.3.1.5 About Power and Ambition

The respondents spoke candidly about their ambitions and the pleasure and need they have to exert power. This was not evident because the interviews took place in a period in which top executives and their insufficiently regulated power and accountability were the subjects of a lively and rather aggressive public debate[vii]. Some used humour and metaphors to clothe the concept of power in a less offensive way, such as that they liked to be 'the captain of the ship', 'be the guy with the joystick' and so forth. To many power and prestige were so natural that they did not think about them nor particularly appreciate them, others explained that their position of power was primarily a responsibility that they had continuously prove to be worthy of. Some addressed moral issues in relation to their power[24], others were more overtly utilitarian in their understanding of power[25]. With regard to executives' material compensations they almost unanimously felt that to earn large sums was their due and that the public debate was basically unjustified. This is discussed in more detail in the section on personal limits below. When directly asked how independent they were and whether they felt privileged many

24. cf. Kidder (1996); Badaracco (1997)
25. cf. Barnes (1988); Abrashoff (2002)

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respondents confirmed this. What they particularly enjoyed was their discretion, their freedom of action, which they considered high. They enjoyed being 'above the glass ceiling', in a world apart with different rules and considerable independence. They also appreciated their freedom to control their daily lives, taking airplanes like other people take a bus, the prestige of being a bit 'more equal than others' as one put it. It was only in the course of more operational questions that another picture came up, one of constraints, stress, regrets about the relative isolation of their position, about too much travel and about unfulfilled dreams of simplicity. The public debate also had a direct bearing on the executives relationship with the media. In the past decade, Swiss and German executives had discovered and begun to explore the power of communication. Many had a personal public relations consultant and regularly worked with the press and other media, two had image and style consultants. The media were also used in some cases to address internal stakeholders, such as managers and employees. However, whereas the first years of media work was considered positive – executives felt that they could exert power, namely 'influence stakeholder behaviour, change the course of events and overcome resistance'[26] with greater facility than through inside communication – the recent debate had brought forward the downside of being a public figure for many respondents. The media were proving to be the 'ghosts [they] called and couldn't get rid off'. Their concupiscence which was readily answered to in the past was now perceived as 'harassment' and 'intrusion into [their] private life'. Three CEOs displayed a strong obsession with their self-image of power and success and rudiments of manic-depression as is described in the narcissism and CEO Disease discussions of this research[27].

> *"Uncertainty is a factor with executives in post-merger situations. When you fight for your job, you act differently. Or when you aim for the top job… In our previous merger of four, the subject was: 'Who will be CEO, who will be Chairman?' The fights for these posts played a major role in the negotiation, they were quite bloody. Ultimately they brought the project to fail."*

> *"For many years I've run after higher positions, you know, the next one and the one after that…And a bigger one yet again. But at a certain moment you come to a point where you wonder: what if I don't get the next position? Are you unhappy then, frustrated? So now I think I'm doing a good job where I am, this is the most important. To be in an environment where you can a do a good job, with decency."*

> *"I need my independence from the position and the role I'm in. Only if my back is free can I be provocative, critical and thereby useful. For this reason I became a professor early in my career so I could decide, at any time: guys, if you don't like it – I can also do something else. This independence was an essential point to my power and my success."*

> *"It's a fact that as a CEO you're a bit 'more equal than others'. Anyway, the days when having a corner office, a fancy car, VIP tickets to the Wimbledon finals and flying first class were part of my motivation are long gone by. Today I live quite a simple life. My true luxury is time. I wish I had more time. I'd use it for simple things."*

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26. Pfeffer (1992)
27. cf. also sections 2.7.3 and 4.8.4

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"Part of the post-merger game is to find out: who has the power in the new organisation? And then, for example to play chairman against CEO or vice versa… Executives try to obtain statements, promises, evaluations from different players hoping that they will be incoherent in order to find more about the power structure and to obtain a maximum of privileges."

"When I look at some of the recent mergers that I know quite well, I believe that quite a few of them are strongly ego-driven by the CEOs and that many so-called synergies are constructed to convince the board… Then when you come to implementation… your engineering department does not want to be moved from Zurich to Munich… surprise, surprise. Of course you can transfer systems and manuals, but if you lose the people behind them you end up with nothing, which is exactly what happened in our previous merger."

5.3.1.6 About Emotions

The cliché about the tough executive who did not show emotions was confirmed in most cases: to show emotion or vulnerability as a top executive was considered a sign of weakness and a source of manipulation[28]. Generally respondents experienced emotions as 'being everywhere' but at the same time suppressed and marginalised in the everyday organisational discourse[29]. One respondent had a clearly instrumental attitude to the phenomenon, explaining that he 'used emotion for staff motivation'. For many the gap between 'them' and 'the others' was very large. Some respondents displayed considerable understanding for the emotional stress their colleagues and staff may experience in the merger but when asked whether this was also true for them, the answer was clearly negative: they saw themselves as perfectly rational. However, some respondents, younger ones, claimed that they were emotional and that they allowed themselves to live this emotion in their interaction with colleagues. The way they spoke about it made clear that they considered it a risk[viii], but a risk they were prepared to take and believed they could afford to take. For two respondents it was a perfectly natural thing: they had worked in the entrepreneurial internet and start-up environment of the turn of the century, where they were paid company stocks instead of cash and where the offices were equipped with table soccer and the work computers with the latest videogames. Even though their internet adventure had failed, they had kept their 'bunch of friends' attitude toward top management interaction. For others, working with emotion seemed more complicated: it was described as a discovery of meaning or of substance unique to their past, that had been buried and that was being unearthed in the interaction, for example with a mostly younger team of executives brought in by the merging partner. Such moments of emotion at work were related to the researcher with pride, like trophies. One respondent attributed the discovery of his emotional side to the fact that he now had a woman in his top management team, estimating that the tone and the collaboration had changed a lot by the arrival of this lady. Four top executives, divorced and in their mid fifties and having recently fallen in love again with women considerably younger than them, claimed that this had changed them and their leadership style. They spoke of living their family lives and, in two cases, the interaction with their young children, 'more consciously' than in their first marriage.

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28. Pratt (1997, 2001)
29. cf. also section 4.7.2 and Weber (1968), Fineman (1994) and Watson (1994)

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"Just last week I gave a speech at <name> University. I expressed perfectly unplanned and unexpected things. It even astonished myself. Suddenly I began to speak about emotions, about love, it came as a complete surprise to me. The echo was accordingly: that the candour and authenticity had been very powerful, that the person, the human being, was primordial."

"I'll finally be a father next month, so I read a lot about pregnancy and how to deal with a newly born. And I'm finding plenty of parallels to the management world!"

"I have a favourite book, it's 'In Search of Excellence'. I got it from my father it was the last book he gave me before he died. I still re-read it occasionally. I like the part about the loser-winner community, how much you need of both to have a good climate. And the slack-tight leadership. Very exciting and true."

"Of course I allow for mistakes, but not for lack of planning or of commitment – or when somebody lies to me. This I cannot stand and when it happens I come down very tough on people."

"We all spend so much time at work, on planes, in airport lounges we might as well make it fun. I want people around me that I'm happy to see. I need to have an emotional rapport with my colleagues otherwise it saps too much of my energy."

"My goal, my pleasure in life is to remain healthy and that my family stays intact. I put a tremendous load onto the family, mainly by my many absences. My pleasure is that when I look out of the window – I mean this is a huge, global company, not a five-guy operation – I can see a trace that I left during the time I invested in the company and it invested in me. That's what I want. To leave a trace."

"I'm quite emotional in my dealings with my environment. With my colleagues, but also with key customers. Let's say here in Germany, compared to my German peers and colleagues I'm probably very emotional…. For an Italian (that I am originally) I'm not. But I do use emotion for motivation."

5.3.1.7 How CEOs Make Sense

A set of questions was directed at exploring executives' reflections about the political and ethical implications of their actions. Again, as in the salary discussion, one could sense that the respondents had recently thought about the questions of whether one had to be a 'good person' to be a 'good executive' or not, of whether they themselves considered themselves 'good people'. The running public debate on power abuse of top executives, unjustified as they resented it, had clearly provoked even the most hardboiled respondents to give some thought to their job profile, their societal responsibility and their role in the company and in society. The conversations turned around three subject matters, the basic question of 'humanness in the global corporate jungle' as one respondent put it, the question of the manipulative potential in the executive task of persuading others and managing others through values and the question of whether the end justifies the means and to what extent. The reflections covered the whole spectrum from: 'I can't be a moral person, I have a job to do', over: 'sometimes I'm really not at ease with myself but I can't help it, I have to go through with it' to: 'I shall only go as far as I

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can and still look at myself in the mirror while shaving'. Some suggested that the work place could take on the role of representing the sacred dimension of social life in largely secularised societies as Switzerland and Germany and that there was manipulative potential in that idea and also executive responsibility. But most justified their acts with the inevitable extrinsic constraints the companies are experiencing such as globalisation, general time pressure or the particular situation of the merger, which required particularly autocratic or dictatorial leadership. That executives did struggle with the question of whether what they did was 'right' in the moral sense also came forward in their answers to questions relating to whether they sometimes thought that they should have done something completely different with their lives, or whether they would encourage their children to become managers or what their life ambitions were when they themselves were young.

> *"I'm not sure that you need to like people, or be a good person for that matter, to be a good manager. I'd like to think so, spontaneously. But then examples come to mind where it's clearly not the case. For example, <name of global Swiss CEO>, he sure doesn't like people. His career path is splattered with dead bodies! He has nothing but – slickly disguised – disdain for his colleagues. He dominated them, humiliated them and yet this guy made it to the very top, for decades…"*

> *"I have a lot of conflicting situations in my executive life. All the time I have to weigh the short vs. the long-term, putting resources into sales or operations, etc. But I can handle it, it does not worry me."*

> *"I'm a short-term guy. I would like to be more long-term, more sustainable. But I can't. I'm in a stock-quoted company. That's my rhythm, 3 months, 6 months…"*

> *"Anyway, decisions are never 100% right or wrong, they oscillate around the 50% mark. I just ask myself: can I account for this, can I take the responsibility? Then I decide. Afterwards I don't brood over it anymore. Often it's a lonely process where I weigh the pros and cons. But I'm somebody who decides quite quickly. I decide and that's that."*

> *"Charisma… well (laughs), perhaps you have read Rosa Luxemburg about the leader and the masses and the classes… Charisma is a delicate thing. There must be substance first, and ethics. But then of course if you don't get the message across… An executive must have depth, but if he can't have a relationship with his followers, if he can't enthuse them, shock them, then the whole substance is in vain."*

> *"If I had a son who wanted to become an executive I would encourage him. Yet I believe that the top executive position has an influence on one's character. You begin to be preoccupied with yourself and only with yourself… you can become almost autistic. You don't listen, don't hear anymore and seek only self-confirming judgments and opinions, accept no criticism. Finally you meet only with your own kind, the likes of you and lose touch with reality, you know, wheel grip. You think that you can live by another set of rules than the rest of the lot. It happened to me, I was well under way on that road before I got fired… Yes, I do believe that a top management position can corrupt your character."*

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"What surprised me in mergers is that the control-minded company always wins. All these empowerment efforts that a company may have made are powerless. In times of high uncertainty it's the command-and-control mechanisms that take the better of it. I still haven't digested this yet, frankly, and it really hurt me, because I was sure that the culture we had in company B of empowerment, creativity, self-development etc. would be particularly well suited for this kind of challenge. You know: the trust that reigned, the creativity, the learning... But all this was simply dead! I had to be realistic and admit that all this was simply unusable in that moment. For some time, when I observed the control tendency that emerged I expected a kind of uprising, a mutiny of sorts. But no. This fact often made me mad and frustrated me. It was against my beliefs of what humans are and what they strive for – and by the way what I had fought for and supported for many years. But I guess when the house is on fire and it is for many people in a merger, you have to accept that another style is best applied."

5.3.1.8 Post Mortem

Another way of discovering the executive self and his or her sense making was hoped to be found in a set of questions that would summarise their lives' action. The conversation basically turned around how they would, if they could, find peace with themselves at the end of their lives and how they would like to be remembered by their family and society at large. For two executives this was a question devoid of any interest. Their perspective was the here and now and what would be afterwards of no importance. For many, a satisfactory track record regarding performance was most important: to be able to say that the have 'lived their lives to the full', that they have exploited all their possibilities, that they 'did a good job'. A few understood the question more holistically, including all life's stakeholders vis-à-vis whom their 'societal balance sheet' should be positive, i.e. that the 'good' they did to society would outweigh the damages caused and that they would therefore be considered to have been 'a decent person'[30]. Another recurring wish was to be considered having been a worthy significant other to the ones closest to them.

"When I have to go from this world I don't want to leave a particular trace. When it's over it's over. I want to say I had a good life, that's all. No more."

"When I'm gone? Well then it's finished. That's all. I don't think in these terms."

"When I get to the end of my life I would like to be able to say: 'my dear friend, you have really lived your life. You have made the most of your capabilities, you kept searching for new things, you were honest and you had a twinkle in your eye.' People should say of me that I achieved the odd thing and that the human being always played a role."

"I don't want to be remembered by the world after I'm gone. When I'm gone, it's finished, that's it. For myself I need to know that I have been a decent person and fair in my dealings with others. That I've done unto them what I wanted them to do unto me, that I've respected the rules of the society I lived in. That's it."

"The day I have to go... I don't know what I would say. Perhaps that I did ok for all those that matter to me. I guess the human aspect would matter in that moment. What

30. Rest et al (1999)

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should others say of me? As many good things as possible (laughs)... about business, about the human being. He did ok."

5.3.1.9 How Direct Reports View Their CEO

There was some but not much discrepancy between the CEO's perception of the self and his or her direct reports' perception of what kind of a person he or she is. When discrepancies became apparent, such as in questions of availability – CEOs felt they were spending a lot of time with their people and their colleagues felt that they 'hardly ever saw them' – or also regarding the degree of focus and consistency in the CEO's leadership – CEOs saw themselves as much more focused than their colleagues – the researcher challenged the CEOs with these different perceptions. Also, many CEOs described themselves as rational whereas their respective colleague painted a strongly emotional profile. In most cases the CEOs immediately granted this difference of perception when asked about it. A frequent explanation was time and extrinsic constraints and a common remark was that they were 'working at it'. Many executives explained that they had recently introduced a personal and performance feedback tool called 360°[ix]. Some CEOs said that this feedback process was very helpful to them, because normally they did not get objective and/or formal feedback or, for that matter, any feedback at all. As a rule, CEOs were respected by their colleagues. This respect was affectionate in some cases but in many cases it was characterised by reverence and even apprehensibility. Rather than the relative importance of the position it was age that made the difference. Younger CEOs, especially those that had grown up as executives in knowledge industries had a more informal relationship with their colleagues and allowed for more criticism. To them, to 'have fun at work' was a priority.

"My CEO is very calm and factual, you know him, too. That's good; it gives stability in the post-merger frenzy. But don't be fooled, he's also quite tough. He doesn't fool around much. If you don't get it the second time, there's no third time... at least when he estimates that it's a matter of personal commitment."

"My boss, the CEO is a very special person. He somehow inspires people; I don't know how he does it because he is anything but predicable. I don't mean he's an unguided missile or anything like that. But hen can't be profiled easily. He's extremely fast moving, gets things done and yet he can patiently wait for something to be ripe... He has a long-term view, well beyond his reign. He's tough, very exigent but extremely human. After the merger he wiped out the headquarters, the innumerable presidents and vice-presidents, in no time and mercilessly. Yet he listens to the front people and takes time to find solutions for everyone who is willing to commit. He's generous and stingy. I know it sound silly. 'Consistency drives the merger', he says: 'set a course and stick with it'. And yet, he remains vigilant and adapts our plans as we go along."

"Our CEO is not around enough. We're always short of time with him, for decision-making but also for explaining the foundations of an issue that he needs to decide on. There were times in the merger aftermath that he spoke to me through the media more than in person."

"Our CEO is rather chaotic. I would wish for more stability and structure. It happens that he intervenes anytime and anywhere, he's like an 'unguided missile'. That's a prob-

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lem because people know that they can go directly to him and that he will give instructions across all hierarchies and sometimes disqualify his direct reports."

"I sometimes feel uncomfortable with the decisions we make. We just don't have time to really discuss them, it all goes so fast…and our CEO is travelling permanently, you know, for the road shows but also to be present in all the global subsidiaries at least once in a while. He wants to be present everywhere and paradoxically it feels as if he were present nowhere."

"When we are in crisis my boss just decides on the spot, by himself. No discussion, nothing. In these moments you feel he's just put in a faster gear to get up a steep mountain, to overtake a large truck. Then he slows down a trifle and involves others again." "Our CEO is a one-track mind. Figures. Results. At least you know where you're at."

"Our CEO is great, charismatic and all – but a bit chaotic, and a detail seeker. Often he intervenes across hierarchies. And since he is the boss and also by his incredible charisma, people immediately drop what they've been told to do by their direct report and do what the CEO said. That's not good leadership behaviour, especially in post-merger phases, which are chaotic enough anyway."

"My boss is very cultured, interested in many things, reads a lot – although he is not an academic. Yet, with all this knowledge, he speaks a clear and simple language. He is very present."

"I can understand that our CEO was fired, but only from the Chairman's point of view. Meaning, because he is as he is, radically short-term and figures only, it's clear that the CEO had to go. From my side I wouldn't have decided like that. It's a big loss."

"We had an interesting situation: a young CEO, eager beaver, highly intelligent who could bring complex situations quickly to the point… amazingly mature for his age but aggressive and hungry. On the other side we had the chairman, an elder statesman who brought in his experience, his moderation and his long-term view. They collaborated well and this gave an amalgam that people really trusted."

"My boss tends to choose his alter ego when he fills a new post. As his HR manager I can apply gentle pressure toward the employment of people who think differently. When you are confronted on a daily basis with people from another background then it's easier to handle post-merger situations. It's the same as if you're told: tomorrow you must run a marathon. If you've trained a little every day beforehand, no problem, you put on your running shoes and go. If you've never done anything like that before there is little chance that you'll arrive."

5.3.1.10 About the Interview

Without any exceptions, the conversations with the respondents took place in a spirit of trust. The interview strategy was to start with general economical and political questions, e.g. about their appraisal of the role M&A would play in the future of their industry and regarding their company, followed by more concrete operational questions about how the merger process was progressing. From this, when difficulties were men-

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tioned, the questions could easily take a more personal turn, which was followed in all candour by the respondents. Almost all respondents claimed that the interviews were of interest and of use to them, provoked them to reflect on issues they had not touched upon in a long time. Many CEOs said that they lacked the opportunity to speak about the fundamental problems and challenges they are facing and about how their coping with these issues affected their lives and vice versa. Many confirmed that they had spent years without receiving much feedback. Although no feedback was given to the respondents by the researcher many felt that the conversation enlightened them on – or made them think about – certain issues that had been 'somewhat buried under the daily grind'.

> *"It's funny, I haven't ever said this to anyone. Your questions make me structure my thoughts."*
>
> *"So, that's it. Now you know all about me. And I know a whole lot more about myself (laughs). If you have more questions, just call me, even in the evenings, I'm there for you."*
>
> *"Gee, you've asked me questions that I never ask myself. Or perhaps I touch upon some of them on my drive home from work, but that's it..."*
>
> *"You're welcome. I'm not sure that what I told you will bring you further in your work, I can't imagine it, because all I spoke about was just normal everyday struggling as you had experienced it as well when you were a CEO. Anyway, it was interesting...let me know what comes out of it, will you?"*
>
> *"This was a good conversation. Thank you. Please let me have a copy of your work when it's finished."*
>
> *"Good God, you have really questioned me profoundly. You made me think a lot about myself... (smile), Thank you for the interview, I've dug down pretty deeply into myself here... Please let me have a copy of your work, I'm very interested to read what has come out of it, it will certainly improve me."*

5.3.2 Concept 2: Searching for Truth

> *"Integrity is key. There are many of us who lack integrity. Some may even be very successful but that does not change my opinion. A good manager and a successful manager are not the same thing. The figures are one thing but the human quality that you leave behind is another. What are you making out of people? What is your contribution in that respect? That's at least as important. And, by the way, I believe that these two parameters correlate in the long run."*
> Respondent

Much of the executive's ability to learn and cope seemed to depend on his or her being morally at ease with him or herself[x]. 'Things are connected' as one respondent put it, referring to the need for systemic consilience for effective learning as explained in Wilson[31]. All executives shared, at several moments in the interviews, their struggles with

31. Wilson (1998)

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the question of whether some of their acts were justified or not[xi]. Typical items they struggled with were *the merger rationale* and *having to lay off people*, either non-performing executives or staff in general as a consequence of synergy exploitation. Some CEOs saw lay offs as a fact of life and had no problem with this at all. To them, if the company needed to lay off people it meant that it was inefficient and therefore in danger of long-term survival. It was the surgeon's view of rather amputating a limb than losing the whole patient. Others could rationalise the lay offs as much as they wanted, it remained a psychological burden from which they suffered much. Some younger CEOs explained the phenomenon of job insecurity as simply inherent in today's economy and something each and every collaborator had to learn to live with. Another recurring issue was the relationship with stakeholders, mainly *the media* and in some cases *the unions*. Many executives suffered from the fact that they felt profoundly misunderstood in their actions and were unable to explain their perspective to a larger audience, either because of the unequal power rapport (you can't talk back to the media) or because of legal constraints (as a stock-quoted company you are obliged to give the same information to all stakeholders at the same time) or both. Some salient statements that had fed the concept of the search for truth are:

5.3.2.1 On Values, Ethics and Integrity

The concept of values, the notion of what is 'right or wrong' is a social phenomenon in the sense that it is transmitted through social interaction and cultural processes of a company and/or the society it is active in. However, these values are also adapted differently, with different priorities, by every individual[32]. The set of values and the emphasis of each of these values is a matter of how the individual is shaping his or her identity at the time of action. While many executives saw their responsibility as primarily economic and legal, some did emphasise that the ethics dimension was at an equal level for them. However, they displayed the behaviour of ethically silent leaders[xii]. It mattered to them to behave in an ethical way, which to them was principally to 'being a good person' in the sense of 'being able to look [at oneself] in the mirror while shaving', i.e. for themselves. Only two executives mentioned the conceptual dimension of ethical management[33], i.e. that ethics need to be made explicit so that others could be led to conduct an ethically acceptable life[34]. Explanations given included that if you behaved in a moral way others would naturally follow the example and that Switzerland was a strongly secular country and that any form of moralising was frowned upon[xiii]. As briefly mentioned in the section on the executive self above, the respondents were influenced by the ongoing media debate about corporate governance and the responsibility and accountability of chief executives. Although the general feeling was one of being under siege by iniquitous journalist, and although the public call for better corporate governance had primarily led to improved systems and regulations in the ten cases researched, many CEOs had clearly also undergone a personal scrutiny about their behaviour in the corporate arena. Still, almost all of the respondents considered themselves morally upright persons and believed that integrity was essential to good management. Many however mentioned examples of executives, some of which they knew personally, who in their eyes were fallacious and still highly successful[35]. Some had also previously worked in environ-

32. Watson (1994)
33. Treviño et al (2000)
34. Treviño and Brown (2004)
35. cf. also Kochan (2002); Waddock (2002)

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ments where results were to be obtained at all costs, and spoke of their personal discomfort in such surroundings. Still, many respondents expressed their intent to do charity work after their retirement, arguing that they wanted to 'give something back to society'. Perhaps some discomfort with their present activity may be read from this, because if, as was claimed in other moments of the interview, their organisational purpose was 'to create work places', to 'contribute to the society we are working in' and to 'add value', then they would already be giving back to society. One executive stated that it was when his first child was born that he decided to leave his company he regarded as 'ruthlessly profit-driven' and look for a position in a company with a culture that aimed to serve all stakeholders and not only shareholders. One executive went forth to change the 'foul spirit of intellectual improbity' from within and explained in detail how this was achieved. The general conclusion was that immoral behaviour could bring success for a moment but not in the long run. The conversation then went on to the definition of success. Here the answers varied between a purely results-oriented definition and a definition that encompassed a societal contribution as well as company success[36].

> *"Just take the example of Deutsche Bank last week when they announced both record profits and massive lay offs. Or in France, the CEO who just picked up a 30-million Euro golden parachute after being fired for running down the group. I mean it's obvious that people will go on strike, or into inner emigration, when they learn about such behaviour from their top leaders. Is it ruthlessness or clumsiness? I don't know. For me they just don't get it! Not because they're not smart enough but because they've completely lost touch with the real world. They don't have access anymore to the destiny of simple people; they can't assess the societal effects of their actions anymore. And their communication is a disaster."*

> *"One of the great dangers of positions of power is isolation, it's almost a law of nature."*

> *"Intellectual dishonesty was at the bottom of all our company's actions at that time. People permanently lied to each other. Ironically it was one of these negative protagonists who finally changed the ethics. He understood that things needed to change once and for all and... repented, you could say. He gave us, the new generation so to speak, a chance. We worked out a code of ethics and we developed a culture of intellectual honesty by simply living it. Soon we got to the top positions and the old school gradually disappeared. Confidence, openness and candour were its essence. Of course you have all kinds of characters, but we are lucky to have a team that is morally solid. We help each other to come back onto the rails, it's a permanent learning process."*

> *"How do we assure that the honesty we hold high goes down through the ranks: it's not easy and it can't be done absolutely. The grapes hang high but they're all the more attractive... and this can lend itself to tactical moves and dishonest behaviour. For one we have implemented a 360° feedback exercise for all, including me. This system is fed by all stakeholders including customers and even competitors. This gives us a pretty good picture of the organisation and its individuals. Then we lead the process by clear and consequent sanctions of any breach of conduct and, inversely, by a corresponding attribution of the annual boni and compensations. But essentially ethics stands and falls with the top executive behaviour. The fish stinks from the top, they say."*

36. Wilson (1998)

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"I truly believe that the substance behind a leader, his manners, his behaviour, and his ethics are very important. These qualities are necessary to achieve a top performance. In the long run in any case, in the short-term perhaps not."

"You remember, the media bashing was really fierce. Obviously I was dropped by my colleagues like a hot chestnut… they blamed everything on me, fired me on the spot and made sure that they would henceforth not be seen or associated with me. It was as if I had a very contagious disease. One journalist whispered to me: what is happening to you is the Super-GAU'…I too, thought that this was the end. And I was upset that none of my friends even called me once to ask me how I was. But then I tried to see things from their point of view. And I had to admit, quite honestly, that I, too, hadn't been 100% correct in the past. You know, when somebody got shot at by the media I hadn't really been especially eager to go to him and give him support or comfort. Because I had stakes then. I had something to lose."

"What helped me most in these tough times was to make people feel that it was worth it. After all the butchery, the downsizing and the extraordinary demands made on the survivors people just must see the improvement and the point of it all."

5.3.2.2 On Personal Limits

At one point in the conversations the discussion turned around how far an executive was prepared to go when faced with a situation where unjust behaviour or outright dishonesty was asked from him or her in order to achieve results. All but three executives admitted having to sometimes undertake tasks that, albeit legal, fundamentally clash with their personal values[37]. However, only half the respondents stated that this was giving them a feeling of discomfort and impaired their quality of life. Others explained that this was the price to pay for playing in the top league and that it was simply important to act as 'socially acceptable' as possible. Examples of 'wrong' behaviour that were mentioned were:

- *'creative accounting'* [manipulating company results within the legal limits of accounting standards], for example prior to a merger to 'embellish the bride' and obtain a better deal or after the merger in order to prove that the merger was successful and/or influence the share price[38]
- *unethical (legal or illegal) behaviour* (e.g. poor working conditions, bribery or dumping of toxic waste, for example in developing countries), and
- *lay offs* for the primary purpose of raising the stock price.

One respondent explained that 'in the heat of the battle' one could be pushed to such behaviour and, once started, come into a 'negative spiral' of further similar action, because the personal moral guard was down. Some others explained that the global business arena was no place for 'choirboys' or 'Pfarrerstöchter[xiv]' and if one wanted to do business in certain parts of the world one had no choice but to 'play it by their rules' and, for example, bribe officials and/or buying agents. The use of these terms (children, religion) gave the statements a certain harmlessness and humour but at the same time it

37. cf. also Watson (1994)
38. consistent with Waddock (2005)

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acknowledged that Christian values were at stake. Two executives spoke about personal pressure, feelings of guilt and anxieties and one other described a depressive burnout experience, all three attributed it to excessive work, stress and stakeholder pressure, especially in relation to human issues, such as cultural incompatibilities, missed financial targets, top management politics and important layoffs. Several executives, even some CEOs, felt that they could not affect the culture and values of their company enough. They were facing ethical conflict at work, mainly vis-à-vis the board and external analysts[39] and did not estimate it in their discretion to resolve these satisfactorily, saying that they would probably quit rather than continue to try to effect change within their organisation[xv].

Executives also talked about their pay and compensation packages, which was a public issue at the time of the interviews. This subject was not pursued as it transcended the subject of this research. It was however interesting to learn how CEOs viewed the issue, how they experienced the media attacks and in what way, if any, it influenced their behaviour. They saw no moral problem in earning up to '10'000 times as much as the least paid person in their companies' as the media described it and as was the case with some of the respondents. International comparisons were evoked, as well as the fact that a large portion of the compensation was performance-dependent and comparisons were made with respect to shareholder value, stating that their salary, although important, only made up an infinite part of the value added to the company. Despite the fact that they defended their salaries it was obvious from their conversation and also from their lifestyle that money was not a prime incentive to them. Money was only in so far of importance as it was considered a visible and countable way of measuring their status and importance. In their world it was facts and figures that counted and many could not imagine another way of being valued. Furthermore, since these compensation figures were made public, which was previously very un-Swiss, it permitted them to position themselves in a ranking among peers.

> *"The people I find fascinating. But, I confess, I'm less enthusiastic about the politics and the corporate bullshit."*
>
> *"I did some borderline deals for my chairman in my previous job. Some were really not nice and I began to be under quite some stress. But I swamped it out most of the time because I was up there; I was one of the masters of the universe. Then a really ugly story was demanded of me and I said: sorry, this I will not do. The chairman sent me crates of Château Pétrus wine to convince me to stay but I repeated that I couldn't. He said: do you want more money, or what is it? And I told him: look, in the end I have to remain true to myself. This I cannot do. My wife was eight months' pregnant and told me: are you crazy to give up this great job? But I told her I just couldn't take it anymore, that I had to stop, that I was losing it. Fortunately, I fell on my feet again. But it was a key moment in my life."*
>
> *"I'm a key player in this merger for many things. But I'm clearly also a subject of the king. However, sometimes I'm asked to do things I'd rather not do."*

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39. consistent with Berenson (2003)

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"Sometimes the collaboration simply deteriorates, collapses between the leaders of the merging partners, although you have 'done it all right', analysed, discussed, communicated and all that. You have no idea why… you get a foul climate, subversive and sick. And you have no idea how to get our of this mess."

"I'm grateful that I didn't play dirty right until the end. Even if it eventually cost me my job. I learned a lot by that, perhaps more than if I'd stayed on."

"I'm convinced that you have be ambivalent in top management leadership. Sometimes you have to cut corners. Leadership is not either… or, it's it and the contrary of it."

"The writing had been on the wall for many of the problems that we had had, for ages. I didn't see it because I didn't want to see it."

"The situation was disastrous but I mean there were 20'000 people out there in this merged company and they counted on me – and I cared for them. A good friend said to me: forget it; get out of there, today, save your skin while it's still on your bones! Don't think that way, in terms of loyalty, or you'll be the loser… But I told him I couldn't help it. I had the responsibility for all these people, there was a financing round coming up, and they needed me. My friend said. Ok, I understand, you would feel better, morally, for a certain moment perhaps. But you're better off in a position where you still can make decisions and here, in this political hick hack, you can't. So take my advice, get out while you can. But I stuck with it and three months later I had to step down. But if I had to do it all over, I would still do it the same way."

"Suddenly [in the early post-merger phase] you're faced with some inescapable resistance. Whatever you do it doesn't seem to help. There you have to try to find compromises, but without losing the general purpose and direction. But once the subversive climate is installed, it's very difficult to get out of."

"Sadly the successor I had proposed didn't fulfil our expectations. It was terrible for me, personally and professionally. He had gotten married, divorced right afterwards and what's more he was taking cocaine as we had eventually found out. He acted really strange. Anyway, he became totally irresponsible and a real liability. We decided that we had to fire him and I did. It was despairing, totally."

5.3.2.3 On Key People Retention

Together with the shaping of a common corporate culture the ability to maintain the commitment of capable people[xvi] – executives and IT people were the most mentioned – was almost unanimously considered a key factor to post-merger success. The suggestions on how key people commitment[40] should be maintained varied as much as the personalities of the respondents. Only two respondents related the issue to ethical leadership, stating that 'people [were] basically followers of people' and if they had 'a good boss' they would stay on[41]. Respondents who were strongly financially oriented worked primarily with money. 'To throw money at the problem' was a typical statement

40. Schein (1970); Steers (1977)
41. cf. also Treviño and Brown (2004)

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of that category of executives. The respondents whose personal motivations were more intrinsic also worked with intrinsic incentives. For them, shaping the culture and retaining good people were totally related concepts and their approach was one of sense-making, of shaping a strong picture of a common adventure that would be fun and rewarding, as in a videogame, where one had to 'free the princess' of 'find the grail'. Another conclusion, brought forward mainly by more seasoned executives was that key people defection in mergers was a fact of life and that it was more important that the company was capable to attract new talent from the outside. To them, the injection of executives from the outside and consequently without any history in either of the merging firms, was highly beneficial and energising and helped to speed up the shaping of the new culture. But generally a certain helplessness with the question of key people attraction and retention could be detected, as well as a malaise with regard to the role of the human resources function in all this[42]. Most executives admitted to having lost a lot of 'good people' and regretted that 'those with the mortgage' were most likely to stay on. With this they referred to what Becker called the 'side bets': factors such as their children's schooling or a house they bought in the vicinity of the office, etc. that would motivate them to resist their demise[43]. However, the underlying reasoning What emerged from the data is that the concept of commitment and the concept of expectancy should be viewed as two independent behavioural forces is of interest. In fact, many commitment instances were found that are not explicable according to exchange and expectancy theories, such as remaining with the organisation while certainty, rewards and quality of life are being reduced and therefore expectations not met. According to Scholl[44], commitment can sometimes be seen to maintain behavioural direction even when expectancy conditions are not met, namely based on the notions of:

- *investments*[45]: contributions whereby a future gain is expected from a present participation; the 'side bets' mentioned above are some examples
- *reciprocity*[46]: reciprocity is a generalised norm stating that a) people should help those who have helped them and b) people should not harm those who have helped them
- *lack of alternatives*[47]: individuals who adjust 'too well' to organisations are sometimes unable to move because the skills they learned are not useful; the limits of their roles absolved them from learning other skills[48]
- *identification*[49]: work is a major source of status and as individuals become embedded in a social identity they experience change as difficult. Identification is a leading factor of decreased propensity[50].

42. cf. also section 5.2.6.4
43. Becker (1960)
44. Scholl (1981)
45. Becker (1960)
46. Gouldner (1957); Scholl (1981)
47. Salancik and Pfeffer (1977)
48. Dubin (1958)
49. Friedman and Havighurst (1954); Buchanan (1974); Porter et al (1974)
50. Stevens et al (1978)

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Respondents have worked with any one of these conditions or a combination of them.

> *"In mergers it's a fact that good people usually leave within the first three years. Those who stay are those who say to themselves: well, my house is mortgaged and I guess this new situation is not so bad after all... That's 'talent', too, but if it's 'key talent' is another question. It's usually the 'yes-men'. To formulate it the other way round: what makes a merger successful is if one manages to attract new key talent from the market. These will pull the merger through: they are 'pepped up' from the start, have no history in the companies, are inspired by the project and will go for it."*

> *"The importance in a post-merger is that you remain authentic all the time. If you want people – good people – to stick with you: don't play games. Even if your opinion differentiates from that of the board, for example, you should voice it. This basic honesty, this credibility is important, especially to creative people."*

> *"Good people leave when they have no perspective. This happens when management is not trusted to tell things how they are, when it forwards the facts bit by bit, only as much as is evident anyway, always reactively. To have the feeling that 'they're not telling all they know, there's more to it' is fatal in such moments."*

5.3.2.4 On the Essence of Management

Beyond the basic nature of management of organising people and resources to work together and along a general direction to bring about long-term organisational survival, respondents stated some aspects that were of particular importance to them. 'Complexity' was a commonly stated phenomenon: their world was 'uncertain', 'turbulent', unpredictable' and fast-paced' and the strategies in dealing with it were manifold. Many respondents recognised the prevalence of complexity but promoted a 'simple view', in the sense that they led their organisations according to the mechanistic management principles that had hitherto served them well (in short: command-and-control structures, heavy organisational routines, centralisation of power, complex and detailed planning and analysis systems, etc.), despite the fact that they did not work, and when they did not work, the very same principles were enhanced: they doubled the dose. To them, they were heading for the truth, they just 'needed some more time' or information or 'better systems'. When questioned about this method in the light of the inherent irreducible uncertainties in their environment, they stated that they were aware of the limitations of their tactics, but that there was no alternative. This phenomenon, namely that the simple view is retained exactly because of an awareness of complexity[51] is described in the literature as the 'safety paradox'[xvii]. It is known that something is unsafe but it is judged more unsafe to stop pretending that it works[52]. In fact, Porter confirms that technocratic leadership can be justified as a pragmatic way to overcome stalemates and political conflicts[53]. Some respondents however did not settle for the simple view right away but struggled with the increasing complexity of the task on the one hand and the increasing trend of society and the media to simplify, sometimes oversimplify things, and perceived it as a difficult contradiction to manage. The needed to manage

51. Strand (2002)
52. Blasco and Strand (2001)
53. Porter (1995)

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large quantities of employees in a global environment and many different groups of stakeholders necessitated clear and simple communications. However, nothing about their work was simple, logical or predictable. In most situations, the choices were infinite, no clear cause to effect conclusions could be drawn and therefore no clear actions could be defined and therefore no clear messages conveyed. Some saw the answer in trying to rationalise the irrational with sophisticated information systems. But while myriads of books, models and systems on complexity management exist[54], the exchange between social and organisation sciences and complexity sciences is just beginning and the practical usefulness to executives from these sources is stated to be limited. Often, complexity systems undermined the end they were devised to serve[55]. Especially in post-merger situations, where human and social issues primarily cause disarray, systems are of little use since human arrangements are difficult to predict. Watson[56] observed this, too, and explained it by Weber's 'paradox of consequences'[57]. Some answered this impossible equation for themselves with an attempt to manage through values. Overall values, conveyed by an 'authentic and credible' leader, should hold together the myriads of organisational contradictions and make 'the herd move roughly west'[58]. Within the organisational functions it was the human resources function that was stated as being particularly problematic. For many executives, the role of the human resources manager and function was unsatisfactory. Many CEOs explained that they did not have HR professionals who understood business issues. The HR leaders among the respondents, on the other hand, complained that they were not really able to do their jobs because they were not involved in business issues but always called in afterwards to pick up the pieces. The HR function was clearly less prestigious, respected, well paid and therefore less influential than any other functional top position, such as finance or marketing. In more than half of the companies visited the HR executive was not part of the core management team. Projects that were delegated to HR executives, be they key people retention projects or even the merger integration process itself, were automatically considered as 'less relevant' by the other top executives and given a lower priority. As one HR executive put it, 'the only thing that changed since 'personnel management' is the name', explaining that he and his department's tasks were still mainly administrative, reactive and piecemeal and that access to the inner circle of strategy and power was difficult. If this situation implied that the CEOs considered themselves the 'human resources managers' and indeed took care to manage the human resources from a more comprehensive perspective than that of a variable cost factor, this situation were only a problem for HR managers, not for the companies. But the picture that emerged from the interviews is that this is not the case. Despite all the Cassandra callings, the academic and professional literature on the human aspects of M&A, despite numerous M&A failures due to cultural incompatibilities and deserting key personnel, the human question is still insufficiently addressed. The collaboration dilemma between the CEO and the HR manager resembles a chicken and egg question: can CEOs really 'not find competent, business-minded HR executives' because as the HR jobs are designed and positioned today, no competent and business-minded HR executive would accept it – or are HR exec-

54. e. g. Prigogine and Stengers (1984); Lewin (1992); Belew and Mitchell (1996); Prigogine (1996); Arthur et al (1997); Bar-Yam (1997); Maguire and McKelvey (1999)
55. Crawford (2001)
56. Watson (1994), p. 138
57. Weber (1968)
58. cf. also charismatic leadership, section 2.2.6.1

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utives really so 'incompetent' that CEOs cannot assign any competent, business-minded tasks to them? Fact is that there is frustration on both sides, that HR executive turnover is high and that the human resources difficulties in post-merger situations are not resolved. This dilemma transcends the scope of this dissertation but deserves further research attention.

> *"Given perfect information and resources the ultimate limit in management is creativity, or perhaps ultimately ethics and true foresight and vision. These qualities, alongside with instinct, are the true qualities found in great leaders. Such people are admired and followed with pride. I have only seen one or two such persons in my entire career."*

> *"The world of leaders is changing. Over Christmas I read an exciting dissertation about diversity and cybernetics and I could really relate to what the researcher claimed: the increasing external complexity can only be coped with by increasing the internal complexity in the same way. The whole trend of the past decades about complexity reduction is not the solution. On the contrary, it leads to an over-simplification that can be dangerous and misleading. The challenge of the CEO is to augment his internal complexity in the proportion necessary to face the external complexity increase. At the same time he must maintain the company manageable through transparency and clarity, so as to make sure the employees feel at ease and confident within their jobs."*

> *"What preoccupies me, more fundamentally, is that a great number of competent HR managers of global corporations – in fact nearly all that I know – have thrown the towel recently, saying I don't need this shit. What is happening here? Is it a general problem? And if yes how can the HR function be shaped in the future in such a way as to be attractive for capable people? There is today a huge gap between CEOs' people talk and reality and my peers all gave up frustrated because of this. You mostly have very little power and have to do an incredible balancing act to hold together fact and fiction in human resources management and sometimes it just tears you apart. So was that it? If HR managers do not have the place they should have in their management teams, in the end, people will only take up this function for technocratic or career or whatever wrong reasons."*

> *"Synergies equals firing people, it's as simple as that. Of course you have to do this as socially reconcilable as possible, but in the end you have to cut. Still, the way you treat those who have to go will influence the performance of those who can stay on. There's no doubt about it."*

5.3.3 Concept 3: Searching for Knowledge

> *"Because I'm so intuitive it serves me to discuss things. In a conversation things become clear to me and also articulable. You know how it is… something goes on in my mind, all the time. In the subway, in the car, at home… Now, is this thinking? Is it learning? It's not structured, not efficient, but yes, I think it is."*
> Respondent

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Meta-cognition refers to the ability of being aware of and monitoring one's learning process[59]. Although related, meta-cognition differs from cognition in that cognition is concerned with the skills needed to perform a task whereas meta-cognition is concerned with how the task was performed[60]. The meta-cognitional awareness of the respondents was not particularly well developed. All except two executives were surprised and even uneasy at being asked how they kept updated in their jobs. It appeared that many respondents were deeply embedded in action and working under extreme pressure and did not give much thought to their own learning processes, their self-assessment or their self-management in terms of learning[61]. Basically, their feeling is that accumulated success in life has given them the self-assertion that they are fairly bright, their corporate experience has made them practically knowledgeable and their life experience has given them a baggage from which to pull out the necessary resources to solve the problems they are faced with. As explained in Section 5.3.1 above, many considered themselves 'made for good'. According to the research, such a lack of meta-cognitive awareness is a performance inhibitor[62]. This stock of knowledge and experience they consider the basic resource from which to move on into this top echelon of a world that presents them by and large with issues that are unique and novel. There is virtually no formal, programmed learning ongoing at the CEO level in the researched case companies. The sheer idea that any help toward what their concerns are could come out of a management programme or a textbook seemed absurd to them. If and when they retire to a top executive seminar they do it primarily 'to get out of the daily grind for a moment' and for networking reasons. Some executives explained that when action is needed in a domain that they are not particularly competent in they work with consultants, call upon an expert in a particular field, such as corporate governance or business in China and/or that they mandate a university to research a particular issue. Much as they spoke about knowledge and learning being important and about the large sums they invested for management and employee training, these concepts did not seem to have any relation with their selves. Many had the notion that formal learning was something you did when you were young; that in your early career you accumulated knowledge and experience and once you were at the top you fed on this knowledge and gave it back to your environment. Some salient statements that have fed the concept of the search for knowledge are:

5.3.3.1 On Post-Merger Learning

Most executives estimated having prepared and yet not having been prepared, or not sufficiently, for the post-merger task. Even though they had read and heard about problems that could occur during mergers, it was in their eyes something that could be managed. Many said that they had totally underestimated the amount of personal time and involvement it would cost them, especially in terms of communication and personal presence in the field, with customers, with the media and with financial analysts. When asked about how one could learn such a task most of them were quite convinced that this was impossible, except by doing it[63]. Respondents had a clear expectation of 'learning' as having to be something concretely related to the actual problem they had, i.e. a 'to-

59. Peters (2000)
60. Schraw (1998); Rivers (2000)
61. Rivers (2000)
62. Schraw and Dennison (1994); Rivers (2000); Mokhtari and Sheorey (2002)
63. consistent with Slowinski et al (2002)

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do-list' rather than content orientation[xviii]. A distinction was made between the organisational and operational mechanisms of a merger, such as legal and financial issues, due diligence procedures, communication plans, integration structures and processes etc., which could be to a certain extent taken from previous merger experiences and management books, and the human and cultural side of managing the different groups of stakeholders toward a common goal, which '[could] not be learned'. Even executives with merger experience and in companies that have a high merger know how and sophisticated integration teams, systems and processes in place, confirmed that mergers were particularly tough and unpredictable managerial situations. Many also confirmed to have been surprised at the vehemence of the cultural differences, the human resistance and the difficulty to manage the communication with various stakeholder groups and the media. Many confirmed the need for almost permanent communication and availability to stakeholders by the CEO himself within and outside the company. When asked with whom they worked most closely during the post-merger process most of the executives stated the information or public relations manager. Only one executive worked most closely with his human resources executive. This executive was also one of four who mentioned 'learning from the other company' as one of the merger rationales. All CEOs monitored their merger progress in terms of comparison to objectives set but one of the companies did or planned to do a formal analysis of whether the merger had been 'the right choice' or not. Since there was no way back this was not considered useful, especially since, as was mentioned, such an evaluation would be highly hypothetical because no figures were available on how the two companies would have progressed, had they remained separate. Even the companies that considered their merger a success or, if ongoing, on track reported that most objectives they set had taken somewhat longer to achieve than planned. The most frequent answers to the question of what they would do differently in a next merger were

- *not to engage in another merger at all*, unless a real need could be proven; to evaluate more objectively the advantages of a merger in the future; to be less credulous with regard to synergies proposed by external consultants; to be more critical in general vis-à-vis apparent advantages that a merger would bring compared to pursuing the company development by organic growth
- *to integrate more quickly*, even at the risk of making mistakes; to make mistakes was considered far less risky than to eternalise on the integration process
- *to communicate better*, i.e. to have formal communication plan in place and stick to it.

Two executives explained in detail how by repeated merger activity their company had tended to develop a 'merger culture' and that when the time came to grow the company organically, this skill was lost and needed to be built up again.

> *"M&A are completely different management situations. The process of merging with its total insecurity can be traumatic for many executives and employees who lose their marks, their familiar environment. Fear of job loss, or of power and status, questioning a familiar way of doing things, cutting well-oiled power relationships are all natural understandable concerns in these transitional situations."*

> *"My most important merger learning is that I shall look more critically if it's a good idea in the first place. Does it really create value for the company?"*

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"If one has not previously steered substantial organisations through difficult times one will most certainly have trouble leading a merger through its integration phase. One can't easily learn and lead through a crisis at the same time."

"Post-merger is the ultimate test for the learning organisation. There are new requirements daily; people are exposed to new catastrophes – or challenges as we call them (laughs dryly) – every day. You learn and survive – or you're out. Of course much of the learning does not stay in the organisation because of the huge talent drain during mergers. You loose quite a bit of talent."

"One thing we learned is that if something can't be changed, even if it's a catastrophe, we don't waste time with. We look forward with the overall goal in mind and work on the things that can be changed."

"What made us successful is that we were both unflinching and flexible: unflinching and even obnoxious when it came to the vision of where this project should lead us and flexible when it came to partial objectives and methods applied on the way there. The same with time: I was unreasonably impatient at times, sometimes overrunning and then again I could wait forever, or rather for the right moment, for other things."

"The truth is I still believe in the learning organisation. I was there, it worked for some time and when it does it's unmatched. The innovation power is tremendous, the performance, too and by the way it's fun. But I also learned that when things go well for a while, even in a learning organisation, you somehow stop learning. Not consciously, of course, but very definitely. I know I did. It's as if you believe you have now discovered the 'perpetuum mobile', you have now found the way. And then you give up your vigilance and even become arrogant and that's fatal to learning."

"What I would do differently in a next merger is not do it at all. Most mergers are failures. It's sexy and you imagine all these synergies. But that's paper! Most of it is simply not implementable. Not to speak of the frustration and the human loss of energy, or quality of life..."

"If really the need for consolidation in the market were to make another merger necessary, if I had to go through it again – it's possible – the I would do it faster. Head down and through. Even if some wrong decisions would be made. The longer it takes the bigger the frustration and the sense of loss. And by that the resistance, the subversiveness and the mobbing. You get into a vicious circle, people become cynical, tell destructive jokes about the company, provoke. This sour climate gets bigger and bigger and disperses into the whole organisation. Very difficult to get rid off."

"How we turned the situation is quite frankly by firing some people and bringing in new ones. Sure, we lost some know how and experience but it was nothing compared to the positive spirit, the enthusiasm, the energy and the new knowledge that came into the company by these new and independent thinkers with no past and no preconception of the company (...), and most of all with a passion for our company that we had almost come to hate (...). I regret to say that to be proud of our company again it needed new blood. And the next time I would do this much quicker."

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"I would choose people that are more similar to myself. I wanted to be open to diversity and brought in very different people but this did not work so well. You have to have a stable climate that permits you to manage diversity and during the merger we did not."

"I believe in diversity but not everywhere, not in the basic philosophy, the ethics of leadership."

"Before launching a next merger I would first of all check more carefully if this is really a good decision. Is it just incremental, or are there real synergies? Can we learn things from our merging partner that go beyond simple market share? I really believe that this must be the case to justify a merger: new learning, improvement. Then I would anticipate better. Get a solid understanding of the mentalities and characteristics of the other partner, go into the teams, speak to people."

"The merger negotiation was done under exclusion of virtually everybody. I came in right afterwards. The main problem was that everybody was taken by complete surprise. The weaker merging partner was in a sense relieved to see his future assured – he had been in difficulty – but also terrified for fear of layoffs. Also, the stronger merging partner was from a different industry. How should he make the right decisions if he didn't have any idea about their business? The collaboration between the partners was nil for quite some time."

"Post-merger management is a completely different experience because of the high degree of uncertainty that reigns and the extreme and diverse pressure. And first of all it's like managing several companies simultaneously: company A, company B, the integration team and the emerging company AB… and every executive has, much more than in normal times, above all a highly personal agenda, which are quite different from one leader to the other… So you're under pressure 24hours, seven days a week, you explain the same things a hundred times and in fact you cannot really guarantee anything to anyone."

"I've managed several mergers, four to be precise. Each one was completely different. Experience comes in useful but only in parts. You have to keep an open mind and not think you know it all from the time before."

"We never did an evaluation after the merger. After all, there's no way back, is there? And we had a difficult time in <year> when everybody got impatient. Later we could see that it was beginning to work and of course then we didn't stop to look back if it was really worth it and what it cost, we seized the upswing and moved forward."

"I truly believe that merger management can be learned. One should analyse successful mergers – and unsuccessful ones – and draw some advice from this. Perhaps it's done, but I haven't seen it. I'm sure that many aspects are industry-specific. If I plan to do an analysis of our merger? Well, I guess I won't. I mean I have no intention to do another one for a while, so why should I?"

"Nothing was left to chance, even though some changes were made. Then we worked incredibly fast. After only six months all decisions were made, no uncertainties were

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left. And, finally, we accepted to be tough. Some people simply had to accept suboptimal jobs or else they had to go. We hardly lost any good people but then these were times of extreme economic uncertainty for all of the industry, not just us. So it wasn't entirely our merit that people stayed on."

"Then we announced the second merger. This time it was not frustration but blank fear. Since it had taken us far too long to integrate the time before we wanted to do it better, faster. We had lost a hell of a lot of good people last time. Sometimes I felt that we'd only kept the ones with the mortgages on their houses, you know, the ones who had no choice… So this time it was clear: we'd move faster, much faster. And we did, at the expense of empowerment. We became much more authoritarian. And it still took us over a year – and I can't say that it was less distressing than the first time. It's not over yet. When you are in an industry that thrives on people, on knowledge, the price is very high."

"At first we had planned to instruct the acquiree on how we do things since we were evidently more performant. But then we found that there were lots of things they did much better. Then we figured out who did what best, together, and how we should shape the new company. That gave people a sense of usefulness and it led to better results, but above all to a much finer climate."

"When we had announced the merger we had to notice that our enthusiasm was not shared by all. We simply hadn't managed to communicate it. It was poorly prepared. This is a subject in itself, how to make such an announcement. The resistance to almost any kind of change surprised me, especially since in our case there was no question of lay offs."

"In a next merger I would face the real issues more radically. I would not maintain the illusion that problems – I mean problems of attitude – would solve themselves. I would face the facts more clearly. For instance that some people wouldn't have their place in the new organisation."

"The most important success factor in post-merger management is to tell the truth, even if it's unpleasant."

"You can't really tell the truth in such situations because of legal constraints and also because different stakeholders have very different interests. So it's better to remain ambiguous as long as you can."

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5.3.3.2 On Personal Learning

As stated in the introduction to this section, the set of questions about their own personal learning took the respondents aback and provoked, in many of them, a feeling of guilt, which was observed both by a wry and apologetic smile and by a lengthy explanation of how important knowledge management was in their company and how much money was spent on management training. But much as they spoke about organisational learning and knowledge acquisition being important, it did not – except for one CEO – seem to include them. The respondents' personal learning process did not seem to be part of the corporate knowledge management task. When respondents began speculating, while talking to the researcher, about the question of personal learning they explained an array of learning tactics, most of which they only recognised as such while talking and through the researchers questions[64]. Many described a behaviour that could best be described with Weick's expression of 'acting thinkingly'[65]. From the theories and concepts of andragogy[66], a behaviour resembling the 'informal and incidental learning concept[67]' was most frequently described, a learning mode that is predominantly experiential, non-institutional and unstructured[68], for example networking, learning from mistakes, trial and error, etc. Especially among the younger respondents this learning mode was dominant. Another learning behaviour described by some executives resembled social cognitive learning theory[69], whereby other people's behaviour is observed and copied. Only one CEO consciously and explicitly practiced critical reflective learning[70], otherwise critical reflection was not stated nor observed as a common learning strategy. For this CEO, learning was the end and work was the means to this end and his professional and even operational choices were guided by the intellectual stimulation they entailed. For most others, work was the end and learning was utilitarian. Transformational learning theory[71] was addressed (not as an academic term, but as 'need to transform', to 'change assumptions, beliefs and value judgments' and other meaning schemes) in the context of the cultural challenges that were met in the various merger integration processes. However, this need for transformation was exclusively mentioned in relation to 'the organisation' or 'they (the executives from the other merging partner)', or 'the team', but not in relation to the executive self, who was either considered naturally capable of such transformation or not the object of transformation. Many respondents said that they sometimes felt they learned 'in action', 'while doing', 'while speaking' or 'while writing, preparing a speech' and so on, and that they drew knowledge from experience and used 'intuition' to cope with the problems they were faced with and 'anticipation' to be prepared for what comes. The reason why intuition and experience were seen as essential was because:

– of the nature of their work, which involved many unexpected and unique situations and transient opportunities, many of them novel, and could therefore not be planned or prepared for and because

64. consistent with Mangham and Pye (1991)
65. Weick (1983)
66. Sleezer (2004), introduced in section 2.8.7.2
67. Marsick and Watkins (1997); Cesh et al (2000)
68. Marsick and Volpe (1997); Ellinger (2004)
69. Bandura (1977, 1982)
70. Dewey (1910); Calderhead (1989); Brooks (1999); Raelin (2000); Van Woerkom (2004)
71. Freire (1970, 1972, 1973); Mezirow (1991); Boyd (1989, 1994); Dirkx (1997); Yang (2003)

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– of the rhythm of their work, which was described as 'chopped' and 'staccato', meaning that their executive days were composed of sequences of short, independent interactions and problem-solving sessions, unconnected with each other and each one addressing a concentrate of a managerial issue, 'bite-sized and ready for decision-making'.

Tacit knowledge, described as 'experience' was considered to represent a large portion of their knowledge. For many it was made explicit in conversations, in speeches and while writing. For others it emerged while reading a management book or a Harvard Business Review. These sources were not experienced to bring 'anything new' but rather to 'structure known concepts' and' bring known 'things into new perspectives'. Half of the CEOs described themselves explicitly as 'doers', the other half as both 'doers' and 'thinkers'. No pattern could be attributed to this difference in terms of academic education, industry background, age, gender or nationality. Three executives stated that they sometimes lacked intellectual stimulation, explaining that although their managerial tasks were often novel and unique they were not particularly challenging intellectually.

A *constructive developmental perspective of growth* may help to understand how executives made sense of their merger experience. While this perspective has its origins in childhood psychology and pedagogy[72], many decades of andragogic research suggest that it can be applied to adults[73], the premise being that growth and development are lifelong processes. Kegan[74] refers to the importance of context and environment as the cultures of *embeddedness,* explaining that these can be understood as the intimate contexts from which humans are repeatedly reshaped. They exist not only in the form of external social support but also as part of an individual's identity and have three primary functions for human development:

– *Confirmation (holding)*: supports the individual through the stage of recognition
– *Contradiction (letting go)*: releases the individual at an appropriate time in order to facilitate differentiation
– *Continuity (staying put)*: provides stability and commitment of support while an individual moves through new and unfamiliar stages of development.

These functions inform individuals as they traverse, at their own pace and depending on the challenges they face and the support they have at different developmental stages in their lives, evolving from one 'way of knowing' or 'underlying knowledge and value system' to another, more complex way of knowing. Kegan identifies five developmental levels or 'orders of consciousness and purports that these growth processes are gradual and sequential in the direction of greater complexity:

– *Impulsive*: the individual is embedded perceptions and impulses that coordinate reflexes. The embeddedness is shown by the fact that the individual cannot hold two impulses or two feelings simultaneously. This stage is usually attributed to infants.

72. Piaget (1952)
73. Kegan (1982, 1994); Basseches (1984); Kohlberg (1984); Daloz (1986); Drago-Severson et al (2001)
74. Kegan (1982, 1994)

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- *Egocentric (imperial):* originally attributed to children around the age of six this stage describes an individual in command of his or her impulses and having a strong sense of autonomy. The boundaries of the self are defined but the individual sees others exclusively through his or her own needs and interests and strives to understand how their attitudes will affect him or her. The individual has no sense of shared reality.
- *Conformist (socialised):* the individual is able to internalise value systems, understand and respect the needs and wants of others and to think abstractly.
- *Autonomous*: the individual is self-authoring, i.e. capable of constructing his or her own value system as opposed to operating within the value system given by his or her culture, family or work place.
- *Integral*: the individual is able to embrace different cultures and synthesize different value systems into a coherent and meaningful whole.

Each stage includes the other and adds new capacities[75]. A higher stage can be considered a better stage only in relation to the challenges people face in their lives. If the complexity of a meaning system is sufficient to come to terms with a situation one faces the construction of a further level is not necessary and therefore individuals of similar ages and life stages can be at different developmental stages[76]. However, if the complexity faced outweighs the complexity of one's meaning system a progression to a more complex level of comprehension is needed. The transformation of the economic landscape, namely the general shift of corporations from command-and-control leadership to decentralised structures with greater discretion and, inversely, the trend toward industry consolidation leading to corporate mergers, reflects an implicit demand for 4th order executive consciousness[77].

> *"How do I keep up to date? In what respect? As a person? (Laughs.) Oh God… can you? I think you can't. First of all, what's the problem: the problem is that things change. Business changes, the environment, etc. etc. There are cognitive questions you simply don't master anymore. Then you must decide. Which of these new issues do I want to be or remain competent in? What interests me, what doesn't? If it doesn't interest me, do I still have to learn it, anyway? This leaves you with things to learn that bore you. But if you're lucky you can learn things that interest you, too. Things you take pleasure in learning. Then there is intellectual stimulation."*

> *"Sometimes I browse through the latest Harvard Business Review, zap through the articles and I say to myself, that's quite interesting. Then I ask myself: 'is it fundamentally new?' and I have to say: 'not really'. But still some are useful because they structure existing concepts newly, put known things in new perspectives and from this I can go on to spin new knowledge. Even if it is not always applicable directly."*

> *"I keep updated alone, by trying out new things. Or in the team, with colleagues, with peers. I hate authority, I don't believe in management gurus. I'm not good at being taught. I like to try out things, again and again, improvise. Alone or with colleagues."*

75. Kegan (1982)
76. Drago-Severson et al (2001)
77. Stein (2000)

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"My single most important merger learning was the value of sticking it out. Even though the whole thing was ugly. The importance of haloing others to find the energy to get through it all… That I have this ability, that I can bring this quality forward and most importantly that I was capable to make all the necessary changes intelligent for the business."

"What do you mean, how do I keep updated? Do I go to formal training? No, not for a long time. Where should I go? Most of what we're doing is done for the first time. We were the first merger in our industry in this country, the first to issue an environmental report, etc. It may sound pretentious but it's we that are writing the management books, we're not reading them."

"I lived in he US for many years and in the UK, too. This helped me a lot. I was with such banks as Merrill Lynch and learned what extremely commercial working really meant…"

"Once the goal is clear we just go for it. I don't RTFM[xix]*. We try out ways to get there. It's faster; it's more fun. Sure, we – I – make mistakes, but I consider them my capital for future problem-solving rounds."*

"You know how the media personalise everything, how they hero-worship, how they love rise-and-fall stories, how one lady or one gentleman is responsible for all the good or bad. Well, reality, my reality is not at all like this. We have always been partnership oriented and we discuss things intensively among peers and colleagues."

"To write a book brought me forward a lot. It was strenuous but worth it. I had already noticed that it happened to me to learn while speaking in public, you know, because you have to concentrate your thoughts and don't want to make a fool of yourself you bring things in a logical order. While writing the book this was even more so. Suddenly you question your concepts and think, wait a minute: you've said this again and again, but it's wrong… it's not logical, let's look at it again. After all it will be written down forever, so it better hold…! And then you chisel out your concept more precisely."

" I was expected to be much tougher and ruthless than I was. But was I capable of this and would I have been credible, as a different person, suddenly acting in the opposite way to before? This was frustrating learning because it went against my beliefs and convictions. So when I look back at the events I can say I learned a lot, but I'm not sure that I'll apply all of it. Perhaps, rather, I now know that I'm not made for certain tasks. That I'm not the type for a strongly political environment."

"The outcome of our merger? (Long pause) It was eventually brought to a result of sorts. It's performing today. But it cost a lot of resources, financial, human and image, too."

"You have all the people satisfaction questionnaires you want. If you really want to know what's going on, you have to walk around and talk to people. And of course you have to listen and not just pretend. Then you soon find out if there is resistance and frustration out there, or even fear. Or if people are basically ok."

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"[Beside my management activity] I publish a lot. By writing them down, thoughts get clear. By publishing one gets feedback: people share with you similar or different experiences, they question or confirm what you wrote. This is my way of learning."

"When you are forced to formulate something, in speech or in writing, suddenly some tacit knowledge becomes explicit. It's a great feeling: you get hold of something you somehow knew before but could not put to use."

"Sometimes I use tactics to get people to speak their minds. For example I say the exact contrary of what I believe… and I keep on doing this until the person ends up saying: sorry, but this can't be right. And then I say: ok – now we can start talking. You know what I mean? It's a test to verify if I'm simply listened to from the position of my authority or if what I'm saying is truly heard and reflected upon."

"A part of experience is sort of in my emotional memory, about situations I've lived through. To access this is highly complex. It's important knowledge but it can't be stored in reports or systems or so. It remains personal and is one of the components of what I should call my judgment, my common sense. All people in the organisation have such knowledge. Another reason to treat people with due respect."

"Emotional knowledge can be shared, for example with stories, jokes and suchlike. Such knowledge elements which are part of human experience are often more valuable in leadership than anything SAP [management information system software] could ever capture…"

"I pushed dealing with these conflicts off for months, hoping they would solve themselves."

"What surprised me most is, well, how disagreeable it was. I mean we knew that mergers are no picnic, but we were not enough tested in what this really meant: disagreeable! When you are bashed by the media, when customers attack you, when parts of the employees revolt… to actually live through all this, I'm telling you it's quite different from just anticipating it, or reading and talking about it…"

"Often I got aware of learning when I was sure I was right about an issue but then came across a discussion partner who had well-considered reasons for his or her completely different position."

"My single most important learning from the merger is: don't panic!"

"Also I am now aware that I occulted some evident issues which I should have seen but probably didn't want to see. Since I have an optimistic personality I thought, well, these things will improve, they'll change for the better as we go along."

"My concentration span is somewhat reduced, by the chopped day I have. But I organise myself. For example I prepare every day the evening before. When I see that I have a particularly scorching hot meeting, let's say between 3 and 6 p.m. then I adjust my

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agenda accordingly so as to have some relaxing time before so that I can concentrate for the whole of the three hours. That's how I do it, I guess everybody does it like this."

"I believe that the CEO must imperatively come from the dominating merging partner. Somebody who is quite tough but with well-developed integration capabilities. And, very important in global mergers, he must acknowledge local differences. He must be capable of picking out local cultural assets and lead these together with the overall new values. These are sometimes contradictory but still they should be brought to amalgamate. That's an art."

"My learnings are often little things, issues that I pick up from customers or from an internal conversation or by studying a report. You know, I'm a very pragmatic person: success is composed of many little elements."

"Business is a jungle, let's face it. But I still believe that street fighting alone will not do it. Anticipation is becoming more important. We shall need to question many principles and practices that are the perfect norm today."

"I like to be criticised. It's a learning moment. You can – you should – tell me anything... but people have to learn this first. Some already know, but others still have to find out that you can tell me anything and I will not hold it against you."

"What surprises me every time is that you always have some in the team who are destructive. Of course one creates turbulences that need to be mastered and there are always some people who take advantage of this, who are subversive or aggressive, who machinate against colleagues to exploit the situation for themselves. That makes me so mad."

5.3.3.3 On Team Learning

Collective learning including the CEO was virtually absent, except in two cases[78]. The most frequent set up was that the CEO asked for complex issues to be studied by internal or external experts and that these be submitted for decision-making in the shortest possible and most comprehensible form so as not to 'waste time trying to understand'. Others set up project teams who would 'cogitate' or 'develop solutions' and so on and then made their decision based on the teams' inputs. Many, especially more seasoned and more control-minded executives did not question this model of functioning: they had grown up under a leader who did this, too and they had never practiced anything else. This was simply 'how it was done'; it was the most 'efficient way'. Some executives regretted that they, in their opinion, could no longer work in groups now that they were CEOs. They expressed a desire to work in groups, to contribute and learn from a team, but they claimed that their presence in a group would block the group, inhibit its creativity and thereby diminish the quality of their output. Some younger executives had a completely different learning strategy in that they did everything in the group. To them, learning and managing was virtually the same. To manage was to learn because all the tasks that management entailed at the CEO level were novel and could best be solved by a common heuristic process, by collective reflection and/or collective trial-and-error.

78. cf. also section 2.2.6.3 on the learning organisation

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And also, because it was 'fun'. For these executives, the notion of making mistakes did not entail the horror of face-loss the concept of safety thinking that is commonly associated with it in literature on German and Swiss leadership. Rather, making mistakes was to them a natural means to the end of success.

> *" I very much like to work in groups, to work out things, to be stimulated, to debate; to participate in a debate toward something creative, to contribute. I can't get to do this often nowadays. As a CEO you just can't have this kind of relationship with colleagues anymore. I miss that."*

> *"I'm a doer. Well… I'm a thinker regarding strategy, but I'm not the type who locks himself in the office for days until the white smoke comes up… My method is to throw input at my team, let it cogitate and then I draw from the team. We discuss things in common. That's also a thinking process. But if you work in this way, then the solution of the problem is also, at the same time, the first step of implementation!"*

> *"We simply don't have time to develop issues together in our management team. We have so much travel to do since we are a global company, we hardly ever meet and when we do the meeting agenda is so long that we're glad if we can work off the most urgent issues."*

5.3.3.4 On CEO Faculties for Post-Merger Management

The question on what faculties a CEO had to have to be successful in post-merger management yielded some traits, such as that he or she had to be 'an integrator', 'a communicator', 'dynamic', 'visionary' and 'charismatic'. Further digging brought forward that a CEO heeded to be able to 'accept paradox', know how to be both 'hard and soft' at the same time and capable and courageous enough to make fast decisions and implement them radically fast. Another success factor that came up was the ability to make mistakes, to deal with failure and with extreme stakeholder pressure. A certain listlessness, helplessness and in some cases even a feeling of capitulation before the task was observed both from these responses as also from the almost unanimous and unequivocal statements that mergers would be avoided in the future if at all possible. If a merger were again opportune many stated that they would call on 'someone who had done it before'. The only way to prepare for such situations as mergers was seen in a solid, long-term management develop strategy in which young executives would be assigned many different international projects in order to be immerged in different cultures and tasks and familiarise with complex multicultural environments. In the short term, even though many stated that the learnings one could transfer from one merger to another were limited, as each case was quite different, many still estimated that the chances of success would increase if the person in charge of the merger had been through the exercise before.

> *"If we were to merge again – I sincerely hope not – I would choose a CEO who has done it before. I would look at his communication skills, his intercultural flair and his stamina… well these three things above all. But let's be modest: some of whom I was sure they would make it had failed – and others of whom I didn't think much did just great… People can grow with a task."*

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"Today's success-blessed CEOs will have to get used to dealing with failure. Executive changes will happen in much shorter time spans than up until now. Success can quickly turn into the contrary. Even in Switzerland and Germany people will get fired more lightly, there will no longer be this stability in executives' careers."

"I would recommend to executives to rely less on their CEO for their careers. You know, people attach themselves to their CEO; they build up a relationship, as this was customary in the Swiss business community, where younger executives were pulled up the executive ladder by their CEO who became their mentor for life. But today top executives change much more quickly."

"The time I spent on the merger, well depending on how you see things, was 100%! All I do, ultimately, be it within the acquirer or the acquiree is post-merger management. I choose teams, I lead people, structures and processes together and we develop a new culture. Of course results are important, but they are a consequence of my merger management."

"External pressure is a good test of a management team. If it's really a team, then the external pressure will weld it together even more. If not, if individual players have problems of acceptance, of trust, then the solidarity doesn't play and the team will crack. I have lived that myself. I did everything together with my other board members, we took all the decisions together, and we never had differences. But from one day to the other, under the massive media attacks that we suffered, they sacrificed me in order to save their skins."

"My most important learning from all this? (Long silence) The problem with all this is that when you look back it all looks different, anyway. Obvious. But when you are in the midst of a hurricane you don't think clearly, you believe you can still save some things. I mean there are these famous 'warning signals'. Of course they are blinking but first of all they're often controversial, one points to the left, one to the right, and you have to decide which one to go for, and secondly they are not so clear-cut, there's a thick fog on them... Wasn't it Kissinger who said that every time he had to make an important decision in life he didn't have all the data, and every time he had all the data he didn't need to decide anymore! That's exactly it!"

"I learned more during that year than in my whole management life before that, although the merger was a failure and a big disappointment. I learned to be tougher, to lead people more tightly and at the same time be looser, more relaxed. It's hard to explain, but you have to be both and the art is to know when to be what."

"In my opinion merger management can only be learned on the job. Sure, you can learn the mechanisms, the preparation, some of the tools but at the end of the day it's the live experience that brings about the learning. So for my next merger I shall pick a CEO who has done it before."

"I truly believe that the second time you do it better, because you are at least aware of the problems. CEOs that do best in mergers are integration figures, not the kind that is

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highly efficient but that groups people into two categories, those they like and those they don't like. These are not the right personalities for mergers."

5.3.4 Concept 4: Understanding Culture

"All of a sudden these cyber-guys came all over our tradition-ridden company… it was weird, they looked so young and they didn't care about hierarchies whereas we were all formal. It's not that they weren't tough, on he contrary. They were extremely demanding, their speed of action was unbelievable… they communicated via SMS… And they had a language of their own, mad up of Simpsons and Matrix quotes… most of us just couldn't keep up."
Respondent

Cultural differences or even incompatibilities – national, regional, corporate and professional[79] – were the single most addressed problem in all interviews. The culture phenomenon has been extensively researched in Chapter 2[xx] and discussed in the ethnographic loop in Chapter 4[xxi]. However the concept of cultural differences took many shapes in their accounts and many times issues were explained by cultural differences that were not necessarily of cultural nature, or not entirely. Furthermore, there was a gap in the corporate culture as explained by the CEOs, the corporate culture as explained by their executives and the corporate culture as perceived by the researcher in her visits to the organisations, talks with managers and staff and, finally, in the culture as portrayed on the company website. The concept of the official and the unofficial culture[80] emerged quite strongly. Basically, CEOs spoke of their corporate culture as if it were the system of values and meanings espoused by them and executives spoke of corporate culture as a system of values and meanings more or less defined and more or less communicated by top management but in no way adopted by the organisation yet. In the other contacts with other managers and employees, numerous corporate tales, legends and jokes were told displaying the various states of adoption or not of 'the new culture' and also the attitudes ranging from good humour over frustration to blank cynicism. Many 'language games' were played as Wittgenstein would put it[81] or, as in Foucault, the reigning discourses established many notions of the 'truth' with regard to culture[82]. While the company logos were usually changed within a week, the company websites were often not adapted to the new company culture before a long while, adding considerable confusion to the internal and external acculturation process. That CEOs, while granting that there may still be 'some eternal stragglers', considered something 'done' as soon as it was legalised, organised and communicated was a phenomenon that emerged strongly in a number of moments, notably in the discussion about corporate culture. Both notions of ways of thinking and ways of behaviour regarding 'the way we do things around here'[83] clashed considerably between the different respondents of a same company. This sometimes led to resistance and a perception of top management arrogance[84]. Statements that led to the concept of understanding culture are, for example:

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79. cf. also section 2.4.1
80. Siu and Watson (1992); Watson (1994)
81. Wittgenstein (1953, 1958)
82. Foucault (1974, 1980)
83. Deal and Kennedy (1982); Schein (1985)
84. consistent with Hamel and Prahalad (1989)

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5.3.4.1 On Post-Merger Cultural Issues

All of the 20 respondents were in considerable acculturation processes. Their organisations were confronted with another culture and were shaping, from their own and the other, a new culture. This confrontation and intent shaped in turn their own culture. How they experienced and navigated these cultural changes was related to their attitude to culture and learning. Using Kegan's developmental perspective[85], several levels of attitudes and of cultural and learning maturity could be identified and retained. These levels were later integrated into the core categories. Executives at different levels gave different descriptions of these changes. Executives at similar levels demonstrated notable similarities in their descriptions of these changes.

> *"Culture is a major issue in mergers. Extremely important. And you can't have a mix. There's only one culture and it's extremely important. What I mean by that? Well, how do you obtain a common understanding, a 'Heimat' [German term for place where you belong, where you are at home]? How people treat each other around here. Are we friendly, expansive, discursive or do we say: folks, the horses are ready, swing yourselves in the saddles and go for it. Just do it!"*
>
> *"Another issue is information: is it top down information or, as was our case, a decentralised option? We always said we'd manage this merger by handling information as a 'bring duty' and not a 'fetch duty'. That's a big difference. From one day to the other, people could no longer say: you didn't tell me, or I didn't know. At most they could say: I couldn't have known this. That's different. People had to check their mail, call the info line, browse the databases… From the onset we used internet as a cultural element. On it, strictly all information was parked. We just mailed to all that the essential merger information was on the net. Structures, overheads, processes, FAQ, videoconferences… all was there. People were amazed that you could fetch all this from the net. All we told them is: this is a new tool, please use it."*
>
> *"Post-merger is different because you are faced with completely different value systems. These are deeply rooted in the people and organisations. In fact, the fact that people are within a particular organisation is because they chose to go there because that organisation's value system appealed to them. These value systems you have to understand first, only then can you try to bring people together."*
>
> *"A plus B does not make AB, A plus B equals C, something new!"*
>
> *"After all, it's just like any management assignment, you have to analyse and then synthesise and then do it. Only we tend to analyse only the facts and the figures, the products, the markets, the back office infrastructures, the IT systems and much less the value systems and the culture. But that's the most important part, that's where the music plays!"*
>
> *"A big cultural difference is the level of detail executives wish to control. Do they convey an overall vision and trust this vision to inject the energy into people to go for it? Or do*

85. Kegan (1982)

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they command-and-control every step toward it? This can be a tremendous culture shock, you know, to move from one style to the other."

"I'm convinced that small cultural differences are more difficult to overcome than large. A Japanese and a German team who need to collaborate know exactly what to expect. They are vigilant in their dealings, aware of the diversity factor. But a German and an Austrian team? They look the same, eat the same, speak the same language… So you just don't see it come – and then it hits you! It's little things, but they have big effects."

"The more experienced I get in mergers the more I beware of 'same' kinds of cultures. They're the toughest. Give me a merger with a Chinese company anytime before one with German engineers!"

"The cultures were very different: one was production-driven, well organised and with modern management systems in place, the other was still a family culture with strong sales and marketing skills."

"Today we have a different culture from the two original ones. But it's not so affirmed yet, it still changes quite a bit."

"It's always the same game: you know it, this culture thing, but you're too optimistic. It always takes longer than expected, there are always more cultural difficulties and, let's face it, all the information you get beforehand is just a tiny fraction of the reality you find in the field after the deal. You can't change that. But you can plan better, by simply allowing for, say, three months after deal announcement to really go into the organisations, understand them in detail and find out their strengths and the difficulties. You'll find a thousand things you didn't expect."

"The merger can be considered as concluded. Mind you the different cultures are still palpable, very much so, even. In fact, the merger is concluded from an organisational point of view. The culture question takes longer. Now the progress is smaller. It takes me a lot of time. When you have a running organisation with an affirmed corporate culture you don't have such tasks as persuading people all day long who keep saying: but we did things differently before, it worked, didn't it?"

"At first we thought this merger would be easy since it was with a company from the same language and national culture background. But the differences were immense, almost unimaginable. The organisations had completely different value systems! I'm convinced that just because people speak the same language it does not make a merger easier."

"People from company A just took orders, it was not common to criticise, and it wasn't done. Even though they are smart people, but that's how they grew up and how they are. Empowerment and accountability will take a long while before they work. They have 30 years of obedience in their bones, to change this will take more than a couple of years."

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"We had big cultural differences. Our company had kept up with modernity, let's say we were at least in the 20th century; the other company had got stuck in the 19th century… You could see it even from their offices. To physically move together was important. Today I'd say if you merge you have to change offices. It was an enormous mistake not to do this right away."

"How the merger is going? The more you change, the more things stay the same, I sometimes think. We had a culture of change even before the merger. Our business had experienced a severe crisis after 9/11. We had to re-evaluate everything. Moreover, the technological advances really changed our business. So our change efforts were ongoing, in a start-and-stop pattern. Many things were begun but not really implemented solidly, while we already went to the next idea. This had much to do with our markets, which did the same."

"Culture is a real problem. Although we were warned about it, had read about it, we were surprised by the violence of cultural differences. We thought, well, we're in the same business, talk the same language, we both have a fairly entrepreneurial culture, we should understand each other. But no, there was resistance from company A executives who thought themselves superior, and from company B executives because they were making more money and felt that company A was just not efficient enough. You see their brand is much more prestigious but we're making the money. What helped was to admit that we had a problem. It's funny, but once it was voiced and understood it improved."

"The acquirer came over us like a tank. Changed logos within days, placed his people everywhere… It was tough. Most of the good people left because they felt they had no chance in the new set up – and, anyway, they didn't like the new culture, that's not what they had signed up for. You know, IT people are very sensitive about this kind of thing. Of course we were very US driven, who is not, in IT! All came from the US: the budget, the products, the objectives, the rules, the vision… even the dreams that we should dream! No, seriously, one day an e-mail came from the global CEO in which he formulated the dream that we were all expected to dream… it was too much."

"At first it was terrible. Another merger! The frustration, the loss of yet another painfully constructed identity. You know, we'd just begun to be proud of this new thing we now were. We were value creators, the others, our competitors, were just 'car salesmen'. And now… it was adding insult to injury: we were taken over by… just them! And there was no doubt that it was a take over, it showed by the company name, the power distribution, by everything. And I was in charge. I didn't know what to tell the troops this time… but we sort of swallowed the pill and tried to fill the new company with at least some of the mentality and spirit we held high. We accepted to wear the new name, that of the enemy! We settled for it, in the light of global competitiveness. I'm not saying the collaboration was great. There were enormous rivalries and resistances between the two cultures. But it was getting to normal, partly by fatalism – I mean everybody was merging all around us – and partly because we wanted to make the best of it."

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"Mergers are different from all other change situations because you have the cultural element. Culture is lethargic. A portfolio, a process, an investment you can turn around in no time, but not culture."

"Our two cultures were completely different. One was very strong, almost a sect… the other was a produce of hundreds of years of glorious tradition but facing bankruptcy. Was the merger successful? I guess it was, because a company was saved that would otherwise have gone bankrupt. And I guess it wasn't because the capital invested will never be recovered and no relevant synergies were realised."

"What surprised me most was the strong identification people had with their company. I mean, let's face it, it was a question of life and death, without us they wouldn't have made it. And yet there was tremendous resistance. Of course one has pride in the company one works for but when things seem necessary and logical one would expect people to go along with it, wouldn't one? But in a company of such long tradition such a merger is experienced like a catastrophe, a small death, very frightening. We were received with tremendous passive and subversive resistance. Whatever could be blocked was blocked. I guess we didn't communicate well in the beginning and it necessitated a tremendous communication offensive to make them face the reality and cooperate."

"The total corporate fit does not exist. It's a figment of the business consultancy literature. You always have different cultures."

"Since we last spoke things have improved. The merger is now functioning successfully; you can say we're working together. Of course culture differences are everywhere, but there is no more cynicism. We're like an old couple that has learned to live with the differences of the significant other, even cherish them."

"Regarding culture, what is difficult is that it's usually small things, but they can bring the process to a complete halt, frustrate everyone and poison the atmosphere. For instance rituals in meetings, how a meeting is supposed to be opened, chaired, concluded (…). All these rituals seem trivial but they make all the difference."

"You can prepare for cultural integration, sure. But then, in the general confusion and uncertainty, especially under strong media pressure, you have to improvise and imagine quite a bit. Reality is shaped by the media and then everyone looks after his or her own interests first, stakeholders seize the opportunity that the company is weakened, unions for example, and make new claims, via the media, often addressing their particular interest behind a smokescreen of pretended public interest."

"When the media pressure gets higher, especially when you perceive it as unjust, you tend to shut off and not listen anymore. That's a problem because much is picking up signals, weighing them and then come to conclusions and pull them through. Intuition is key."

"The merger is completed. Well, legally it's completed. Of course there are still beautiful reminders of the old cultures. Sure, we made some progress in the last three years and our company is beginning to be quite oriented towards a new culture, by and large the company A culture. But as long as there are still people in key positions from the previ-

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ous companies it will never be entirely over. How long does it take to complete a merger? It's difficult to say. I'd almost say that it's a post-merger situation until the day when all the 'old' ones are gone… Of course this may be formulated a bit hard… and we're developing the new spirit… but still, these resistances are hard to kill completely. The old identities and mentalities are quite strong."

5.3.4.2 On Culture Management

Executives coped in many different forms with the issue of acculturation. What was most striking is that for many executives it was not 'we' but 'they' who had to change, 'they' being either the weaker merging partner or, in some cases, the whole organisation, i. e. the new management team. For these executives their own acculturation was not a conscious process but an unexpected result they became aware of after some years of merger management and observed with astonishment. Respondents that did not come from the dominant culture on the other hand understood better that their personal meaning system would have to change as they moved into a new culture with another set of shared meanings and addressed the challenges to their identity and to the performance of their roles as executives more actively[86]. Basically, three approaches to culture management were noticeable:

- *Instrumental*: For a number of respondents culture, although recognised as a social phenomenon, was perceived as primarily a problem or, in some cases, just an 'issue to manage like any other'. The strategies they deployed were basically systems-related. First of all the task was delegated to an integration manager. Irrespective of the existing cultural differences, a set of norms and standards was defined that would represent the new company, such as the corporate language, a mission and objectives statement, meetings structures and rhythms, a code of conduct and values, company logo and so on. By these measures, the problem was addressed and settled. Those who would adopt the new instruments would be rewarded, the others sanctioned.
- *Social*: For others, culture was a social concept that needed to be addressed as such. These CEOs took personal charge of it, were very present in the field, and spent considerable time communicating to the various relevant stakeholder groups in the role of a missionary who 'preached the gospel' or a salesman who 'sold' the new and unique features of this new common construct. A large array of acculturation activities were organised to help 'pass the message' and ensure that the proposed/imposed values and norms were espoused. Again, those who adhered to the gospel were rewarded, the others sanctioned.
- *Integrative*: While both above approaches mainly focused on the 'new culture' (which in fact was mostly the 'old' culture of the stronger merging partner), the integrative approach sought the amalgam. Some CEOs considered the arrival of a new culture into the company as part of the assets they had acquired in the course of the merger. They took great care – and time, in some cases long before the merger but also after – to understand it. They studied its language, customs, rituals and traditions, its values, 'rules of the game', but also its structure and working processes. From this study, which is driven by an authentic cultural and entrepreneurial curiosity, they developed an amalgam of what they considered the strengths of both cultures. Care

86. Kegan (1994)

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was taken that both merging partners were actively contributing to this process. As in the social approach, the presence of the CEO in the field was intense.

For all three approaches there were successful and unsuccessful examples. The instrumental and the social approaches worked in mergers where the power structure was obvious, i. e. where a clearly stronger partner had merged with or in fact taken over a clearly weaker partner. In cases of a more balanced power structure, the approaches led to tremendous clashes. The integrative approach worked in cases where substantial culture analyses and integrative ideas could be undertaken prior to the merger. In cases where the integrative approach began after the merger announcement, it led to a long phase of instability and insecurity and impeded productive collaboration.

"In the first phase I work pragmatically and practically on real, down to earth issues. Well, I do also speak to them in pictures of what the future will be, but mainly practically. Later I bring in team elements. In fact, come to think of it, the two approaches are linked. One feels what is needed, some need the team spirit, the psychological approach, and some need the rational, pragmatic approach. I've decided to work practically first and speak about values in a year or so. For nor I simply pay attention that the directors don't stick to their original culture only in their daily work."

"Two days a week I organise so-called "tables ouvertes", where I sit together with about 10 senior and middle executives from my group. This is to sense them, to hear them and to understand, beyond the hierarchical leadership cascade, where things are advancing well and where some interventions are needed."

"When I travel in the field I spend a lot of time in the plants, the offices, etc. to see for myself what the mood is like and what the problems are."

"In my next merger I'll pay even more attention to the cultural problems. Mind you, I said that last time and we fell in the trap again. It's a platitude in the meanwhile, not to underestimate cultural differences and we have to face the facts that this is a key issue. You can't impose culture, you can't solve the culture problem, you can only encourage it to solve itself. Even today, after three years, when you speak to someone in our company you won't have a problem finding out which ex-company he or she is from..."

"It simply doesn't work to forcefully impose the acquirer's culture onto the merged company, not I they're of about equal size. An executive has to remember: why did I buy this company, why did I merge? I bought market share, or whatever, ok! But I also bought knowledge, skills, customer contacts, creativity, etc... in other words people! So if I don't let these live, if I don't create an environment of quality, or meaning, a fun work place, then I'm destroying company assets!"

"It's taking us much longer than planned. The difficulty is that together with the merger of the two ministries we are introducing a whole new style of management, a whole new understanding of how to do our jobs. From just administration we are moving to a new service attitude. The citizen is now our client. It's an opportunity of course: the two ministries are really very, very different – opposites, you could say."

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"It's the anxiety. It leads to resistance and to some quite subversive action sometimes. You know, the reds against the blues. There were moments when the climate turned really sour."

"We met with our integration manager every week when he would report to us and submit to us the relevant issues and his proposals as to how to deal with them."

"There was quite some mobbing between the two previous cultures, especially while I was away on the global road show. Many good people left. I had to come down hard on my executives and clean up the mess. I can't be everywhere and they really should know better. I have to accept that some will not make it. It's against my personality and what I stand for, but if I don't fire some of them I'll threaten the whole operation."

"It took much more time than expected… to talk to people, let them talk, just be there… chat, tell stories and listen to theirs."

"Anyway, after four years we're still struggling with our merger. The original cultures are still there. One side wants to exploit all the opportunities of new public management, the other is blocking all the initiatives, speaks of us 'degrading' the citizen to a customer, claiming it's not our job to make money but rather to allow the citizen to make money. In a sense it's true. The art lies in the measure… I guess."

"I had to learn that things could be perceived very differently from a human point of view. My most important learning was to contribute instead of blocking. All this bears totally new opportunities after all. But this does not correspond, in my opinion, to the natural mindset of Swiss people."

"The mentalities were different. I delegated very much. In the other company this was not at all the case. Only the CEO could 'read and write', only he made the decisions, down to quite some detail."

"I think we're over the hurdle now. There is a very good spirit in the group now. What helped is that I had set some easy goals that I knew we would quickly and easily reach and that could serve as example for the common power we have. This motivated everybody."

"Of course one knows about culture in mergers. But I was surprised by the magnitude of the problem. It cost me much more effort and time than anticipated. To just talk to people, kind of hold their hand… endless talks, conversations, to make sense of what we're doing, bring people onto a common path. It'd the dimension of the issue that surprised me, not the fact that it was an issue."

"This time I'm on the acquirer's side and I'm trying not to make the same mistakes (smile). So you can say we're in one hell of a transition – panta rei! – still digesting being acquired and now it's us who are in the driver's sear of post-merger management… with the industry changing all around us! My vision is to lead an organisation in which people naturally strive for excellence, to deliver 'le plus', that little bit of extra mileage

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that is not really asked for, that doesn't cost much but makes all the difference. To customers, but also internally, to colleagues and other stakeholders."

"Value added, that's important. Value added comes from a team that acts and thinks in networks and shares information, not stuck in boxes and hierarchies, not with 'that's not my problem' and 'that's not my job' attitudes… But in a post merger people need stability, they need the box, and what's more, many are really exhausted, worn out after the terrific challenges we already had. The learning curve was extremely steep and it's been 'le provisoire qui dure' for years. Plenty of stress."

"An important cultural element is top management accessibility. We said we must bring to the forefront those who carry the responsibility. Who is that, the chairman, the CEO, perhaps the CFO. It's us, and nobody else who must swarm out and tell the story. That's a question of credibility. Credibility is obtained by putting forward those who are truly in charge."

"Communication to the inside was enhanced by communication to the outside. If you only communicate within people might suspect that this is perhaps just the flavour of the day. But if it's written in the Neue Zürcher Zeitung or the Financial Times, people believed that this is want will happen. This is a leadership element I have at my disposal to shape culture."

"In a next merger I would treat people better. Especially those who have to leave. But I guess this is a fairy tale in today's world."

"Nobody chooses to go through a giant merger if it's not necessary. But our merging partner was a bit asleep then, it had failed to rejuvenate, to modernise and came under pressure. In addition, German banks and also some Americans began to show interest in that bank and that increased the pressure, or let's say the willingness to act, in both of us."

"We knew it would be fairly bloody so we wanted to do it quickly, straightforward, no nonsense. And we did. It cost blood, even at the top. The head of private banking had to step down. A highly capable man who had built up a very successful business but then it simply got out of control because he wanted to merge 'supportably' and 'tolerably' and he ultimately failed."

"We always question things, especially in times of success. You may call this the culture we have. It permits us to fight the typical complacency and arrogance you find in successful banks. It's a process we built up. We meet periodically to critically question our assumptions: are we on the right track, is the structure ok, are the individuals ok, is the team ok? And then we correct what needs to be corrected. What's important is to communicate why we correct, what the implications are and how we will do it. We have nearly 80'000 employees worldwide and at least 30'000 of them need to know in detail what is going on and why. This is a discipline. It serves us well."

"My case was extreme: I had worked for the same company for 19 years. This was a predictable environment for me. Suddenly this was no longer so. Also with regard to other

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executives' perception of me: before I knew pretty well how others saw me, but now this was not the case at all."

5.3.4.3 On Diversity

Again, the differences were stark between the respondents' perception of 'the other'. For some, diversity was a 'luxury', something they knew could be beneficial to an organisation but there was a time for luxuries and a time for basics and to them, the post-merger phase was basic. Diversity was seen as an inhibiting factor to a process that needed to be fast and smooth and 'put on hold for now until we have stability again.' For others, diversity was really 'what it was all about'. It was what they had sought for with the merger in the first place and they intended to exploit it to the full. Some made a distinct difference between diversity of values and diversity of skills, gender, nationality, educational background, etc., stating that they sought homogeneity in the value system of people they chose to work with and, besides that, a maximum of diversity, estimating that if you had to argue about values you would never get the 'herd to move west'. However, even respondents that were in principle adherents to the use of diversity to manage the inherent complexity of post-merger situations[87] explained that this concept was strenuous and exhausting and that there were moments when they would just stand before the troops and say 'that's the way we're all gonna do it, the boys and the girls and the reds and the blues and the chiefs and the Indians and the softies and the toughies... why? Because I say so – and full stop'.

"I make sure I meet different kinds of people to avoid top management incest. In my spare time I manage a local theatre. I'm convinced if you can work with people from the arts you can work with anybody."

"I don't think that language is a key issue in mergers, at least not for the leaders. Unless it's a totally exotic language which one does not understand at all. But otherwise, it's amazing how well one can get along with a common vocabulary of 500 words."

"I want diversity. But not everywhere. Not in the basic philosophy of how you treat people, how you empower, when you control, what you control, how you deal with failure. There I don't want differences. But in everything else, men, women, nationalities, professional backgrounds. Yes, it may be a contradiction but this is how I want it."

"Human integration and key people retention deserve maximum priority. Ha, ha: everybody says it, nobody does it. It begins by hiring: it's not just about the 'best talents'; it's about the right fit with the culture you want to develop. Do you want an entrepreneurial, innovative culture? Then you have to hire such people, diverse people, independent thinkers, different nationalities, men, women... But please, you must also have the leaders capable to manage such an explosive cocktail, and the systems and procedures, by the way. If you're bureaucratised like the European Parliament in Brussels, if you reward service years and have a punching clock you can't expect to attract ingenious rocket scientists with a penchant for windsurfing!"

87. cf. section 4.8.6

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"We are incredibly homogenous in the German automotive industry in general. Of course we have some activities in all the world's countries, but on the whole these are quite isolated operations. As a rule, the automotive executive is male, German and an engineer: His vision of the world is confined to cars, soccer and beer and he goes on holiday to Ibiza every year. Diversity is such a far-fetched concept to our industry that, to be honest, I don't know where to begin."

"I've always liked what was different. When I meet CEOs who work in exotic countries I hang at their lips… Not only for the romance, the palm trees but also to know how they handled different mentalities, overcome cultural differences."

"I seek out executives that are similar to me from an ethics point of view, from their value system. Everything else should be as diverse as possible. I have a good mix of men, women, from engineering and sociological backgrounds, academics and street-smart people… But the basic concept of leadership, the ethics of how to do business, to deal with people, the 'Menschenbild' must be similar."

"In my daily work I prefer people that are similar to me, but I have both. Those who have to work on a specific project without much interaction with me can be different. But when I work with somebody on a daily basis I don't like it much when I have to say to myself: oh, hell, now I have to work with this pain in the neck again… But it needs 'the other', the different person, who has another, a conflicting opinion."

"I like diverse teams. But in fact, I don't care too much. It comes naturally. It's the individual that counts. But I always have some colourful birds in my team. I like 'Querdenker' [people who think outside the box]. I hate clones of myself. In the beginning I tended to take people from the same schools as I, and so on, but today I hire a HR guy who is also a pastor… I allow myself the luxury of hiring diverse people."

"For mergers I choose people that are like me. Of course they need to be a little different, you know, complementary, so that we dispose of all the necessary knowledge to do our job. But if people are too different you loose too much energy to get them all to move roughly west. In a post-merger situation you don't have this energy, or the time."

"God in His wisdom made us all different and I'm grateful for it. I sometimes know I do not agree with another person but I have enough humility to realise that he or she may be far more right than I am. I quite like the diversity of perspectives. A team is often wiser than any individual if given a chance to pull together."

5.3.5 Concept 5: Searching for Performance

"I don't measure performance exclusively by results. I expect more from my executives than that they make their figures. Before the merger when a local CEO brought in a decent net revenue he was considered good. Not with me, that's not enough. With me he also has to make his figures but in addition he has to contribute a qualitative added value to the whole organisation and to the local society he is embedded in."
Respondent

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There was a big difference in how executives searched for performance. Two distinct strategies were dominant, the *direct search for results* and the *indirect search for results*. By direct search for results is meant that whilst there were core and long-term strategies in place, they remain largely confined to the top management circle and the accent of the communication between executives and staff was on short-term results or rather short-term figures. The 'new company' was to construct itself bottom up from the results, which eventually were expected to translate into shared values. By indirect search for results is meant that the long-term survival of the company was seen as the primary goal and for this efforts are made:

- to explain the rationale of the merger in a larger and long-term context: the company's duty is portrayed as one of contributing value to society as a whole
- to build a strong vision that people can relate to even while their immediate environment comes to learn some hardship
- to define and pursue a clearly communicated entrepreneurial strategy, little or not perturbed by short term influences either by the market or by internal difficulties
- to build up a set of solid values and an ethic of collaboration and action, observably adhered to by all the top executives, and by which the entrepreneurial community is to achieve its goals.

In this latter performance seeking strategy, the figures were seen as a consequence of the above behaviour and not an end in themselves. The 'new company' was to construct itself top down from its long-term societal roles and its strong internal values, which were expected to translate into results. Some statements that led to the concept of searching for performance are:

5.3.5.1 On Measuring Performance

As stated, merger success was not measured against 'what would have been had we not merged' but against objectives, mostly financial objectives, such as share price (at deal announcement, after one year, after three years), return on total capital invested, accounting profits (return on investment, return on equity, return on assets, etc.), free cash flow per share, operating cash flow and so on. Other sets of measurements included market-related figures such as market share growth and number of customers and operational figures such as synergies, economies of scale, cost savings and so on. Some executives, especially those whose merger rationale included the acquisition of knowledge, also used qualitative key figures, such as key people retention, preferred employer rankings and/or research and development results. It was often regretted that the quality of the measurements was insufficient because the merging partners' financial and operative systems were at first incompatible. Also, there was a lot of divergence regarding the definition of which costs would be booked into 'merger-related costs' and therefore reported as 'extraordinary' and a number of executives stated that they had used this accounting procedure in the first post-merger years to permit them to show attractive operatives results early in order to 'motivate the troops' and reassure the financial analysts that the merger was progressing satisfactorily.

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"We measure success by accounting profits, synergies, positioning in the market – you could say market share, although we don't have good statistics for this in our industry – and economies of scale, of course."

"We have excellent measuring tools in place such as customer satisfaction, employee satisfaction, etc. which we monitor with particular attention during the post-merger phase."

"I'm a people guy, clearly. Not because I'm against results, but because I'm convinced that that's how you achieve them. People are the way to results. My CEO is results, but with a people focus. Our chairman is strictly results-driven. I doubt whether I'm in the right place, more so since we last spoke. I tried to influence things but in fact all I came for is gone, the good people, the long-term projects…"

"We measure our merger success by the synergies we achieved, by economies of scale and cost savings. But of course we measure against objectives, not against what would have been had we not merged. How can you? It's hypothetical."

"We must define better performance indicators and better incentives for the managers and staff. We never had that nor did we have proper controlling systems, not to speak of evaluation procedures, benchmarks of suchlike. Frankly, we often don't know too well where we're going."

"We must orient our leadership more towards performance, to put similar functions together for cost savings, to identify the true from the false synergies."

"We have a lot of 'chantiers' [French term for building site, work-in-progress] as we call them, too many. But we manage them tightly: we control and measure them all in Euros and Cents, each country reports and in return gets regular status reports of where we stand, of where it stands compared to others and how far the planned synergies are achieved."

"Was the merger a success? I guess it depends on the criteria you apply. How can you compare with the two firms had they gone on separately? Difficult. To measure success I personally like to start above the figures, beyond them. Take for example competitiveness, the likelihood of sustainable survival: it's greater together than for the separate companies. Our main goal was to secure the future survival on a long-term basis. That's different than saying we want to improve our return on assets by this much by then. These and other key figures will just be the numeric factors that will later guarantee this survival. But they can't be rationales or desired objectives for the merger decision."

"We never focused on figures. Our conviction was that if the basic idea is right then the figures will follow. For example, if you have greater resources then you have the possibility to get more out of those resources. Mind you, this reflection is questionable for some areas, for example research. The huge research centres that emerged from this merger did not convince. Nothing much can come out of such huge organisations. They are preoccupied far too much with themselves. This blocks them and kills innovation. So we purchase innovation from small units from outside the company. So, even if I'm

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convinced of the overall benefit of size I also truly believe that it doesn't work everywhere. If you double your research resources you don't end up having twice the research power. But if you double your sales force, if you put together those armies of marketeers and sales reps and you have twice as much guys running around the globe telling people how good your product is, that will make a huge difference. You have more than doubled your power."

5.3.5.2 On Criteria That Influence Performance

Time to integration was the most mentioned performance criteria. It was essential to a large majority of respondents that the execution of the integration process be fast, even at the expense of quality. Employees' anxiety and its consequences such as defection, inner emigration, overt or subversive resistance and poor company climate were considered to be the most damaging influencing factor on the integration process. The motives as to why 'moving fast' was essential included any of the following concerns or, in most cases, a combination of them:

- *human, social concerns*: people suffered from not knowing what would happen to them and this is not right[88]
- *psychological concerns*: vis-à-vis stakeholders 'quick wins' were considered a means to overcome most forms of stakeholder resistance; personally, quick results increased the executive's reputation, performance-related compensation and personal market value
- *human resources concerns*: to move fast increases the chances to keep good talent in the organisation; fast results permitted to attract good talent from the market
- *organisational concerns*: for the company to regain stability, functions should be covered and operational quickly, in order to deploy resources better; double functions and workload (e.g. in the newly existing organisation, in he integration team and in the 'old organisations') should be eliminated as soon as possible
- *market concerns*: customers, suppliers and other external stakeholders should have clarity on who is responsible for them; a coherent and transparent organisation has better chances to attract good people
- *financial concerns*: the faster the company is fully operational again the better the results and, hopefully in consequence, the higher the share price
- *experience*: respondents who were managing their second or more merger experience were unanimous that fast and consequent action was essential, regretting hesitations they had in previous mergers that had prolonged the uncertainty and negatively influenced business results.

The difference in post-merger situations compared to normal turnaround or restructuring programmes is reported to be that all three generic types of performance-oriented managerial interventions an organisational overhaul entails, need to happen simultaneously:

- *replacement*: involves the removal of key members of leadership and their replacement from either of the merging organisations or from the outside[89]. This a short-term intervention in any restructuring situation, merger-related or not

88. Treviño and Brown (2004)
89. Slatter (1984); Mueller and Barker (1997)

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- *retrenchment*: involves a wide range of short-term actions, usually primarily financial, to stabilise the organisation and exploit synergies, such as cost reduction by means of inventory grouping and cuts, overhead reduction, layoffs, price changes etc., but also mid-term operational actions such as the reshaping of work processes and structures[90]
- *renewal*: involves longer-term actions aimed at defining vision, strategic direction and overall organisational purpose and positioning them on a longer-term pathway of successful performance. This involves a fundamental review of the activities of the newly merged organisation and their long-term prospects, necessitating plant closures, expansion to new markets[91]. This typically long-tern third type of intervention is closely linked to the other two types in post-merger situations and needs to be addressed and implemented simultaneously.

While these types of intervention are often considered consecutive stages in a turnaround process and take years to materialise[92], in a post-merger situation they are closely interacting and complementary and their simultaneous [93]and immediate execution, including content, context and process[94], is said to be important. Replacement of key executives can have functional as well as political or symbolic motives. It is regarded as a necessary action in attributing responsibility for the organisation's predicament (in cases where such predicament has led to the necessity to merge) and to secure confidence and support of stakeholders. It is also reported to be deployed for the purpose of sending a message to the organisation about fundamental changes in direction and culture.

Another success factor was 'good leadership', which was described in various ways, namely to have a 'charismatic personality' lead the merger, somebody who had 'credibility with the stakeholders', a 'person of trust and integrity' or also a person who could 'represent the vision of where we're going' and/or who represented the value system underlying the new culture, the 'way we do things around here'. A large majority of respondents were convinced that a focus on performance in terms of figures and results in the first degree would not bring about a satisfactory performance. Quantitative success was seen as a result of a strive for a higher order qualitative goal. Since during the post-merger process the organisation and its actors were to a large extent concerned with themselves it was important to create stability first before putting on the figures pressure. A focus on an overall vision, a goal that the whole company could adhere to and estimate worthwhile. A 'promise of a great future', the improved chances for long-term survival were stated. Another success factor, seen as partly conflicting with the first success factor of speed but concurrent with the leadership and vision success factors was good communications.

> *"We performed ok during the merger. I mean we reached our operational goals. Customers stuck with us, people worked well... We didn't have to let a lot of people go; we just moved them around. We didn't lose many key people. We changed quite a few lead-*

90. Robbins and Pearce (1992)
91. Slatter and Lovett (1999)
92. Chowdhury (2002)
93. Arogyaswamy et al (1995)
94. Pandit (2000)

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ers, though. But then those were particular times, the economic situation was bleak, so people didn't have a lot of opportunities. So it's not really our merit alone."

"The problems often lie in the details, but they can have big repercussions. So you have to pay attention to the small things, too."

"The success criterion for large mergers in atomised industries is clearly market share gain. If you have a bigger part of the cake your survival is more likely. And you eliminate a competitive element. Ok, the question is if 3% and 5% market share really give you 8% or if there is a cannibalisation effect. But still, even with 7% your chances of survival are largely superior."

"Performance is essential. If you don't make the figures you don't have the figures and vice versa. When you make the figures you immediately have a better climate. So how do you get onto the positive loop? Well, for one it's good if you can merge when the going is good. Also, with us, it helped to have new leaders in key places, people from outside. They had such fun in our company that we began to enjoy it, too."

"Of course the measuring stick for executives has shortened. So you have to push for short-term results because you might have not a long term. So I'm short-term, I set short deadlines. I might lengthen them if I'm convinced that we're on the right track but more time is needed but I begin short. That's the environment we're in: you have to be flexible, agile, to adapt and think quickly, seize opportunities… Look at Asia, they're incredibly fast."

"We worked hard but we didn't meet our goals. We failed because we didn't have enough capable leaders to send out into the merging organisations. We have a real leadership deficiency in our company. We are quite young, we grew very quickly and we have flat hierarchies. But we also have great strengths: people's enthusiasm, their energy… though it's wearing off a bit."

"We need to stabilise now, to consolidate within the company, to get out of this state of exception so as to improve our performance, to become more efficient."

"We shall never stabilise again. People who think the inherent uncertainty has to do with the merger better think again. Uncertainty is here to stay, welcome to the real world. That's why I so insist on basic values, I spend so much time and effort on developing a community spirit. That's why I try to make the ride fun. That's the only way people can stand the uncertainty and still perform. If they're rooted. Not if they're given retention boni…"

"The figures can't be the first-degree goal. They are only are a function of value-based management, a logical result to doing something meaningful and doing it well."

"Today our figures are slightly above market average for both merging partners. Productivity has risen, too in both partners, so we're on the right track."

"Looking back with humility I can say that the human dimension is 90% of the deal, of the success."

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"You must not be blinded by all these fantastic synergy figures on the colourful consultants' overhead presentations. It's the people that do the work. So you have to focus on the people to get to the results, not vice versa."

"Sometimes you have no chance but to distribute generous retention boni. Because when the media bash down on your company you're not likely to get a lot of good candidates to want to join you. So you have no choice but to make money talk to keep the ones you have, be they good or not."

"An organisation in transition still has to produce results every day. But really you and your best people should dedicate time to the integration process. But you need them at the front to make the figures. You can't use low performers in key places."

"Everything is manageable, I should say, as long as you are on a facts and figures level. As soon as emotional, interpersonal – chemical – aspects become dominant there is a danger that things become unmanageable. In such situations fissures can develop that are irreparable."

"A lot of good people left, some had to go. This was devastating on performance."

5.3.5.3 On the Personal Strive for Performance

Nearly all executives were, not surprisingly, achievers at heart. They had explicitly wanted to become leaders and worked at it. Generally whatever they did, be it in their scarce leisure time or at work, they did it with an extraordinary ambition to do it well, to be among the best. Many could have been something else, because they applied the same tenacity that characterised their leadership to other activities they had talent for and interest in. One was a concert-level pianist in his youth, another had been a brilliant medical doctor, yet another spoke and wrote eight languages, a third had memorised dozens of opera partitions and one had been an Olympic yachtsman. Even now, as more or less seasoned executives, many practiced sports of endurance, mostly cycling, jogging and cross-country skiing and not without ambition. They always set themselves a goal. Only two respondents lacked this extraordinary ambition this 'burning desire' that makes people go further, work harder, stick to their ideas more tenaciously and take greater risks. They explained that they found themselves in leading positions by conjuncture, because 'my father was a leader, too' or because 'it just happened'.

"I like sports, I ride the bike a lot; it elates me. On weekends I do approximately 50 km. I like to be out in a natural environment, the countryside is beautiful around here. I also like the physical side of it. I don't set myself goals, but I still check what I do, with the bicycle computer, you know. And somehow I always compete against myself. I want to remain performant."

"Last year I had turned into a pure results guy. But then I realised that I wasn't doing any good to my people. I had put too much pressure on their shoulders instead of removing some, which would have been my job. During Christmas time I sat down to think and I realised: that's shit, what I did. And I remembered my old strengths, which are human. And I changed my leadership. In the end I achieve more in collaboration with my people than by pushing them around. So now I'm a people guy again."

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"I was the driving force of both mergers. It was my initiative to say a) we must and want to grow, b) how to grow, i.e. that we should acquire two of our major competitors, c) which competitors to acquire and d) to actually do it and implement it. In just three years we have tripled our field of action and our turnover."

"I don't read enough, I don't have time. My favourite books are biographies or autobiographies of outstanding leaders from business or politics."

"I'm not a pure breed bottom-line guy. Life's too short for that. I'm not saying performance is not key, but please let it be performance built on customer satisfaction and employee commitment, not just in isolation."

5.3.6 Concept 6: Searching for Bonding

"For me as a CEO the emotionally most difficult thing was to renounce at having colleagues. You know, have a beer, relax, have fun, laugh; make fun at each other amiably... That's gone. This does not exist. Full Stop. It's not accepted. In the beginning I did not realise this, but people don't want it. You don't belong. It's not that I don't want to belong, but you are repelled from the group."
Respondent

Whilst a large portion of their daily work consists of talking to people, many executives, especially CEOs, considered themselves ultimately alone. For a number of reasons many estimated not being able to bond with their environment, for example because they spend long hours at work, travel a lot, do not want to compromise their leadership and their decision-making by friendship with their colleagues and/or because they estimate that colleagues tend to shun them. Some accepted this state as 'inherent to the job', regretting it or not. Two executives expressed a serious problem with the loneliness they were confronted with. Many did not consider it a problem because for years they had not known anything else but to be basically alone. Although they defined management as essentially a social task, their socialisation was by and large driven by utilitarian motives. They state that they 'use emotion for motivation', they organised an annual hike of the management team because 'they need this sort of thing to be able to operate as a team'[95], they attended periodic evenings of card play with peers 'to sound them out on the state of our industry and hear the latest grapevine' and organised dinners with employees for 'to energise the troops'. One executive explained in much detail how, since he had been elected CEO he had become a sort of outcast, highly respected yet considered by his colleagues as an outsider. Several attempts to become one of the gang had failed and he ended up accepting that 'you don't belong', assuming that this was because his direct subordinates were 'constantly on guard'. The executive regretted that and described his earlier days as a young middle manager, when such friendship was still possible, with some nostalgia. From this evocation of aloneness or loneliness the conversation moved on to where the executives felt they belonged. Many explained that due to their impossible work hours and extensive travels it was virtually impossible to cultivate friendships and that, ultimately, their locus of belonging was their wife and/or

95. cf. also Jackall (1988); Watson (1994)

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family. Regarding time spent with their wives and/or families many reported that although apparently relaxing at the opera or in the garden, they were still 'at work', preoccupied with work-related issues. This spill-over relationship between work and home is explained in the literature[96]. In some cases, the CEO's 'aloneness' was also a choice or a defence mechanism against the constant afflictions that constituted their professional everyday life, as they were exposed to 'a never ending flow of prospectors solicitants, gripers and intriguers', all 'wanting something' and sometimes felt like a 'decision-making machine'. Especially during the hectic moments of post-merger management, when various stakeholder groups up the pressure, usually seconded by aggressive and inquisitive media, some CEOs described that they felt 'under siege'. One defence tactic against this besetment was to generally avoid people whenever possible.

Another set of executives differentiated markedly from this first and classic conception of the executive. To these respondents, mostly younger, the CEO was a member of the team and the notion of team has a high priority. To them the executive experience was entirely collective and the fact that they were 'the boss' was fun it had to be a collective adventure, a 'bunch of friends' doing great things together. It was the social element above all that rendered their activity meaningful to themselves and it was through this social element that they rendered it meaningful to others. When they spoke about their merger rationale they spoke less about gaining market share or increasing profits and shareholder value but more about 'this whole bunch of new and bright people coming into the organisation'. They often have lunch together with their colleagues and also meet in the evenings for a drink or to go cycling or jogging together. They use a humorous rhetoric full of jokes to create implicit meanings of togetherness, flirt with human frailness and overplay moments of loss of control[97]. They work with references, metaphors and symbols from films, television shows, the internet, videogames and other element of the multimedia cultural heritage their generation grew up with. 'Having fun' was considered an accomplishment. It was used to manage tension but it also helped to shape shared meanings and facilitate negotiation and cooperation. This was seen to work well both for socialisation as also for performance in environments of a similar age group and professional background, usually IT. In mergers that were fundamentally different and in management teams with a large age bracket this behaviour provoked substantial conflict. Statements that led to the concept of searching for bonding were:

5.3.6.1 On Leadership

> *"It's not that I don't want to belong, to be part of the group. But you are repelled from the group. This was a special experience. It's curious for example, when we go on the annual management team excursion. Then I'm part of the group, and yet I'm not. I will never totally belong. The others are always on guard. It's never really gone; the distance is never gone. It may sometimes be unconscious, but it's always there."*

96. Evans and Bartolomé (1980); Scase and Goffee (1989)
97. Douglas (1975); Boland and Hoffman (1983); Linstead (1985)

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"I have an emotional rapport with my people. I need it. I'm not afraid of emotions but I value equal treatment. There was one occurrence when somebody told me that I hadn't treated everybody equally, that I was regularly favouring somebody. That went deeply under my skin."

"I get my energy from being with my colleagues, with people in general. I like people. Well, I also like to be by myself sometimes. My handicapped son gives me lots of energy, too. Common successes give me strength. Just yesterday, my first year-end meeting with the new team… to see them so strong, so committed, that's great. Compliments, trust and lots of humour, that's how I lead them. I compliment a lot."

"We got stuck a few times. Some of my colleagues simply weren't prepared to give things a fair try. So some had to go. But what I noticed is that when you take the time, you can make people change. And it's a good feeling. When I have a good talk with a key colleague – sometimes it can take two hours – I really feel this time we're making progress, this time there's an evolution of thought… When we leave the room I know this time he sees things differently: the resistance that was there before is gone. I like that because it brings us closer. But also because I know that this person will now convince others. I've just gained a friend – and an ambassador."

"Basically, I'm alone. But I'm not lonely. That's a big difference. The feeling of loneliness is a very negative feeling. To be alone, and when it's the consequence of accepting a particular role, is not. And it is inherent in the role of the CEO."

"When I travel I always go into the organisation, you know, to see the simple soldiers, in accounting or logistics or wherever. Not the kind of 'how are you' that you don't really want an answer to… no, I really ask them questions, let them explain a few concrete things. I have a pretty good sensorium for people's state of minds, maybe it's because I like them."

"In our case, what despaired me most was how people remained passive, but passive in a way you can't imagine! Each one remained in his little corner, in his world, afraid to move even just an inch. Waiting to see what would happen, it was almost subversive. They did their job and that was that."

"In meetings I don't allow myself emotions. It's too risky; you can't lead a team when you're emotional. But there are opportunities where I open the valves a little, at a good dinner, or when we travel, we may play the odd card game."

"For me the human failure was dramatic. In a next merger I would choose a CEO with merger experience. And with human resources competencies."

"Offices are important, in the future people will be in open plan offices. Today, people are in their individual offices and if I don't go and see them, explicitly, I don't get to see them. Even though my office is always open and I'm always receptive to people who wish to see me. But I haven't found a way to relate to people on a daily basis. I feel silly to just go and say hello without a reason, it feels artificial. In the new offices there will be cafeterias."

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"I'm not a good motivator, really. If I have nothing specific to say to people I don't go to see them."

"My biggest satisfaction – be it with clients or collaborators – is to lead the conversation in such a way that the other person finds the solution to the issue we're discussing. My solution. Sometimes I can manage this. It's rare, but when it happens I jubilate."

"I seem to have a talent to give young executives a chance to unfold. For instance, there was a young chap that nobody quite believed in. But I saw his potential and I gave him a number of projects. Also I told my colleagues to stop criticising him, that he was still young and very willing and that he should have his chance. And finally they did and he paid us all back by doing a great job. Today he is one of the strong pillars of our management team."

"I learned a lot these last two years, more than ever before. What makes me sad is that my colleagues don't seem to grow in the same way. They kind of get left behind. I speak to them about it; try to persuade them of the personal learning opportunities of this merger but without much success. They're sort of blocked, shut down in their world, refusing to come out. Some of them are utterly prejudiced and reacting to it quite subversively."

"What I observed is that when I get a chance to talk at some length to colleagues, you know, to socialise beyond normal collaboration then I feel closer to their viewpoint, in fact I feel closer to the person. And then I can understand what blocks them. They're different reasons, each one looks at what's going on in the light of his or her executive background and interprets reality differently. So we never have one reality in the organisation, but many. Once this was understood, by myself first of all, but also by my colleagues, the resistance came down a lot."

"My boss talks totally openly, he puts things on the table, listens to opinions, let's us share into the decision-making. He's a universalist: very well read, Stanford MBA, plays the piano virtuously… he's also interested in soccer and has a political function in his community. He's very creative and I guess it has to do with his versatility. He associates his different experiences, draws from one world to give to the other: how do they do it there? Will this work here? It's great to be working with someone like this."

"I give trust before it's deserved. I always found this sentence particularly stupid: 'trust must be deserved'. It's silly! Then it's not trust anymore, is it?"

"I'm an emotional guy, also as a boss. That's how I am! I like people, I want them to feel that I'm with them."

"The job tends to lend itself to isolation and to a kind of loss of touch with down to earth reality. You have to fight this on a daily basis."

"I don't give trust before it's deserved. I first like to see some success, commitment and proof of potential. Yet you have to delegate to let them try their hand. But if there's a lot at stake I will stay involved."

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"Since the merger things have changed. [The leaders from the dominant merging partner] stay close to the business, to the people. They are honestly interested in the details of how things are done. If you are not truly enthusiastic about people and about what's happening in the company, you're bound to lose it. The biggest challenge is to coach, to motivate, hire and retain the right people, get hold of and look after the high performers."

"I have a credo. Someone once told me don't make decisions against your gut feel and I stick by that. I feel stable and in balance with myself. When I have critical decisions to make I seek advice. Human resources decisions I discuss with my wife, for business I have a friend from another company and for questions of integrity I ask my assistant. I ask her: 'if I do it this way, is it good'? You know me, I'm a bit of a 'Haudri' [Swiss German expression for a person who sometimes does things hastily] and she manages me for that."

"Personal affinity is an issue in a merger. Differentiated, because in the end it's not one person merging with another but two teams. There were guys on our side who said yes it must be done and yes you two can do it, others sand yes it must be done but wit those guys it can't be done, others again were sceptical altogether... But of course, if we two CEOs hadn't gotten along it wouldn't have happened."

"A big problem is that you don't really control things. There's so much to do and everything must go so fast because you need to get some stability back quickly, for your employees but also vis-à-vis customers and especially to keep the high performers on board. So you have to trust people, 'for free' so to speak, because there's no time to build up trust. But then suddenly trust becomes compulsory, a must-attitude like in a sect... That's really dangerous because critical remarks are considered a disloyalty against the basic values. So you shut out all vigilance. People either get uninterested or intimidated or they resign."

"I quite like people. But I must admit that the little leisure time I have I like to spend it alone, away from everything and everybody. Just for myself."

5.3.6.2 On Friendship and Family

Most respondents worked impossible hours and many admitted that something resembling a private life was 'virtually nonexistent'. In addition to the time constraint due to extensive travel and long working hours, some respondents' isolation and self-isolation at work[98] spills over to their private lives. It appears that the isolation is not longer a choice, but a habit or even an inability to bond in general. Possible explanations that emerged from the conversations and observational data were:

– *The 'glass-bubble effect'*: In the 'society of spectacle'[99], leaders are under constant scrutiny and observation. This is especially stark in companies of important public interest where the leaders become public figures. Whatever they say is not just a statement from a person, but words from a leader of a large global organisation.

98. cf. also section 2.2.7
99. Debord (1967)

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These are 'put on an assay balance', as one respondent put it. In consequence, leaders hold themselves back, 'become careful' and taciturn and when they do express themselves it is with carefully weighted statements that 'carry the seal' of their public relations adviser. They shape their image according to what is expected by the media or good for the business, similar to a sports icon or a pop star. They are 'a company asset' and this asset must be put to use in the best possible way to yield a maximum return. This has clear advantages but often the inconvenience that they lose a part of their real self on the way.

- *'It's tough at the top'*: The norm, and thereby the social expectation on the top floor is still the lonesome, tough leader who works a 15-hour day. With all the talk on work-life balance[100] and emotional intelligence[101] the 'workaholic' is still going strong. Furthermore, this role seems to suit many executives well: they are passionate about their job and feel quite comfortable in the role they chose. Moments when they 'miss something' are rare. The question gets more acute when they reach retirement age and have nothing much to turn to.
- *Lack of trust*: the artificiality of the personality thus shaped comes at a price. Blau[102] distinguishes between economic and social exchange, whereby economic exchange occurs between persons that have an expectation of calculated, immediate and specific return for an equivalent thing given and social exchange occurs when favours are given without the expectation of an immediate, specific or equivalent return. In economic exchange there is no trust. Many leaders work entirely on the economic exchange track in their business lives. Given the small portion of private lives they enjoy compared to the business part, it seems then difficult to shed this economic attitude in these moments. When they speak for example of their broken marriage they describe it like a collapsed business deal.

Yet efforts are made to seek the 'real life' or the 'pleasures of the simple life' and some do succeed. Many executives speak about work-life balance and see the theoretical usefulness of seeking a life outside of work both for the self and also for work morale and productivity, but they have some difficulties putting such a concept into practice. About half of the executives do not engage in friendly relationships with colleagues at work, mainly for reasons of fear of manipulation[103]. Others, mainly younger CEOs and executives do not appear to have this reserve and often engage in friendship with their colleagues and peers. They correspond to the profile Friedman and Lobel labelled the 'happy workaholic'[104] that advocate that it is possible to realise both their companies' objectives and what matters in their private lives. This is not done primarily for reasons of balance but rather for authenticity. 'To have fun', i. e. physical and emotional wellbeing is simply part of their core values and they act according to these values. They communicate much more, empower their colleagues to take ownership of their work and generally involve colleagues, customers and even sometimes unusual stakeholders such as sports people or artists into their work arrangements. From these contacts spring many friendships, which they seize without hesitation.

100.Oates (1971)
101.Goleman (1995)
102.Blau (1964)
103.Pratt (1997, 2001)
104.Friedman and Lobel (2003)

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"Privately, as a husband I had a rotten career. I'm in my second divorce. I can't say that I was unlucky in my choices, no. I guess I bear a large portion of the responsibility. I'm not proud of it."

"I guess we have a wild run behind us – and still ahead of us. A lot of my colleagues are gone; many of them were friends and I miss them. Somewhere along the road we also lost some people who are still on board. These we must find again."

"In government organisations you don't really have friends. People are very hierarchical and obedient. When I say something here there is less contrariety than in the private industry – and that I'd wish for. Not because people are stupid, not at all, but that's the way it goes in the political administration. When the boss says something, that's the way it is."

"The most difficult thing in the merger was the human relations. As much with key clients as with colleagues and employees. Human interactions are very, very complex. There was a lot of collateral damage and we never got back the spirit of friendship we had before. This made me sad. And, by the way, it cost me my marriage, too."

"Today I never meet any of my former 'friends'. You know, the time I was fired on the spot and the media thunderstorm came down on me, none of my 'comrades-in-arms' felt the need to pick up the phone and ask me how I was or be in any other form loyal to me. So I have no desire what so ever to run after them or meet with them again. Not that I'm horribly mad at them or anything, when I run into someone I obviously greet them."

"My wife does all the important things (laughs out loud). She educates our children, manages the house, me..."

"My wife is an executive, too. She's in hospital management. We really don't get to see each other much, what with my extensive travelling and her working impossible hours. The kids are studying in the States."

"I have a mentor. A friend. He was my boss before, he's retired. I go to see him now and then and we talk. This helps me to calibrate things, put them in the right perspective, and calm down. It's worth a lot to me."

"My CEO is very busy and extremely hard working. But I can drop into his office anytime. Of course when he's on the phone I don't disturb him, I come back later. We have a way of quickly sharing our thoughts on an issue, very informally. You know, sometimes it's just a feedback, a second opinion. It means a lot to me."

"My family is the anchoring point to my whole professional activity. I am gigantically lucky in this respect."

"I like to get out of the isolation that is inherent in my job. I do go out occasionally, to the supermarket. But not often. I feel a bit funny [to be stared at because he is a very well known global leader]."

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"I look after all my old friends. Of course in a business life you lose some on the way and you gain some new ones. But what I mean is that I have always paid attention to my old friends. My best friend is a simple painter; another is in the Government, poor sod. We all meet regularly, it's important to me."

5.3.7 Concept 7: Post-Merger Environment

"We were bloody lucky! In this small bank we collaborated with and later purchased there were over a thousand cracks, all in their 30s and all recruited from the top 10% of the leading universities. La crème de la crème... We just took half of them and assigned them leadership positions in our subsidiaries all around the world. They were still wearing sneakers! But they were intellectually top and commercial and hungry for performance. So we put them in top positions and made long-standing CEOs step down... told them: this is your boss now – you can look after some key customer accounts or get out. This did the trick."
Respondent

Most executives ultimately view the post-merger phase as fundamentally different from other managerial situations. Some began their answers by claiming that post-merger management was not different but then, while talking, began analysing and speculating and ended up evoking a large number of factors that made the integration phase special. Many respondents confirmed that they were being or had been more challenged and tested by the post-merger process as with any other managerial situation before, mainly because the situation required them to take on 'many different roles at the same time'. Many also explained that the experience had changed them as a person. The context of the merger with its extreme uncertainty, confusion, paradoxes and cultural differences but also the environment around the merger, such as the overall economic situation, the industry maturity in general and with respect to M&A and the societal concerns that preoccupy the environment at the time of the merger can influence the executive in his or her understanding and determination of the merger action.

5.3.7.1 On Environmental Constraints and Opportunities

Contextual factors that influenced the merger decision and implementation were stated to be the globalisation of the markets and in consequence the need to be present in all the major global markets, general consolidation activities in the industry they were in and particularly attractive acquisition opportunities that presented themselves. Not surprisingly CEOs were unanimous in stating that mergers were easier to integrate in a positive economic climate because you could obtain and present positive results more quickly and thereby confirm that the merger was a positive thing. A down side of mergers in during boom conditions was that talent retention was more difficult, the corresponding upside was that negotiations about layoffs with unions and the 'Betriebsrat'[105] were easier. However, respondents explained that although the basic intent to merger had to do with the general economic parameters, concrete merger decisions were by and large not made based on environmental constraints and opportunities but rather as a response to a specific merger opportunity.

105.Betriebsrat: German work council, cf. also chapter 2, endnote xvi

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"In the Swiss banking landscape a further consolidation was long overdue and you can't expect the small players to do this, it has to be the big banks. And so we did."

"Circumstances, or shall I say luck, wanted it that one bank was a bit thin in management capacity and the other bank was a bit thin in capital, because it has pursued a rather aggressive acquisition strategy before."

"Had we not been attacked by the media so violently and permanently, we could have made it. We had the answers, but anything we undertook was publicly ripped apart before it could result in any meaningful action."

"M&A will continue to be hot in our industry, but less. Until recently everybody was convinced that this was the only way to grow fast and get the shareholder value up. But some lessons were learned from the many merger debacles: we at our company at least don't 'go round looking for deals' anymore as we did. If something comes up that really fits well and makes sense, ok."

5.3.7.2 On Post-Merger Characteristics

Major characteristics of post-merger management were explained to be basically human, namely the existential uncertainty, the question of identity, the cultural incompatibilities and the simultaneous confrontation and communication with multiple groups of stakeholders having different, sometimes very conflicting interests. Again and again, integration management was described as 'highly emotional', 'symbolic' and ultra-sensitive'. CEOs were relating with amazement how 'things [could] get out of proportion' and how 'every word [they said was] put on an assay balance' and that statements that would otherwise be taken at face value were easily misunderstood. Particular difficulties were also seen in the dealing with the media. Another influencing factor mentioned were industry characteristics. It was for example considered less difficult to merge two banks, because M&A had been common to banking for several decades and because it was estimated that individualism and corporate identity were phenomena that were less pronounced in banking employees than for example in the IT industry, where employees are perceived as being particularly individualist and 'difficult to tame', or in a governmental administration where mergers are a totally new experience.

"Leadership in post-merger times is more emotional, more symbolic. It's imperative that leaders identify strongly with the merger and make this visible. That's different from classic leadership where you don't need to stress this identification so explicitly."

"Post-merger situations are not taught anywhere, contrary to pre-merger issues, such as due diligence etc. If you need to perform a due diligence on a company you can be pretty sure that people with a specific educational background, e.g. MSc Finance or MBA, have this competency. They know which figures are relevant, cash flow, future cost value, etc.; they know how to obtain them and you can be quite confident that they more or less know how to calculate them. Not so for post-merger issues: there is no formal training for this."

"Can post-merger management be learned, off the job? I think there are some deficiencies here. But perhaps with case studies? Case studies are likely to create awareness of the key issues. I guess that's the maximum that can be achieved, awareness. So that ex-

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ecutives know what the issues and pitfalls are. Mind you, we've been merging for over 30 years and we still make the same mistakes…"

"Our merger is very special because in the public administration M&A is very rare: Everybody talks about it, suppressing bureaucracy, bringing down the State deficit, streamlining the thousands or communes and other units – but nobody does it."

"Take our case, we have seven ministries and we believed that five would be enough. But seven ministries, that's seven ministers! And that's a power structure of political parties that don't want to give up their relative strength. I'm still amazed that we managed to propose it and, even more, that the people voted in favour of it. Compared to this the merger implementation was a piece of cake!".

5.3.7.3 On Stakeholders

An important source of frustration for nearly all respondents was the interaction with the media. Media work was considered harassing and media reports were experienced as largely unfair and tendentious. Some accepted this 'bashing' as it was regularly formulated as an inevitable fact of CEO life; others were angered by it whilst others again admitted that they suffered from its effects. Sources of anger were the fact that media reports were considered unjustified, that it could negatively influence such essential parameters as shareholder value, corporate climate and colleagues' trust in the CEO and that one was at the media's mercy and could not really do much about it. Sources of suffering were of personal or family nature, i.e. that the personal reputation took a bashing or that the family had to suffer from it. When asked where they sought consolation the family was evoked or, in some cases, consolation came from examples of role models (e.g. the respondent's father, admired political figures or even pop stars) who had also been victims of media persecution and learned to live with it.

"I underestimated the role of the media – their emotionality and bias and how they personify their criticisms. We tried to handle this actively by being available and supplying them with all the data they needed. But of course we were in a quandary because as a stock-quoted company we had to be careful with the figures and statements we gave out, for legal reasons. But if you don't inform the media labels you as somebody who doesn't speak, who hides things. It' s a real dilemma."

"There are moments of fatigue with the media. This is exhausting, demotivating. There is true viciousness in that. (…) And you can't really defend yourself."

"This lack of integrity of the media appals me. On the one hand reason tells me: it's not worth it – to get mad, or to express myself publicly about it. But then again I have a thorn in me that tells me that I should speak out against it. Because, in the end, these people are all the same to me. I don't really need them. I can afford to bump into them. I'm not a politician, I speak freely in my board of directors, I'm really quite independent."

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5.3.8 Comments on the Concepts

> *The properties of a thing are effects on other 'things': if one removes other 'things' then a thing has no properties, i. e. there is no thing without other things, i.e. there is no 'thing-in-itself.*
> Friedrich Nietzsche in *The Will to Power as Knowledge*, 1886

It is important to note that although the above seven concepts have been identified from the axial coding process as the basis for differentiation, they are not mutually exclusive. Although they have distinct conceptual character, they are intensely interrelated with each other and with the overall research focus on executive coping in transitional organisations.

5.4 On the Development of Categories

> *Now I have come to believe that the world is an enigma, a harmless enigma that is made terrible by our own mad attempt to interpret it as though it had an underlying truth.*
> Umberto Eco

The preceding section explained the concepts that formed the basis for the theory and chartered the relationship between them. In the next and final chapter the abstraction process is continued by reorganising the data into categories as a result of reduction and resorting. The more one finds concepts that work, the more a core category become 'saturated' and one then goes on to saturate other core categories[106]. Grounded Theory is based on multi-indicator concepts, not single-indicator concepts[107]. Core categories are main themes that sum up patterns of behaviour by pulling together identified concepts that have a relationship to each other. The outcome of the research was the identification of three core categories based on differences in terms of the dimensions of the concepts and their properties. The three categories of executive behaviour have been labelled in terms that sum up their behaviour in context of coping in post-merger environments, namely:

- The Cartel Executive Learner
- The Aesthetic Executive Learner
- The Videogame Executive Learner.

These categories or executive learning types are located in the literature that informed the theoretical development, contextualised and evaluated.

These three types of executive learners (as well as the fourth 'ideal' type proposed in Chapter 6) are considered in relation to the concepts identified as significant in Figure 5-1. The section concludes with a discussion of local and temporal factors, such as German and Swiss particularities and a longitudinal view on the interviews, all of which my have implications for executive learning and coping in post-merger situations.

106.Glaser (1978), p. 60
107.Goulding (2002), p. 122

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5.4.1 Locating the Interpretation in Theory

Regarding the emergence of the theory developed in the next chapter, this centred principally around the learning and coping behaviour the executive derived from his or her relationships with his or her immediate and more remote environment. These relationships and behavioural patterns were derived from the data and offered a means of problem conceptualisation. This does not mean that other standards of differentiation were ignored, only that they were considered in the light of other influential factors that provided insights into underlying conditions for learning and coping. It is nonetheless impossible, whatever the criteria used, to present a uniform and generalised picture of the contemporary top executive. It is displayed that individuals change as their life circumstances alter and therefore there was no intention to present profiles or individual behaviour in the final analysis, rather sets of behavioural patterns that are dependent on both internal and external influences.

To begin with, early analysis appeared to suggest that prior merger experience and educational background played a significant part in the propensity to learn and cope and adapt action in transitional situations. However, as the analysis progressed, this was questioned and there were indications that both prior merger experience and educational background were less potent than social factors, life stages and perceptions of self. These tended to transcend prior merger experience and educational background and necessitated a re-evaluation of early findings. With regard to gender an identification of differences was not possible because the sample of female top executives was too small.

The aim of this research was to theory-build, to explore areas that have hitherto been ignored in studies of top management coping in transitional contexts. This evolved into the incorporation of ideas and theories relating to particular issues of the self, whilst acknowledging that these findings represent an insight into only one of those 'selves', namely that which relates to development and learning.

5.4.2 Validation

As a prime strategy for the validation of findings, i.e. a means to assure the credibility and consistency of the interpretation the literature recommends that the researcher invite others to consider the data, offer their interpretation of it and check consistency[108]. This strategy was applied twofold in this research, namely by respondent checking[109] and member checking[110]. First of all, whenever possible and it was possible with 15 of 20 respondents, the respondents were fed back the transcribed and coded interviews for comments. This was particularly important because the interviews were held in different languages, namely German, Swiss German, English and, in one case French and subsequently translated into English by the researcher. As is known, translation is a sensitive process and meaning can be transformed and manipulated by translation. It was therefore essential that the respondent could fully relate to their interview once it

108.Goulding (2002), p. 89
109.Nuefeldt et al (1996)
110.Riley (1996)

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had been translated. Furthermore, since they read their accounts in relation to the open codes attributed to them, they had another means of verification of concepts, i.e. that their statements had conceptually been understood in the way they had meant them to be. In this way a sound fidelity of interpretation could be obtained and many inconsistencies amended. Also, since respondents were interviewed twice, further conceptual verifications could be made during the second interview, during which respondents were also encouraged to check the resulting interpretations, actively criticise them and expand on their earlier comments.

In addition to the respondent checking process, the whole analysis was submitted to the researcher's daughter, a doctoral student with considerable quantitative and qualitative research practice. As is often the case with kins, this young scholar became the researcher's most ardent critic. Many long evenings of lively debate and enriching 'fighting' resulted from this unusual partnership and contributed substantially toward reaching consistency of interpretation and overcoming some of the problems associated with researcher subjectivity.

The final chapter represents a summary of the theory that has evolved from the data and the integration of theoretical ideas from relevant literatures. It offers an explanation that addresses the research questions which revolves around executive learning and coping in transitional organisations.

Endnotes to Chapter 5

i Since these statements are interview excerpts taken out of a larger context, some elements to understanding them may be missing. For better comprehension, such elements are added in square brackets by the author.

ii Between the first and the second string of interviews the public debate on top executives and their roles and responsibilities in society began and by the time this dissertation reached its closing it had become very tempestuous. It was nourished by some isolated but spectacular cases of executive fraud and misconduct, but also by reports on failed mega mergers and by the publication of top executive salaries and compensations, which had become compulsory around that time. These important top executive compensations were announced in a time of recession and general economic restructuring that cost hundreds of thousands of jobs in Europe, mainly due to mergers and delocalisations of production sites to low-wage countries. By public debate is meant that the Swiss and German parliaments discussed issues of corporate governance and passed laws intended to enhance executive accountability, that the media, especially management magazines and populist tabloids, took up the question and that consequently it became a subject of cultural expression in art exhibitions, theatre plays, etc. and a permanent issue at the pubs' regular tables and in the corporate cafeterias. Although many executives still displayed a tenacious resistance to the debate and spoke of 'misunderstanding', of 'populist discriminations' and of 'campaigns of defamation' it could be noticed from their conversations that some self-questioning was engaged.

iii For possible selves and adults in transition see also: Frazier et al (2000, 2002), Smith and Freund (2002) and Waid and Frazier (2003)

iv This phenomenon is observed and explained in Section 4.8.4

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v This stress was explained to be 'part of the job' and was sometimes even expressed with pride, confirming the literature that claims that top management stress is socially acceptable and a proof of hard work (Overell, 2001).

vi cf. also Section 1.2.2.3: Contextualising Coping

vii In the aftermath of the spectacular and well-publicised executive fraudulences at the beginning of the century, such as Enron, Parmalat, ABB and others, the debate about corporate governance and in particular about top executives' accountability and had never really died down. Moreover, some time afterwards the Swiss law had changed and boards and management teams of public companies were now obliged to lay open top executive pays. Since then, at every announcement of a particularly salient compensation package, the debate was lively and the responsibility vs. accountability question was discussed. In it, managerial discretion, cronyism, power and abuse of power were key topics. In public interviews executives therefore tended to play down the power issue, stating that they were in the end mere employees representing the interest of the shareholders.

viii cf. also Section 4.8.4 for a wider explanation of the concept of emotions in top management.

ix 360° is a performance and personality appraisal methodology by which the appraised person's performance is judged on a number of key tasks and functions by his or her closest colleagues, ideally superiors, peers, colleagues and subordinates, but also customers and sometimes even competition, i. e. all with whom the appraised person interrelates in the course of his or her job (hence the name 360 degrees). The results are supposed to serve superiors in making promotion and compensation decisions related to the appraised persons but also inform the appraised persons themselves. The feedback should serve to help the appraised person to discover him or herself better, to live up to the expectations (the psychological contract) others have of him or her and to ensure that he or she is playing the right role in the minds of his or her stakeholders. Although this relatively recent methodology is somewhat controversial in research and practice it seems to be well-implanted in most large corporations, throughout all hierarchies including the CEO him or herself, also in 9 out of the 10 cases of this research.

x cf. also the discussion on learning inhibition caused by moral imbalance in the summary on learning inhibitors in Appendix V.

xi cf. also the ethics discussion in the theoretical foundations, sections 2.2 and 2.7 and the analysis and interpretation of executive ethics in various contexts of the ethnographic loop, sections 4.8.4, 4.8.6 and 4.8.8.

xii cf. the discussion on the 'ethical person' vs. the 'ethical manager' in section 2.2.6

xiii One HR executive made the connection to the compensation debate mentioning that lessons of morality had a difficult time to be accepted when coming from a CEO that earned 10'000 times more than his least paid employees. At several occasions in the interviews with the non-CEO members of management it emerged from the data that the recent examples of double-digit-million Euro compensation packages were considered 'immoral'. Especially HR executives who operated at the switch point between top management and middle management and staff and were therefore exposed to the bottom-up feedback, mentioned that they had a hard time explaining – and understanding for that matter – these huge compensations packages during times of layoffs and general messages of belt-tightening.

xiv Pfarrerstochter (German,. lit. 'daughter of a priest'), a term used in the German language in the expression 'wir sind hier nicht unter Pfarrerstöchter' (lit. 'we are not among priests' daughters here', corresponding to 'no need to be squeamish'). The expression connotates that the environment one is in is somewhat tough and allows or even asks for a certain degree of immorality, bears an invitation to immoral speech or action.

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xv This attitude is surprising at this level of discretion, but is consistent with a recent study among younger executives (cf. ISIB 2003)

xvi The literature on commitment is divided in two schools of thought, one alternately termed as rational, attitudinal or organisational (Porter et al 1974; Steers 1977) and another as behavioural, socio-psychological or irrational (Becker 1960; Kiesler 1971). The rational approach views commitment as a set of behavioural intentions such as wanting to remain with the company, to work hard for the organisation and to identify with its goals. The irrational approach views commitment as a force tying the individual to an organisation. This view of commitment as a force motivating individual behaviour acquires predictive and explanatory power, which it does not have when viewed as a set of behavioural intentions. In this discussion the researcher adopts the view of commitment as a motivating force, or, more precisely as a 'stabilising force that acts to maintain behavioural direction when expectancy/equity conditions are not met and do not function' (cf. also Kantor, 1968).

xvii Examples of safety paradoxes described by Ravetz (2001) are the implementation of technical risk assessments that cannot represent the uncertainty and complexity of the issue but feel good to have done, the use of pesticides that are known to be toxic but that represent an important economic factor.

xviii this is confirmed by the literature, e.g. Brockett (1983); Zemke and Zemke (1984).

xix by "RTFM" the respondent referred to an abbreviation of an expression used by and familiar in the IT culture. When problems occur with software programmes there are personalities who try to solve them practically and others who study the instruction manual. The manual-oriented learners recommend to the others to: 'read the f***ing manual!' This well-meant and popular expression got shortened in time to: 'RTFM!'.

xx c.f. for different aspects of culture in Chapter 2, sections 2.1, 2.2, 2.3 and 2.4

xxi c.f. for the culture phenomenon in the seven ethnographic tales of Chapter 4, sections 4.8.3, 4.8.5 and 4.8.8

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6 An Emerging Theory on the Management of Polychotomies

6.1 Of Mergers and Men

> *Pooh began to be a little more comfortable, because when you are a Bear of Very Little Brain, and you Think of Things, you find sometimes that a Thing which seemed very Thingish inside you is quite different when it gets out in the open and has other people looking at it.*
> Alan A. Milne in *The House at Pooh Corner*, 1928

From two make one. The drive to merge independent units into larger conglomerates is a phenomenon of our time that reaches well beyond the business world. The world, or the diversity that it is composed of, is shrinking. Paradoxically, from this atrophic process, bigger and more uniformed lumps emerge. Cities mushroom and reach their neighbouring cities' proliferation and thus grow together to single agglomerations, masses; continua of sorts. In nuclear energy, fusion takes over from fission and Stephen Hawking[1] is searching for the great unifying theory, the coalescence of the theory of relativity and the quantum theory, these two conflicting conceptions of the natural sciences. Whether he will succeed is written in the stars, but as a cosmologist he might just have preferred access to them. Not so long ago, perhaps until the fall of the Berlin wall, the world was structured according to a dualist principle: light and darkness, good and evil, the USA and the Soviet Union, mind and matter, man and woman... Today we are experiencing our environment as a hybrid, bi-sexual entity, neither one nor the other or perhaps both the one and the other; something new, an in-between that is hard to define. In this new obscurity[i] everything becomes possible.

With all these dichotomies, paradoxes, contradictions and ambiguities, critical reasoning appears to have a difficult stance. Critical reasoning relies on a method by which concepts are dismantled so as to understand them and their relationships to each other and to their environment. Speed rules. And the society of the spectacle[2] reigns. Heroes are called upon to cut Gordian knots and clean out stables. Dialectic and the ability to differentiate concepts are not frequent in the business world that is giving way to simplification, often over-simplification and a reduction to sometimes rather fundamentalist creeds. Instead of a diversity of views and opinions we tend to seek one construct: the only one, the dominating, the all-deciding construct, valid for all and short enough to fit on the title page of a glossy management magazine. In reflection, too, consolidation is going strong. This emerging tendency does not favour the vindication of diversity, but seeks to impose oneness. As in cloning, the objective is not the greatest possible variety but the replication and repetition of the one and only pattern, in an endless indistin-

1. Hawking (2003)
2. Debord (1967)

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guishable sequence. This principle of fusion is going strong. In spiritualism it is called 'unio mystica', in psychology Freud speaks of the 'oceanic feeling'[3]. Man's fear of separation has always motivated him to converge and often for the best of reasons. But not to be alone in one's hut might also be an escape from a state of personal concentration that would permit to discover what more there is to discover. It can be a flight into the safe haven of thoughtlessness, of the big global family of 'united colors'[4], 'Oneworld'[5] and 'the real thing'[6]. The tendency to consolidate, to merge, to fuse and to unify is continuing and leading to increasingly gigantic homogenous formations. But the oneness of these conglomerates is an illusion: they are packed with logical inconsistencies, complexities and a multitude of perceptions. How much of this will result in efficiency, in value creation and in an improved deployment of the world's natural resources, and how much is some kind of bulimia, a senseless usuriousness of bureaucratic cells is difficult to evaluate. It is to a certain extent in our hands. But a good many times the spectacle drives it. And critical density, critical mass is what rules today. Few are those who still believe that "small is beautiful"[7] even though not many of those who are still in their senses seriously believe that beauty lies in bigness itself. And whilst economies of scale and efficiency might be wisely applied to the finite resources of this world, such as coal or gas, it is a commonplace that one of the most decisive resources for value creation, namely knowledge, is not finite. Knowledge increases when deployed.[ii]

CEOs can influence the world around them to a certain extent. Sometimes it is in their hands to choose between growth by acquisition or by organic means or between a spectacular quick win and a more sustained and holistic creation of value and it is a fact that this choice is not always alimented by entrepreneurial considerations alone. Perceived pressure and personal interests, but also lack of guts, imagination or innovation often motivate such decisions. Moreover, CEOs are also players in a game that is bigger than them. They are subjected to board, analyst and shareholder pressures to produce unreasonable growth[iii] and their shelf life is getting briefer.

Within the theoretical and popular literature on management there is a tendency towards a focus on unity and a rejection of the logically inconsistent. Management literature proposes shared vision, focus, cohesion, clear objective setting, homogenous teams, unifying leadership, etc. and other approaches embracing uniform interpretation and meaning. In the rare cases where pluralist approaches are addressed, they are often conceived as dichotomous and incompatible. Quick, pragmatic answers are sought that lead to fast and efficient performance. But complexity and logical inconsistencies are matters of fact and what is dressed up as a pragmatic approach to problem solving might just turn out to be the emperor's clothes. Pragmatism may lie in the adoption of complexity and diversity rather than its rejection.

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3. Parsons (1999)
4. 'united colors ' (of Benetton): an advertising slogan
5. 'Oneworld': name of a global airline alliance
6. '(It's the) real thing': Coca-Cola advertising slogan
7. Schumacher (1989)

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6.2 Emerging Theory

> *The only possible conclusion the social sciences can draw is: some do, some don't.*
> Ernest Rutherford

Two journeys have been undertaken to explore how executives learn and cope in particularly complex and transitional situations, an ethnographic loop and a grounded theory loop. During these travels the researcher has ruminated huge mountains of data, fearing more than once that Ernest Rutherford[8] may be right after all. But after a while the dust began to settle and hypotheses, concepts, properties and dimensions that inform executive learning behaviour could be identified. In a further abstraction process, three behavioural patterns and or learning and coping types, three *core categories* have emerged:

- The Cartel Executive Learner
- The Aesthetic Executive Learner
- The Videogame Executive Learner.

Each of these core categories is presented along the identified *critical success factors of management*:

- *Personal Value System – how the executive feels*: e. g. achievement, results and commercial orientation; initiative, decisiveness and self-confidence, personal values. This is relevant because "…knowledge (…) is about beliefs and commitment[9]" and values and beliefs are "…integral to knowledge, determining in large part what the observer sees, absorbs and concludes from his observations.[10]"
- *Cognitive Style – how the executive thinks*: e. g. vision, strategic thinking, information search, capacity of abstraction, use of concepts, judgment and decision-making; imagination and creativity
- *Interpersonal Style – how the executive relates*: leadership; sensitivity and listening, impact and powers of persuasion, planning, organisation, teambuilding, public speaking, communication and bonding.
- *Coping Strategies – how the executive copes*: crisis management, adaptability, perception and culture management, success and failure management, personal health and well-being, life management and relative success of the category in post-merger situations.
- *Effectiveness/results of the learning type in general and in the particular setting of post-merger organisations*: adaptability to the environment, performance, complexity management.

8. cf. above quote
9. Nonaka and Takeuchi (1995)
10. Davenport and Prusak (1998)

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6.2.1 *Category 1: The Cartel Executive Learner*

> *Competition is a sin.*
> John D. Rockefeller

> *Tradition is only an illusion of permanence.*
> Woody Allen in *Deconstructing Harry*, 1997

The label 'cartel' has been chosen as a conceptual umbrella to explain the nature of learning and coping patterns indicated by this core category. While the term cartel has a precise meaning in industrial economics[11] it is used here in a broader sense given it in the popular culture[iv]. These individuals' basic similarity lies in their general beliefs and attitudes toward their environment, their *personal value system*, which is dominated by a strong desire of control and power maximisation. Just as explained in game theory[12] or certain branches of military theory[13], to control their field of action and limit competition they strive for monopoly or, if impossible, on oligopoly and collaborate or collude with a close circle of peers[14], organised in formal or informal incentive structures. While there were differences in the way they exerted power, always autocratic but ranging from patriarchal (with sternness but benevolence for their subordinates) to dictatorial (with disregard and disrespect for their subordinates), there were similarities that transcended these individual differences, namely the fact that power was perceived as their due, that the rules were somewhat different for them and, for some, that ethics was limited to working within legal confinements– or not getting caught. They considered themselves by and large as 'apart' from the system, standing outside[15] and directing it: someone had to organise the world and that they were that 'someone'.

> *"I'm convinced that anyone in a leading position wants to lead, to have power. Even those who come along all 'soft'... If you really look closely, they like the power, too. You simply can't do your job otherwise."*

> *"Fact is, in my experience, that there is no merger of equals. One organisation will always take over the other. The question is how you do this."*

> *"I'm impatient. Very impatient. I hate slow people and processes. I'm an impossible chap in that respect. I want things to get done."*

> *"I don't need to be liked by my people. I want to be respected. I'm not afraid to be disagreeable when things don't go the way I planned them."*

> *"I mean, hey, it's we who have the responsibility. So it's a fact that as a CEO you're 'more equal than others': I mean you won't see me queue up to get cards for the jazz festival or pass at the dry cleaner's after work. But we work harder, too, don't we?"*

11. cartel (noun): a group of independent companies who collaborate to fix prices, to limit supply and to limit competition.
12. Von Neumann and Morgenstein (1940)
13. Von Clausewitz (1932)
14. Kolko (1967)
15. Jaspers (1957)

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"[If] you yourself believe in the opportunity it's simple: you just do it. You can't debate forever, you know, you have to act fast. I mean, that's why I'm the boss. I seize opportunities."

They have a low tolerance for ambiguity[16] and have grown up in protected markets, in a world organised in classes, trade organisations and barriers, where there were 'those on top and those below' and where cooperation was sought and pressure was exerted, sometimes also on public administration[v], to maintain this power structure and enhance the personal position and wealth accumulation within it. Their environment of reference is not society as a whole but rather their economic environment for which they seek to develop rational strategies to overcome the fact that their success not only depends on their own business potency, products and markets but also on the strategies chosen by other players with possibly conflicting objectives.

"Business has always been my turf. I loved the commercial side of life and I showed early that I could lead a team rather well. So I decided to become a manager. I was ambitious, driven, energetic and hard working but, most important, quite often lucky."

"Our CEO is a one-track mind. Figures. Results. At least you know where you're at."

"I'm a results guy, in the end. That's what gets measured."

"In the Swiss banking landscape a further consolidation was long overdue and you can't expect the small players to do this, it has to be the big banks. And so we did."

While cartels are prohibited by antitrust law and are usually confined to informal existence, the personal, individual cartel-type behaviour, and this is what is addressed here, is still going strong.

"So I called some of my colleagues CEOs and we decided that that's what we were going to do. I know that this kind of thing is sneered at these days, but that's how we have always functioned and it has served us well and made our companies great."

"Sure, I made that phone call to the telecom minister. That's my job, to protect my company. Is that indecent? Then I've been indecent all my business life."

This category's *cognitive style* is instrumental[17], utilitarian, pedagogically-motivated and focused on the conservation of power. Knowledge is seen as a possession and a means to an end, an accumulation of facts, of competencies and actions that yield solutions[18]. Knowledge comes from an authority – theirs – that informs the environment on which skills, facts and actions are needed to produce the desired results. It is perceived as tool used to meet one's own needs and obtain instrumental outcomes: the purpose of learn-

16. Rowe and Boulgarides (1998)
17. Kegan (1982, 1994)
18. Portnow and Popp (1998)

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ing is to obtain something[19]. Information 'from below' (within the organisation) is distrusted because it is expected to be based on the same utilitarian motives.

> *"Do I sometimes doubt? Well (long pause), I should say the answer is no. No (another long pause), not really, I don't doubt much. The background for my naïveté is my track record. I pulled through the most spectacular cases and deals (...) I brought in hundreds of millions for the company. So, drugged by this success I said to myself: I guess I know what I'm doing."*

> *"'Synergies' equals firing people, it's as simple as that. Of course you have to do this as socially reconcilable as possible, but in the end you have to cut."*

> *"Part of the post-merger game is to find out: who has the power in the new organisation? And then, for example to play chairman against CEO or vice versa..."*

The cartel executive learner's *interpersonal style* is directive[20], tactical, secretive and power-focused. There is hierarchy and rational thought is at the head of the pyramid that sets rules for others to follow. To gain and maintain power and control, their leadership is based on 'divide et impera,[21]' on handing down exactly and exclusively the portion of information necessary for narrow goal achievement and on playing one adversary against another. Tactical collaboration is sometimes used among the leaders of one industry to maintain certain protective measures that are prone to deregulatory measures and among all business leaders to influence and organise trade associations and lobbyists with regard to certain public ballots, referenda, etc. Within their organisations, their leadership is concise and authoritarian and they are essentially solitary, by choice and by circumstances: 'a conversation with the boss is never a causal chat' as one direct report remarked.

> *"Basically I'm alone. But not lonely. That's an important difference. The feeling of loneliness is a very negative feeling. But to be alone, and when it is a consequence of accepting a particular role, is not necessarily. It's inherent in the role of the CEO."*

> *"In the end you're alone. You're never really a part of the team."*

> *"Even when I'm together with peers for a few days, which is rare, no true common reflection happens."*

Toward the outside world these individuals are protective of themselves; they shun the media and other stakeholders and hardly appear in the public arena.

> *"I'm not a good motivator, really. If I have nothing specific to say to people I don't go to see them."*

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19. Weathersby (1976)
20. Rowe and Boulgarides (1998)
21. 'divide et impera' (Lat.), Engl. transl.: 'divide and rule' or 'divide and conquer'

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> *„You know, I don't need to be on the cover of 'Businessweek' for my virility. I leave this to my friend <name of highly mediated peer> (laughs). Anyway, it's a known fact that by being on the cover you're one step away from the fall. Check it out, verify: they all came down, every one of them. No, no, the less they bother us, the better."*

This does not mean that they are not recognised by the public as powerful economic figures of society, but they principally deal with the media reactively and let others, for example their company's head of communications or representatives from their trade association speak up for them whenever possible. Their motivation does not come from being famous nor from being liked but from controlling things, often through secret conventions that may be at the limit of legality. They are well aware that cartels are economically unstable constructs and that if one member is perceived to be particularly successful this can generate jealousy and covetousness within the cartel and lead to its collapse. They dispose of a confined and solid network in the highest echelons of business, the administration and the army. When they interact it is in these circles and in secrecy, sometimes in semi-secretive fraternities and with carefully chosen peers, much as Smith has described: "People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices.[22]" Even within their organisations, they do not follow the recent call for 'communication' in the sense of explanation and empowerment by giving meaning[23], as their worldview is by and large Taylorist[24]: it stems from a time well before empowerment, when 'head and hand were separated' and managers controlled those who unquestioningly supplied labour power[25].

> *"There's those above and those below, it's always been like that. As long as you treat people well, there's nothing wrong with that."*

Whilst there was no intention to categorise behaviour on the basis of age, the data suggests that those most likely to fall into this category tend to be the seasoned executives, although there is some age overlap with the other categories. They do not conform to the profile of an elite in the sense of the American Ivy-League moneyed aristocracy of the mid 19th century[26]. They often have a modest educational and even social background, sometimes because of their eagerness for the practical side of business, sometimes due to lack of opportunity during their war- and post-war adolescence.

> *"I have personally chosen an atypical way to the top. I started with an apprenticeship in a small broker company. (...) My dream was to become head of trading in one of those large banks. I found that cool (...) I hated school and was not so good at it. My dad said, either you now make it to college or you do an apprenticeship. And I thought: more school? No, apprenticeship sounds better."*

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22. Smith (1776)
23. Von Wartburg (1999, 2004)
24. Taylor (1911)
25. Braverman (1974)
26. Quigley (1966)

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"How do you academics say? You know, I didn't study. I made an apprenticeship but then I had to earn money, I couldn't go on to university like my friends, we didn't have the means."

Individuals from the cartel core category display a *coping* behaviour based on hard work and a keen instinct for power. They 'smell the bacon' as one respondent put it. Yet, the effectiveness of these instincts seems to be confined to the relatively stable post-war environment with little signs of adaptability to more recent needs. Their model has worked for decades and brought them affluence and success and although the environmental changes are stark, many do not seem to have the cognitive capacity to read them. The cartel individuals' worldview remains simple and binary[27] and basically restricted to equations of power and control, in the sense of 'you're with us or with the terrorists' as one respondent explained with a wink to US President Bush's 2002 State of the Union speech.

"A merger is no picnic. If it were, our predecessors would have merged long ago. The need for this consolidation step had been obvious for some time. So we did it and yes, it was rough. It was us or them, so I made it us."

"It is my experience that there is no such thing as a natural 'mixing of cultures', that you first have A and B and then, gradually, something resembling AB. (…) It's all bullocks, unfortunately. In the end it's one culture that takes over the other, it's almost a law of nature. So now I do it from the start. I define the culture, which is neither A nor B nor AB but C and I select the executives accordingly. Then, they're up or out."

Their playing field is the economic world, which they intend to divide in such a way as to obtain the largest possible piece of it. And yet it is also naturally confined to a very small and homogenous circle of individuals and bears the ignorance of the incestuous nature of this confinement.

"I like to work with people who are different from me. But in our company it's quite extreme, homogeneity is almost a credo [with our CEO]… there's a sort of 'sample type' and they want him cloned by the dozen if possible…No diversity culture at all."

"My boss tends to choose his alter ego when he fills a new post. As his HR manager I can apply gentle pressure toward the employment of people who think differently."

"Our boss is too isolated. One of the great dangers of positions of power is isolation, it's almost a law of nature. You get into the situation where people around you are either intimidated and afraid or tactical and calculating or simply blindly in awe, and they speak only to please you and no longer say what they truly think. In this way you are bound to lose touch with reality. You begin to believe that you are truly and exceptionally great and infallible… You know, the 'admiration society', where everyone applauds the other…the window to the world closes easily for an executive."

27. Becker (1966); Higham (1970)

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> *"I really don't' understand how this executive compensate debate became so violent. I mean it's the same everywhere, isn't it? We were just behind the US in this respect and now we're catching up. If Switzerland wants to remain competitive with regard to executive excellence it had to do it. Anyway, these days [this executive was just facing a fierce and personalised media campaign about his compensation package] you could even say it's pretium doloris [compensation for pain and suffering]... (wry smile)."*

Possible coping tools and ideas can therefore come only from a very limited source. Especially in the past decade these individuals' world has changed fundamentally in several ways, for example regarding:

- *Technology*: The cartel concept stems from a time when information access could by and large be controlled. Information was in the hands of the powerful and it was given down selectively in order to achieve desired results. Today's immediate and unlimited access to information is seriously undermining this control. The cartel individuals' personal use of technology is limited, many do not use internet and still revert to personal assistants to organise their information gathering and exchange.
- *Media*: For many decades the media were not particularly interested in the executive as a public figure. Public protagonists were politicians, athletes and people from show business. Today's CEO has become, nolens volens, a public figure. Irrespective of whether the executive is willing to play this role, he or she is pulled into the public light. This is a role the cartel executive does not appreciate and is unused to. His rhetoric is not trained for the general public and is perceived as martial and cynical as many such individuals have come to learn in recent years[vi].
- *Mobility*: The cartel strategy builds on the utilitarian but stable relationship of few over a long period of time. It stems from a time when leaders basically worked during their entire lives in one same company and mostly stayed in one place. The relationships between the leading individuals could therefore be monitored and controlled to a certain extent and the reciprocity of favours was possible because the cartel members stayed around long enough to be able to reasonably expect to be paid back. They had a common capital of successes and common 'skeletons in their closet' and could, with a mix of pressure and common interest, manage competitive situations. In the present world this is no longer possible, as actors are more mobile and the reference persons in the cartel change frequently.

The cartel behavioural patterns have yielded mixed *results* with respect to the mergers that were managed under this style. In some few mergers of hierarchical, command-and-control-type companies and where the relative strength was clear (i.e. there was a dominating merging partner) this behaviour worked rather well from a performance point of view. The post-merger phase was 'bloody' and many key people left the companies but the desired business results were achieved with little delay. Used to a command-and-control climate, the collaborators in these traditionally rationalist and unparadoxical environments did not "feel that they [had] been unjustly manipulated of inhumanely treated. There [was] something taken-for-granted about how this type of intended change of behavioural patterns affecting tens of thousands of people can be undertaken on the assumption that there is tacit consent...[28]" In mergers of equals and in mergers

28. Griffin (2002), p. 35

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from industries that mainly employ knowledge workers and creative staff, the behaviour was not productive and did not lead to the desired result. As stated, the cartel executive considers the merger completed once the contracts are signed and the new company is structured on paper[29]. This does not mean that substantial integration efforts are not made, but such efforts are delegated to subordinates and external consultants. From this approach and with reference to the polychotomous nature of the post-merger organisation outlined in Figure 2-1 it can be deduced that this category focuses primarily on the new organisation 'C', ignoring any organisational needs that may be arising from the organisations 'A' and 'B' and the temporary project organisation, thus leading to the 'bloody' process described by the respondents.

In summary, the main relative strengths to merger management of this group lie in its:

- *unflinching determination*
- *excellent network among top level political and economic decision makers*
- *power-based decision making*
- *vision, action and relationship-building based on long-term considerations*
- *instinct*.

However, in general it can be said that this group is anachronistic to today' business world and while it is still powerful in some industries it appears reasonable from the data to consider it an end-of-range model. It has a "…tendency to overlook context, an overly simplistic conception of power as property (…), a lack of reflexivity[30]" and is reaching the 'limitations of the possible[31]' as it does not have the capacity to adapt to the changing environment. These "…executives [find] themselves in new situations, which they [do] not understand.[32]" Their behaviour is strongly embedded in the notion of control of existing competitors in a business environment with high entry barriers[vii], whereas entry barriers are in fact sinking as the business offering gets more service-oriented, intangible and internet-based.

> *"You know, it's good that I retire soon. I'm a dinosaur, I've had my time."*

> *"I have a need to structure things, to plan them – to be prepared. Whereas nowadays many things are done, you know, just like that, improvised, in a kind of surfing or zapping style, in and out. And they do work; I'm not saying that. But I have trouble following this method. Perhaps it's time to retire or do something completely different."*

29. Greenwood et al (1994)
30. Gore (1992)
31. Braudel (1979)
32. Griffin (2002), p. 39

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6.2.2 *The Aesthetic Executive Learner*

> *The medium is the message.*
> Marshall McLuhan, 1964
>
> *In the future everyone will be famous for fifteen minutes.*
> Andy Warhol, 1965
>
> *...my predictions from the sixties finally came true: "in the future everyone will be famous for fifteen minutes." I'm bored with that line. I never use it anymore. My new line is, "in fifteen minutes everybody will be famous."*
> Andy Warhol in Exposures, 1979
>
> *I'm a deeply superficial person.*
> Andy Warhol
>
> *I wish I were who I was when I wished I were who I am.*
> Graffito

The label 'aesthetic' has been chosen to summarise the nature of executive learning and coping behaviour indicated by this core category. Another label under consideration during the abstraction process was 'existential', because although this behavioural group grew up in the social and material comfort of the 50s and 60s, described moments of depression, anxiety, alienation and a certain disaffection with the business society as they experienced it[33]. This was not related to material things but rather to an emotional void. Although they were active participants in the issues at stake[34] some experienced a feeling of impotence to control or influence the insecurities of their business environment or life in general[35], issues such as the global consolidation process and the related layoffs, environmental questions and the increasing individualisation of the society were commented upon with sorrow.

> *"For me (...) the emotionally most difficult aspect is to renounce having colleagues. You know, to have a beer, to relax, to have fun, laugh, to make fun at each other amiably... That's gone. This does not exist. Full stop. It's not accepted. In the beginning I did not realise this, but people don't want it. As a CEO, you don't belong."*
>
> *"I wasn't happy in my career. Not really. I would gladly start again, with all I know now. Because sometimes I feel what we did at that time [which led to the bankruptcy of the company] was wantonly negligent. If I had a second chance I would lead much more, structure more, control more, build up risk management – which we didn't have at all. We were always taken by surprise when something happened."*
>
> *"I have often doubted if I have done the right thing with my life. I still do, periodically. I ask myself what we live for."*

33. May (1953)
34. Giddens and Pierson (1998)
35. Beck et al (1994)

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However, combined with and transcending these phenomena was a set of more homogenous behaviours involving communication and appearance, but also a strong interest in the arts and in design that Goulding attributes to a 'reaction to post-modern uniformity'[36]. This led to the decision to label the category 'aesthetic'. To a certain extent, the 'medium has become the message' and the 'how' has sometimes replaced the 'what' and the 'why[37].

> *"Why did I want to be a boss? I guess all these big bosses impressed me in my early years (...). I wanted to be one of them. Make the cover of Bilanz[38] as man of the month...(laughs)."*

The aesthetic executive learner searches for meaning, control and security in his life through the acts of exhibition and diversion, which are hoped will construct identity and are an expression of self[39]. Aesthetic also applies in its sense of illumination, as the antonym of anaesthetic: these executives, other than the cartel executives, go through great pains to explain their action to their stakeholders. In the context of a general societal tendency toward personalisation, the aesthetic executive celebrates his role as a business leader: the staging of his annual conference resembles a political party's presidential election convention, his annual reports are works of art and his own personal image is continuously and carefully branded.

> *"As the CEO in a merger I must have considerable cultural agility, know how to deal with other mentalities, have the antennae to understand cultural subtleness... But I also have to use my charisma, show leadership, show the direction. People must want to work for me, they must feel: yes, this guy can pull this thing through! In a sense I must symbolise the future, or even just signal that there will be a future..."*

> *"Our CEO is extremely sought after, everyone wants something from him. He is the highest offering the company can make to a stakeholder. He's 'the pope'. So this resource must be dealt with smartly, it must be dosed sensibly."*

> *"I don't read enough, I don't have time. My favourite books are biographies or autobiographies of outstanding leaders from business or politics."*

The Aesthetic executive learners (and the cartel executive learners also) have adopted a perspective that Griffin calls 'systemic self-organisation.[40]' This perspective posits a dualism with the leaders on one side, understood as autonomous individuals who define visions, values and a corporate culture that are to be applied to the organisation and on the other side the organisation. In this systems view the organisation is understood "...in terms of some transcendent or idealised whole, which provides leadership, and participation is taken to be participation of individuals in this whole.[41]" In this perspective the system itself is reified and ascribed intention or characteristics such as 'harmonious', 'cooperative' or 'spirit', or also 'organisational hypocrisy'[42]. There is substantial

36. Goulding (2002), p. 138
37. McLuhan (1964)
38. Bilanz: a Swiss bimonthly business magazine
39. Portnow and Popp (1998)
40. Griffin (2002)
41. Hunt and Scanlon (1999); Griffin (2002), p. 25

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manipulative potential in this notion of leading systems through values[43]. There is an underlying implication that work organisation could take on the role of managing the spiritual, or as Durkheim calls it, the 'sacred' dimension of social life[44]. Collaborators so participating are good, the others are 'negative' or 'egoistic'. In such a logic leadership and ethics become matters of "...explicating the rules or qualities of the harmonious whole and of individuals conforming to it", which Griffin calls "...the direct application of cult values.[45]" The theory of cult values was introduced by Mead who argued that by individualising a collective as if it had overriding motives or values, the collective would develop into a cult and the members of such a cult found their behaviours driven by the cult's values. The outcome is a series of dualistic fractures, such as between the extrinsic leader and the abstract leadership provided by the whole and between the compliant and the non-compliant individuals. This dualistic thought eliminates paradox and mystifies leadership. Mead took the example of the justification of war when claimed that it was the "...feeling of enlarged personality, of the national *amour propre*, a feeling not so much of what people have or want as of what they are, that militarism supports in natural life[46]" and argued that cult values such as self-defence and the glorification of combat, reflected as an idealisation of the collective, imagined as an enlarged personality that justified the terrible actions people took. The data suggests that a transposition of this war example into the business context is not digressive.

Again, age seems to be a differentiating factor: these executives are mainly baby-boomers and in some cases from the 68 generation. They are very well educated, usually with a professional background such as engineering completed by a business degree. There are some differences in the group's *personal value system* in that some are more pronouncedly materialistic, believing that most issues can be solved with money, others have a more humanist animus but there is stark similarity in their extraversion and their care for appearances. Care is taken that the merger be 'user-friendly' as one respondent termed it. There is some distrust of and disillusionment with management practices and for many ethics transcends the legal constraints. Some have implemented 'codes of conduct' in their companies stipulating fairness in negotiations, equal opportunity recommendations and so on.

> *"I did some borderline deals for my chairman in my previous job. Some were really not nice and I began to be under quite some stress. But I swamped it out most of the time because I was up there; I was one of the masters of the universe. Then a really ugly story was demanded of me and I said: sorry, this I will not do. (...)He said, do you want more money, or what is it? And I told him: look, in the end I have to remain true to myself. This I cannot do."*

42. Brunsson (1998); Vaara (2003)
43. Watson (1994),
44. cf. also Durkheim (1893)
45. Griffin (2002), p. 116.
46. Mead (1915), p. 607 (original emphasis)

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> *"We have implemented a document of over 40 pages in which each employee commits him or herself to a code of ethics on a large number of issues, such as sexual harassment, contract assignment, you know, corruption; but also physical integrity and so on."*

A communication perspective informs their action and many have excellent communication competencies and an affinity for the public scene.

> *"Communication is management, just as management is communication. I mean to say I manage through communication."*

> *"Mergers are often very public matters. Work places are at stake, but also long-standing companies that have a history in a particular country, that people are proud of, lose their identity. That's a shock and generates lots of media attention. But once you are bashed by the media it gets very difficult… You have an agenda to deal with the merger and you need an agenda to deal with the media and often they're not the same…"*

> *"There are some basic prerequisites for a CEO in a merger environment. He must emanate a dynamic, he must be able to sweep people along, motivate them. Communication is an all-embracing word, it has to do with charisma, with building up trust, with creating meaning… in the end it's all about communication."*

Their successful public appearances bring them to take their perceptions for realities and the curtain over the stark realities of the post-merger shambles often remains closed[47]. Paradoxically, at the same time that they live the aesthetics of management to the full, including 'home stories' in the media and other private pictures of them playing golf or riding their exclusive motorcycle, they display a stronger capacity for self-reflection than the other categories and question the meaning of life as they live it[48].

> *"The half-life of CEOs has shortened tremendously, so we tend to go for the quick fix, the quick win. But CEOs need to question themselves permanently, not just their own position, but their strategic direction. We would need more auto-criticism: what am I good at, where can I improve, which tasks are simply not for me? Many of us don't possess this faculty anymore."*

In this sense they are, as Warhol put it in the above quote, 'deeply superficial persons'. And while they actively shape and encourage the world to peep through the keyhole of their personality and to intrude into their private spheres, they at the same time regret and denounce the personalisation and individualisation of management.

> *"You know how the media personalise everything, how they hero-worship, how they love rise-and-fall stories, how one lady or one gentleman is responsible for all the good or bad. Well, reality, my reality – behind the scene – is not at all like this. We have always been partnership oriented and we discuss things intensively among peers and colleagues."*

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47. Yalom (1980)
48. Giddens (1990)

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"This whole media aggression is simply unwarranted. I mean what do they know about a top executive's job? We have global companies to manage... we are in competition with countries where people earn less than 20 Euros per month and work 60 or more hours a week. That's the reality. I have to increase the investment of my shareholders, that's my job. And I work hard to do it. Of course it's not a pleasure to delocalise a plant to the Far East or to Bulgaria but I have to and I will if it's for the good of the company as a whole."

Another paradox is that they are characterised by a self that is outwardly self-confident but bears at the same time serious doubts about a great many things, including their role as an executive, life choices, the ecology, etc. This manifests itself for example in frequent job changes, even in and outside of the business world, in side activities and in low risk-taking and a safety thinking manifested by the adherence to technological and administrative systems, structures, checklists and best practices and the frequent use of consultants of all kinds.

"I have a poster in my office: 'no risk, no fun' (laughs). (Pause) But it's not entirely true. I'm in fact quite cautious. I like to plan – and to have a safe plan B."

"My leadership in the merger is quite formal. But not cold. Not hostile or isolated. It's a formalism that is more patriarchal. I pay attention to the human side of things but it's not the kind of first names IKEA-type atmosphere. It's very structured."

"We have excellent measuring tools in place such as customer satisfaction, employee satisfaction, etc. which we monitor with particular attention during the post-merger phase."

"After all, [post-merger management is] just like any management assignment, you have to analyse and then synthesise and then do it."

This almost technocratic belief in systems and procedures comes along with moments of doubt, nostalgia and alienation, the nostalgia being not necessarily personal nor related to a romanticised past[49], but rather to an ideal, utopic, hypothetic present, i.e. to what they had once imagined the executive reality to be.

"I explicitly wanted to become a manager. I was about 30 then. I liked it. In the beginning I thought it was a terribly noble task...(laughs out loudly)."

"Do I like my work? (Pause) If I hesitate it's because there's a part that I hate – politics, administration, laying off people – and this part is becoming bigger with this merger. What I really love is the contact with customers. But for the bureaucracy, the people management, the fights etc., I have to force myself. It does happen that I think I should have done something completely different with my life. Carpentry, perhaps. A manual trade. To shape the things that I imagine into real, tangible objects. You see, I'm not really an intellectual. I'm a hybrid, manual and intellectual."

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49. Davis (1979)

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> *"I never decided to become a leader. Honestly, I never thought of that. My desire was always… the theatre. You know, there at 08.05 pm the curtains go up and the opening night begins… and all the hysterical fits, the sore throats and the other crises are overcome. The play begins. And that's my great satisfaction."*

The aesthetic executive learner's *cognitive style* is essentially andragogic and communicative. Knowledge is a consumer product, a good that one should acquire to conform with one's desired social roles and to meet expectations of stakeholders[50]. Knowledge is often seen as technological and equated with objective truth; its sources are authorities, 'gurus', knowledge management systems and sometimes the media that hand down more or less informed opinions. The purpose of learning is to be somebody: to gain acceptance and entry into social roles, to meet social and media expectations and to reach a sense of belonging. The group is usually fairly computer literate and uses internet, the mobile phone and SMS as communication tools to interact directly with stakeholders. Safety and security thinking are typical for this group that relies on best practice manuals and certified and accredited processes. When intuition is applied it is the type of intuition Miller and Ireland describe as 'automated expertise', rather than the 'holistic hunch' type of intuition[viii]. They have learned to accept paradox and apply an 'it-and-the-contrary-of-it' logic to problems rather than the binary 'either-or' approach of the cartel category.

> *"I constantly need to manage paradoxes, this is how I see and experience it. I'm not saying you need to be schizophrenic to be a good manager, but you do have to be capable of dealing with opposites. Unilateral judgment is not good enough."*

Intuition a "…capacity for attaining direct knowledge or understanding without the apparent intrusion of rational thought or logical interference[51]" is clearly applied by many executives but not answered for by many. Some even seem to excuse themselves for this behaviour in order to fit the norm of the 'rational' and 'logical' executive.

The individuals display different *interpersonal behaviours*, some more hierarchical, some more team oriented. Despite the fact that their behaviour is one of high accessibility vis-à-vis their colleagues and other stakeholders, this accessibility is primarily a communication task and does not necessarily imply social closeness.

> *"We go for a hike once a year with the management crew. You know, they need this sort of thing to be able to operate as a team."*

> *"I needed to be both empathic and perfectly callous, impassible. It's paradox: on the one hand, regarding the individual fate, you must show understanding and empathy but when the whole organism is concerned you have to proceed in a perfectly cold and rational manner."*

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50. Gouldner (1957)
51. Sadler-Smith and Shefy (2004)

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> *"Charisma is useful. I use it. It's a positive winning shine that can get the customer to bring us more of his money, the employee to work harder, the authorities less bureaucratic."*

They are essentially individualists and define themselves primarily in terms of their individual characteristics and attainments rather than in terms of the groups they belong to or of the relationships with significant others[52]. They are, despite their focus on communication, essentially alone and receive little direct and differentiated feedback.

The principal *coping strategy* is communication, whereby communication here is 'telling' rather than a two-way process.

> *"My role can be subsumed in one word: communications. I tell people what will happen, why it will happen and, also, what is happening right now, immediately."*

To them, the merger is accomplished as far as their role and personal involvement is concerned once it is communicated and the integration processes are defined and beginning to be implemented. They take great care to 'look the part', 'act the part' and make themselves known[53]. Many have a personal communication adviser and all work most closely with their heads of communications. While acknowledging the positive and negative outcomes of charismatic leadership[54], they describe themselves as charismatic[55], whereby the charisma they refer to is that which Howell and Shamir describe as 'personalised charisma' rather than 'socialised charisma'[56]. Especially in times of high media attention their day's work begins with a scan of the professional and popular media and their actions and priorities are to a certain extent influenced by these media reports. This group also travels extensively, partly because its tasks are truly global and its leadership scope ranges around the world. To a certain extent, travel is also a coping strategy: a means to evade a world that has 'come too close'. Evasion is also manifest in the fact that these individuals often have many other assignments and vocations besides their job as a CEO, be it as board members of other companies, but also heads of cultural foundations or charity organisations.

> *"Our CEO is not around enough. We're always short of time with him, for decision-making but also for explaining the foundations of an issue that he needs to decide on. There were times in the merger aftermath that he spoke to me through the media more than in person."*

As a consequence, they feel that 'they are everywhere' whereas their collaborators regret that they are 'never around'. Self-concepts are powerful determinants of stakeholders' behaviour and reactions to leaders[57]. For charismatic behaviour to be effective it must arise from a self-concept of self-worth, self-esteem, self-consistency and self-efficacy[58].

52. Brewer and Gardner (1996)
53. Conarroe (1981)
54. O'Connor et al (1995); Conger and Kanungo (1998); Howell and Shamir (2005)
55. House (1977); Conger and Kanungo (1998)
56. Howell and Shamir (2005)
57. Shamir et al (1993); Lord et al (1999)
58. Sosik and Dworakivsky (1998); Howell and Shamir (2005)

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Some inconsistencies were observed due to the above described occasional doubts and self-doubts. Moreover, since such self-concepts are to a considerable extent dependent on the reflected appraisal of others[59] and such feedback is not easily available to CEOs, stakeholders' approval and support is also inconsistent.

The aesthetic behavioural patterns have again yielded mixed *results* with respect to the success of mergers. In fact, they stood and fell with the quality of the communication produced. In those cases where the 'promise of a better future' and the hardship on the way there were convincingly portrayed and the subsequent reality concurred more or less with the expectations raised, only where the top-level communications were permanent and coherent to all stakeholders and at the same time authentic and credible, this behaviour had worked reasonably well from a performance point of view, especially when accompanied by systematic integration programmes.

> *"What took me by surprise was how every word I said was put on an assay balance. This really dumbfounded me. And how wrong the interpretations were between what I said and what some understood! Things people would understand perfectly under normal circumstances but under this tremendous pressure they don't."*
>
> *"People stuck with [the CEO] because he told the blunt truth. He clearly said what would come our way. And I can tell you they were tough times. We were already under pressure – the market had virtually collapsed after 9/11… But he didn't' cheat, he didn't spin the message, he told us all and not by step-by-step salami tactics, no. All at once. People were shocked but at the same time reassured. Here's a guy who takes us seriously. Anyway, people aren't stupid and can arrive at conclusions themselves. Yet, I've never seen it done that an executive was so blunt about the 'state of the union' and all I can say is that it worked. We all stayed on and fought our way through."*
>
> *"We never focused on figures. Our conviction was that if the basic idea is right then the figures will follow."*
>
> *"Why was our merger successful? Because we were well prepared. We had perfect systems and processes in place. Nothing was left to chance, even though some changes were made. Then we worked incredibly fast. After only six months all decisions were made, no uncertainties were left."*
>
> *"Our systems are still insufficient or let's say they're not used appropriately, I guess. Anyway, it's a mess. I mean we have adopted this MIS [Management Information System] from our merging partner… But everyone complains about having to fill in endless computer forms and many don't comply. And the data we get is, frankly, unusable. Now is it unusable because it's poorly fed or is it poorly fed because it's unusable? Probably both."*
>
> *"The market pressure is increasing. We should reach objectives more quickly but we're still too preoccupied with ourselves and our merger. I'm a far way from my leadership philosophy, which is to get colleagues to achieve things by intrinsic motivation. Today*

59. Cooley (1902); Miyamoto and Dornbusch (1956); Marsh et al (1985)

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I have to push, to threaten, to manage by 'it's up or out' and 'you're with us or against us' messages… that was the leadership style in the merging partner. I truly believe that innovation gets lost this way, when people are afraid. But it's not about innovation nowadays, it's about next week's bookings!"

From this approach and with reference to the polychotomous nature of the post-merger organisation outlined in Figure 2-1 it can be deduced that this category focuses primarily on the 'project organisation, ignoring any organisational needs that may be arising from the organisations 'A' and 'B' and the newly emerging organisation 'C', thus generating enormous resistance described by the respondents, despite having an excellent set of integration measures in place. In many cases the communication started well and the merger was at first well received but ambiguities in the communication – trying to be everything to everybody – debunked the communication as tactical somewhere on the road and perturbed the leader-follower relationship which thereby lost its efficiency[60]. As a result, trust was gambled away, resistance came up, trench battles erupted and many key people left the companies. Also, the media turned sometimes violently against the companies and their leaders. Still, the main relative strengths to merger management of this group are its:

- *strong communications with the various stakeholders*
- *systematic planning of the post-merger integration process*
- *media-based decision making*
- *intuition (automated expertise)*
- *charisma.*

The capacity to adapt of this group is mixed. In two cases the self-reflection, the implementation of formalised 360° feedback exercises, the use of personal consultants and/or the arrival of new management team members led to behavioural change that was beneficial to the merger success. In many other cases the failure of the behaviour to produce the desired results resulted in the reinforcement of the same behaviour and consequently to a more unsatisfactory outcome.

6.2.3 The Videogame Executive Learner

Trinity: "No one has ever done anything like this."
Neo: "That's why it's going to work."
In the film *Matrix*, 1999

What is real? How do you define real? If you're talking about what you can feel, what you can smell, what you can taste and see…then real is simply … electrical signals interpreted by your brain.
Morpheus to Neo in the film *Matrix*, 1999

60. Burns (1978); Bass (1985); Kuhnert and Lewis (1987); House et al (1991); Conger and Kanungo (1998)

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Bart: "I am through with working. Working is for chumps."
Homer: "Son, I'm proud of you! I was twice your age when I figured that out."
In the TV-Cartoon Series *The Simpsons*

Es tost ein Volk: 'Die Revolution!
Wir wollen die Freiheit gewinnen!
Wir wollten es seit Jahrhunderten schon – Lasst Herzblut strömen und rinnen!' Es dröhnt die Szene. Es dröhnt das Haus.
Um Neune ist alles aus. (...)
Es war nicht viel. Ein Spiel. Ein Spiel.[61]
Kurt Tucholsky, Excerpt from the poem *Dantons Tod*, 1920

This grouping of behavioural patterns has been labelled 'videogame' because this metaphor subsumes with some accuracy the aspects of the value system, cognitive strategies and social behaviour of the individuals regrouped in this category[ix]. The individuals pooled in this category do not think much of the business world they live in which they consider by and large an undelivered promise.

"Being a leader is not a dream to me – just look at our leaders, frankly: do they make you dream...? Nor is it a question of power, of having a large number of people under my command. It's just a means to reach certain goals I have. I want to serve society, that's my satisfaction."

"C'mon, you don't really believe this synergy crap, do you? When I look at some of the recent mergers (...) quite a few are strongly ego-driven by the CEOs and many so-called synergies are constructed to convince the board and then everybody gets rich... Then when you come to implementation, you realise that the consolidations that were made with a generous stroke of the highly paid consultant's pen don't work..."

They are acutely lucid, generally very well informed and particularly unsparing with the protagonists of the two previous categories, which they consider mediocre, cynical and mendacious. They grew up in the paradox of a life of personal abundance and unlimited consumption surrounded by dialectics, rhetorics and imagery of increasing hypocrisy, but also anxiety and insecurity about society 'going down the drain': a stagnating economy, job losses, clandestine immigration, drugs, AIDS, organised crime, ethnic wars and so on. However, this pitiless analysis of the world they are a part of has not led these individuals into a state of general refusal, isolation and autism as reports suggested some years ago[62]. They distrust authority in any shape or form and believe in nothing much except in themselves and that they intend to 'make this world a better place'.

"I keep updated alone, by trying out new things. Or in the team, with colleagues, with peers. I hate authority, I don't believe in management gurus. I'm not good at being taught. I like to try out things, again and again, improvise. Alone or with colleagues."

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61. "Revolution! The people howls and cries, Freedom, that's what we're needing! We've needed it for centuries, our arteries are bleeding. The stage is shaking, the audience rock. The whole thing is over by nine o'clock. (...) Just that, in fact. An act. An act."
62. Cf. Euro-RSCG Survey *Generations and Gaps*, 2002

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"I don't expect loyalty from my colleagues. I expect honesty. I want them to say, I don't agree with you. I want them to say I won't stay with you for another two years. That's worth a lot to me, much more than loyalty. Yes men make you blind."

"Our team was a real bunch of friends, the camaraderie was exceptional. Nobody was ducking, every one took turns to do the lousy jobs too, those you couldn't get credit for but needed to be done. We had a way of seeing setbacks and hurdles as opportunities, challenges. You know we all came from computer programming and were totally multimedia. We were 'interactive', you could say. At the origin of every creative solution there was once a problem, we used to say."

"My closest colleague is my boss, the CEO. We have a great relationship. We have a very informal set up, perhaps it's because our CEO is Swiss because I'd never experienced anything like that in Germany or elsewhere."

"I like to 'ping pong' ideas to my colleagues and back: I give them a cue, they come back with something, we spin it further… We like to develop a number of ideas; we always have more options than needed. We also try out things, when they fail we try out something else. We foam over with ideas… it's our culture. The new colleagues took some time to get used to it. They came from a company where failing was a capital crime, so obviously they were hesitating in the beginning."

"You must not be blinded by all these fantastic synergy figures on the colourful consultants' overhead presentations. It's the people that do the work. So you have to focus on the people to get to the results, not vice versa."

Videogame executive learners also want 'to have fun'. But it is not a 'free of charge' type of fun that they're looking for. Rather they believe that doing a good job at work and being a good citizen does not have to come at the price of cynicism and sacrifice of the family or general quality of life.

"I take breaks and I want the team to take them, too. Sure, we all work long hours, sometimes it's insane, and we like it, too. But then, you know, you can also get into a frenzy where it's not about work at all but some sort of competition about who leaves the last. Anyway, the team can get by without me for some time, no sweat. Nobody is irreplaceable. Much of it is pure hype, or do you really believe that success comes at the price of broken marriages and heart attacks? I don't think so."

"Let's face it, to work in many of these companies is simply not fun! But you can have fun, even in tough times. We do."

"The thrill [of becoming a CEO] was that I was the captain of the ship! And all were dependent on my judgment. I had to see where we would navigate that we would survive storms, fend off pirates and reach safe shores with our cargo… and avoid a mutiny on the way. Great fun! I like my job. Although sometimes I think it would be great to run my own ship again."

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These individuals display a perspective of 'participative networking', contrary to the systemic self-organisation perspective of the two previous categories[63]. In this perspective organisations are understood as "...complex responsive process of relating in the ordinary social interaction of people in their local situations in the movement of the living present.[64]" This perspective is essentially paradoxical in that the individuals shape social interaction while being shaped at the same time[x] in a process characterised "by the known and the unknown." To these individuals, ethics is a concept that is neither related to the law nor to any 'codes of conduct' but a matter of identity. It has to do with persons and "...the notion of persons combines two opposite aspects, namely changeability and stability[65]". It is the interpretation in action to be found in the action itself. It is something intrinsic, more basic, a personal need to act and negotiate action in a way to add value to society.

> *"Integrity is important to me, it's perhaps the number one success factor. Sure, there are plenty of guys out there who have no integrity at all and they're often bloody successful. But for how long? Where will they be in a few years' time, in prison? What were their objectives, their vision? Personal wealth and prestige – or to lead a company professionally? I truly believe that the substance behind a leader, his manners, his behaviour, and his ethics are very important. These qualities are necessary to achieve a top performance. In the long run in any case, in the short-term perhaps not."*

> *"Yes, power corrupts, no doubt. Since I am in the top executive league I catch myself squinting across to my peers to see where I stand in relation to them, or being tempted to make executive decisions for the simple reason of increasing my power. Also money. I never thought about money when I earned less and I never thought more about money than since I'm earning a real lot of it. You can get into a dangerous spiral if you are not constantly vigilant."*

Although they are in CEO or top executive positions themselves, they do not define success hierarchically as 'climbing up the ladder'. They prefer to multiply experiences, to hop from project to project, as they get generally bored rather quickly as soon as a task takes on a repetitive characteristic.

> *"Once [a problem is] solved, I wanted to move on, to continue changing things. It's in my nature to always move forward. As soon as things are stable, I think of the next step."*

This group's *cognitive behaviour* is basically andragogic and self-authoring[66]. Knowledge is understood as a construction and truth a matter of context. Knowledge is sought, processed and transmitted in the shape of images and models that help to interpret and analyse experiences:

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63. Griffin (2002),
64. Griffin (2002), p. 26
65. Griffin (2002), p. 214
66. Kegan (1982, 1994)

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> *"You know, to tell a story sometimes gives more meaning to a situation than just to explain things in terms of shareholder value or competitiveness or return on investment… The new boss was great at that; he could clothe his messages in stories. You know, not pedagogic or anything, more as if he told the rules of a new videogame. There were the good ones – us –, there were the evil forces… a princess that we had to free, the jungles, deserts and mountains we had to overcome… People understood it, the pictures, the adventure, the hope, the bravery…, the hardship that was before us was filled with some meaning. It now felt more like a tele-reality show, you know. You'd be expected to live through demanding things, but really it would all be happening in a protected space and the ambulance was just yards away behind those three false palm trees."*

Learning comes from the actors' interpretation and personal evaluation standards, values, perceptions, predictions and deductions, which is performed by the use of images rather than the verb. Since images store large amounts of data in a state of low entropy, the cognitive process is fast, but possibly to a certain extent superficial. Also, a film, advertisement or videogame quote may represent pure knowledge, as it sometimes contains a complete value system, contextual information and expert insight as in Davenport and Prusak's definition of knowledge[67]. Such knowledge can be assimilated and socialised extremely quickly but only among the informed, those who dispose of the key to decipher it, i.e. those who have seen the film, the advertisement or the cartoon or played the videogame. This phenomenon has not been researched in the management literature and classical rhetorics and semiotic studies are limited to text and language, i.e. single media. The cognitive behaviour is described by the individuals in a form that reminded the researcher of someone zapping television channels to get an overview and a grasp of the whole offering, rather than surrendering to and concentrating on one programme. Also, the category members get bored quickly and do not stick with a job or a task for long.

> *"(…) after a while you don't get challenged intellectually anymore, and by that your motivation sinks."*

> *"When it began to be the same everyday I left. I need a challenge, otherwise I'm no good."*

However, when these individuals are involved in a particular problem-solving process, their commitment is absolute and undivided attention is attributed to it. This reminds again of the behaviour required in videogame playing. Also, what was observed is that information assimilation, transmission and socialisation are very close, sometimes almost simultaneous. Some recent studies on design have found evidence that certain forms of design can amplify cognition, but the body of research on image, design and cognition is still very modest[68].

> *"A traditional way of doing things is to reflect thoroughly, then plan and then implement. We had changed this around completely: we decided to act first, then – or in fact during action – we would reflect and then correct what needs to be corrected if any-*

67. Davenport and Prusak (1998)
68. Devlin (1999); Card et al (1999); Willinsky (1999)

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thing. This simultaneousness of otherwise sequential steps made us gain enormous time! Of course, nothing we did was totally unreflected, it's more of a mind set: act-reflect-correct, rather than reflect-act-correct."

"Speed was the most important success factor. We had used totally new standards with regard to speed. We set deadlines that people claimed were simply not possible! And we said, not possible? Great, that's exactly why we'll do it anyway. And I experienced this many times that people were totally despairing and convinced that you could not merge 200 subsidiaries spread over the whole world in just two weeks. They said: it can't be done. And we said: it will be done. And it was done. But we allowed for a large error margin. We said, you can make mistakes but you have to be fast. And with this incredible tempo we rolled over people with a steamroller… Things were always 'already done' when issues were raised… And those who couldn't keep up with this fell off the wagon, one by one."

This may be the result of hours spent on videogames, which are interactive, contrary to other adolescent entertainment forms such as watching television, reading or watching sports games. Instruction manuals and best practice codes are by and large ignored and 'own ways[69]', developed in widely participatory processes are sought.

"I'm a trial-and-error person, I don't plan much. Let's face it: circumstances change so quickly in our business, any plan is by definition an anachronism. I'm faster with improvisation, even if I have to try three times before it's bingo, I'm still faster than with a plan."

"Best practice manuals? I don't believe in them. By the time a manual about the problems I'm facing is written, my problems will have changed. The goal is to reach the goal. Nobody has ever done what we did before. Not exactly. So we just go for it, and if we see that our approach is leading nowhere, we correct it."

"I'm a trial-and-error guy. I hardly plan. I'm not afraid of making mistakes. It's much quicker to have a few trials than to endlessly plan your one and only approach. The context changes so quickly, the only way to be sure to be wrong is probably to plan."

They are clearly explorers and have some problems with exploitation tasks, which they tend to pall on. This group also works with intuition, but rather with the type of intuition Miller and Ireland label 'holistic hunch'[70].

"I believe in intuition. My dad made himself a millionaire using his excellent business instincts, his intuition… even despite a poor education."

"Often I just know what to do. In the midst of the maze, of the 'Matrix[71]' (laughs)… I'm sure this knowledge comes from somewhere, but I can't explain it."

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69. Usher and Edwards (1996)
70. Miller and Ireland (2005)
71. this is a reference to the film 'Matrix' 1999

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Generally, there is a self-generated curiosity about acquiring knowledge but also a sense of responsibility vis-à-vis its acquisition. Knowledge enhancement is also seen as 'fun'. Rather than a means to an extrinsic end as in the two previous categories, it is sought in order to enhance one's own competencies according to one's own standards. There is also an altruistic component in that knowledge is meant to serve to understand the self and to contribute to the improvement of society. Another interesting observation lies in their perception of uncertainty. While cartel and aesthetic executives perceive uncertainty as a transitional state to do with exceptional extrinsic (for example a new law or the 9/11 terrorist attack) or intrinsic situations (for example a change of CEO or a merger), videogame executives consider uncertainty as 'here to stay', as a fact of life.

> *"We shall never stabilise again. People who think the inherent uncertainty has to do with the merger better think again. Uncertainty is here to stay, welcome to the real world. That's why I so insist on basic values, I spend so much time and effort on developing a community spirit. That's why I try to make the ride fun. That's the only way people can stand the uncertainty and still perform. If they're rooted. Not if they're given retention boni…"*

> *"The difference in mergers is that you don't really have things under control. So many things are happening at the same time, many unexpected, and the messages you need to communicate to appease different stakeholder groups are bound to be conflicting. You would have to reassure people by giving strong signals and tell them clearly what is happening but in fact you often don't know all of it yourself, especially in global mergers! But then, come to think of it, do we really have things under control at other times?"*

> *"The competition we need to address is not <major competitor>. Competition can come from anywhere: companies in a different type of business, companies that don't exist yet or even our customers… The entry barriers to our business are extremely low. It's not a company we have to beware of, but an ever changing environment… that's why we have to reinvent ourselves every day, even – or especially – when the going is good."*

Interpersonally, the videogame category of individuals displays family and team-oriented behaviour. This is interesting since videogame playing is commonly reported to be an individual activity, preventing young adults from reading, socialising and reflection and prone to leading to isolation and alienation. This has not been noticed here. These individuals seem 'nourished socially'[72], embedded in emotional acceptance, reflexive and genuinely interested in making a societal contribution – *and* good profits for their companies at the same time. This category's individuals are family and team-oriented actors that have a strong need for affinity from their entourage.

> *"You know, the crux is to combine individualism and the whole. It's a contradiction, I know, but it can be done. Just look at the internet communities of practice, where perfect strangers – not even necessarily employees! – work together toward a common goal. If you can make a common vision emerge so strongly that people want it to succeed – that they consider it worthwhile, that they adopt it for themselves, as their personal*

72. Erikson (1968)

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goal... not because someone says so. If you can manage that you can generate tremendous energy and become virtually unbeatable. And it's a good feeling."

"You can have your cake and eat it. You can be a good businessman and a good citizen. You can work in the system and question it. You can be free and accountable. That's what I believe in."

They are antiauthoritarian, highly self-organised[73] and out to 'beat the system from within' as one respondent explained. This aversion for authority and their lack of fear about 'making mistakes' enables them to work in peer groups but also multi-hierarchical groups. They have no mind about losing face before their colleagues and easily volunteer unfinished bits and pieces of solutions in their management team meetings which often resemble brainstorming sessions. Any group they find themselves in – and they are often in groups, because of their accessibility and their desire to 'have fun' – is automatically a learning group. Regarding their competition they do not think in 'us against them' terms, but rather 'what can we do together'. However, the togetherness is not aimed at controlling markets and prices, but rather to enhance products, learning and quality of life in general. Their alliances are multiple, temporary, alternating and project-related. As a consequence, decisions to merge often arise from previously temporary and well-working relationships and are therefore among partners that already know and appreciate each other.

The videogame behavioural patterns have again yielded mixed *results* with respect to the mergers that were managed under this style. Merges in knowledge industries with a relatively low average age of the management and the staff reacted very well to this behavioural set. A large number of cultural differences, primarily those based on language (in the sense of German, French, English, etc), countries, educational and social backgrounds and even professional origin do not appear to be an inhibiting factor with this behavioural category. They seem in fact be a relic of bygone times[74] and classic recommendations on how to deal with cliché differences in the style of the 'engineers versus the finance people' or the 'pragmatic Americans versus the cerebral Germans' seem out of phase with this category of cultural hybrids that has travelled the world from childhood, really thanks to low-cost air travel and virtually due to 500 and more television channels from all over the world that they had grown up with. On the contrary, cultural diversity is understood as a precious resource and as a competitive advantage as a growing recent body of literature is beginning to confirm[75]. Problems occurred in mergers where top management displayed big cultural differences based on age, or rather on cognitive habits. Here, a different type of language problem appeared, because there are many contemporary codes and references the videogame individuals use in their language (e.g. SMS abbreviations; quotes or expressions related to videogames, film quotes, cartoons, advertisements or references to sports slogans such as skateboarding) that are not easily accessible to the cartel or the aesthetic category of behaviours. Also, cartel and aesthetic executives have a different notion of work and sometimes consider the videogame behaviour as 'not serious'.

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73. Giddens (1998)
74. Holden (2002)
75. Jackson (1992); Sessa et al (1995); Viney (1997); Schneider and Barsoux (1997); Søderberg (1999); Dupriez and Simons (2000); Jackson and Schuler (2002); Holden (2002)

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> *"I'm telling you, it was 'Houston, we have a problem'… I mean there we had all the best practices and plans in place that you can imagine, and it felt like 'game over'. It was eerie! That's when I decided to take things in hand my way. You know just try something. The truth? I had not idea if it would work."*
>
> *"It was the big wave…"*
>
> *"Hey, [as a CEO] you're the guy with the joystick in his hand! (…) That's a good feeling!"*
>
> *"Many of the older executives didn't even use internet yet, they had their secretaries print their e-mails out for them and type their answers… And from one day to the other, after the merger, everything happened by mail, SMS or on the web! Top down, bottom up, at midnight or four a.m. or whatever. It was 'viral'. Anyway, it was uncontrollable to them: if you don't check your mails for a day you get left behind."*

Some of the videogame individuals have entrepreneurial experience, often failed, during the internet boom at the beginning of the century. Due to their trial-and-error mentality such experiences did not diminish their self-confidence or their entrepreneurial attitude. In their logic it has helped them to progress.

> *"I came to the top by starting there. I founded my own company with some colleagues from university. We didn't make it, but it was a great experience."*

However, such a track record appears to render the collaboration difficult with the individuals from cartel and the aesthetic category. In their notion of failure such an experience is regarded as negative and deprecative.

> *"I don't quite see how these flighty cartoon figures and carefree surf boys who had brought the internet bubble onto us will rise to lead our companies of tomorrow… They may be creative but how many of them can read a balance sheet? And how many of them stick it out when it gets tough?"*

The role of the media was favourable to such ventures and personalities receiving them as innovative and even paradigmatic and accompanied such ventures with enthusiasm as the 'new way' of management. However, when these individuals' trial-and-error based approach resulted in the occasional 'error' this could be sanctioned by the media and the reporting would turn around. The videogame executive learner used the media to communicate but did not bank on them altogether, owing to their general distrust of all established power. Generally, the main relative strengths to merger management of this group lie in its:

- *visual, symbolic communications with the various stakeholders* thus raising the project to a level of a worthwhile human adventure rather than an astute business deal in the perception of the stakeholders and permit a cohesion that transcends classical culture differences
- *insouciance vis-à-vis the making of mistakes*
- *capacity to enthuse, sense of adventure*
- *high internet literacy*

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- *spatial visualised competencies*
- *multivalence decision-making*
- *trial-and-error, mistake making as a resource*
- *intuition (holistic hunch)*
- *diversity as a resource*
- *balance work and play*.

With reference to the polychotomous nature of the post-merger organisation outlined in Figure 2-1 it can be said that this category of executives focuses on all four organisational elements that the post-merger organisation entails, namely the new organisation 'C', the previous organisations 'A' and 'B' and the temporary project organisation. In fact, their picture-ridden, adventure-focused approach seems to transcend the differences in these organisations and homogenise the communications. The main shortcoming of the videogame executive learner in post-merger situations lies in the fact that these executives often leave the job within one or two years after the merger, in other words before the task is really accomplished. This lack of endurance is basically the biggest question mark in the evaluation of the effectiveness of the videogame executive learner in a post-merger environment – or in any leading position for that matter.

6.2.4 Comments on the Categories

> *There was only one catch and that was Catch-22, which specified that a concern for one's safety in the face of dangers that were real and immediate was the process of a rational mind. Orr was crazy and could be grounded. All he had to do was ask; and as soon as he did, he would no longer be crazy and would have to fly more missions. Orr would be crazy to fly more missions and sane if he didn't, but if he was sane he had to fly them.*
> Joseph Heller in *Catch-22*, 1961

Although these three categories have been identified as the basis for differentiation regarding the identified managerial success factors they are neither mutually inclusive nor mutually exclusive. They are not meant to be fixed labels applied to individuals but should be considered in the context of pertinent circumstances. Also, they relate only to the aspects of the self bound by the context of the analysis, the andragogic self and the post-merger resource. Within the categories there are also degrees of behavioural and motivational intensity. For example within the cartel category the extreme of the spectrum would include individuals experiencing extreme isolation and, in one case, severe depression. Whereas the cartel category is clearly internet-illiterate and the videogame category totally literate, also with regard to the ever-changing facets of the internet and multimedia world, the aesthetic category displayed the complete range of internet behaviour. Some similarities transcended some categories. For example the rhetoric regarding change was quite similar in the cartel and aesthetic categories both in terms of an active, extraordinary effort to change being called for and also with regard to who had to make it; namely 'they', the 'others'; the other managers, employees, or society in general. They parted from the stance that they had 'made the step' into the 21st century and that it was their duty to lead others to make it. The videogame learner did not speak much about change because his expectation was not based on stability, 'change is with

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us' as one respondent illustrated it, using a perverted quote from the film 'Star Wars.[76]' Another similarity common to the cartel and aesthetic categories was the use of the first personal pronoun singular, 'I', whereas the individuals from the videogame category tended toward using the plural form 'we', even when asked a personal question. Similarities between the aesthetic and videogame categories include the desire to inform and to involve people in their decisions although the manner in which this was done differed considerable, in that it tended to be top down in the aesthetic group and interactive and reciprocal in the videogame category.

6.2.5 Hypothetic 'Ideal' Category: The Polychotomous Executive Learner

> *Float like a butterfly, sting like a bee.*
> Muhammad Ali

> *How is education supposed to make me feel smarter? Besides, every time I learn something new, it pushes some old stuff out of my brain. Remember when I took that home winemaking course, and I forgot how to drive?*
> Homer in the Cartoon Series *Simpsons*

> *Do I contradict myself?*
> *Very well then I contradict myself,*
> *(I am large, I contain multitudes).*
> Walt Whitman

> *A man gains awareness of what he is through his selfhood in a world in which he plays an active part. He is one who has learned that he completely loses insight into the general course of affairs if he tries to stand outside as a mere spectator aspiring towards a knowledge of the whole.*
> Karl Jaspers in *Man in the Modern Age*, 1931

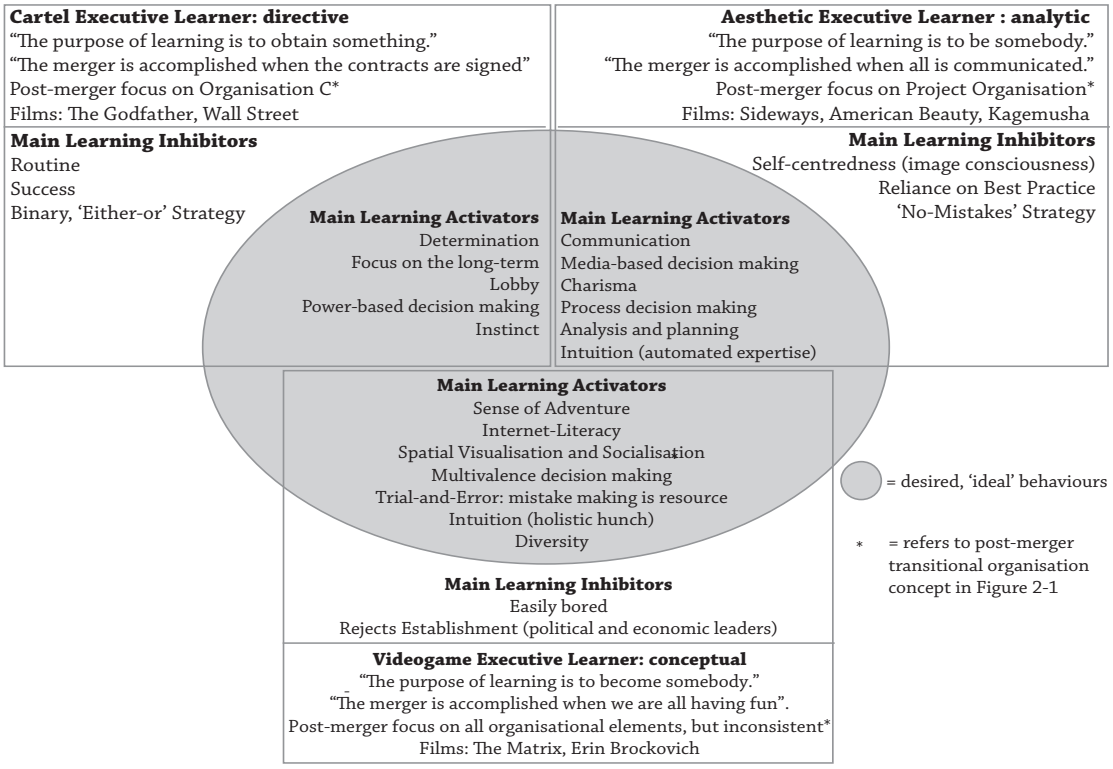
Far from wishing to establish a post-merger learning taxonomy the researcher cannot help but speculate what could become possible if the diverse explicit cognitive and behavioural strengths of the three described categories could be assembled to one, ideal set of behaviours. What if the post-merger CEO could 'float like a butterfly and sting like a bee'? What if the tenacity and long-term focus of the cartel executive could be combined with the communication and explanatory skills of the aesthetic category and again with the multivalence decision-making, the sense of value-adding adventure and the trial-and-error competencies of he videogame executive learners? Of course it could be argued that these are sets of behaviours that are highly personal and that individuals cannot change their attitudes and behaviours easily to match them with an ideal 'way of doing things.' But then these behavioural orientations have been detected as being common to groups of individuals, individuals that are furthermore active in a same type of assignment, in a same linguistic environment under similarly complex contextual conditions. Furthermore the data has suggested that certain types of behaviours within each category were particularly favourable to post-merger management. Behaviours that inhibit or activate learning in post merger situations are summarised in Figure 6-1.

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76. 'Star Wars', film trilogy of the 90s. The quote referred to is 'may the force be with you'.

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Figure 6-1:



A tentative and highly hypothetic 'ideal' category of learning and coping behaviours has therefore been established, with all the reservations that must clearly be made vis-à-vis such an approach. However, andragogic behaviour has incremental potential contrary to what Homer Simpson in the above quote stipulates, otherwise we would not be able to cope with the stimuli of an increasingly ambiguous and polychotomous business world and come forward with pretty reasonable solutions to most challenges most of the time. And the increased complexity of today's world cannot be faced by simplification, but rather with an increase of our own internal capacity for complexity and polychotomy management. It appears therefore reasonable to outline a set of hypotheses on a possible behaviour of increased internal complexity, which shall be attempted under the label 'polychotomous executive learner'.

The polychotomous executive learner is lucid and technology savvy, highly informed; media saturated and has a certain reserve vis-à-vis authority in general. His or her *values and beliefs* are embedded in an existential logic namely that man is free to be anything and by this freedom entirely responsible for his acts[77]. He is driven by a sense of societal purpose and responsibility, but not in a missionary way. Life is a multiple, it is power (as in cartel), beauty (as in aesthetic) and sometimes just a game (as in videogame), but this multiple is not motivated by perverted postmodernist 'anything goes' logic. Rather the

77. Sartre (1946)

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sum of the multiple is embedded in a respect for the other and with an overall goal to add value to society. Value is not exclusively defined in immediate material terms, which gives a long-term perspective to his or her action. Simultaneously, this long road to sustainability is paved with regular short-term goals to be achieved. The polychotomous learners are both individualists and communitarians and choose strategies that permit the enhancement of value to both themselves and their community. They adopt a systemic perspective of coactive self-organisation in terms of the emergence of personal identity, freedom and innovative change in social interaction. Since this is not always easy and the competitive pressures are high, they permanently struggle with the contradictions, paradoxes and ambiguities they are faced with and question themselves on risk and conflict, spontaneity and motivation. As they are honestly bound by the commitment to balance conflicting interests their self-questioning is not done in a spirit of guilt but of constant seeking and development[78]. Rather than as mercenaries they perceive themselves as entrepreneurs and are prepared to be compensated for their labours by participations in the long-term success of their actions. The role of CEO is not the only 'possible self' the polychotomous executive learner imagines and not an end in itself and the personal development is not regarded as hierarchical, it is likely that he or she would assume quite different roles and tasks in his or her life[79].

The polychotomous executive learner's *cognitive behaviour* is andragogic and self-authoring. Knowledge is constructed. Learning is above all a permanent need and a source of enjoyment. It comes from the individual's interpretation and personal evaluation standards, values, perceptions, predictions and deductions which is performed both by the use of the verb and images. For this knowledge assimilation the individual can draw from a varied and diverse cultural background including several languages, including the 'language of design and imagery' and many classical as well as post-modern and contemporary cultural agars. For this calling up of knowledge he also relies on intuition, both in the form of automated expertise as also of the holistic hunch[80]. This facilitates and speeds up his or her knowledge socialisation which can be adapted and thereby made understandable to the receiver's cultural and value systems and does not remain confined to a particular generation or elite. To be literate in spatial visualisation permits the polychotomous learner to gain a faster understanding of and familiarity with image-based cultures. These include contemporary cultural groups such as the Generation Y[81] that has grown up under the permanent and intense stimulus of still and moving images, i.e. large amounts of data in a state of low entropy and have, to survive in such an environment of permanent hyper-stimulation, developed highly efficient conscious and subconscious assimilation strategies[xi]. But also ancient cultures, namely Asian cultures are built on a language of images rather than words composed of letters. In general, the polychotomous learner has grown up under the influence of many cultures and the classic cultural conflicts as they are known today are not a major problem to him. He is a citizen of the world and at ease in the most diverse environments, which he treats with respect and from which he assembles elements that become part of his multicultural self. At the same time his or her roots are important and he cherishes his long-term and

78. Jarvis (1987); Mezirow et al (1990); Mintzberg (1990)
79. Markus and Nurius (1986); Frazier et al (2000)
80. Miller and Ireland (2005)
81. Generation Y: generation born after 1978

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immediate origins. The polychotomous learner is also highly skilled in the use of information systems, having mentally separated the information flow from the workflow. The executive's 'work place' is no longer a physical place such as an office but wherever the executive is, since he or she has easy access to all stored data from anywhere. The polychotomous executive views organisational change as a given and permanent 'process of becoming[82]' and consequently his or her organisational focus is not on 'organisation', i.e. on the shaping of a new definitive organigram, but on 'organising[83]' the dynamic and ongoing process of transformation[84]. Improvisation, in the sense of Weick's 'just-in-time-strategy[85]' therefore plays a key role in his or her leadership and management[86]. Rather than trying to anticipate everything that will or might happen these executives bank on general knowledge, on their ability to do a quick synthesis and on their intuition. This concurs with their attitude vis-à-vis mistake making and their consequent ability to cut losses with established ideas.

The span of concentration and commitment of the polychotomous category is large but accompanied by an acute multitasking ability[87], a permanent vigilance in the shape of a second, parallel stream of attention about what happens outside the confinement of the task one is concentrating on[88]. This parallel processing state can be compared with a child doing his or her homework with loud music playing at the same time. The concentration built up by the homework permits to experience the music more intensely and the music motivates and inspires the individual in its primary task. The polychotomous individuals also have sophisticated computer and internet literacy, including such new skills as 'interruption management[xii]'. Paradoxically, the fact that environmental complexity, uncertainty and transitionality are understood as permanent therefore a life in a state of imbalance and incontinuity and multiple, shifting tasks[89] is accepted permits the polychotomous executive learner a certain degree of control over his or her life. Interruptions such as intrusions, breaks, distractions and discrepancies are not experienced as the "...plague of managerial work[90]" or as leading to a "time famine[91]". Rather the cognitive interference is basically experienced as a stimulus[92] and a means to promote adaptation[93] and they have a clear strategy as to their management. They appreciate the informal feedback and information sharing, the increased stimuli of action and for change and the "...opportunities for incubation of ideas and creative tasks[94]" that such interruptions can bear. However, they are sensitive to their own idiosyncratic needs for breaks[95] and incubation moments[96] and regularly take extended, isolated

82. Tsoukas and Chia (2002)
83. Weick (1998)
84. Hardy et al (2005)
85. Weick (1998), p. 352
86. Crossan et al (2005)
87. Rasmussen (1983); Kieras et al (2000)
88. Anderson and Lebiere (1998)
89. Cellier and Eyrolle (1992); Jett and George (2003)
90. Grove (1983), p. 67
91. Perlow (1999)
92. Wickens and Hollands (2000); Jett and George (2003)
93. Okhuysen (2001)
94. Jett and George (2003), p. 497
95. Csikszentmilhalyi (1975)
96. Leonard and Swap (1999)

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time outs for reflection and self-reflection.[97] His or her natural reservation against authority makes that the polychotomous learner relativises his or her position of power and does not take him or herself too seriously. While there is an interest in and knowledge of complex and sophisticated philosophical or technological works, and avant-garde art is enjoyed, there are no fears of contact with the popular arts and a barbecue with some good friends from various backgrounds is perceived as just as worthwhile than an opera première at Bayreuth. Coevally, these individuals take themselves very seriously in that they are persons in their own right and family people and take great care to balance their lives. The culture problem as described in the post-merger literature is not acute in mergers led by the polychotomous learner who has by and large enjoyed a very multicultural career. Already at age 30 he or she is likely to have accumulated work experience on several continents and consequently feels rather comfortable in a diverse environment, being familiar with a wide array of values, symbols and codes from different cultures. Furthermore, functional cultural differences (e.g. as between finance, engineering and marketing) are also macerated as education is more general and inter-functional job changes are frequent. For all this cultural and functional breadth the polychotomous learner will sacrifice some depth.

Interpersonally these individuals give a high priority to their family, not only as a safe haven from corporate stress and a source of energy and recovery but in a give-and-take way of mutual development. Their significant others are similarly engaged in professional projects and the task of developing and educating their offspring is shared. At work, they are essentially team-oriented and non-hierarchical. Since they are highly self-organised they have, however, also solitary moments and are also capable and ready to work in elite environments[98]. Their relationships with stakeholders are based on two-way communication and negotiation and their networks combine both stable and long-term partners and momentary alternating, project-based alliances.

The polychotomous executive learner's *coping strategies* include first of all a much more critical perspective vis-à-vis the tool of M&A for performance and prosperity to begin with. In their logic, size and power are not absolute values nor ends in themselves, be it for the company or for the self. The market needs for consolidation, permanent innovation and proliferation can be addressed in other ways, with other forms of networks and alliances than with mergers[99]. So far, mergers have mainly proven worthwhile for the actors involved, the banks, the consultants and the corporate leaders and less for the merging companies. Since the polychotomous learners do not define themselves in terms of compensation package, momentary stock price, size of balance sheet or number of employees under their command, they have many more strategic options to cope with the challenging demands of an ever-changing marketplace. Also, their insight of complexity suggest a transformation toward a leadership behaviour of sometimes choosing apparently hesitant and inefficient behaviour, following passions to say stop even when there seems no explicit (or normed) reason for it, declining for example proposals to merge with a competitor even if that decision may provisionally make the stock price go down. If and when a merger decision is made, these individuals display a

97. Grove (1983); Mintzberg (1990); Thomas and Ayres (1998)
98. Giddens (1998)
99. Brass et al (2004)

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substantial degree of anticipation and planning for the sake of subsequent fast action and a high degree of freedom of improvisation. They show strong determination and personal commitment to the task at hand, which they consider their personal responsibility throughout the merger process. During this process they display their known positive attitude toward mistakes, which they consider, similarly to the videogame learner, a source and resource for improvement. These individuals' primary task dimension is exploration but they are well aware that quantum leaps are rare and that the journey to good performance is more often made up of many small steps and that the exploitation of these steps is necessary. Their notion of the competitor is similar to that of the videogame learner in that there is awareness that the main competitor is probably the one that does not yet exist and that the known competitor can be a resource for performance improvement. Since permanent reinvention is needed in order to keep a step ahead, any resource, competitive or not, that can contribute to this reinvention is welcome.

For better differentiation the three emerging categories and the hypothetical polychotomous category are summarised with their characteristics and dimensions in the table 6-1 below. As the terms 'ideal' and 'hypothetical' stipulate such a set of behavioural patterns as is proposed in this section based on 'what worked' and 'what did not work' in post-merger management cannot but appear ambitious. Nevertheless, some of these behavioural patterns have shown to work in the data collected and have led to a substantially improved learning and coping behaviour in transitional situations and thereby to better entrepreneurial performance. Time and practice will be the judges of whether any of the proposed hypotheses will be sustained.

Table 6-1: Categories with Their Characteristics and Dimensions

Characteristic, Dimension	**Cartel Category**	**Aesthetic Category**	**Videogame Category**	**Polychotomous Category**
Value system	Life is power and control	Life is beauty	Life is a game	Life is all of the above, and respect
Ethics	Within the law	Code of conduct	Add value	Add value, respect
Social embeddedness	Solitary	Elitist	Unselective	Diverse, selective
Purpose of learning	To obtain something	To be someone	To become someone	
Knowledge	Is a possession, a means to an end	Is a product to be acquired	Is constructed	
Leadership	Directive	Analytic	Conceptual	Integrated
CEOs personal merger involvement	Until closing of deal	Until communication and integration/plan.	Until boredom	Permanent: M&A mgmt. = management

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Table 6-1: (Continued) Categories with Their Characteristics and Dimensions

Characteristic, Dimension	**Cartel Category**	**Aesthetic Category**	**Videogame Category**	**Polychotomous Category**
Organisational merger Focus	On new organisation	On integration team	On all elements	
Organisational perspective	Systemic organisation	Systemic self-organisation	Systemic networking	Coactive self-organisation
Communication	By head of comm.	By CEO		
Communication means	Formal verbal statements	Multiple personal appearances	By images, symbolic acts	Mixture of verb and image
Main entrepreneurial focus	Degree of control	Degree of media support	Degree of excitement	Integrated
Time dimension	Decades	Next quarter	The time of a game	Long and short term
Subconscious learning mode	Instinct	Intuition (automated expertise)	Intuition (holistic hunch)	Both types of intuition
Human diversity	Little diversity	Diversity		High diversity
Medium diversity	Single medium (verb)	Reduced media (verb, some images)	Multimedia	
Degree of planning	High		Low	High to permit improvisation
Vision	Long term dominance	Short term results	Adventure	Integrated
Determination	High, permanent	High	High, until boredom	High, sustained
Internet literacy	Low	Medium	High	
Rhetoric	Poor	Excellent, universal	Excellent but addresses only the 'young'	Excellent, diverse
Attitude toward mistakes	No mistakes		Mistake making as a resource	
Networking	Stable, long-term, confined to few peers	Reduced, homogenous network	Intense, multiple partners, alternating, temporary	Both long-term and alternating networking

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Table 6-1: (Continued) Categories with Their Characteristics and Dimensions

Characteristic, Dimension	**Cartel Category**	**Aesthetic Category**	**Videogame Category**	**Polychotomous Category**
Perception of uncertainty	Is an inhibitor and must be reduced	Is related to some temporary factor and must be managed	Is a fact of life and must be integrated in the game tactics	Is a fact or life
Relationship with external stakeholders	Lobby	Communication, negotiation	Invited to join the game or ignored	Communication, negotiation, cooperation
Notion of complexity	Reduce	Communicate, explain	Discover, enjoy, drop when bored	Discover, communicate, explain
Task dimension	Exploitation and exploration (sequential)		Exploration	Exploration and exploitation (simultaneous)
Films	The Godfather Trilogy, Wall Street	Sideways, American Beauty, Kagemusha	Matrix, Erin Brockovich	All types
Videogames	None	Chess, flight simulator	All types	All types

6.3 Tying up Loose Ends

6.3.1 The Post-Merger Exception

The post-merger situation was originally chosen as field of observation primarily because it was obviously a situation of high complexity and pressure and of disappointing entrepreneurial performance and therefore an auspicious environment in which to study top executive learning and coping behaviour[100]. However, as this work progressed, and despite large differences in the various case studies, the post-merger situation began to take a distinct shape and unique intrinsic characteristics that transcended the differences and that had not, to this researcher's knowledge, been researched and described in this way before. According to management and andragogic theorists, learning and leading is guided by a consistent set of behaviours displayed by a leader over time. As was discussed in chapter 2, researchers have found that different sets of behaviours are particularly apt to coping with different situations and have made recommendations associating particular leadership and learning styles, tactics or even traits to specific internal and/or external economic situations (e.g. recession, boom), competitive opportunities or constraints (e.g. technology, legislation) company life cycle stages (e.g. start-up, growth, transition, consolidation, succession, adaptation) and

100.cf. section 1.2.1

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so on[101]. For example Greiner recommends analytic behaviour in transitional situations, creative behaviour in start-up companies, conceptual behaviour in adaptation situations, 'production' behaviour in growing companies and behavioural style in consolidation phases. Furthermore, difficulties in post-merger management are often and perhaps overhastily attributed to 'cultural incompatibilities', a term the researcher proposes to call an amoeba-term in an attempt to explain that it tends to take all possible shapes and entail all possible meanings and thereby none. However, the post-merger organisation seems to transcend these reflections by its complex and variegated nature:

- Multitude of organisational structures: As was explained, a post-merger organisation is really a juxtaposition of different organisations that have to co-exist and be managed simultaneously for a period of time: the two organisations of the merging partners, the integration or project organisation that has the mission to lead these organisations together and, step by step, the emerging new organisation. This is a transitional stage but these various organisations sometimes co-exist over considerable periods of time, usually not less than one year and often longer. This means that the total structure to be led displays at the same time characteristics of a start-up company, of maturing companies (sometimes one or both in distress), of a consolidation situation, of a project organisation, of a transitional arrangement and of an adaptation situation. By following Greiner from the above example, the CEO would therefore need to simultaneously be analytic, conceptual, behavioural, production-focused and creative!
- Multitude of economic situations: global mergers are made up of many small mergers in different economic environments all over the world. Some are booming, some are in distress. Again, one leadership style and one learning behaviour do not 'fit all'.

This analysis confirms the need for CEOs to display a high tolerance for paradox and to understand, absorb, transmit and manage highly polychotomous situations.

6.3.2 Temporality

A two-loop strategy has been chosen with an ethnographic phase of several years followed by a grounded theory approach, based principally on longitudinal in-depth interviews held over a period of time. The temporality was chosen in order to observe phenomena throughout a variety of contextual situations and thereby permit a more solid confirmation of their existence and a clearer understanding of their nature, both in terms of the researcher's observations as also in terms of the respondents' inputs. This research is therefore the result of work done over five years. The look at the field during this time can be described as a multitude of snapshots assembled into a picture from which a portrait emerges. Generally, the phenomena observed were stable and in many cases enhanced over time. The most salient difference in the second interviews was a more immediate candour of the informants. Whereas in the first interviews some questions were at first answered in a 'politically correct' manner and with care as to 'look good' both personally and as a company and further digging was necessary to arrive at more personal and reflected information, the degree of confidence and intimacy was high from the onset in the second

101.cf. Chapter 2, especially the sections on Leadership (2.2), Change Management (2.6) and Knowledge and Learning (2.8).

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conversations. Also, the respondents seemed to perceive the conversations as useful and/or pleasurable judging by their generously offered availability for further queries. Furthermore, an external influencing factor, namely the increasingly insistent public debate taking on serious anti-capitalistic traits toward the end of the research phase[102], has somewhat increased the respondents self-reflecting activities and accentuated their contention with ethical concerns in the second interview round.

6.3.3 Switzerland and Germany

With this research a contribution to the observation and study of executives in Switzerland and Germany could be made. Essentially, the learning and coping behaviour of these executives concurs by and large with those from regions on which more abundant data is available. However, since the study is not comparative between the USA and Switzerland/Germany but entirely dedicated to Swiss and German executives, i.e. executives from multinational companies operating from a Swiss/German home base, such a comparison is not possible. There was, however, a difference in the German and Swiss management styles in that German executives were notably more formal and relied more on hierarchy for enforcement while the Swiss executives were more consensus-driven and had a higher competency in the management of diversity[xiii]. What could also be observed were certain linguistic and organisational particularities: the respondents' language and actions were precise, organised, timely, tidy and correct. With regard to the modes of the language of management as proposed by Holden[103], the following features could be observed:

- *language as a descriptor of management tasks*[104]: this mode seems to be largely globalised and there were few differences in the formal description of the informants management tasks and activities. The vocabulary was by and large adopted and more or less consistently translated from the US business environment
- *language as a networking facilitator*: This language was more personal, more Germanic and also more company-specific. There was little of the short, pragmatic business slang packed with codes confined to the 'initiated few' as one can observe in US environments, perhaps with the exception of the banking case where the US influence on language, organisation and collaboration was quite strong. Otherwise the rhetoric was generally 'not economical, but ... less susceptible of misunderstanding,[105]' except for the trend toward the use of pop and post-pop cultural references described in the videogame executive category. Especially in the cartel and aesthetic categories there was little risk-taking. Statements were rather formal and usually the result of intensive antecedent lobby work. In companies where English was the corporate language the findings of Schneider and Barsoux were confirmed in that "...Anglophones (...) tend[ed] to dominate group discussion, ignoring [the fact] that the differences in ability to speak English create an unequal playing field.[106]"

102.cf. Appendix W
103.Holden (2002), p. 232
104.Beer (1966)
105.Pinchuk (1977)
106.Schneider and Barsoux (1997)

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– *language as a repository of company knowledge and vision*: this mode is the "subjective language in which the company describes itself to create or confirm an image or impression pertaining to its overall way of doing business.[107]" Here again, the US influence was stark. Many companies had highly americanised slogans in place and executives used these in their discourse and expected their colleagues and employees to adopt them, too in order to manifest affiliation, purpose and 'collegiality.[108]'

6.4 Implications for Theory and Practice

This study examines the learning and coping behaviour of top executives in Switzerland and Germany in a transitional post-merger context.

6.4.1 Implications for Theory

The study endeavours to break new theoretical grounds by proposing:

– A first-time inquiry into the learning and coping behaviours of top executives in post merger situations
– A first-time inquiry into the learning and coping behaviours of Swiss and German top executives in multinational organisations
– A study of the particularities of the post-merger organisational arrangement and a proposition of a theoretical framework of the post-merger organisation
– A theory emerging from a grounded theory process on the key learning and coping behaviours of executives in the stated contexts
– The development and proposition of a hypothetical 'ideal' set of performance-enhancing behaviours, called 'the management of polychotomies' in the stated contexts.

In addition, in the highly interdisciplinary course of the above inquiries and abstractions, a multitude of influencing factors on post-merger performance have been identified and discussed in depth, using theoretical contributions from a large variety of relevant fields, such as business studies, pedagogy and andragogy, leadership theory, change management, knowledge management and organisational psychology and sociology. These complementary factors are summarised in Table 6-2.

107.Holden (2002), p. 234
108.Barham and Heimer (1998)

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Table 6-2: Discussed Key Factors That Influence Post-Merger Performance

• The nature and scope of managerial discretion in a post-merger context
• The factors that make promising and successful individuals and teams fail in a post-merger context
• Post-merger acculturation through discourse and metaphor
• The CEO and his or her self in a post-merger context
• Post-merger management versus leadership
• The characteristics of the 'global mindset'
• Dichotomy, paradox, ambiguity and conflict in post-merger situations
• Trust and distrust in a post-merger context
• Executive learning inhibitors in a post-merger context.

These complementary factors, examined with an interdisciplinary approach for its explanatory power in this essentially behavioural research, contribute to the existing bodies of theory of interdisciplinary management studies as well as of a variety of academic fields such as management science, pedagogy and andragogy, organisational theory, change management, rhetorics, paradox management and organisational psychology and sociology.

Finally, with this research an inductive approach using the methodologies of ethnography and grounded theory has for the first time been applied to the field of top executive behaviour, thus contributing to the application of an established methodology to a new field.

6.4.2 Implications for Practice

A set of behavioural patterns have emerged from this research and built into a theory on the management of polychotomies that seems particularly adapted to post-merger management and the management of similar transitional, multicultural and highly complex business environments. Although most informants were convinced that little of what was needed in the post-merger context could be learned other than in the field, and even generalisations from practical experience were not always appropriate, it would be interesting to challenge this conviction. Granted, a binary "do's and don'ts list" for CEOs in merger situations is not in sight nor likely to be forthcoming given the fast-changing global business environment and the extrinsic and intrinsic framework conditions of each merger. In this sense the data confirmed current research[109] that the impact on performance of direct generalisation of M&A experience onto new M&A situations is limited. Yet the data also suggests that CEOs and other top executives can influence their personal experience spill-over if typical executive learning inhibitors, as summarised in Appendix V are neutralised and a non-linear, polychotomous approach to post-merger leadership is applied. The thorough bottom-up abstraction, conceptualisation and categorisation provide at least some indications as to which type of behaviour has proven more or less favourable in a number of specific post-merger contexts. These behavioural patterns propitious to positive post-merger performance are described in the

109.e. g. Zollo and Leshchinskii (1999); Zollo and Harbir (1999); Zollo and Reuer (2001); Srikanth (2005)

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ideal category labelled "polychotomous executive learner" and summarised in Table 6-1. Although generalisation is not a claim this research makes, it can be assumed to a certain extent that executives in other but similar contexts to those observed and negotiated here are likely to find the proposed behaviours to positively influence post-merger performance. This has as much relevance with regard to CEO's own leadership behaviour as with regard to their selection of executive team members. Furthermore the data suggests that CEOs may wish to rethink their own role and that of their Human Resources manager. Human resources management is clearly a key success factor in post-merger performance and the data suggests that the role and the potential of the HR manager are often not optimally exploited by CEOs.

From this research emerges also a new perspective on the post-merger organisation as a transitional juxtaposition of several organisations requiring different types of executive attention. It appears that in order to achieve optimal post-merger performance these different sub-organisations, namely the two original merging organisations, the temporary project organisation (usually called the integration team) and the newly emerging combined organisation have different agendas and requirements that need to be explicitly addressed.

Beyond these direct practical implications there is the question of the formal usability of some of the andragogic cognisances of this research in the training of executives. How can business schools better prepare their students for transition? Some evidence suggests that this could be done by a closer, more intense and 'real life[xiv]' collaboration with the business itself, in the form of real time project work assigned to business students as is increasingly practiced by leading business schools. There seems, however, also an underlying ethical note related to the observed change in executive perspective from a dualist, systemic self-organisation view to a participative self-organisation view[110]. The shift from a focus on individual leaders to the emergence of personal identity in social interaction has implications for the andragogic field of business ethics, which may need to be considerably reviewed. Rather than the mechanistic teaching of ethical best practices and codes of conduct it may be contingent for business tutors to reflect with their executive students on a more general moral precept, less related to the large strategic questions of the 'do's and don'ts' of contemporary corporate life and more a question of ethics in the smallest details of executives' lives, much in the way of Adorno's aphorisms in his *Minima Moralia*[111]. In a context where the local interaction is often ..."alienated from a genuine living present because it is in the service of a whole that is not part of the experience of the present[112]" the andragogic focus of the ethics discussion may perhaps best be set explicitly on this local interaction. Another implication this research has is that the executives frequently struggle with the alignment of personal values and corporate values and that they do not have a forum in which to address these questions. Business schools may want to offer such a forum of debate both at their operational and executive levels of tuition in the shape of interdisciplinary discussion groups.

110.Griffin (2002)
111.Adorno (1969)
112.Griffin (2002), p. 165

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Furthermore, a multitude of influencing factors on post-merger performance have been identified and discussed in considerable depth, which, in addition to their theoretical contribution, can bring practical insight to executives faced with post-merger issues. These influencing factors are summarised in Table 6-2.

6.5 Recommendations for Further Research

An interdisciplinary approach to studying CEOs' learning and coping behaviour in post-merger situations has been overdue and the findings of this research display the considerable potential of this approach. Clearly, there are opportunities for further research. For one, the present study warrants replication, using other methodologies and/or forms of measurement such as survey approaches, expanded samples and samples containing German-speaking as well as other European or US-based or Asian-based mergers. Regarding the latter, different behaviours of the CEOs and top management teams of the combining firms can be expected, which may attenuate or accentuate the findings of this research and which may permit a comparison between a German/Swiss 'way of doing things' researched here and other philosophies.

Replication studies could also study whether there are differences in the andragogic behaviour of male and female executives, which was not possible here due to the infinitely small sample of female executives among the respondents and the potential lack of objectivity on the subject due to the personal involvement and gender of the author.

We are presented with some emerging evidence that the image has replaced the verb to some extent in knowledge assimilation and socialisation. This new use of multimedia competencies in general and at top management level deserves further research. Is it just a new kind of management rhetoric as there were many in the past decades or is a whole new cognitive culture in the making here? As studies in rhetoric and semiotic are text- and language-focused, i.e. single media, the information and perhaps even the tools for analysing and understanding the special and visual aspects of this multimedia cognitive phenomenon are rudimentary or even lacking altogether. Some researchers may just want to dedicate their time, curiosity and wisdom to this area.

A further research opportunity involves the study of the role and viability of M&A as one of the principal remedies to the challenges of globalisation. For the sake of this research this was not questioned but rather used as an environment in which to study executive learning and coping. However, some findings suggest that while the general need for consolidation prevails at least in some industries, other more ephemeral types and forms of alliances may be more adapted to a future business environment where entry barriers get lower and permanent self-reinvention of business purposes, models and organisations may be needed for which the merger tool may be too encumbering. M&A may just be no less and no more than the 'worst way to grow quickly except all others that have been tried', to speak with Churchill[xv]. In the same context the rationales for mergers and their influence on merger success may be a worthwhile relationship to delve into.

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Other research projects could be directed towards the deeper understanding of the influence of executive compensation on individual and organisational learning than this study could provide. Irrespective of the much-mediated and heatedly debated isolated cases of excessive compensation, the data of this research suggests that many of the prevailing compensation systems encourage a short-term behaviour, which may not be beneficial to the companies. Also, through the increasing publicity of their action and due to the recent changes in legislation demanding increased transparency regarding executive pay, executives are increasingly becoming public, and to a certain extent political figures. The issue is therefore on the table. According to Rapaport (1982) environments communicate meanings that trigger appropriate behaviours. Trust is an important driver of culture both in their relationship with internal and external stakeholders. The perception of fairness in the spread of executive compensation, especially in the light of simultaneous belt-tightening measures and layoffs at the employee level, is an important influencing factor of trust[113]. Moreover, many employees are also shareholders of their companies, either directly or via the companies' pension funds. The injustice they resent in relation to the large compensation packages is therefore both emotional and rational.

The phenomena of trust plays an essential part in this research. The particularity of the post-merger organisational arrangement with its complex and multiple internal organisational layers and characteristics and its aggressive external contexts enhances the importance of trust and renders it more precarious. Depending on whether regular calibrations of expectations are performed[114], the implications of trust can be negative or positive. It would therefore be interesting to contribute to the emerging discussion on trust in relation to organisational forms[115] by examining in what way, if any, new and more intangible and temporary forms of organisation and collaboration as they are described in the videogame and polychotomous categories generate new forms of trust.

Another unexplored subject of pertinence proved to be the role and responsibilities of the human resources executive in post-merger management. The data suggests that there is a discrepancy between the theory that, since most post-merger challenges are human, attributes a key role to the human resources manager in the integral post-merger process and the practice of most cases examined, namely that the human resources manager was not equitably integrated in the top management team and often called upon late in the merger process when human problems began to take the scene. Many HR managers were frustrated in their task and quite a number threw the towel in the course of this research, estimating that they were 'second class citizens' of the executive floor. As has been argued, 'human resources management' is to a certain extent leadership itself and therefore undelegable. On the other hand the data suggests that there is much to be gained by an early and integral involvement of the HR manager, since so much depends on the retention and attraction of key human resources.

113.Goudsmit (2005), p. 336
114.Hubschmid (2002), p. 273
115.e. g. Sabel (1993); Weick (1988, 1995); Hubschmid (2002)

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6.6 Concluding Remark

For compassion for the reader and also motivated by a strong desire to finalise this oeuvre one day, the researcher thus concludes her journey. The price to pay is the consciousness that nowhere nearly all the pathways that the formidable data at hand had to offer have been exploited, let alone explored. At every crossing, at every roundabout and even in the thicket at the sides of the road that was chosen many more cognisances lie quiet and wait for someone curious to come along. Still, a good deal of ground has been covered and no effort has been spared to do at least partial justice to the data so generously offered to the researcher. In narrating, balancing, conceptualising, mediating and otherwise negotiating this "tale of two cultures[116]" it has been attempted to "avoid solipsism on the one hand and positivism on the other[117]" It is hoped that the odd practical and theoretical insight into the nature of top executive learning and coping for 'excellence' amid dramatic change and increasingly global competitive pressure can be drawn from it and spun further. As could be anticipated, no shortcuts nor any foolproof plan or checklist could and did spring from this journey: the best CEO has not yet been born, the most successful merger has not yet begun, the wisdom is still being assembled.

Endnotes to Chapter 6

i Habermas (1985): The original German term 'neue Unübersichtlichkeit' (lit. transl.: 'new inability to oversee things') seems to capture the concept even better than the English translation 'new obscurity'.

ii This text is inspired by an essay by the writer Aurel Schmidt (1999)

iii Example: on January 20th Novartis (global life sciences corporation) announced a record result for the ninth consecutive year, both in operative growth (+11%) and in net profit (+14%). Upon this announcement, and the comments by leading financial analysts that this result did not meet their expectations, the share price fell substantially.

iv Here the term cartel is used in its sense from the popular culture, to describe a set of behaviours resembling cartel mechanisms. Companies portrayed in TV series such as 'Dallas' or 'Dynasty' may be referred to as 'conglomerates'. In the 19th century the anti-capitalist movements used terms such as 'trust' or 'concern' that would also be appropriate to denote the mechanisms and behavioural sets in this category.

v Nader (1973) militantly describes this tactic in the USA as follows: "... it is so much easier and, above all, more stable to seize the legal and administrative apparatus than to fight it, turning government agencies into licensors of private monopolies and co-conspirators against the people...".

vi A typical example of the lack of experience, training and sensitivity of top executives in public appearances is the public statement by UBS President Robert Studer in February 1996 in connection with the dispute on the restitution by Swiss banks of monies (deposited mostly by persecuted Jews) on nameless bank accounts during the World War II. President Studer publicly taxed the sum due as 'peanuts'. This statement made him overnight the symbol of the lack of sensitivity of Switzerland and its banks to the issue in the whole world. Another example was the nonchalant victory sign Joe Ackermann, President of

116.a tale of two cultures: that of the researcher and the informants' (Van Maanen, 1988)
117.Manning (1979), p. 660

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Deutsche Bank, made to the waiting media as he entered the court building at the onset of his corruption trial in the 2004 Mannesmann affair, from which he was later acquitted.

vii Entry barriers are characteristics of the market or of the company that gives incumbent competitors a cost or other advantage over potential entrants. The level of the entry barrier can be measured by the extent of cost or other disadvantage an entrant must bear to establish itself in the market.

viii Miller and Ireland, referring partly to Crossan et al (1999) and to Mintzberg (1994), differentiate between two types of intuition, namely the 'holistic hunch' by which "…judgment is made through a subconscious process involves synthesis of diverse experiences, novel combinations of information and strong feelings of being right", and the 'automated expertise' by which "…judgment is made through a partially subconscious process involving steps borne of past situation-specific experiences, a replay of past learning and a feeling of familiarity" , suggesting that the former is more adept to exploration needs and the latter to exploitative situations (Miller and Ireland, 2005, p. 22).

ix Videogames exist since the early seventies but have become a popular computing activity since the mid 80s (Miura, 1984; Lieberman et al, 1988), when some respondents of this research were in their 20s and 30s. Videogame playing requires spatial and visual skills, quick reaction, eye-hand coordination and the ability to process information coming from several sources simultaneously. It is, contrary to other leisure activities such as reading, watching television or sports events, a highly interactive information intake that demands undivided attention (Lieberman and Linn, 1991). They necessitate spatial visualisation competencies, for example the ability to mentally rotate objects and to interpret pictorial representations of spatial relationships (Gagnon 1985). A videogame offers a challenge to reach a goal and endless opportunities and numerous strategies to arrive at your goal, which supports a trial-and-error behaviour. Such games are reported to improve cognitive flexibility, awareness of relationships among symbol systems and self-monitoring skills (Dickson, 1985). Socially, video games are reported to bring people together for collaborative and competitive play (Mitchell, 1985). Such games stimulate curiosity, control over the action and fantasy themes (Malone and Lepper, 1987).

x see also Prigogine (1996) and his questioning of the validity of the elimination of paradox. To Prigogine, the nature of self-organisation is naturally paradoxical as there is presence of order and disorder *at the same time* in far from equilibrium conditions. In his view, nature is to be understood as perpetually constructing a future that is not known before it evolves, as opposed to Kant's view in which the scientist is hypothesising and feeding the self-organisation into a *system*, *as if* the system were itself intending its final state (Kant, 1785).

xi Regarding subconscious assimilation strategies there is evidence in some recent studies by the National Academy of Sciences in Paris that many cognitive processes are not conscious and that it is possible to assimilate the emotional value of words and images presented in subliminal manner, i.e. for less than 30 milliseconds (Naccache et al, 2005).

xii Interruption management is a term coined by the researcher, but the term interruption comes from the literature on human-computer interaction (e.g. McFarlane and Latorella, 2002). It may seem absurd that people in positions of responsibility should want to be interrupted. However, the data suggests that interruption is an important influencing factor in a CEO's life. Successful job performance also depends on executives' high accessibility and availability to a large number of not always programmable stakeholders and/or events, on the ability to constantly monitor a fast-changing environment and a need to collaborate and communicate with people via such systems as the computer (e-mail, forums) and the mobile phone (phone calls, SMS). Since interruption seems inevitable it be-

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comes necessary to manage it effectively. This can be done by selection, multitasking, mixed-initiative interaction, delegation and, as far as information systems are concerned, by an increasing number of interrupting technologies.

xiii One explanation may be the nature of the Swiss political structure, which is confederate and made up of a number of diverse cultural and linguistic regions. C.f. also the Expo tale (section 4.7.1) and the comment on the 'Willensnation' (endnote to chapter 4, xvi).

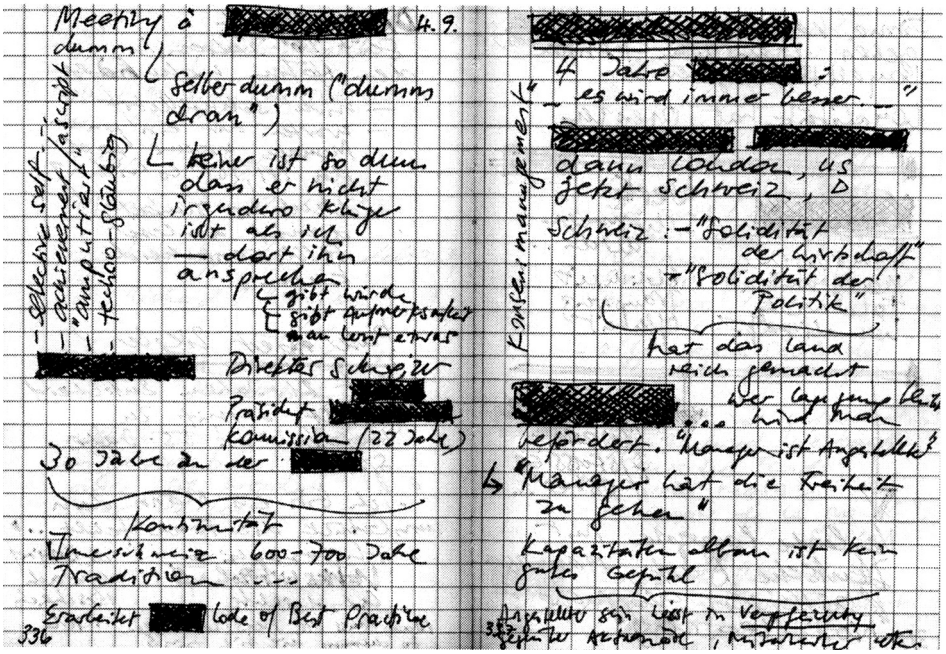
xiv By 'real life' is meant that rather than working on theoretical situations or past cases, the assignments corporations give to business school students concern real and actual issues of their corporate reality. The executive student teams are made to work directly and real time on the companies' actual problems and issues, as external consultants, and their proposed solutions are, if viable, adopted by the companies and feedback is given, after some time, to the students and the business school. While many schools work with 'real' corporate issues, very few work 'real time'. Usually the CEOs are invited to talk about a problem they had in the past, then the students work out solutions to these problems and then the CEO is invited back to explain how he had dealt with the issue at the time. The business students' proposed solutions therefore remain hypothetical and there is no feedback of whether it worked in practice.

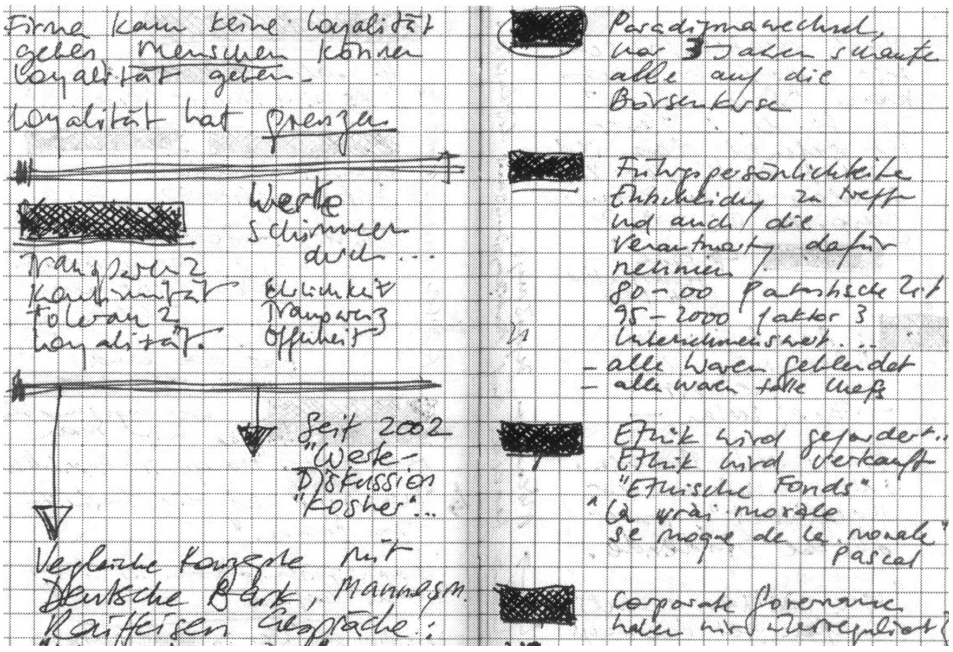
xv The original Winston Churchill quote refers to democracy: "Many forms of Government have been tried, and will be tried in this world of sin and woe. No one pretends that democracy is perfect or all-wise. Indeed, it has been said that democracy is the worst form of Government except all those others that have been tried from time to time" (undated).

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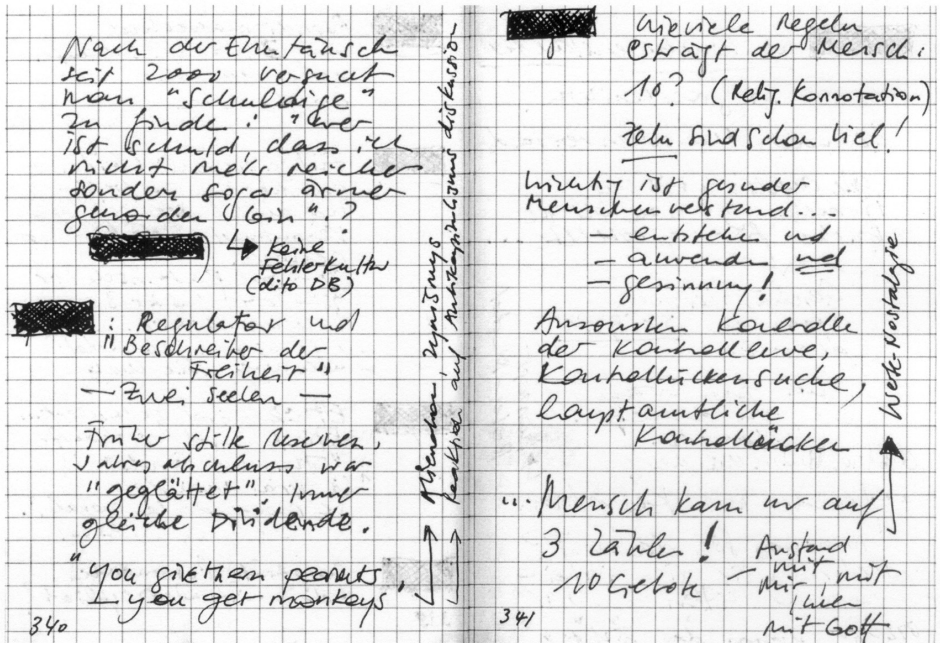
Appendices

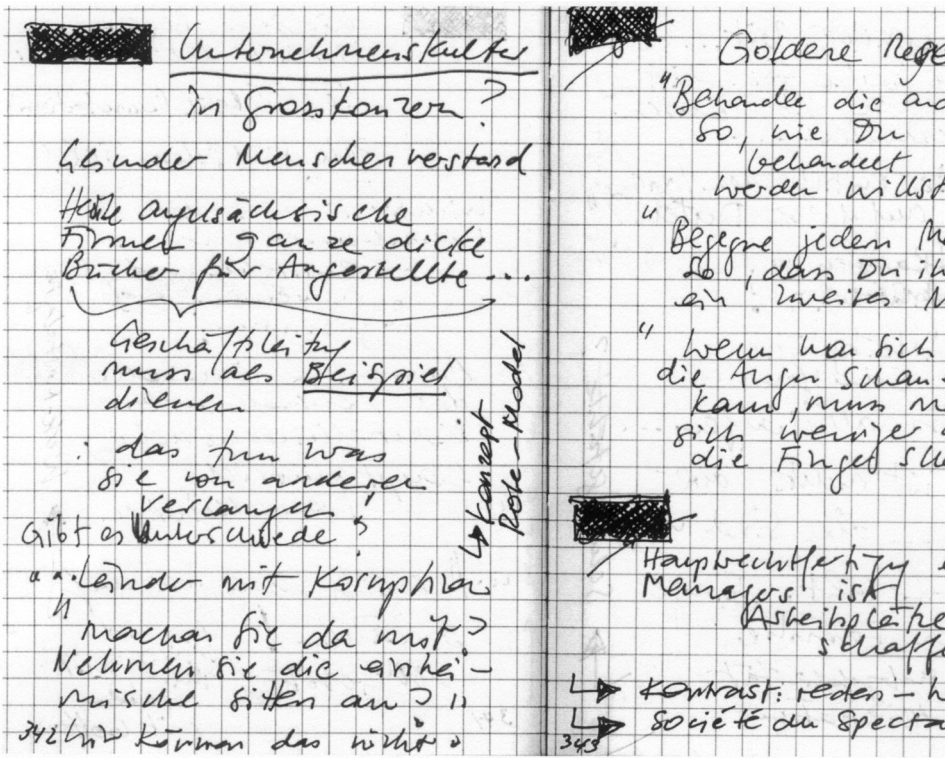
Appendix A: Sample Pages of the CEO Diary



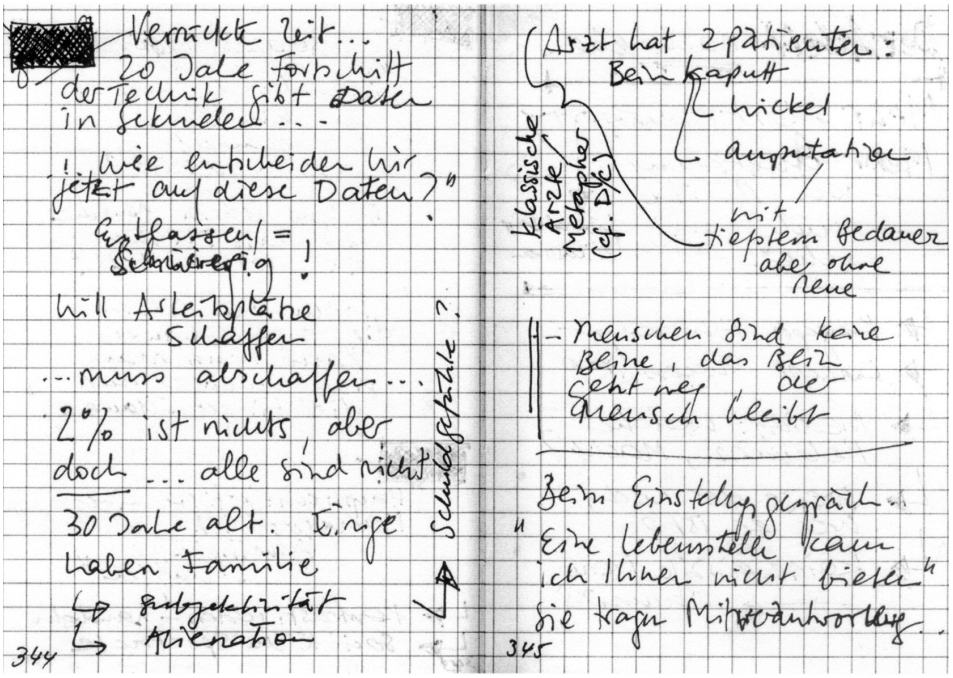


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Appendix B: Rationales for Mergers and Acquisitions

Diversification for Risk Reduction

By diversifying into other industrial sectors, executives believe that earnings volatility and risk could be reduced and thereby potential value increased[1]. Whilst there are clear arguments for diversification[2], the premium paid by companies in diversification is often high. Diversification for risk reduction can be a good strategy for family-owned companies, where one or few owners are exposed alone to all risk. This might explain in parts why many Middle Eastern and Asian family-owned businesses become successful conglomerates.

Acquisition of Companies Considered to be Undervalued[3]

Sometimes companies are judged under-valued by the stock market and the acquirer hopes to earn the difference between the "true" value and the purchase price[4]. This can be a successful strategy if the acquirer has indeed the competency[5] to identify such firms, to purchase them without pushing the price up during the purchasing process and to raise their value after acquisition to the "true" value, or sell the acquiree in pieces. Here again, in publicly traded firms this is seldom the case, since a premium is likely to have to be paid on the market price. Moreover, acquirees can bear considerable hidden costs, which are not identified in the due diligence[6]. When acquiring a family-owned business, the likelihood of success is better.

Acquisition of Companies Considered to be Poorly Managed

Sometimes the potential acquirer estimates that a company is badly run and he is convinced to be capable of running it better[7]. In recent years, corporate control[8] has regularly been quoted as a reason for hostile take-overs[9]. The goal is to change the management team[10] and/or existing management principles and practices. The expected value increase, called value of control, can be achieved if the poor performance of the acquiree[11] is truly due to poor management and not to market or other exogenous factors, and if the acquirer's manager indeed possess superior planning and monitoring abilities which benefit the acquiree's performance[12]. Also, for success, the management changes have to be implemented effectively and actually yield a value increase. Finally, the acquisition price must reflect the poor state of the company and not include the potential control premium.

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1. Lowinski et al (2004)
2. Montgomery and Singh (1984)
3. Elgers and Clark (1982)
4. Steiner (1975); Ravenscraft and Scherer (1987)
5. Holderness and Sheehan (1985)
6. Kaye (1969)
7. van Ees et al (2003)
8. Franks and Mayer (2001)
9. Deyner-Green (1994)
10. Raj and Forsyth (2002)
11. Agrawal and Jaffe (2003)
12. Jensen and Murphy (1988)

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Expecting Operational Synergies

Synergy is the most referenced[13] rationale for mergers. It is the potential added value from the combination of two companies. Operational synergies are expected to promote growth and operating income. Examples of operational synergies are economies of scale, increase of pricing and purchasing power, faster penetration and growth in new[14] or existing markets[15], knowledge transfers[16] and the combination of strengths or the compensation of weaknesses, such as when a firm with a great product line acquires a company with strong sales competencies. The valuation of these synergies is often difficult[17]. It looks good on paper: just merge a few production plants and departments, combine computer systems and use size to force down purchase prices, acquire a supplier so as to secure its profit margin, etc. and the merged company should be more profitable than its parts. In practice, many of these supposed synergies may prove elusive[18], and their success depends on the actual capacity to implement them in the post-merger phase.

Expecting Knowledge Synergies

M&A, joint ventures, strategic alliances and consortia have been found to be motivated as a mechanism to increase the speed of learning and knowledge transfer[19]. This is especially the case in research-intensive industries. Technological change is sometimes occurring so swiftly, that a single company is no longer able to develop all the required knowledge in-house[20]. Cisco and GM have pursued a strategy of technology acquisition and integration, as opposed to undergoing strategic alliances or other forms of non-committal learning collaborations[21]. Acquisitions are seen to: "...broaden a firm's knowledge base and decrease inertia"[22].

Expecting Financial Synergies

Financial synergies can pay off in either higher cash flows or lower cost of capital. A combined company can increase its debt capacity, thus allowing it to borrow more and thereby create a tax benefit. Also, a company with excess cash and limited project ideas can combine with a creative company with limited cash. Financial synergy can also be sought in merging and then divesting parts[23]. Finally, tax benefits can be sought with the acquisition of money losing companies to reduce net operating benefits. Financial synergies are not unproblematic: research shows that financially-motivated acquirers often experience several years of negative operating performance[24] and a decline in the return on assets and asset turnover ratios[25]. The financial synergies approach has been sharply criticised, the main argument being that such synergies cannot be achieved in an effi-

13. Porter (1987)
14. Ohmae (1989)
15. Luo (1999)
16. Porter (1985)
17. Dobrzynski (1988)
18. Baumol (1997)
19. Kogut (1988); Lyles (1988, 1992); Hamel (1990); Hamel and Prahalad (1996); Prahalad and Doz (1999)
20. Greenberg et al (2003)
21. Carey (2000)
22. Vermeulen and Barkema (2001)
23. Fluck and Lynch (1999)
24. Freund et al (2003)
25. Jensen (1986)

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cient capital market and that there is no evidence for a lower systematic risk or a superior internal capital market[26].

Acquisition based on Managerial Self-Interest, Empire-Building[27] and Imitation
In many cases it is not the shareholders but the management team[28] who makes the M&A and purchase price decisions[29]. This can lead to decisions[30], which are not primarily shareholder value driven, but motivated[31] by management's hubris[32], over-optimism[33] and/or self-interest[34]. Often, the management compensation contracts are redefined in the pre-combination phase to include compensations and side benefits from the M&A, which might blind the executives to costs incurred for the shareholders. The executive ego[35] is also found to be a major force in M&A decision-making, especially when combined with the encouragement from bankers, lawyers and other assorted advisers who can earn considerable fees in the process. Imitation is also a frequent merger rationale: a competitor merges, which prompts top executives to follow suit. Booming stock markets[36] especially encourage imitation mergers: a deal done with one's own highly rated stock as currency can be easy and cheap, but so may be the strategic thinking behind it. Finally, M&A projects with several bidders for one company can also become veritable executive power battles[37], where winning becomes more important than shareholder value, and excessive prices are paid.

Acquisition based on Fear or to Compensate Own Deficiencies
Mergers can be driven by generalised fear[38] and/or lack of imagination. Globalisation, a fast-changing economic environment and the emergence of disruptive technologies make the outlook uncertain and can lead management teams to rush into acquisition for fear of being acquired. Companies may decide to compensate their own incapacity to innovate by an acquisition. This can be motivated by stock market pressure to grow faster than organic growth permits, or by an inability to embrace a new technology fast enough, or by a lack of employer attractiveness making it difficult to attract key talent.

26. Montgomery and Singh (1984); Rumelt (1986); Trautwein (1990)
27. Arndt et al (2000); Roth (2003); Gaughan (2004)
28. Berle and Means (1933); Wulf (2004); Jensen and Zajac (2004)
29. Kirb (1989)
30. Bonetti (1994)
31. Raj and Forsyth (2004)
32. Seth et al (2002)
33. Black (1989)
34. Mueller (1969); Rhoades (1983); Mork et al (1990)
35. e. g. Warson (1998); Anonymous (1998); Weber (1998); Gunn (1999)
36. Frazer (1991)
37. Ohmae (1990); Gaughan (2004)
38. Investopedia.com (2004)

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Appendix C: Key Behavioural Leadership Theories

Cognitive Resources Theory

The cognitive resources theory addresses the conditions under which intelligence and experience relate to leadership effectiveness[39]. It is a situational model proposing that group performance is a construct of complex interaction between:

- *leader characteristics*: intelligence and experience
- *leader behaviour*: directive leadership
- *certain elements of the leadership situation*: the nature of the task and interpersonal stress.

Hypotheses stipulated are, that:

- the executive's ability improves group performance when the executive is directive and when the led need guidance
- perceived stress influences the relation between intelligence and decision quality
- perceived stress moderates the relation between leader experience and performance[40].

In this theory, as opposed to the traits theory, leadership traits are related to situational variables. Moreover, it is recognised that executives do not behave in the same way in all situations.

Leadership Skills Models

Skills models are cognitive models[41] that examine the executive's ability to implement solutions to complex problems[42]. Like the cognitive resources theory, these models are concerned with leadership behaviour, but by focusing on skills, rather than characteristics. Here, leadership is considered a social phenomenon[43]. This means that leaders are not seen as being born but as developing through experience[44], and that their behaviour must be seen within it social context[45]. Knowledge in social perceptiveness is considered central[i]. Good leadership is to succeed in the face of adversity (e.g. time constraints, insufficient resources). Leadership skills are therefore defined as emanating from executives' response to change[46]. Executives face first and second order change[ii]. First order change is incremental or decremental, but basically linear. Second order change[47] is non-linear, large-scale comprehensive, radical, fundamental or revolutionary[48]. It reflects movement that is different from anything experienced before within the existing framework[49]. A post-merger situation can be classified as a situation of second order change. Recent research surmises that executives are insufficiently prepared to handle

39. Yukl (1998), p. 286
40. Yukl (1998), p. 287
41. Bass and Avolio (1994)
42. Mumford et al (2000)
43. Spencer (2002)
44. Mumford et al (2000), p. 24
45. Mumford et al (2000), P. 26
46. Connor (1998)
47. Bartunek and Moch (1987)
48. Lorenzi and Riley (2000)
49. Connor (1998), p. 145

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second order change[50]. In complex, non-referenced situations, executives would have to access certain behaviours situationally, which necessitates type awareness, type flexibility[51] and a capacity to entertain two opposing thoughts[52]. However, many executives have: "...interpersonal difficulties although outstanding intellectual and technical capabilities" and display a 'stuck type'[53], persistently demonstrating key characteristics of their type, without compensation ability.

Leadership Functions

The body of literature differentiates between literal and ethereal leadership functions. Literal functions deal with choices regarding the actual performance, such as planning, organising, coordinating and controlling[54] or goal-orientation[55]. Later, key functions are referenced to be interpersonal, informational and decisional[56]. Ethereal functions discuss options an executive may choose as a result of his or her personality or preference. Senge[57] describes these functions as 'steward', 'designer' and 'teacher'. Recently, an integrative approach was proposed by Farkas and Wertlaufer[58], which empirically connects personal preferences with influence on function:

- *Corporate policy/strategic approach*: collect and cultivate data analysis; create, test, design and implement long-term strategy; ascertain organisations' departure point; devote 80% of time to the external world (customers, competitors); value delegation.
- *Human assets approach*: impart values and behaviours by developing employees who represent these; people closest to business should make decisions; aim to create universe of satellite CEOs, value company-way seniority, not mavericks.
- *Expertise approach*: select in-house talent that will be source of competitive advantage; spend most time on cultivation and expertise improvement; focus on the design of programs, systems and procedures; value those with lack of bias and willingness to be indoctrinated.
- *Box approach*: develop, communicate and monitor detailed prescriptive policies, procedures and rewards for desired behaviour; ensure uniform and predictable behaviour; value seniority; rarely hire top executives from outside.
- *Change approach*: continuous reinvention, focus not on achievements but on the paths toward achievement; little interest in planning cycles; strong focus on communication and motivation to embrace gestalt of change; little attention to seniority, value independent employees.

It is somewhat troubling to find that nearly half of all executives still function in the 'expertise' or 'box' approaches, both rather static and conservative modes[59]. Whilst the slogan that "managers are people who do things right, leaders are people who do the right

50. Farkas and Wetlaufer (1996); Connor (1998)
51. Lang (1995)
52. Lang (1995); Griffin (2002)
53. Lang (1995), p. 290
54. Taylor (1911), p. 5 Fayol (1916)
55. Kotter (1990),
56. Mintzberg (1973)
57. Senge (1990)
58. adapted (summarised) from: Farkas and Wetlaufer (1996)
59. Farkas and Wetlaufer (1996)

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things"[60] seems well received in the academic and professional worlds, it also seems that to define 'what is the right thing', remains largely unachieved by executives[61]. A need for self-analysis and reflection seems to impose itself.

Leadership and Image of Man

Another perspective on leadership started with the great debates[62] between the behaviourists McGregor[63] and Maslow[64] on motivation and the leader's image of man, i.e. their basic assumption on people:

- Are employees basically trustworthy?
- Do they seek responsibility and accountability?
- Does it matter to them if their work makes sense, if it has meaning?
- Do people naturally want to learn and develop?
- Do people embrace change, or embraced being changed, or both?
- Do people naturally prefer to work, rather than being idle?

In McGregor's terminology, leaders who answer these questions affirmatively are "Theory Y" leaders and those who answer them negatively, are "Theory X" leaders. This basic image of man a leader has, is seen to affect everything he or she does, including the way he or she leads people towards goal fulfilment. A "Theory X" leader would typically direct and control, a "Theory Y" leader, convinced that individual and organisational goals can be aligned to a large extent, would typically create situations, in which followers can achieve their goals best by directing their efforts toward the company objectives. Theory X types tend to be task oriented and authoritative and see participatory leadership as a weakness, Theory Y motivated executives focus on process, interaction and participation[65]. Pearman[66] defines five cultural values (autonomy, beneficence, harm avoidance, justice and truth) and ties them to leadership behaviours, such as changers, directors, analysers, strategists, harmonisers, pragmatists, drivers, inspectors, futurists, coaches and catalysts. Leaders' assumptions of people largely vary in different corporate, national/regional and professional cultures. Therefore this aspect is likely to play an important role in post-merger leadership. Whilst the literature claims that a Theory Y assumption of people best supports coping with a complex world, the actual behaviour of executives in the field barely reflects that conclusion[67]. In the 80s a third perspective, called Theory Z, was purported[68]. It had its origins in the observation of some of the success factors of the emerging Japanese industry. Theory Z was a sociological approach: its unit of analysis was no longer the individual but the organisation, especially the large, multilayered global corporation[69]. Theory Z proposed seven elements that would integrate the best of both the Japanese and the US management philosophies:

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60. Bennis (1995)
61. Hill (2000); Chowdhury (2000)
62. Maslow (1998)
63. McGregor (1960)
64. Maslow (1943)
65. Hogan et al (1994)
66. Pearman (1998)
67. Hogan et al (1994); Connors (1998); Pearman (1998)
68. Ouchi (1981)
69. Barney (2004), p. 106

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- *Length of employment*: a switch to a more long-term view of employment was proposed. Long-term employment was said to confer commitment and an understanding of company objectives.
- *Decision-making*: a shift towards more consensus-oriented decision-making was claimed to increase time to market, the argument being that whilst the decision-making process itself may be somewhat slower, implementation would be much faster due to unanimous embracement of the commonly compiled objectives.
- *Responsibility*: It was proposed that the deeply ingrained concept of individual responsibility in the US management culture should be maintained, since it had clear advantages over the Japanese concept of everyone being in charge.
- *Assessment and promotion*: In the US, assessment and promotion were situative and fast. A longer-term view to promotion was recommended based on the claim that this would create a more solid and holistic view of the business at hand and a better focus on the work to be done.
- *Control*: In the US, control was explicit, formalised and largely quantitative; in Japan control was more social, implicit and informal. Theory Z proposed a mix of informal control mechanisms based on explicit formalised measures.
- C*areer specialisation*: Japanese executives were used to rotating among several functions whereas US executives typically served no more than one or two functions over their careers. Theory Z recommended a mix of these two concepts, purporting that experience in different functions would promote creativity, and loyalty to the company and a wider network of useful contacts.
- *Scope of concern*: This refers to the interest individuals have and express in each other. Japanese executives were seen as having a holistic concern, whereas US executives' concern was more segmented. A wider scope of concern was said to give a feeling of security and increase confidence and therefore enhance the executive contribution both to the company and the society surrounding it[70].

Transactional Leadership

Transactional leadership is concerned with the relation between leaders and the led[71]. Behaviours associated with transactional leadership are:

- *Contingent reward*: leader motivates followers with incentives, defines what followers have to achieve in order to receive rewards[72]; such as money, time-off or promotions
- *Active management by exception*: leader uses corrective criticism, negative feedback and reinforcement; leader is on the lookout for problems and takes action immediately upon detection of mistake or rule violation; always acutely aware of what the led are doing
- *Passive management by exception*: leader uses corrective criticism, negative feedback and reinforcement; leader is not actively seeking problems; mistakes and rule violations are only noticed and sanctioned if and when they become obstacles to goal achievement

70. Daft (2004)
71. Northouse (1997), p. 137
72. Yukl (1998), p. 326

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– *Laisser-faire leadership*: leader acts indifferently to the led and unconcerned with the mission; leader abdicates leadership role and responsibilities. Often considered a "non-leadership factor"[73]

Transactional leadership shows effectiveness in certain immediate contexts, but there is increasing evidence that it fails to motivate people long-term to perform beyond their basic job assignments. Human behaviour is often based on exchanges, but transactional leadership appears too simplistic and lacking explanation for intrinsic motivation. Moreover, it is not a true exchange, because the power and the control of the exchange remain one-sided.

Psychodynamic Approach to Leadership
The psychodynamic approach to leadership postulates that leadership experience begins at birth, through exposure to parents and/or nannies as leaders. A variety of concepts that explain leadership in a family surrounding are proposed. The family origin of this theory developed by Freud and Jung, sees the parents' role as being, sequentially:

– to respond to the basic needs of the newborn
– to socialise the child into society
– to accompany maturation, or individualisation.

As the young adult becomes independent, it learns to deal with authority, and begins to develop relationships with leaders that mirror the parent-child relationship, acting dependently, counter-dependently or independently toward the leader. As an adult, the leader may be able to repress childhood memories and move forward with his or her life. The psychodynamic approach suggests, however, that repression can never be complete and that unwanted memories, if not addressed, can take forms of illness or aggression, even toward the uninvolved[74]. This approach is useful in that it analyses the rapport between the leader and the led, which permits the reader to develop personal insight, grow as an individual and possibly change behaviours[75], the proposition being that executives with insight in their own personality and that of others will lead more effectively than those without such insight[76].

Participative Leadership Theory[77]
Participative leadership allows for some degree of influence by the led on the leader's decision. The needs and input of the followers are an integral part of this leadership theory[78]. The degree of follower influence can be:

– *merely consultative*: when the leader consults the led on a particular problem and decides alone, based on their suggestions and concerns
– *a joint decision*: when the leader discusses the problem and a joint decision is made, in which the leader has equal weight to any other participant

73. Northouse (1997), p. 138
74. Northouse (1997), p. 187
75. Sinclair (1998)
76. Northouse (1997), p. 202
77. Johns and Moser (1989)
78. Potter (undated)

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– *a full delegation*: in the case where the leader delegates the full decisional power for a particular problem to an individual or group,

Participation has potential benefits in that it can improve the decision quality and enable learning, for example sharpen the communication and decision-making skills of leaders and followers. Participation can also increase commitment and facilitate team building and conflict resolution. This theory extends beyond goal-orientation and the simple leader-follower exchange. Development of the self and of assigned human resources is also an objective. Delegation, if unmonitored, can be a non-leadership function but to delegate while maintaining guidance, coaching and some control, can be a valid means to shape future executives[79].

Leader-Member Exchange Theory

The Leader-member exchange theory[80] claims that leaders develop specific, dyadic relationships[81] over time with each of their followers. Two forms are recognisable:

– *in-group:* a close exchange relationship is established with a small number of trusted collaborators in the roles of assistants or advisors. This is managed by the leader's control over desirable outcomes for the led, such as delegation of higher responsibilities, pay increase, personal support and career opportunities. For this, 'in-group' collaborators are expected to work harder and be more committed, both to the task as also to the leader
– *out-group:* the remaining followers with whom little mutual exchange is happening. Leader influence is very transactional in style: a combination of legitimate authority, coercive power and reward power[82].

The leader-follower relationships emerge in a three-stage 'life cycle'[83]. In a first testing phase, leader and the led mutually evaluate role expectations and potential resources. 'Out-group' relationships stop here. For a small number of followers, the exchange arrangement is developed in a second stage, and trust and loyalty is established. In a third stage, a common commitment to the cause can complement the exchanges based on self-interest alone. Recent research recommends that leaders try to develop high quality exchanges with all their collaborators, not by treating them all the same, but by giving each one the feeling of being an important, unique team member[84].

Social Exchange Theories[85]

Most types of social exchange are based on the barter of material and/or psychological benefits. Social exchange theory explains how our perception of the balance of give and take influences a relationship. Comparison levels[86] are constantly established and can lead to an

79. Bass and Avolio (1994), p. 13
80. Dansereau et al (1975)
81. Graen and Cashman (1975)
82. Yukl (1998), p. 273
83. Yukl (1998), p. 151
84. Northouse (1997), p. 127
85. Thibaut and Kelley (1959); Homans (1961)
86. Rusbult (1983)

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active role by the led in determining and retaining a leader. Social exchange theory differentiates between elected and appointed leaders, stating that expectations among collaborators are greater towards elected leaders than appointed leaders, and that elected leaders in turn have higher feelings of responsibility for the group than appointed leaders[87].

87. Yukl (1998), p. 190

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Appendix D: Leadership Contingency Models

LPC Contingency Model
Fiedler's[88] LPC contingency model is a situational theory that bases its predictions:

- on the leader's particular traits, especially his or her motivation style: task-oriented or relationship oriented
- on the rapport between leader traits and the situation.

To measure traits and style, the model uses a trait metric called the "least preferred co-worker (LPC) score", which measures the quality of the relationship between the leader and his or her least preferred subordinate. A leader's effectiveness depends on a complex situational variable called 'situational favourability' or 'situational control'. It is determined by the extent to which a situation gives the leader control over followers and is dependent on:

- *leader-member relations*: the degree of loyalty, dependability, acceptance and support a leader gets from his or her group
- *task structure*: the degree of structure and clarity of the assignment, including objectives and procedures
- *position power*: the degree of authority and control by the leader, by means of reward and punishment, of his or her followers.

Fiedler claims consistency in that task-oriented leaders are effective in extremely favourable or extremely unfavourable conditions, relationship-oriented leaders perform well in moderately favourable conditions and socio-independent leaders perform best in situations that are very favourable. He concludes by suggesting that it may be easier for a leader to change leadership situation, rather than his or her leadership style, to achieve effectiveness[89].

Hersey Blanchard[90] Situational Leadership Model
This model proposes a relationship between leadership patterns and collaborator's maturity. Maturity is defined as being composed of 'job maturity', a person's skills and technical knowledge; and 'psychological maturity', a person's self-confidence and self-respect, which influences his or her willingness to perform an assignment. As collaborators' maturity increases, leadership should be more relationship-oriented. Four leadership behaviours are proposed:

- *Telling what to do*: a directive behaviour to be used with employees of low psychological and job maturity
- *Selling an idea*: a directive and supportive behaviour, where the follower is to be convinced of the necessity to perform a given task. It is recommended for employees with low job and high psychological maturity
- *Participating*: a supportive behaviour involving leader-follower interaction to determine the course of action for a given situation, suiting employees with high job and low psychological maturity

88. Fiedler (1964, 1978)
89. Howell and Costley (2001), p. 40
90. Hersey and Blanchard (1969), p. 26

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– *Delegating*: an unsupporting and non-directive[91] behaviour involving the assignment of new responsibilities together with the necessary authority to fulfil them. This behaviour is suggested with collaborators demonstrating both high job and high psychological maturity.

Subordinates' maturity may progress but also regress, which requires constant adjustment of leadership behaviour[92].

Path-Goal Theory[93]
This theory[94] examines the influence of leadership behaviour on satisfaction and on performance. It relates leadership style with both followers' characteristics and context. The theory proposes that leaders can motivate the led by increasing the attractiveness of the goals to be achieved and, simultaneously, enhance collaborators' confidence in achieving them. Again, four types of leadership are proposed:

– *Directive leadership*: specific performance standards and ground rules. Suited to inexperienced collaborators and ambiguous situations
– *Supportive leadership*: good relations and sensitivity to the collaborators' needs. Increases satisfaction, especially in stressful situations and with boring, repetitive and dangerous tasks
– *Participative leadership*: group consultation and information sharing. Suitable for unstructured tasks
– *Achievement-oriented leadership*: challenging goal setting and demonstration of high confidence in collaborators' ability. Suitable for complex tasks.

Later, House extended the same model to six leadership behaviours[95]:

– work facilitation
– interaction facilitation
– group-oriented decision processes
– representation and networking
– values-based leader behaviour
– shared leadership

Path-goal theory has transactional characteristics but does not rely entirely on contingency rewards. It opens the possibility for long-term goal commitment and the emergence of intrinsic motivation.

91. Howell and Costley (2001), p. 41
92. Yukl (1998), p. 272
93. Evans (1970)
94. Evans (1970), p. 177; House (1971), p. 321; House and Mitchell (1974); House and Dressler (1974), p. 29
95. House (1996)

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Multiple Linkage Model
The multiple linkage model emphasises on the complexity of leadership behaviour on group performance and proposes two sets of variables[iii] that are influential in determining leadership performance:

- *intervening variables*: describe the immediate effects of leader behaviour on performance. Follower effort, follower ability, role clarity, work organisation, cooperation/ team work, resources, support and external coordination[96]
- *situational variables*: formal reward system, intrinsically motivating properties of the task itself.

Intervening variables and situational characteristics may directly affect each other. In the short term, the executive's mission is to correct deficiencies arising from intervening variables, in the long term, his or her mission is to improve situational variables[97].

Leader Substitute Theory[98]
This model identifies two situational elements, which may reduce or eliminate the need for a leader:

- *substitutes*: act in the leader's stead and make leadership redundant. Substitutes may be aspects of a situation or characteristics of a collaborator, which can cause intervening variables to be high and thereby substitute leadership behaviour. An example is open source-based software development: people, who are not geographically or organisationally bound[99], and who can join or leave the development community on a temporary basis; work together. Technology is the enabler and basis of their worldwide collaboration. Open source development communities have their own values, such as: free code, multiculturalism, peer recognition, trust, loyalty and shared ownership[100]. This might mediate or substitute some functions of leadership[101], for example motivation[102] or even remuneration[103].
- *neutralisers*: prevent effective leader action[104]. Neutralisers are constraints, which prevent executives from making improvements to the intervening variables.

Role clarity, task motivation: follower, organisation and task characteristics influence whether or not certain behaviours will substitute or neutralise leadership, and to what extent[105]. Different types of leadership behaviour are not addressed in this theory.

96. Yukl (1998), p. 276
97. Howell and Costley (2001), p. 47
98. Kerr and Jermier (1978); Kerr (2004a)
99. Markus et al (2000)
100. Feller and Fitzgerald (2000); Sharma et al (2002)
101. Zigurs (2003)
102. Hars and Ou (2002); Hertel et al (2003)
103. Hars and Ou (2002)
104. Yukl (1998), p. 273
105. Kerr and Jermier (1978); Yukl (2002); Kerr (2004a)

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Vroom, Yetton and Jago Normative Decision Model[106]

Stipulating that overall leadership effectiveness depends on two variables[107]: decision quality and decision acceptance; this model defines specific decision procedures for specific situations. A decision making tree should guide executives to determine which leadership style, or rather which level of involvement to engage, identifying five styles along a continuum ranging from autocratic over consultative to group-based. Questions leading to the desired leadership style include: technical quality requirement, commitment requirement, leader information, problem structure, commitment probability, goal congruence, subordinate conflict and subordinate information availability. The 'normative' aspect of the model is that it was developed by rational logic rather than by longitudinal observation.

106.Vroom and Yetton (1973); Vroom and Jago (1988)
107.Vroom and Yetton (1973), p.41

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Appendix E: Holistic Leadership Theories

Charismatic Leadership
Charismatic leaders are considered the product of employee perception and attribution, which are influenced by leader characteristics and behaviour, by context and by the individual and collective needs of the group[108]. Prevailing theories[109] define leader perception as being:

- *an omnipotent archetype*, a kind of father figure, who will nurture and guide them
- *a mystical personality*, who knows the way and has all the answers
- *a hero/heroine*, often by past achievements, who can move mountains
- *a value-driven person*, who is pure in spirit, concerned with the common cause and capable of empowering it.

Charisma[iv] permits a leader to influence his or her followers by means of his or her exceptional qualities[110], rather than by traditional forms of authority. Howell and Shamir distinguish between personalised and socialised charismatic relationships, depending on whether the leader has a primarily individualist or on the contrary collective concept of self, and indicate that these two charismatic relationships may result in different outcomes[111]. Charismatic leaders "...advocate a unique vision, yet one that lies within the range of acceptability by followers[112]". Usually, charismatic leaders are self-confident and have a strong need for power. They have strong convictions in their own ideals and use these to relentlessly articulate ideological goals. They feel morally responsible for their followers[113], make self-sacrifices, take personal risks and act in unconventional ways to achieve their vision. Phenomena observed include:

- the followers trust the correctness of the leader's beliefs
- they feel affection for their leader and obey him or her willingly
- they feel emotional involvement in the mission, to which they feel to be contributing.

Charismatic leadership is a double-edged sword[114]. The personal power awarded to a charismatic leader can make him or her manipulative[115], domineering and defensive and can block development and learning and create a negative impact on the organisation as a whole[116]. The literature distinguishes between ethical and unethical charismatic leadership behaviour. Ethical behaviour and standards are defined as being:

- use of power to serve others
- align vision with followers' needs and aspirations
- consider criticism and learn from it

108.Yukl (1998), p. 131
109.Howell and Avolio (1992)
110.Conger and Kanungo (1988)
111.Howell and Shamir (2005)
112.Spencer (2002), p.21
113.Harvey (2001)
114.Sankowsky (1995)
115.Howell (1988)
116.House (1977)

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- stimulate followers to think independently and question the leader's views
- two-way communication
- coach, develop and support followers to become leaders themselves
- share recognition with others
- rely on internal moral standards to satisfy organisational and societal interests.

Charismatic theories, especially in early research[117], include a strong trait component, but appreciate later the connection between leader, followers and context[118]. The leader is thought of as a product of his or her collaborators.

Transformational Leadership[119]

Transformational leadership is a process that changes individuals and organisations. It is often associated with ethics and involves long-term goals[120]. Burns based his classic study of leadership on Kohlberg's levels of moral thinking[121] and differentiates between transactional and transformational leadership. Looking at modal thinking, he defined transactional leadership as requiring: "... a shrewd eye for opportunity, a good hand at bargaining, persuading, reciprocating..."[122]. The transformational leader is a visionary leader who seeks to appeal to the followers' "...better nature and move them toward higher and more universal needs and purposes[123]" In Burns, the transformational leader: "recognizes and exploits an existing need or demand of a potential follower ...(and) looks for potential motives in followers, seeking to satisfy higher needs, and engage the full person of the follower".[124] This leadership theory tends to disqualify leaders who wield power as amoral. Key characteristics are:

- *a raise of level of awareness* (consciousness) and stimulation about the meaning and value of designated outcomes and of ways of reaching them[125]
- the capacity to*: "... move resources for greater productivity"*
- *Transcend own self-interest for the sake of the team*, the organisation or any larger policy
- *Altering of need level* (Maslow[126]) and expansion of range of wants and needs[127].

The need for transformation is said to be necessary because of increasingly sophisticated demands made upon leaders, due to high levels of uncertainty experienced by leaders, employees and organisations[128]. This awareness of increased complexity led to further dis-

117.Weber (1947)
118.Gardner and Avolio (1998), p. 32
119.Kotter (1996)
120.Northouse (1997), p. 130
121.Kohlberg and Turiel (1971)
122.Burns (1978), p. 169
123.Bolman and Deal (1997)
124.Burns (1978), p. 4
125.Connelly et al (2000); Bower (1997)
126.Maslow (1943)
127.Wright (1996), based on Bass (1985)
128.Bower (1997)

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cussions on such theories as team leadership[129], catalyst/change leadership[130] and strategic visionary leadership[131].

Leadership in the Learning Organisation
Proponents of this leadership theory stipulate that organisations need to become 'learning organisations', and thereby require a new view of leadership[132]. Five dimensions are said to be converging to develop learning organisations: systems thinking, personal mastery, mental models, building shared vision and team learning. These disciplines are examined in detail in a later section. Here, we are concerned with the consequences for leadership from this five-dimensional view.

The traditional leaders, as the special people they are perceived to be, who: " set the direction, make key decisions and energise the troops", derive according to Senge from a profoundly individualistic and non-systemic worldview. Their leadership is: "...based on assumptions of people's powerlessness, their lack of personal vision and inability to master the forces of change, deficits which can be remedied only by a few great leaders"[133]. Against this traditional vision, Senge sets a 'new' view of leadership, centred on 'subtler and more important tasks'.

In a learning organisation, executives are responsible for building organisations in which employees continually expand their capabilities to understand complexity, clarify vision and develop shared mental models. In such an organisation, leaders are:

- *Designers*: key areas of design are policies, strategies and systems, but design goes beyond this, to include the five 'component technologies'. First task is to design the governing idea: the purpose, vision and core values by which a group should live. This 'fosters a long-term orientation and an imperative for learning'. Essentially, the leader must design the learning process by which employees can deal productively with critical issues and develop their mastery in the learning disciplines.
- *Stewards*[134]: Leaders are responsible for the vision, but they do not own it. They become 'stewards of their vision', which they manage for the benefit of others. They allow it to be shared, by telling purpose stories about it, as part of something larger. They listen to other people's vision and change their own when necessary. They 'choose service over self-interest' and responsibility over entitlement.
- *Teachers*[135]: Building on an existing hierarchy of explanation leaders can influence people's view of reality at four levels: events, patterns of behaviour, systemic structures and the 'purpose story'. Generally, executives focus on the first two, learning leaders attend to all four, and thereby 'teach people across the organisation to do likewise'[136], which allows all to see the big picture and to appreciate the structural forces which condition behaviour. The goal is to become able to conceptualise insights so that they become public knowledge, open to challenge and further improve-

129.e. g. Belbin (1996)
130.e. g. Bennis (1995); Kouzes and Posner (1987); Covey (1989)
131.e. g. Senge (1990)
132.Senge (1990); Shukla (1997); Roberts et al (1999); Kaufer and Senge (2000)
133.Senge (1990), P. 340
134.cf. also Block (1993)
135.De Pree (1990)
136.Senge (1990), p. 353

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ment. To allow for fundamental shift, leaders have to create and manage creative tension, especially the field of tension between vision and reality.

Senge' arguments are indeed insightful[137]. The need to focus on knowledge generation and sharing in an increasingly global economy is uncontested[v]. There are some deep-seated reasons, however, why over a decade later, little of what he proposed has been implemented. Many leaders have high profit targets and short time horizons[138]. They are therefore short-term oriented and have overwhelmingly financial priorities[139]. When they do attend to some long-term growth and sustainability, they may not first think of human resources development, but rather of brand recognition and status[140], of reducing production and distribution costs, etc. Furthermore, the executives to whom the learning organisational model is addressed, are not likely to have theoretical tools or the disposition to follow it through. ‚Disciplines' are series of principles and practices that are to be studied, mastered and integrated into life. This entails effort, the development of complex mental models and, finally, their application and adaptation to different contexts. The question is how many executives can handle this, especially in a short-term, financially oriented business world[141].

137.Van Maurik (2001)
138.Hutton (1995)
139.Hutton (1995)
140.Klein (2001)
141.Maccoby (1976); Bruhn (1991)

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Appendix F: Kurt Lewin on Change

Field theory

Field Theory is an attempt to understand group behaviour by mapping out the complexity of the field, in which the behaviour takes place[142]. A group lives and acts in a quasi "status quo", defined by certain contextual forces[143]. Group behaviour is a set of symbolic interactions that affect group structure and modify individual behaviour. Therefore, individual behaviour is a function of the group environment: the "field". Consequently, any behavioural changes stem from changes in the forces within the field. The field is "...a totality of coexisting factors which are considered to be mutually interdependent..."[144] and is in a continuous state of adaptation albeit, sometimes, in a "quasi-stationary equilibrium". In order to identify these forces of the field, leaders have to:

- understand why individuals act as they do, and
- understand why and which forces needed to be enhanced or diminished in order to bring about change.

Behavioural change is therefore seen as a slow process, which can be perturbed or accelerated by personal, organisational or societal crises. In such situations, established routines are abandoned and new activity patterns emerge and form a new quasi-stationary equilibrium[145]. Much recent work on understanding resistance to change[146] and the behaviour of complex systems[147] still draws from this theory.

Group Dynamics[vi]

Group Dynamics[vii] inquires about the nature of the group and its capacity to shape the behaviour of its members. It asks why a particular group reacts to forces thrust upon it in a particular manner, and how these forces can be changed, so as to elicit a more productive behaviour[148]. It claims that it is futile to attempt to change individual behaviour[149], since the individual is constrained to conformity by group pressure[150]. Group behaviour, norms, roles, interactions and socialisation processes should therefore be the main focus of change[151]. Whilst this concept was fundamental to discourses on group understanding[152] and complexity sciences[153], it was in itself insufficient to provoke change. A process needed to be developed, by which individuals could be guided and committed to change their behaviour. This thought had led Lewin to develop the concepts of action research and the 3-step change model.

142.Back (1992)
143.Lewin (1943)
144.Lewin (1946); Cartwright (1959)
145.Kippenberger (1998)
146.Hirschhorn (1988); Argyris (1990)
147.Kippenberger (1998); Back (1992)
148.Kippenberger (1998)
149.Lewin (1947)
150.Schein (1985)
151.Bernstein (1968); Dent and Goldberg (1999)
152.Marrow (1969); French and Bell (1984); Schein (1985); Cooke (1999)
153.Tschacher and Brunner (1995)

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Action Research
Action research was conceived as a process to encourage change in groups, by addressing three questions[154]:

- What is the present situation?
- What are the dangers?
- And most importantly of all, what shall we do?

To obtain change, individuals need to reflect on the totality of their situation. An iterative process of analysis, planning, action and fact finding about the results of the action would lead to a "felt-need" to act and to changed behaviour. The learning and reflection from this process, which then leads to changed behaviour, is more important than the resulting change itself, because to understand an organisation means to want to change it[155]. Action research draws on field theory for the identification of the forces acting on the group and on group dynamics for the understanding of group behaviour under these forces. It insists that for change to be sustainable, it must happen not at individual level but in the group, as a participative and collaborative process involving all members[156]. Albeit considerable successes[157] in the application of this theory, Lewin[viii] feared that a change toward greater group performance could be short-lived and the group could return to previous levels of productivity. This lack of 'permanency' was addressed with the 3-step change model.

The 3-Step Change Model
This model stipulated that for change to happen, three steps[158] are necessary:

- *Unfreezing*: human behaviour is based on a 'quasi-stationary equilibrium' composed of a complex set of driving and restraining forces. This equilibrium needs to be destabilised for old behaviour to be unlearned and new behaviour adopted. The problems this entails are different in every situation, but 'catharsis' seems to be necessary to break up complacency and abandon prejudice. Unfreezing can be achieved if the invalidity of the status quo is confirmed, guilt or survival anxiety can be induced and psychological safety created[159].
- *Moving*: Once the motivation to learn is created by unfreezing, the act of learning must be given direction. This is done by the iterative approach proposed in action research, which enables groups to move from a less to a more acceptable set of behaviours.
- *Refreezing*: The new behaviour must be stabilised for sustainability and must become congruent with the personality and environment of the learner[160]. Since it is the group forces, which define sustainability of individual behaviour, it is often necessary to change organisational culture, norms and practices[161].

154.Lewin (1946), p. 201
155.Schein (1996)
156.French and Bell (1984); Bargal et al (1992)
157.Marrow (1969); Eden and Huxham (1996); Elden and Chisholm (1993); Dickens and Watkins (1999)
158.Lewin (1947)
159.Schein (1996), p. 27
160.Schein (1996)
161.Cummings and Huse (1989)

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Appendix G: Holistic Change Models

Change through Culture Excellence
Reasons for western economic downturn and loss of competitiveness were seen in bureaucracy and inflexibility. Conditions for organisational success were claimed to be in strong, integrated organisational cultures[162]. Companies needed to reconfigure themselves to build internal and external synergies and executives needed to encourage a spirit of innovation and entrepreneurship by creating powerful 'appropriate' organisational cultures[163]. The corporate world was seen as essentially ambiguous and non-linear[164] and not appropriate to planning. Flexibility was needed to survive and this could not be generated from the top, but had to emerge organically[165] from day-to-day action[166]. Organisational goals were not to be imposed rules, but rather as emerging from shared values in a culture of empowered employees with initiative[167].

Postmodernist Perspective on Change
Postmodernists[168], on the other hand, claimed that goals and results of change programmes were more likely determined by power fights, rather than by rational decision-making or consensus-building processes. Power was recognised as a central force of change, but it was seen as arising from the socially constructed world, in which the responsibility for the environment was seen with those doing the constructing. Therefore, two scenarios were proposed:

- *organisational change as a vehicle of domination:* "...of those who conspire to enact the world for others", or
- *organisational change as social constructionism:* "...to create a democracy of enactment in which the process is made open and available to all (...) such, that we create opportunities for freedom and innovation rather than simply for further domination.[169]"

Process View of Change
Simultaneously with the postmodernist approach, a processual analysis[170] perspective was proposed, viewing change as a dynamic process, which should not be stabilised nor treated as a series of linear events. This approach demands the incorporation of an analysis of the politics of change, rejects all prescriptive, recipe-driven approaches to change[171] and distrusts all simple explanations and single causes of phenomena. The accent is set on the relatedness of individuals, groups, organisations and society as a whole[172] and change is seen as a product of a complex and disorderly mix of rational decision-making, individual perceptions, power struggles and coalition-building[173]. Any

162.Wilson (1992); Watson (1994); Collins (1996)
163.Peters and Waterman (1982); Kanter (1985); Wilson (1992); Collins (1993)
164.Kanter et al (1992)
165.Collins (1993)
166.Hatch (1997)
167.Watson (1994)
168.Pfeffer (1981, 1992)
169.Hatch (1997), p. 367
170.Pettigrew (1973,1980, 1990, 1997); Pettigrew and Whipp (1993)
171.Pettigrew (1990)
172.Wilson (1992); Pettigrew and Whipp (1993); Dawson (1994)
173.Dupré (1993); Huczynski and Buchanan (2001)

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planned approach is considered too prescriptive and valid only for relatively stable conditions and therefore unfit to handle the ' dynamic nature of change in today's business world', necessitating permanent and multiple analyses throughout all functions and hierarchies. Furthermore, there being no linearity[174] nor clear starting and end points, there could be no planning, but instead a constant and: "...complex analytical, political and cultural process of challenging and changing of the core beliefs, structure and strategy of the firm".

The Continuous Transformation Model

In this model it is argued that, in order to survive, organisations, particularly in industries with products having a short half-life[175], such as consumer goods or telecommunications, must be able to change continuously in a fundamental manner. This continuous change concept is godfathered by complexity theorists[176] who view organisations as dynamic, non-linear complex systems who constantly live at the 'edge of chaos'[177], never quite stable, but never falling apart either, thus exhibiting: "...the most prolific, complex and continuous change..." Disequilibrium is the prerequisite for the growth of such systems[178]; a shift to either side, towards stability or chaos, would necessitate immediate radical action, or else lead to destruction. The result of the system's actions is not predictable, but it is governed, as in turbulence of gases or liquids, by a set of order-generating rules[179]. Survival is ensured by the development and adaptation of this set of rules, which keeps the organisation in controlled disequilibrium.

The Punctuated Equilibrium Change Model

Proponents of the punctuated equilibrium model view organisations as evolving through relatively long periods of stability (equilibrium periods), with their basic activity being: "...punctuated by relatively short bursts of fundamental change (revolutionary periods)... [these] substantively disrupt established activity patterns and install the basis for new equilibrium periods."[180] This model, which seems to fit the M&A phenomenon, is inspired on the one hand by Gould's[181] challenge to Darwin's gradualist model of evolution and on the other hand by empirical evidence[182], that organisations seem to fit incremental and linear change models for a while, but tend to be confronted, every now and then, by an urgent need for radical and fundamental change.

There are differences between these recent change theories, regarding e.g. prescription vs. analytical orientation, but there are also many similarities. All look upon organisations from a holistic and contextual perspective, challenging the notion of linear and rationally plannable change. Their proponents view change as a process, which is radically

174.Buchanan and Storey (1997)
175.Greenwald (1996)
176.Lewis (1994); Bechtold (1997); Tetenbaum (1998); Shelton and Darling (2001); Macbeth (2002)
177.Brown and Eisenhardt (1997)
178.Prigogine and Stengers (1984); Prigogine (1996)
179.Lorenz (1993); Brown and Eisenhardt (1997); Mintzberg et al (1998); Tetenbaum (1998); Stacey et al (2002)
180.Romanelli and Tushman (1994)
181.Gould (1989)
182.Gersick (1991)

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perturbed by power, politics and culture[183]. Recent research[184] even questions these being separate theories, and proposes that they might just be different ways of looking at the same phenomenon, since industry and life cycle differences can account for incremental, punctuated equilibrium or continuous change.

183.Kanter et al (1992); Pettigrew (1997); Buchanan and Storey (1997); Burnes (2000)
184.Burnes (2000, 2004); Matthews (2002)

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Appendix H: Key Knowledge Management Approaches

Hayek: Leave it to the Market[185]
Hayek argues that human intervention into self-organising systems is not possible nor desirable, because there cannot be any central control of the knowledge of such systems. Executives would have to rely on competition and adaptation to systemic impact and their intervention would be detrimental[ix]. This reductionist concept, which results in the assumption that all conscious action is potentially harmful and that humans should best not intervene into social structures, is later called "systemic fatalism"[186].

Argyris: Teaching Smart People how to Learn[187]
Argyris argues that business success depends on the ability to learn and that organisations and their actors do not know how to learn. Professionals are constrained in their learning by the body of knowledge they have, which makes it difficult for them to think "outside the box". Some major concepts proposed are:

- *Single- and double-loop learning*: to question not only the problem at hand but only the rules and practices that led to the problem
- *Defensive reasoning*: Executives do not know how to learn from failure. They react defensively to being challenged and point away from their behaviour to others
- *Doom loop/doom zone*: Executives, who do not perform well or who do not receive appropriate recognition tend to despair and withdraw into a doom zone
- *Theory-of-action/theory-in-use*: Executives establish a set of behavioural rules (theory-of-action), but do not usually follow them. They move into their theory-in-use, which includes:
  - *Unilateral control*
  - *Maximise winning and minimise losing*
  - *Suppress negative feelings*
  - *To adopt a "rational" behaviour.*

This theory-in-use behaviour makes learning impossible. Executives need to learn to change their defensive behaviour and: "identify the inconsistencies between their espoused and actual theories-of-action"[188]. Only if such behaviour is changed from the top, this new top management behaviour can have effect on the whole organisation and lead to productive reasoning, meaning learning, in the whole organisation.

Ackoff: A Transformational Systemic Approach[189]
Ackoff claims that most concepts of knowledge management are anchored in pre-systemic thinking and proposes a systems approach. He introduces the "concept of mess"[190], the mess referring to a system of interacting problems, given that all human problems are inextricably connected to other human problems. A key reason for resistance to learning and change in general is found in the fact that organisations tend to

185.Hayek (1945, 1988)
186.Fuchs (2004)
187.Argyris (1991, 1993)
188.Argyris (1991)
189.Ackoff (1967, 1998)
190.Ackoff (1994), p. 210

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suppress errors, especially errors of omission. Ackoff also takes the discussion of mental content beyond knowledge, into understanding and wisdom and describes a changing pattern of thought from analytic to synthetic[191].

Drucker: The Knowledge Worker[192]

The concept of the growing importance of explicit knowledge as principal organisational and even societal resource is introduced[x]. Innovation and entrepreneurship are presented as practices and disciplines and explained primarily in terms of action and behaviour. Sources of innovation, expected and unexpected, are unveiled. Innovation and knowledge management are treated as purposeful tasks, which can be organised and are essential parts of executives' jobs. The leading social groups of the knowledge society are defined as being the "knowledge workers": knowledge executives who have the competency to "allocate knowledge to produce use, just as the capitalist knew how to allocate capital to productive use".

Brown and Duguid: Conflict as a Source of Knowledge[193]

For knowledge creation to happen, there are some conflicts and tensions that executives should not ignore or resolve, but use as a resource. One example is the necessary conflict within companies on how to generate knowledge versus how to put it to practice. These countervailing forces spark invention on the one hand and create structures, which implement this invention into marketable products and, finally profits on the other hand. In isolation, each one of these tendencies can break a company, but their constant management in an ever-changing balance bring about innovation and productivity

Bartlett[194]*, Ghoshal and Bartlett: Individuals Create Value*[195]

Knowledge management necessitates a systems and a human approach. Management processes must be designed and put in place, which can cope with complexity, and which can leverage the individuals' unique talents and skills. According to their longitudinal research in major US corporations, the individual is the main driver of value creation in the organisation: individual learning is strongly related to organisational learning and the advancement of individual learning will accelerate and improve organisational learning[196]. For this to materialise, knowledge management necessitates a clear purpose and vision.

Davenport: Pitfalls of Knowledge Management[197]

Davenport separates the: "semantic drift" from the "conceptual shift" of knowledge management[198]. He argues that knowledge management often devolves into exhortations to capture and leverage the organisations knowledge assets. But knowledge is different from information and data; it is a philosophical, abstract topic. To achieve knowledge exchange without high-flown rhetoric is an organised effort to actually do something with knowl-

191.Barabba et al (2002)
192.Drucker (1994)
193.Brown and Duguid (1991, 2000)
194.Bartlett (1996)
195.Ghoshal and Bartlett (1997)
196.Ghoshal and Bartlett (1997)
197.Davenport (1997a)
198.Davenport and Cronin (2000)

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edge[199]. Davenport et al analyse successful and unsuccessful knowledge management projects and propose some practical organisational approaches[200].

Leonard-Barton: Sources of Knowledge[201]
This extensive empirical work introduces the concepts of core capabilities, comprising skills and knowledge base; physical systems, managerial systems and values. In the turbulent competition companies are faced with, these capabilities can swiftly become weaknesses. Some companies avoid this fate by systematically encouraging new knowledge to flow within them. This necessitates consciousness of the sources of new knowledge and need and investments to tap them, with such tasks as collaboration (also outside of the firm), experimentation and prototyping. A climate must be created in which employees care about nurturing their company and contribute to the capabilities that sustain it. Most companies are only dimly aware of their true (re-)sources of innovation.

Strassmann: Knowledge as Capital[202]
The concept of knowledge as capital, as a measurable asset is introduced. The question whether, and if yes how, knowledge can influence and explain market and book values of companies.

Allen; Engelbart; Abecker; Probst et al[203]*; Föcker*[204]*: IT-Tools, Instruments and Technologies*
Many scholars focus on knowledge in terms of information management and technology transfer and propose a myriad of tools and technologies. Due to its apparent tangibility, which makes the task of knowledge management easier to grasp and manage, and due to its well-established constituency in the information technology (IT) community, the IT-dominant approach to knowledge management is by far the most important, but has proven to be the least successful[205], unless combined with more holistic approaches.

Senge: A Holistic, Humanist Approach[206]
A groundbreaking essay introducing the learning organisation as a source of competitive advantage and an empowering approach to work. This organisation focuses on change and adaptation to change through continuous organisational learning. By adopting five disciplines, an organisation brings together the individual, the team and the system for learning and progress to occur[207]. This approach has received much attention both from the academic and the professional worlds, and the term learning organisation is broadly applied in many organisations. But when it comes to implementation, 15 years later, most of Senge's ideas remain utopic and alien to a business world, which

199.Davenport (1999)
200.Davenport and Probst (2000)
201.Leonard-Barton (1998)
202.Strassmann (1998, 1999)
203.Probst (1998); Probst et al (2001)
204.Abecker et al (1998, 1999); Föcker (2001)
205.Wiig (1995, 1998, 1999)
206.Senge (1990)
207.For Senge's concepts of the learning organisation and the five disciplines cf. section 2.2.6.3.

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cherishes the "rational", the "measurable" and the "tangible". The learning organisation remains an "undelivered promise".[208]

Wiig: Intellectual Capital and Knowledge Management[209]
Wiig's work documents his entire personal thought journey from the building of artificial intelligence-based expert systems in the late 70ies (which remained mostly idle in the companies), to defining the concept of knowledge management, toward developing, step by step, a more cognitive and a more people-centred approach to knowledge management, to, finally, a pragmatic view of knowledge application to business practices. Knowledge management has developed for more than two decades along three largely disconnected paths:

- the IT approach
- the organisational learning approach
- the intellectual capital approach

and it is only recently that a more holistic and also pragmatic knowledge management approach emerges, integrating the three originally separate paths and moving toward a practical exploitation of knowledge management for specific business purposes. For this, the concept of knowledge diagnostics is introduced, which should help companies to view problems and opportunities from a knowledge perspective, rather than focusing on the tangible, such as: information, workflow and procedures. Knowledge diagnostics should examine:

- how and where intellectual work can contribute to business performance
- how intellectual work is conducted
- how any knowledge management solutions can help to conduct effective and systematic knowledge management.

Hampden-Turner: Dilemma Management
A treatise on organisational learning and knowledge management is proposed, in the shape of an assault on positivism and linearity. Central to knowledge creation is the ability to resolve dilemmi, which executives are faced with again and again, in constantly changing forms. Instead of either-or choices, decisions based on both-and are proposed: choice is presented as a configuration of value rather than a selection from mutually exclusive alternatives.

Polanyi[210]*: Tacit Knowing*[211]
Polanyi's knowledge management concept is a science-critical text, which departs from the evidence that there are things that one knows but cannot express. Polanyi refers to this phenomenon as "tacit knowing", which includes both formal knowledge and practical skills, and claims, that:

208.Ellkjaer (2004)
209.Wiig (1993, 1994, 1997, 1998, 1999)
210.Polanyi (1967)
211.See also sections 2.8.6.1 and 2.8.6.2.

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- practicing and indwelling are ways to interiorise knowledge, habits, values and even scientific theories. When these are fully learnt, they become profoundly interiorised and then tacit[xi]
- the efforts to render tacit knowledge explicit are unyielding and unwanted[xii]
- the pseudo-objectivity of science is a dangerous demarche, which can be contradicted by the understanding of tacit knowing
- by trying to render tacit knowing explicit, one decomposes an aggregate in its parts and particulars. By doing this, one does not achieve more knowledge, but risks to lose the knowledge one previously had
- modern science, namely in academia, which believes that everything must be made explicit, is self-defeating and dangerous[xiii].

Polanyi's concept of tacit knowing is vividly referenced, but has been considerably tortured and misinterpreted by the knowledge management literature: in one stream of literature, tacit knowledge is explained to be part of a knowledge cycle in which it is converted to a superior level of explicit knowledge. Other works suggest that tacit knowledge is itself the superior level since when something is truly mastered it will work tacitly. Few studies citing Polanyi define tacit knowledge as the knowledge that cannot and should not be made explicit. Usually, tacit knowledge is presented as the knowledge, which has not yet been lifted to the explicate level[212]. Some work uses the terms "tacit" and "implicit" synonymously to describe the part of knowledge, which can be formalised and made explicit[213]. Some authors question the legitimacy of separating implicit from tacit knowledge[214].

Nonaka[215] and Takeuchi[216]: Knowledge Creation

This work introduces the concept of "knowledge creation" in the perhaps most widely referenced work to date on knowledge management. Included are the concepts of implicit and explicit knowledge and the interaction between these types of knowledge and proposes various participative and networking structures and processes to enhance this interaction and permanently create new knowledge.

212.Cook and Yanow (1993); Cook and Brown (1999)
213.Nonaka and Takeuchi (1995)
214.Tsoukas (1996)
215.Nonaka (1991, 1994)
216.Nonaka and Takeuchi (1995)

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Appendix I: Definitions of Information and Knowledge from Philosophy

Philosophers	Information	Knowledge
Plato et al[a]	...an (objective) idea of something	...is justified, true belief
Locke[b]	...a stream of ideas, the raw material from which genuine knowledge could be built	...is the perception of the agreement or disagreement of two ideas
Bacon[c]	...must be subjected to a sure plan that will separate the true from the false	...and human power are synonymous, since the ignorance of the cause
Brentano, Husserl[d]	...the situated action/interaction/ experience; the givenness of the world	...is information associated with intentionality
Pragmatists (Peirce, Dewey[e])		...is triadic: includes object of thought, sign interpreting the object, and interpretant; must have useful purpose
Wittgenstein[f]		...is ultimately based on acknowledgement; rapport between knowledge/certainty (→ philosophy of action)
Ryle[g]		...needs distinction of "knowing that" and knowing how"
Popper[h]	...is a means of reducing uncertainty about a domain of the universe	...is subjective until externalised, then objective; has status of hypothesis, cannot be confirmed but proven to be incorrect; evolves continuously: 3 worlds
Polanyi[i]		...is a feature of individuals, is dynamic, adaptive and changing; something not totally subjective and yet not entirely objective; it is rooted in acts of comprehension; its transmission is social
Foucault[j]		...is power; is discursive practice, gains greatest visibility at boundaries between individual disciplines (→ mixed disciplines, s.a. anthropology); requires collaborative action
Kuhn[k]		...is discontinued; long periods of normal research are punctuated by paradigm shifts

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Philosophers	Information	Knowledge
Habermas[l]	...the content of a message	...is referenced by an utterance; explains how and when utterances are performative
Lyotard[m]	New technologies create the information used in decision-making; problem of legitimation	...is produced in order to be sold; nature and status of knowledge are altered by technology; is exteriorised with respect to knower; a set of prescriptions determines what is knowledge

a. Plato (369 BC)
b. Locke (1690)
c. Drosdeck (2003)
d. Brentano (1889); Husserl (1913)
e. Dewey (1910)
f. Wittgenstein (1951), p. 49
g. Ryle (1949)
h. Popper (1972)
i. Polanyi (1958)
j. Foucault (1966, 1970, 1974)
k. Kuhn (1962)
l. Habermas (1979)
m. Lyotard (1979)

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Appendix J: Definitions of Information and Knowledge from Management Theory

Management Theorists	Information	Knowledge
Ackoff [a]	Output of operations on data; canned solutions	...lies in action; purposeful systems framework for knowledge management
Nauta,[b]	Semiotic ladder: physical world, empirics, semantics, pragmatics, social world	...is advanced signal transmission
Bell[c]	Data storage, retrieval and processing	...is a set of organised statements of facts/ ideas, presenting a reasoned judgement or an experimental result, transmitted to others through some medium in some systematic form
Drucker[d]		...is information that changes something or somebody – either by becoming grounds for actions, or by making an individual (...) capable of different or more effective action
Kogut and Zander[e]	...is knowledge (...) transmitted without loss of integrity	...the only resource of competitiveness
Wiig[f]	Facts organised to describe a situation or condition	...is truths, beliefs, perspectives, judgements, know-how and methodologies
Nonaka et al[g]	A flow of meaningful messages	...is commitment and beliefs created from these messages; is often intangible; its creation is a dynamic process; its creation is a dialectical process
Spek and Spijkervet[h]	Data with meaning	...is the ability to assign meaning
Davenport[i]	Data w. relevance and purpose	...is valuable information from the human mind
Davenport and Prusak[j]	A message meant to change the receiver's perception	...is a fluid mix of framed experience, contextual info, values and expert insight that provides a framework for evaluating and incorporating new experiences and info
Quigley and Debons[k]	Answers, who, when, what or where	...answers why or how

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Management Theorists	Information	Knowledge
Choo, Detlor and Turnbull[l]	Data vested with meaning	...is justified, true belief

a. Ackoff, (1967, 1997)
b. Nauta (1972)
c. Bell (1979)
d. Drucker (1989)
e. Kogut and Zander (1992)
f. Wiig (1993)
g. Nonaka and Takeuchi (1995); Nonaka and Toyama (2003)
h. Van der Spek and Spijkervet (1997)
i. Davenport (1997)
j. Davenport and Prusak (1998)
k. Quigley and Debons (1999)
l. Choo et al (2000)

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Appendix K: Andragogic Orientations

Cognitivist[xiv]

The cognitivist school emerged from Gestalt psychology. Cognitivists study how adults acquire, understand and retain knowledge, using internal acquisition processes. The locus of cognitivist learning is the internal cognitive structuring. The mental process includes insight, information processing, memory and perception. It occurs when experience is recognised as such and thereby sense is made of external input. The cognitivist human being is capable of insight and perception and can attribute meaning. Gagné[217] identifies five major categories of learning, which each require different internal and external conditions:

- Intellectual skills
- Cognitive strategies
- Verbal information
- Attitudes
- Motor skills.

The purpose of cognitive instruction is to develop competencies and skills for better learning.

Humanist[xv]

In humanist learning theories, particular emphasis is placed on the affective domain. The growth and development of the person in its entirety is of interest. Humanist learners are looking for self-determination. Learning is a personal act to develop and fulfil the whole person's potential; the purpose of learning is to become self-actualised and autonomous. Self-directed learning is a feature of humanist andragogy.

Social Learning[xvi]*, Situated Learning*

This school of thought views learning from the standpoint of the social context in which it takes place, e.g. by interaction, observation and imitation of others. The locus of learning is in the interaction of the person, his or her behaviour and the environment; the purpose of learning is to model new roles and behaviour. Social learning is likely to be particularly interesting to post-merger situations, where employees are faced with a new culture, a new way of doing things. Role models and mentoring are features of this school of thought.

Behaviourist[xvii]

Behaviourist learners focus on learning through the control of the environment, based on the assumptions[218] that:

- changed behaviour indicates that learning has taken place, behaviour that is positively reinforced will reoccur
- learning is determined by elements in the environment, for example: information should be presented in small amounts, so that responses can be reinforced ("shaping")
- learning will generalise by repetition of similar learning behaviours ("stimulus generalisation" produces secondary conditioning).

217.Gagné (1965)
218.Kearsley (1994)

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Constructivist[xviii]*/Constructionist*[xix] *Learning*

In the constructionist orientation, all knowledge is context-bound. A learner constructs his or her own learning reality, based on his or her unique set of experiences with the world and his or her unique meanings given to those experiences[219]. Learners make their personal sense of their learning experience. Knowledge is constructed by people: there is no knowledge independent of the meaning attributed to experience, constructed by the learner and/or the community of learners. It is therefore important to change both the self and the environment.

Constructivist theory can be understood as a general framework for learning, based upon the study of cognition. It can be traced back to major cognitivists, such as Piaget and Dewey, who demonstrated empirically that people's minds were not empty but that they actively processed the material with which they were confronted, by mechanisms of accommodation and assimilation. Reflective practice is a key feature of constructionism. Implications for executives are[220]:

- it is the leader's responsibility to define reality for his or her followers[221]
- the leader must understand the difference between reality and his or her vision, in order to maintain the creative tension needed to facilitate significant change[222]
- the leader must encourage followers to recognise that knowledge is continually under construction and rarely remains a static concept[223].

219.Scarr (1985)
220.Densten and Gray (2001)
221.De Pree (1998)
222.Senge (1998)
223.Lave (1988)

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Appendix L: Theories and Concepts of Andragogy

Self-Directed Learning Concept (SDL)
Merriam describes the body of adult learning knowledge as: "a mosaic of theories, models, set of principles and explanations"[224]. Self-directed learning, broadly conceived as learning in which the learner has the primary responsibility for planning, implementing and evaluating his or her own learning experience[xx], is an important piece of that mosaic. SDL can take place in isolation or by drawing on others as learning resources, as well as in or outside of formal institutions. Four goals of self-directed learning have been proposed[xxi]:

- to enhance the ability of adult learners to be self-directed[xxii]
- to foster transformational learning[225]
- to raise awareness that critical reflection by the learner is central to learning
- to promote emancipatory learning and social action[226].

Self-directed learning has been extensively researched: its concepts and prevalence have been investigated[227], several large reviews have been conducted[228] and a number of books were written[229]. Other research perspectives include process models and teaching approaches[230] and the personal attributes and competencies associated with SDL[231]. Some scholars have examined how learners engage in SDL and how they identify resources[232]. Variables such as personality factors, educational level, readiness to engage in SDL, autonomy, life satisfaction and health awareness, as well as emotional and political factors were mirrored with the concept self-directed learning[233]. On an organisational level, SDL has been looked at regarding organisational climate[234], the learning organisation[235] and employees' willingness to network and to share knowledge[236]. No research has been conducted on self-directed learning at top executive level.

Informal and Incidental Learning Concept
Related to, but not synonymous with self-directed learning, is the concept of informal and incidental learning[237]. This concept addresses the learning that results from the natural opportunities life offers to a person who is in control of his or her learning[238].

224.Merriam (2001), p. 3
225.Mezirow (1985); Brookfield (1985)
226.Hammond and Collins (1991); Collins (1996)
227.Tough (1971, 1979), as referenced by Merriam and Caffarella, 1999); Penland (1977); Livingstone (1999)
228.Brookfield (1984a); Caffarella and O'Donnell (1987); Merriam and Caffarella (1991, 1999); Caffarella (1993); Brockett et al (2000); Merriam (2001); Ellinger (2004); Yang (2004)
229.Knowles (1975); Brockett and Hiemstra (1991); Candy (1991); Straka (2000)
230.Spear and Mocker (1984); Grow (1991); Brockett and Hiemstra (1991); Garrison (1997)
231.Patterson et al (2002)
232.Caffarella and O'Donnell (1987)
233.Merriam and Caffarella (1999); Clardy (2000); Andruske (2000); Brookfield (2000); Rager (2003)
234.Ravid (1987); Maurer and Tarulli (1994); Foucher and Brezot (1997)
235.Confessore and Kops (1998); Guglielmino and Guglielmino (2001); Cho (2002)
236.Rowland and Volet (1996)
237.Marsick and Watkins (1997); Cseh et al (2000)
238.Cseh et al (1999)

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It is predominantly experiential, non-institutional and unstructured[239]. It can be planned, but can include learning that is neither designed, nor expected, for example in situations where the learner faces a learning opportunity, without explicitly having set out to learn something. Examples of informal and incidental learning are: social learning, mentoring, coaching, networking, learning from mistakes, trial and error, etc[240].

Self-Managed Learning Concept (SML)
Again, this concept is related to, but not synonymous with, self-directed learning, although some scholars use the terminologies interchangeably[241]. The self-managed learning concept synthesises elements from:

- *management*: the learning process is seen as a management task. SML focuses on the fact that learning needs to be managed, in that, for example, resources for learning (finance, technical and human) need to be generated and productively deployed
- *action learning*: the focus on live problems, some risk-taking, group context
- *self-development*: the focus on the individual, the reinforcement of self-awareness, the development of personal capacity
- *open learning (distance-learning):* the flexibility of learning in time and place[242].

Learners aim to synchronise individual and organisational learning. For this, they work together in small groups or "action sets" ("learning sets"), on real-life problems. A learning set is a small focal learning group, comprising half a dozen individuals including a facilitator. They agree on what is called the "learning contract": they set their own agenda, goals and performance measurements and assume responsibility for their own learning[243]. Characteristics are:

- *working to limit resources ("resourcing"):* to obtain resources is a management task. Individual and group learning budgets are negotiated and managed, by reference to the learning contract
- *working with others to get things done ("collaborating"):* to get things done through others is to manage. In SML, the organisation of collaborative learning in learning sets is part of the learning process
- *assessing and evaluating performance ("judging"):* to judge one's own and others' performance is to manage. This judging aspect is applied in SML, in the shape of a continuous process of self-assessment against the goals set in the learning contract. At the end of the exercise, all members of the learning set must agree upon a final assessment on each member[244].

Self-managed learning is gaining in popularity both in institutional management programs as well as in in-company executive education, mainly because of its cost-effective-

239.Marsick and Volpe (1997); Ellinger (2004)
240.Cseh et al (2000)
241.Abbott and Dahmus (1992), p. 58; Guglielmino and Guglielmino (2001)
242.Hurley and Cunningham (1993); Gilligan (1994)
243.Gilligan (1994); Peckham (1995)
244.Gilligan (2003)

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ness. Some companies who have applied and evaluated self-managed learning are BBC, BP Amoco, British Airways, Ericsson, and Nestlé[245].

Critical Reflective Learning Theory

The challenge of the positivist epistemology of learning practice has yielded the concepts of reflective practice and critical reflective practice. These concepts look at andragogy with respect to the individual learner. There is no consistent theory on critical reflection, nor is there consistency in the definition of the concepts of reflection[246]. The terms "reflection", "critical reflection", "reflective thinking" and "critical thinking" do manifest distinctions but are also are often used interchangeably. According to Dewey, in confusing or problematic situations, to merely "do" is not sufficient to produce learning. To discover what the world is like, "doing" should become "trying"[247]. Reflective thought does not merely represent a sequence of ideas, but a consecutive ordering of ideas; a con-sequence, so that each idea determines the next and, in turns, refers back to its preceding idea. Reflective thought is: "... an active, persistent and careful consideration of any belief or supposed form of knowledge in the light of the grounds that support it, and the further conclusion to which it tends".[248] Learning through critical reflection is assisted where learners have three attributes[249]:

- *open-mindedness*: as a desire to listen to more than one side of an issue, to respect alternative views and to accept that even the firmest beliefs may be questioned
- *responsibility*: as a desire to actively search for truth and apply information gained to problem situations
- *wholeheartedness*: capacity to overcome fears and accept uncertainties to make meaningful change and to critically evaluate the self, the organisation and the society[250].

Kolb[251] discussed reflection in his work on experiential learning, proposing two types of memory:

- episodic memory: personally experienced events are stored in this memory
- semantic memory: generalised knowledge, which transcends particular episodes, is constructed and stored in this memory.

An open, spiral and continuous process, called learning cycle (learning circle), composed of four steps or phases, permits the learner to absorb experiences and construct new knowledge from them:

- concrete experience
- observation and reflection
- forming of abstract concepts
- testing in new situations.

245.Gilligan (2003)
246.Calderhead (1989); Brooks (1999); Van Woerkom (2004)
247.Raelin (2000)
248.Dewey (1910), p. 9
249.Dewey (1910)
250.Yost et al (2000)
251.Kolb (1984)

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Barnett[252] added another step into this model, "planning and implementation", between the third and the fourth phase. These steps are sequential but the cycle can begin at any step. Different learners prefer different phases[253] and respond to learning situations in different ways[254]:

- *Non-learning*: the learner does not respond to a particular learning situation.
- *Non-reflective learning*: acquisition of knowledge and skills within a specific field "...without activating other facets of knowledge"[255]. An example is the acquisition of tacit skills at the workplace (as in the acquisition of certain manual or physical skills) without thinking about any underlying principles.
- *Reflective learning*: implies that there is a relationship between the learner's thought and action; there is dynamic interaction between explicit and implicit knowledge elements at the manifestation level. The person actively considers what was learned and stores this pragmatic knowledge for use in further situations.
- *Critical reflective learning*[xxiii]: reflection takes place within the frame of reference of an individual. This individual embodies certain values and cultural and societal norms. Reflection is thus socially and historically embedded, political and often ideologically shaped. Rather than just working in a particular context, this personal and social context itself is explored. The implicit beliefs on how to solve problems, and even the justification for the very premises on which the problem is posed, are questioned; either within the action or as an ex post facto process critique[xxiv].
- *Critical self-reflective learning*: this includes the questioning of the way in which we pose problems and of our meaning perspectives. In critical self-reflection we reassess our own orientation of perceiving, believing, knowing, feeling and acting. Freire, in his project of teaching farmers how to read and write, did not limit himself to the transmission of instrumental and de-contextualised skills but emphasised, instead, participation in political action through the application of the acquired reading and writing skills[256]. The same goes for the acquisition of literary skills, which invite us to think of ourselves as actors. We become aware that contexts are created by people (culture) and are not unchangeable facts like nature[257].

Critical reflection in business organisations lacks theory[xxv]. It appears that the work place is not an easy context for critical reflection. The very nature of organising is to restrict freedom in order to increase efficiency. Further explanations are found in the speed of action required, the ever-changing nature of problems to be solved and, especially, in the fact that critical reflection is considered soft and irrelevant to the results- and bottom-line orientation of the business world[258]. This is in contrast to the fact that, since productivity is a key organisational purpose, critical reflection is critical to business action[259]. Approaches to critical reflection in business include the instrumental

252.Barnett added this phase in 1989, as referenced by Merriam and Caffarella (1999)
253.Kolb (1984)
254.Jarvis (1987); Mezirow et al (1990)
255.Yang (2004), p. 250
256.Freire (1970)
257.Bolhuis (1995)
258.Marsick (1988); Van Woerkom (2004)
259.Marsick (1988)

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function of reflection in relation to problem solving[260] and the emancipation of the individual to choose freely. The terminology found in approaching the concept of organisational reflection is manifold and includes:

- Knowledge creation[261]
- Knowledge worker[262]
- Challenging groupthink[263]
- Thriving on chaos[264]
- Continuous improvement[265]
- Rebellion[266]
- Workplace democracy[267]
- Double-loop learning[268].

Mezirow's distinction of "reflection" (aimed at making tacit knowledge explicit), "critical reflection" (aimed at challenging and changing the company values) and "critical self-reflection" (aimed at the emancipation of the individual within the organisation) is addressed by many of these concepts. They are sometimes seen as dichotomies but they are adjacent and/or, since reflection can lead to critical reflection, and critical reflection can lead to reflection on the self, interrelated and possibly incremental:

- *Reflection at the workplace*: Schön[269] distinguishes different moments of reflection: "knowledge-in-action" refers to the knowledge (usually tacit) that reveals itself from a learner's action. After the action, the learner can perform the same task without thinking about it. When unexpected complications arise, however, the learner has again the choice to ignore them (not learn), or to reflect on them; either afterwards ("reflection-on-action") or during the action, while choices are still possible ("reflection-in-action"). In the latter case, the learner becomes independent of established technique and constructs a theory of the unique case, thereby making room for new insights ("reframing"). Reflection in social action can be even more effective than individual reflection. Nonaka and Takeuchi place this reflection in a process of social interaction aimed at the development of new explicit knowledge emerging from tacit knowledge ("externalisation")[270]. It occurs when individuals try to conceptualise images and express their essence in language; sometimes, lacking adequate expression, by metaphors and analogies, which are taken up and conceptualised further by others in a creative process that can lead to new explicit knowledge.
- *Critical reflection at the workplace*: concerns company values such as the meaning of progress, the usefulness of products manufactured, how employees are treated and the

260.Schön (1982); Deming (1986); Nonaka and Takeuchi (1995),
261.Nonaka and Takeuchi (1995)
262.Drucker (1994)
263.Brookfield (1987)
264.Peters (1987)
265.Deming (1986)
266.Wenger (1998)
267.Melman (2001)
268.Argyris (1976)
269.Schön (1982)
270.Nonaka and Takeuchi (1995)

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respect of the environment[271]. As these concepts concern people's adaptation to the community of practice[272], they are often interrelated with self-reflection, for example on the area of conflict between "work for learning" and "learning for work"[273]. Learning communities are not imperatively joyful places of creative achievement, but can be loci of injustices, prejudices, inbred failures and oppression[274]. They are also the locus of conflict between espoused theories and theories-in-use[275]: espoused norms about conventional notions on what works and what does not stand in contrast to personal ideas based on intuition that individuals have about effective work strategies. These theories-in-use are often kept secret because of their contradiction to espoused theory. Ineffective espoused theory is seldom criticised for fear of ridicule or exclusion[276], just as conflict and problems inherent to any innovative processes are often avoided[277]. In consequence, learning processes often confirm existing frames of reference[278]. A critical reflection process, whereby feedback by peers makes new perspectives possible[279], therefore requires the ability to withstand social pressure[280]. A more optimistic model of organisational reflection is the "single- and double-loop learning model". This theory examines the relationship between[281]:

- *Governing variables*: any action will impact upon certain variables and necessitate a trade-off between them
- *Action strategy*: the tactics and plans used by individuals to keep their values within an acceptable range
- *Consequences*: the result of an action, which can be intended or unintended, for the self and for others[282].

Single-loop learning is defined as detection and correction of error whereby goals, values frameworks and strategies are taken for granted[283]. It describes: "techniques that make techniques more efficient"[284]. Double-loop learning involves: "...questioning the role of framing and learning systems which underlie actual goals and strategies". Errors are detected and corrected in a way that modifies an organisation's underlying norms and objectives. Reflection is more fundamental: the basic assumptions behind policies are questioned and hypotheses are publicly tested. Sadly, this model does not as yet exist in practice: "...we are unlikely to find the new learning system by looking at the world as it presently exists".[285] Fear of being considered inept, incompetent of uncooperative, governs conservative theory-in-use action and thereby enhances conditions for error: "Important features become undiscussable and their "undiscussability" itself becomes undiscussable".[286]

271.Garrick (1998)
272.Wenger (1998)
273.Garrick (1998)
274.Wenger (1998)
275.Schön (1982)
276.Schön (1982)
277.Swieringa and Wierdsma (1992)
278.Weggeman (1996)
279.Marsick and Watkins (1990)
280.Brookfield (1987); Wenger (1998); Brooks (1999)
281.Argyris and Schön (1974)
282.Anderson (1997)
283.Argyris and Schön (1978)
284.Usher and Bryant (1989), p. 87
285.Argyris and Schön (1996), p. 111
286.Van Woerkom (2004)

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– *Critical self-reflection at the workplace*: in critical self-reflection, basic questions about one's identity and possible needs for self-change are asked, in view of a desire of self-realisation and development. Although this is an individually motivated process, it entails benefits for the organisation. Learning transforms who we are and how we act. It is an experience of identity and a process of becoming[287]. Learners participate critically in the communities and social practices of which they are members, and create an identity in relation to these environments[288]. In learning to be effective, two deeper levels in which competencies are embedded, are activated:
  • *The social unit*: it shapes the learner's action and reaction at work
  • *The learner's perception of self*: vis-à-vis the organisation and the job itself.[289]

Social Cognitive Learning Theory
The andragogic concept of social cognitive learning posits that humans learn by observing others in social contexts. Bandura states that: "...virtually all learning phenomena resulting from direct experiences can occur on a vicarious basis through observation of other people's behaviour an its consequences for the behaviour.[290]" Four theoretical elements can be identified:

– *Observational learning process*: this comprises the four components: attention, retention (memory), behaviour production and motivation. The first three serve to gain implicit knowledge, the last one represents the influence of emancipatory knowledge on learning
– *Reciprocal determinism*: this addresses the phenomenon that a learner's behaviour, his or her cognition and other personal factors interact with their context. The theory posits that the individual and contextual factors are mutual determinants of each other
– *Self-regulation*: this term describes a mechanism by which a learner regulates his or her behaviour by visualising the self-generated consequences and balancing technical, practical and critical knowledge facets
– *Self-efficacy*: this term stands for the learner's confidence in his or her ability to apply with success a particular behaviour to a particular situation[291].

Social cognitive learning theory concentrates mainly on practical, implicit and existing knowledge and implies that all learning starts from observation. However, people do not merely learn by observation but also by thinking and affecting. Learners' intrinsic creativity can also generate new knowledge during a variety of learning processes.

Transformational Learning Theory
This theory, advocated primarily by Mezirow, plays an important role in andragogic literature[292]. It is concerned with how adults interpret their life experiences and draw meaning from them, which profoundly changes their self. It is:
– "the process of becoming critically aware of how and why our assumptions constrain

287.Wenger (1998)
288.Ten Dam et al (2002)
289.Van Woerkom (2004), p. 185
290.Bandura (1977), p. 392
291.Bandura (1982)
292.Mezirow (1988, 1991); Merriam and Caffarella (1999); Swanson and Holton (2001); Yang (2004)

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the way we perceive, understand and feel about our world;
- the changing of these structures of habitual expectations to make possible a more inclusive, discriminating and integrative perspective;
- and, finally, making choices or otherwise acting upon these new understandings.[293]"

Transformational learning theory is a process of personal emancipation, through which a learner frees his or her self from certain beliefs that have conditioned and constricted his or her life. Key concepts of this theory are:

- *Meaning schemes*: "specific beliefs, feelings, attitudes and value judgements"
- *Meaning perspectives*: "broad, generalized, orienting perspectives" [294].

For learning to take place, either a meaning scheme or the entire meaning perspective, need to change, whereby two knowledge layers are affected: foundation and orientation. Brooks[295] structures transformational learning in four theoretical approaches[296]:

- *Mezirow's rational approach*[297]: this entails a basically cognitive process of transformational learning: learning is an individual process influenced by rationality.
- *Boyd's and Dirkx' Jungian approach*[298]: inspired by the humanist perspective on self-actualisation, this approach claims that the goal of learning is to free the learner from individual unconscious control and from social normative restrictions. Jung's constructivist ideas concerned with the process of individuation, discovery of new talents, empowerment, a deeper understanding of the self and a greater sense of responsibility, fits well with transformative learning theory.
- *Freire's emancipatory learning theory*[299]: this is concerned with social equality and justice. Learning should lead to the learners' conscious understanding of the context (system) he or she is part of. This learning theory is therefore subversive of such systems in which exploitation, inequalities, greed and dishonesty are present. It explicitly aims at the emancipation of the individuals who would then transform this system.
- *Transformative mode of action learning*[300]: this combines individual and organisational change of practical knowledge in everyday organisational challenges. Three schools of action learning[301] can be distinguished: scientific, experiential and critical reflection[302]. The latter, transformative dimension of action learning is described as: "...an approach to the development of people in organizations which takes the task as the vehicle for learning. It is based on the premise that there is no learning without action and no sober and deliberate action without learning... Action learn-

293.Mezirow (1991), p. 167
294.Mezirow (1991), p. 163
295.Brooks (2004)
296.Yang (2004)
297.Mezirow (1991)
298.Boyd (1989, 1994); Dirkx (1997); Cranton (2000, 2002); Yang (2003)
299.Freire (1970, 1972, 1973)
300.Revans (1991); Dick (1997); Brooks (2004)
301.Yorks and Marsick (2002)
302.Proponents of critical reflection in action learning: Marsick (1990), Pedlar (1991), O'Neil and Marsick (1994), Weinstein (1995), and Brooks (2004).

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ing implies both self-development and organizational development. Action on a problem changes both the problem and the person acting upon it." Important elements are:

- Goals are personal and organisational change
- Although guided by strategic intent, the outcome is not fully controlled because the status quo is challenged
- Outcomes can lead to continuous change through critical reflection on the learning process
- Organisations must be willing to have sacred cows challenged
- Organisations must be willing to accept that employees who are unwilling to change feel uncomfortable in the organisation

Four fundamental elements are needed for transformational action learning:

- a group that is committed to work together
- a real work project, problem or task
- a questioning, challenging and supportive environment
- a commitment to learning.

Holistic Learning Theory[303]

This recent theory proposes an integrative framework of all existing andragogic theories. It is summarised in a matrix defined by:

- *three knowledge layers*: foundation, manifestation and orientation
- *and three knowledge facets*: explicit (technical), implicit (practical) and emancipatory (critical)

and suggests that knowledge is created and transformed through the interactions among these facets and layers, leading to nine relational modes of learning:

- *participation*: learning from practice and creation of if implicit knowledge from experience
- *conceptualisation*: articulation of implicit knowledge into explicit concepts. Conversion of familiarities into tangible explanations by proposing new theories
- *contextualisation*: embodiment of explicit into implicit knowledge by the use of concepts, models, formulae, principles and propositions in a specific context
- *systematisation*: incorporation of explicit concepts into a system with logic and reasoning
- *validation*: examination and modification of underlying values, judgements, perceived worth and other types of fundamental learning based on explicit knowledge
- *legitimisation*: justification of explicit knowledge based on emancipatory knowledge
- *transformation*: conversion of old meaning schemes into new forms
- *interpretation*: construction of a meaning scheme from tacit learning and experience.
- *materialisation*: transformation of emancipatory knowledge into tacit knowledge.

Learnings from participatory action research are applied to improve quality of life.

303.Yang (2003, 2004)

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Action Learning Praxis

Action Learning is a concept that marries action and reflection in a way to permit to solve complex problems and, simultaneously, to increase the quality of individual and, to a certain extent, organisational andragogy. It is connected to the above-described andragogic schools but does not incorporate, nor is it incorporated by and of them. Revans introduced the concept of action learning in research on the coalmines of Wales and England in the 1940s. His approach proposed that real people resolve and take action on real problems in real time, and learn by questioning and reflecting while doing so. His idea was not to operationalise action learning into a standard approach[304]. Meanwhile, there are multiple variations of the concept, which are more or less removed from this original idea, while still capturing some of the essential elements that make the approach successful[305]. Of these, Marquardt's approach, which is most referenced[306] and which has proliferated across hundreds of multinational organisations[xxvi], is built around six components[307]:

- a challenge or a problem of significance to a group
- a group of people (ideally 4-8) of diverse organisational and/or personal origins
- a process that enables and emphasises reflection and questions
- the power and competence to implement the solutions or strategies developed
- a commitment to learning by the individuals, by the group and also by the organisation
- an action learning coach who is committed to this task and who monitors the process in such a way as to allow time and energy to be devoted to capturing the learning and improve the level of competency of the group.

The ability to successfully solve difficult business problems and simultaneously develop people and organisations is the attractiveness of action learning. In a time, when the business world appears to become more complex, contested and characterised by alternative explanations and multiple ways of perceiving and explaining, and where no blueprint answers exist to most business challenges, the idea of connecting people to solve these very real problems, whilst having the collateral benefit of advancing these people in and by the problem-solving process, is enticing. Nevertheless, while action learning is recognised as a useful learning tool for individuals to improve certain skills, and while the concept is found intuitively appealing, it is not determined whether organisations truly benefit from its application[308]. Original work by Revans in the 1960s did show that some organisational change was achieved through personal change[309], but contemporary versions of action learning tend to drift away from Revan's principles and organisational development remains negligible[310]. Reasons appear to be, that:

304.Revans (1998); Marsick and O'Neil (1999); Marquardt and Waddill (2004)
305.Weinstein (1995); Pedler (2001); Dilworth (1998); Marquardt (1999)
306.Dotlich and Noel (1998); Rossett (1999); Salopek (1999); Bannan-Ritland (2003)
307.Marquardt (1999, 2004)
308.Smith (1997), p. 366; Pedler et al (2003); Donnenberg and De Loo (2004)
309.Wieland and Leigh (1971)
310.Wieland and Leigh (1971); Weinstein (1994, 1995); Donnenberg and De Loo (2004)

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- coaches feel that the pressure to effect organisational change can create obstacles to the group's learning[311]
- one of the six essential components (above) of action learning, namely that the group should have the power to implement the solutions developed, is rarely given. The group's work remains an academic exercise and cut off from the organisation
- another essential component (above), namely organisational commitment, meaning in fact top management commitment (and even participation), is also rarely given. The work done by the group remains lastly unembraced by and unconnected to the organisation[312]
- learning about action learning seems difficult, because hardly ever does one find discussions of action learning experiences that failed[313]
- the action learning concept stems from a time when organisations where easily prepared to experiment with new learning approaches, which is no longer the case in today's more bottom-line driven business community[314]
- an organisation is not a unified structure but rather a coalition of groups with conflicting viewpoints and interests that may not all be in line with the overall organisational objectives[315]. This perspective is not addressed in action learning literature.

The question of how this andragogic connection process of the problem-solving learners with the organisation can take place was intensely examined in the 1960s[316] but remains unsolved; or rather, the action learning literature considers it a more or less automatic process[317].

311.O'Neil (1996), p. 44
312.Miller (2003)
313.Bourner et al (1996)
314.Donnenberg and Lazeron (1999)
315.Cyert and March (1963); Donnenberg and De Loo (2004)
316.e. g. Argyris (1964)
317.Garratt (1983); Donnenberg and De Loo (2004)

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Appendix M: Synopsis of the Cases[318]

Case	Merger Nature	Respondents	Context	M&A Status	M&A Rationale	HQ	PhD Case Status
1	Acquiree and acquirer	CEO, VP	New Market Player on hitherto closed market. Strongly influenced by Global Brand. Objective is to get established in a newly deregulated market. Long-term No.1 objective. At first totally focused on branding. Euphoric ambiance. Need for fast growth obliged to acquire suboptimal staff. Huge marketing and training budgets. After successful years, painful consolidation with a strong demotivation effect.	Reaching delayed completion	Growth, market share	CH	Ok
2	Some large acquisitions	CEO, VP	This global group had undergone considerable changes, including company name and brands. Key technologies and solutions for leading companies in IT and manufacturing Industries. Several strategy and management changes. Unrest at the top.	Merged and split again	Growth, diversification	CH	Ok
3	Large acquiree	CEO, VP	Leading global supplier of intermediary chemicals. Former spin off, now acquiree. Brutal culture changes from elitist to pragmatic.	Reaching completion	Market share	CH	Ok

318.The need for company and respondent anonymity prevents a more detailed description of the cases that would then become identifiable. For this reason this table is in no way representative for the extensive field observation and document analysis that has been undertaken and that has flown into the analysis and theory-building.

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Case	Merger Nature	Respondents	Context	M&A Status	M&A Rationale	HQ	PhD Case Status
4	Several M&A	CEO, CEO subset	Strong global brand. Strong leadership from US. Global market organisation. Locally strongly sales driven with some local solution business. Several CEO changes. Strong industry consolidation pressure. Race for time to move from products culture to services/solutions culture.	Ongoing	Products to services, market share	D	Ok
5	Large acquisition	CEO, CEO (subset)	Over 6000 subsidiaries worldwide. Moving its offering upscale by acquiring upmarket businesses. Young charismatic but tough Swiss trouble shooter. Young staff, "Easyjet"-style, relaxed, multinational, efficient, motivated.	Ongoing	Consolid., econom. of scope	D	Ok
6	Merger of equals	CEO, VP	Leading but stolid sciences group merges with slightly smaller, more dynamic and innovative competitor to a new global group, abandoning both brand names. The larger group features a leadership of empowerment, the smaller a command-and-control leadership. The smaller group dominates the merger and by and large imposes its culture.	Completed on time	Competitiveness, long-term survival, reduce R&D costs	CH	Ok
7	Merger of equals	Minister, VP	A vote instructed this regional public administration to reduce its Ministries from 7 to 5. Strong, authoritative Minister with excellent business training Great efficiency. Most leading staff are civil servants, few have business/managerial experience. Some inhibition as to concept of new public management and to applying "business terms" to citizens' needs. Clear hierarchies.	Techn. /legal completion	Industry consolidation, economies of scale, customer focus	CH	Ok

Case	Merger Nature	Respondents	Context	M&A Status	M&A Rationale	HQ	PhD Case Status
8	Merger of equals	(CEO) Chairman, VP	Merger of equals between two global Swiss-based services. M&A is everyday business to this global group which integrates dozens of companies/year by rigid integration process. Global systems/processes are imposed on the acquiree who operates under global brand but maintains local market independence, well-introduced products. Great efforts are made (boni, training, attractive positions) to keep key players on board.	Reaching completion	Global competitiveness, economies of scale, synergies	CH	Ok
9	Several acquisitions	Chairman, VP	High quality branded small but global player, aggressive acquisition strategy to gain size and compete with global alliances. With industry facing adversity due to poor conjuncture and terrorism, the endeavour ended in bankruptcy.	Company in receivership	Growth, global portfolio, synergies, survival	CH	Ok
10	Several acquisitions	CEO, VP	Typical German Mid-Size, founder-owned until recently, highly patriarchal. An ingenious product range of excellent quality permits to expand in neighbouring markets. Highly successful in all respects: EBIT, cash flow, market share, talent retention.	Completed	Expansion to new markets, synergies	D	Ok
11	Small acquisitions	CEO	Global logistics group, looked like an interesting case. However, a first interview hat yielded that acquisitions were small, scarce and remained essentially non-integrated	No integration	Finance motivated	CH	Eliminated (no integration intent)
12	Acquisition	COO, VP	This group seemed to qualify for the study at first. But remained local and didn't therefore comply with the geographic scope of PhD	Ongoing	Prepare for deregul.	Croatia	Eliminated (not D, CH)

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Appendix N: Respondent Profiles[319]

Company	Title	Contacts	Short Profile	Age	Remarks
Company 1	CEO	Two formal semi-structured interviews; regular business contacts	Charismatic, very successful engineer with economics studies, military career and long-standing industry experience in the US and CH, strong strategy and sales background. Experienced several mergers, initiated, co-decided and planned some of them	55	
Company 1	VP	Two formal semi-structured interviews, one over the telephone	Internationally experienced HR manager with particular strength in IT and HR but also marketing	42	Changed function between interviews
Company 2	CEO	Two formal semi-structured interviews	Engineering and management background. Long career in industrial organisations, many restructuring exercises of global companies in declining industries	51	Changed function, then left company
Company 2	VP	Two formal semi-structured interviews, some casual encounters	Strong practical and academic strategy and HR background. Extensive post-merger experience, some of them in prime planning responsibility, some very successful, some not at all	45	
Company 3	CEO	Two formal semi-structured interviews	Pragmatic, bi-national graduate in economics and marketing. Highly successful career. Extensive merger experience in different leading roles	48	Left company before second interview
Company 3	VP	Two formal semi-structured interviews	Executive natural sciences academic with MBA and a strong strategy, marketing and logistics background. Extensive merger experience in various roles	53	

319.The need for company and respondent anonymity prevents a more detailed description of the respondents who would then become identifiable. For this reason this table is in no way representative for the extensive field observation that has been undertaken and that has flown into the analysis and theory-building.

Company 4	CEO	Two formal semi-structured interviews, some casual encounters	Smooth, busy economics masters, military career, several executive management programmes. High mobility, international career with frequent changes in many very different industries. Substantial merger experience	52	Changed company 3 times in research period
Company 4	CEO subset	Two formal semi-structured interviews, business contacts	Engineer with postgraduate business administration degree. Highly successful, mostly in one industry. Expansion, restructuration and merger experience	50	CEO changed during study
Company 5	CEO	Two formal semi-structured interviews; regular encounters over many years	Winning self-made type executive who began modestly and steadily worked his way to the top, similarly completing his academic baggage with degrees in accounting, marketing and general management. Trouble-shooter. Substantial merger experience	52	Promoted twice during research period
Company 5	CEO subset	Two semi-structured formal interviews	Dynamic, bright personality originally from Eastern Europe with non-linear career. Apprenticeship, then engineering masters. Highly committed, eager to learn. First merger	47	
Company 6	CEO	One informal, one formal-semi-structured interview, some casual encounters	Quiet, mystical global executive, impressive communicator, polyglot. Smooth operator, fine strategist, high self-reflection. Non-linear background. Considered by media and peers as part of the most influential leaders in the world. Substantial merger experience	52	
Company 6	VP	Two formal semi-structured interviews, some casual encounters	Lawyer and professor with long-standing corporate career. Opinion leader on merger communication. Substantial merger experience in various roles	62	Retired after first interview
Company 7	Minister	Two formal semi-structured interviews	Political executive with highly successful track record, previously very international career in the private industry. A business approach to public management. Solid business education	53	

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Company 7	VP	Two formal semi-structured interviews	Engaged, long-standing civil servant	56	
Company 8	Chairman	One informal, one formal semi-structured interview	Charismatic global leader in financial services. Non-academic background, intuitive, full-blooded banker with fine instincts for strategy, markets and people. Substantial merger experience	55	CEO and Chairman, then chairman
Company 8	VP	Two formal semi-structured interviews, regular casual encounters	Economist with strong strategy and PR experience. Substantial merger experience in various roles	48	Changed company
Company 9	Chairman	Two formal semi-structured interviews, some encounters	Strong political and finance background, highly successful career. Extensive merger experience	57	
Company 9	VP	Two formal semi-structured interviews, regular encounters over many years	Strong marketing and generalist background, extensive international work experience. Planned/managed several mergers in different industries	51	Left company between interviews
Company 10	CEO	Two formal interviews, regular encounters over many years	Economist. Very international upbringing. Co-decided and implemented several mergers	50	
Company 10	VP	Two formal interviews	Engaged, long-standing administrative executive. Engineer. First merger	58	

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Appendix O: Interview Guideline

Just before the Interview

Come early, hang around, and observe external and internal environment, climate, etc.; chat with secretaries and assistants and other available colleagues of the respondent.

First Interview

1. Participant:
- Name, Function, Education, Job History (first merger, second or more merger, roles?)

2. General: M&A
- Will M&A continue to be a major strategic tool in the global arena?
- How would you measure the success\failure of an M&A?

3. Organisation: Description of the Post-merger Situation: Which _____?
- Motivation for Merger/s
- Describe company, stakes, stakeholders
- Which phase/s is/are the most decisive for success?
- How do you define success?
- Did your company have a consistent evaluation process in place?
- How do/did you handle collaboration with your team
- How do/did you collaborate/communicate with stake holders (customers, suppliers, board, banks)
- How much of your time is/was merger-related in the first two years?
- Was/were your merger/s successful/unsuccessful? Why?
- If applicable: Did you do things differently in your second merger experience? Which? Why?
- How would you describe a post-merger organisation? What would you compare a post-merger organisation to? How would you define it?
- What differentiates it, if anything, from other managerial situations?
- Was/is uncertainty of the personal future of key executives an issue? Also your own?
- What differs the role of the local CEO from that of the overall CEO?

4. Identification of learning/coping process/strategies:
- Were you surprised by any leadership requirements during post-merger phase?
- What competencies are/were primarily asked of you?
- Which competencies do you consider the most important in such a situation?
- Which was personally your single most important learning from M&A?
- How would you rate pressure (from different stakeholders)? How?
- How important was culture? In what way? What is culture?
- Was trust an issue?
- Was risk an issue?
- How do you personally keep up-to-date?

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- who are your most frequent contacts in general?
- Who are the most frequent contacts regarding the merger?
- If/when you doubt: do you consult / whom do you consult?
- Do you usually get answers to your questions/doubts?
- What would you do differently in a next merger?
- Can merger management be „learned"? In how far?
- What learning situation/s would be most suitable for this need?

5. Personal
- When did you decide to become a leader?
- Your parents...?
- Can leadership be „learned"? When and where? What learning is this?
- Where do you see major challenges in your future work
- Where do you see major challenges in CEO's future work in general?
- What books do you read these days? Which is your favourite book?
- What interests do you have, outside of your professional life? Why?
- What interests\fascinates you really about „management"?
- Have you ever lived in a foreign culture for more than 1 year?
- Do you enjoy your work
- Anything else that you think I should know?

Second Interview

Prior: Observe changes in environment, climate, etc., hang around, and chat with colleagues, assistants.

During: if time and compliance: feedback on first interview, respondent checking

- Have you any comments regarding the transcription of the first interview?
- Have you any comments regarding the codes and first interpretations?
- Describe any changes since last interview (personal, context)
- How is the merger going?
- Is it „finished"?
- How is the work atmosphere, climate in house?
- How do you know how the atmosphere is? (walking around, questionnaires)
- If applicable: Did you do things differently since last interview? Which? Why?
- Was/is uncertainty of the personal future of key executives an issue? Also your own?
- Did you encounter any new requirements during this later post-merger phase?
- Which prior life experience has helped you most in your M&A?
- Looking back since last interview: what are key success factor of post-merger coping?
- Which was personally your single most important learning from M&A?
- What surprised you, what was unexpected?
- Are there „limits to management"? If yes, which?
- Are there „limits to learning", if yes, which?
- Do you sometimes experience conscious „learning moments"?
- Are you a „thinker" or a „doer"? Why?
- Are you patient? Impatient? Why?
- Are you a converger or a diverger? Why?

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- How much do you value the past? Why?
- Are you a „listener“ or a „talker“? Why?
- Do you tend to give trust before it's deserved? Why?
- Are you neutral or emotional in your contact with people? Why?
- Are you a universalist or a particularist? Why?
- Are you an „intervener/controller“ or a „delegator/empowerer“
- Do you explicitly work with people similar to you or with different personalities?
- What does success mean to you personally?
- How do you define performance?
- Are you rather short-term driven or long-term oriented? Why?
- Do you simplify or try to understand, explain complexity?
- Are you an exploiter or an explorer?
- Are you always in control or sometimes allow yourself to be vulnerable?
- What about intuition?
- What about integrity?
- What about charisma?
- Are you sometimes truly disagreeable?
- How many hours a week do you work?
- How do you gain energy?
- How do you give energy?
- Have you ever had a real painful defeat in your career?
- Have you ever doubted if you are doing the right thing with your life?
- Do you share your knowledge? In what situations, how?
- What would you do differently in a next merger?
- What is it about management that you like so much?
- What is your life goal (accountability vis-à-vis yourself)
- What is your life goal (what should be written on your tombstone, should others say of you once you're gone)?
- Do you still enjoy your work?
- Anything else that you think I should know?

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Appendix P: Informed Consent Form for Interview Participants

Dear participant

Thank you for having kindly agreed to participate in my research project with the working title "Executive learning in post-merger organisations", under the supervision of Prof. Dr. Jacob de Smit, Dean of the Leiden University School of Management, Leiden, Netherlands.

The purpose of the study is to understand the causes behind success or failure of post-merger organisations and to identify executive (CEO) learning and coping strategies within such organisations. My research looks at the characteristics of post-merger organisations from a leadership perspective, investigate which particular competencies, if any, CEOs must dispose of in order to manage them successfully and what strategies CEOs use and/or could use to acquire these. With my results I hope to both make practical recommendations to executives and executive learning institutions and to contribute to theory building in the field of executive learning and coping. To accomplish this, I am conducting studies in 10 post-merger organisations in Switzerland and Germany. These case studies are based, in part, on in-depth interviews with CEOs and top executives like yourself. Our interview will take place face-to face, guided by a few open questions. In order to achieve sufficient accuracy for my analysis, I would like to record the interview on a digital device. The interview will be used by me only and not be available to anyone else. Should I wish to use the data for any subsequent work, I shall seek your consent again.

All information will be treated to preserve your anonymity and reported in the research document only in aggregate form or with identifiable attributes masked. You may also refuse to answer any specific questions during the interview and you may cease participation at any point. The final document will be in the form of a doctoral dissertation.

Your signature below indicates that you have understood your participation in the study, but in no way does it waive your rights nor release the researcher from her legal and professional responsibilities. If you have any questions about your participation, please feel free to contact me any time.

With thanks and kind regards



Participant's Name, Date Participant's Signature

_____ _____ _____

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Appendix Q: Details of Fieldwork

Company	Document Base	Presence in the Field
Company 1	Various strategic plans (business, marketing, HR); many internal and external documents, website; media reports	8 strategic meetings with the CEO, insight in strategic plans. Projects followed as observer were: Expo participation, strategic marketing (market penetration), HR (how to achieve preferred employer status), structure and processes (customer focus, integration of the acquired sales outlets). In this context, this researcher also had 2 strategic meetings with COO and 12 with HR manager. In total, 15 working days were spent within the company.
Company 2	Various strategic plans (business, Mkt); external documents, website; media reports	2 meetings with the CEO worldwide, 4 meetings with the human resources manager worldwide and 4 meetings with other members of management. 2 visits to the company permitted further field observations.
Company 3	Website; media reports	2 meetings with the CEO and 6 meetings with various VPs. The company is well known to the researcher from her previous work as an executive in that industry.
Company 4	Some strategic plans (business, Mkt); various internal documents, external documents, website	2 meetings with former CEO, 4 meetings with present CEO, 6 meetings with the head of HR, plus a total of 10 meetings with other members of management. Purposes varied from preparation of Expo, planning and implementation of executive education and planning of strategic marketing. Time spent at company was ca. 6 working days. Company well known to researcher from her previous work as an executive in that industry.
Company 5	Some strategic plans (business, Mkt); some internal and external documents, website; media coverage	4 strategic meetings and over a dozen casual meetings with the CEO, 2 meetings with Head of HR and several meetings with other members of management. Projects allowed to accompany were integration process of an acquisition and the preparation of an executive education programme for its key executives. Approximately 5 working days were spent in the field.
Company 6	Various strategic plans (M&A, leader-ship, communication Mkt); external documents, website; media coverage	Excellent access to this company owing to previous work as an executive within this industry. 1 formal and about 6 informal meetings with global CEO, 2 formal and several informal meetings with the head of communications worldwide, 2 formal meetings with head of sponsoring and a substantial number of contacts with other members of management.

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Company 7	Various strategic plans (M&A, Mkt); internal and external documents, website	4 formal meetings with the minister and 6 with the head of services, some of them within their organisation. A project the researcher was allowed to accompany was the integration process of the two ministries and the development and implementation of a senior management programme.
Company 8	Some internal documents, external documents, website; media coverage	5 strategic meetings with former global CEO and one with present CEO, a total of 12 strategic meetings with members of the global management team and a large number of informal encounters. Many visits to the field.
Company 9	Various strategic plans (M&A, business, Mkt); various internal and external documents, website; media coverage	3 formal meetings with chairman, 2 informal with group CEO and12 formal meetings with various CEOs, head of global finance, head of global HR and the head of communications. Involvement in Expo planning and the development of management education incentives for senior staff to be outsourced due to the mergers and restructuring. Approx. 6 working days were spent in the field. Furthermore, the researcher was in contact with a number of external strategic consultants who were instrumental in the M&A strategy.
Company 10	Internal external documents, website	2 formal and 6 informal contacts with the CEO. 4 contacts with members of management. Visits to subsidiaries, no visit to headquarter.
Total	Approx. 4500 pages of internal and external docu was studied.	In summary, this study grounds on 117 formal meetings with leading executives of the ten case companies, plus several hundred informal encounters. Approximately 50 days were spent within the various organisations.

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Appendix R: Example Line-By-Line Interview Transcript

(Excerpts)

"Mergers will continue
depending on the industry and the concentration process within these industries.
I can only really judge this for the <name> industry
here, mergers will go on, the concentration process will continue.
Often the reasons for doing mergers given to the outside world
are different from the internal reasons...
It's a different story if you merge, or acquire small companies
than when you merge two large companies
This is a traumatic situation for both organisations
these people live with a certain sense of belonging
with trusted and familiar culture and values
with their being known as what they are, belonging to a well-known brand
and suddenly these two "clubs" are dissolved and a new "club" is built
and a new togetherness, a new belonging must build itself
I have often said it like this
if you take away the "heimat" to two groups
there will be a loss of and effort to build a new "heimat" for both
and this creates enormous losses.
The larger the organisations are,
the larger the natural resistance to this will be.
Two small groups will find each other quickly
but in a large organisation this will take some time.
I have experienced this early
I had just joined the company in the sixties when the first mega merger took place
and there it was a fact that ten years later
people still thought and acted in terms of "ex-A" and "ex-B".
And this time we wanted to avoid such a development.
This is why it was decided not to maintain the identities of the two partners but to
sort of "bash down" what was
and build, as quickly as possible, something new
from this "purposeful destruction".
We had decided that it must go quickly
that one should look forward
avoid the permanent "but we used to do it that way" talk
whose "best practice" was the better
and how things should be done, the "A-way" or the "B-way".
Was it a success (pause...)
I guess it depends what criteria of success you apply
how can you compare, hypothetically, with the two firms if they existed as separate entities today.
To measure success I personally like to start above the figures
Before any figures and valuations
For instance the competitiveness,
the chance of sustainable survival

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is it greater together as with two separate entities.
One of the major goals in the paper of intent for the merger was that:
to secure the future, the future survival, on a long-term basis
That's different than saying we want to improve "return on assets" by so much.
That will come later.
These will be the numeric facts that will later guarantee this survival
but they can't be the objective for the decision.
Our conviction was that
if the basic idea is right
then the figures will follow.
The basic idea is for example
if you have greater resources
then you have the possibility to get more out of these greater resources.
This reflection is however questionable
for some areas like for example research.
These huge research centres that emerged from this merger
did not convince
nothing much can come out of such huge organisations.
they are preoccupied far too much with themselves, which blocks them
and innovation is killed by this
so that you have to purchase innovation from small units without.
Even if I'm convinced of the overall benefit of size
I truly believe that it doesn't work everywhere.
If you have a research budget of 1.5 billion rather than 1 billion
it doesn't mean that you're better, more innovative, by this much.
This I truly believe will not work. I saw, it did not work.
However, I do believe that if you put together the armies of marketeers and sales reps
and you have 20000 reps instead of 10000 reps who run around saying that your products are great
that this will make a huge difference.
You simply have more power.
Especially in marketing
that is often underestimated
with all the dangers that this may by the way also entail
but if you have to push an innovation into the market
you usually meet a totally saturated market, in our industry, anyway
so if you come with your new <product> or whatever
you can't simply say, here's something new.
you have to work hard at it.
And the more mass you can push into the market,
the more power, the more muscle you can show
the faster you will be implanted in the market.
Also, at the risk of these disastrous results you can see at the moment
<product name> and others, which are not ready.
the argument being that the life cycle of <products> gets shorter
because of the myriads of new <products> that enter the market
and therefore the initial market entry

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90 has to be more powerful
91 to get a maximum of return on the huge r&d investment
92 as fast as possible.
93 You can't go for a slow market penetration
94 you have to go in with a bang.
95 With the result that you don't really know yet what
---
105 This is extremely interesting
106 how certain companies react to this then.
107 If you have to withdraw a blockbuster <product>
108 or reposition it
109 and you lose - over night - 30 billion of stock capitalisation
110 that's tremendous.
111 Anyway, success criteria for mergers are clearly
112 market share growth, if you have bigger markets, your survival is more likely
113 you eliminate a competitive element
114 ok, the question is if your, 3.5 and 3.5 percent really give you 7
115 or if there is a certain cannibalisation effect.
116 another criterion is synergies.
117 in fact, with the merger announcement
118 the share price will go up for this reason
119 because the analysts assume that there will be tremendous synergies.
120 You can merge HR, production sites etc.
121 that's huge cost blocks which you can reduce by sharing resources
122 key talent retention is indeed another success factor
123 but to begin with it's a problem
124 in the merger process
125 will they stay or will they leave.
126 and it's important to know, to have identified this key talent.
127 Because it's interesting
128 in mergers it's a fact that the good people usually leave within the first three years.
129 those who stay are those who say
130 yes, well, my house is mortgaged, and I guess this new situation is not so bad after all...
131 that's talent, too, but if it's "key talent" is another question
132 it's usually the "yes men".
133 To formulate it the other way round
134 a merger will be successful because
135 it will be able to win over new key talent from the market
136 who come in and pull it through.
137 With the exception of those who find this idea great from the start.
138 These are of course "pepped" from the start, inspired by the project, and will go for it.
139 The "accounting profits" are a questionable measure
140 because for at least three years you will make pro forma statements
141 and these are, let's face it, manipulated to please the market (wieviel darf's denn sein?)
142 You can say, we calculate this newly and that newly, and this we throw into that category, etc.

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143 In the first mega merger I was just a lawyer who had joined just after the merger
144 I was an observer with regard to the merger
145 The second merger was different
146 There I was a key player from the start.
147 Merger management is totally different from other management situations.
148 First of all a lot depends on the positioning of the merger.
149 Is it a merger of equals or is it an acquisition of B by A.
150 What I have experienced is
151 that even in a merger of equals, you take two plants out of their pots and place them in a new pot
152 with the goal to have a new and bigger and more colourful and lovely plant.
153 Great.
154 Fact is, that's my experience, there is no such thing as a merger of equals.
155 One organisation will always take over the other.
156 The question is only how you do this.
157 Another experience of mine is that
158 there is no such thing as a "mixing of cultures"
159 that you have A and B and then you have something resembling AB
160 That doesn't happen.
161 Even if you intend to do this, and if in the beginning you're all nice with each other, and sort of fair,
162 and you decide to take two managers of A, and two of B, and ensure that the
163 power is equally distributed (die Geweihe sind gleich gross)
164 it's all bullocks, unfortunately,
165 in the end it's one company who takes over the other.
166 it's a process that takes place, which is almost, how can I say,
167 the result of a magic law.
168 And it's the company which is more control-minded, more tightly led, has less freedom
169 who will take over the other.
170 And funnily one assumes that it will be the other way round.
171 I, too was of that conviction for a long time,
172 I believed that people would always fight for more freedom
173 that's why we have revolutions every now and then, 1789 and others...
174 But with mergers it's not the case.
175 In the end it's the company who is used to "command and control" mechanisms
176 will steer the boat in the end.
177 And all those who believe in empowerment, self-initiative, visa down to the simplest employee etc
178 will be the losers.
179 Simply because apparently, evidently;
180 in such times of great uncertainty
181 and that's what mergers principally are,
182 one needs a methodology
183 that says: "this is where we're going".
184 And all one had built up before in the way of empowerment, bottom-up team spirit, learning org etc.
185 simply doesn't have its place in a merger.

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186 Other ways the process will run havoc.
187 And that's where the integration process comes into action
188 And often you don't have a clear acquiree and acquirer
189 but you have two organisations who come together
190 and the important thing is what happens in the integration process.
191 How is this process structured.
192 And that's where this phenomenon happens
193 that those of the kind to reflect on best practices, imagine solutions, discuss how to best go about it
194 are confronted with the others, who say
195 "that's the way it will be done. full stop."
196 whether you like it or not.
197 We explained this phenomenon by the fact that
198 apparently, in situations of great uncertainty you need
199 an over-steering of the command and control mechanism.
200 A leader who says, we're not on a self-discovery sailing trip,
201 we're on a bloody big steamer and that's the direction it's heading for. full stop.
202 Take it or leave it. That gives reassurance and stability
203 We had the interesting situation that we had a young CEO
204 eager beaver, highly intelligent, puts complex things quickly to a point,
205 amazingly much experience for his age
206 and who was, which was probably his biggest asset, a <previous profession>.
208 This is very rare in our industry.
209 He is also an endlessly hard worker
210 and he bit himself into the task with no end.
211 On the other side we had the chairman
212 an elder statesman,
213 who brought in his experience,
214 his log-term view
215 the third element was McKinsey
216 excellent people from Mc Kinsey who have very strongly led the weekly integration meetings.
217 Thy brought in their integration proposals from their analyses in the field
218 and then we decided,
219 led by the experience of the elder statesman
220 complemented by the swiftness and drive of the younger CEO.
221 We were all aware that
222 if we were to succeed
223 we would have to act much faster than it was thought possible to act.
224 Faster than anyone could imagine.
225 We used totally new standards with regard to speed.
226 We gave deadlines that people said were simply not possible!
227 And we said, well exactly because it is not possible, we will do it this way.
228 And I experienced this many times
229 that people were totally desperate
230 and said we can't merge 300 subsidiaries in the whole world in two weeks
231 it simply can't be done
232 And we said: but it will be done. full stop.

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And for all this, we allowed for a large error margin.
We said, we can make mistakes, but we must be fast.
and with this incredible speed
we sort of rolled over people with a steamroller
things were always “already done“, when issues were raised...
and those who couldn’t keep up with this
they fell off the wagon, one by one.
The CEO understood one thing very quickly:
in a merger process it’s 20% management and 80% communications.
Why, how did he know this?
He listened, he observed what was happening, he realised what was happening.
And we advised and supported him in this, strongly.
and the chairman had the same awareness
he said, “if people don’t know what is happening, what is to happen,
it’s traumatic and frustrating
and if things have to happen quickly
it’s even more important that
they are communicated quickly.
Communication was the driving belt in the engine
we spared no efforts to allow for good and fast communication
for example a telephone number where all new messages were communicated
both companies could call this number at any time and hear the latest messages.
Databases, accessible to all,
where people could follow the latest decisions
Communication was the primary means to implement things.
I was involved in another acquisition, of a smaller firm
roughly one third of the size of the acquirer
and there it was handled differently
After 18 months we noticed that this was not satisfactory.
The strategy there was to leave the new company largely untouched
in the sense: well, it is running ok, they’re bringing their profits
So why not leave them in peace
and just take in the figures into our P/L statement and balance sheet.
We had not realised that the management of the acquiree
in fact permanently waited for new instructions to come from us.
And we somehow waited for them to say what they needed or proposed.
After 18 months we noticed that the company still run well
but there was a kind of impasse.
No synergy decisions had been made
even though now there is awareness that much could have been done
in the way of cross-selling, marketing etc
Because the company was running well,
the act of merging was reduced to a purchase.
But when a company suddenly belongs to another company
there are unspoken, unexpressed expectations in the room
which need to be addressed.
It’s not sufficient to say
well, we’re leaving them in peace

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281 surely they're happy since they can do what they want.
282 But they expected something to come from the new acquirer.
283 So the question of how to handle an integration
284 and how to communicate it
285 I consider as key.
286 And how much time one dedicates to the issue of communication.
287 The fact that I knew of the importance of communication in a merger
289 has a history.
290 It's started long ago.
291 In the times of the first merger
292 I noticed that mergers needed to change in "gestalt"
293 from a purely legal perspective
294 to a more stakeholder-oriented perspective.
295 For the past 20 years the priority was legal.
296 All needed to be clarified legally, be to the point.
297 And the legal opportunities and limits
298 were discovered and exploited.
299 So this legal aspect of the mergers was becoming very sophisticated and excellent.
300 But what was terribly ignored and lagging behind
301 was how to handle stakeholders, especially the larger public (die Öffentlichkeit).
302 And we got into some truly uncomfortable situations at the time due to this ignorance.
303 We had endless problems with <name> and other public stakeholders.
304 And within the company there were endless fights and hassles between
305 the legal and communications (and investor relations, politics) departments
306 And then the decision was made that, since
307 the communications people were so often intimidated by the internal lawyers
308 to appoint a lawyer and communication expert to the head of the communications unit.
309 And that was I.
310 And communication was a strength of mine
312 I had worked as a journalist and these things had always interested me,
313 it was a passion.
314 I had kept repeating that communication was perception management
315 and that communication was not "telling something"
316 but "shaping something", namely shaping the perception of the receiver.
317 And perception (Wahrnehmung)
318 is what you perceive as true (für wahr- nehmen)
319 And this was then preached to all these researchers, etc. until
320 they began to believe it.
---
325 How did I know this?
326 This awareness and later conviction grew from the observation of
327 many situations in which we had not noticed this
328 and really ran into awkward situations.
329 Me too in the beginning, I probably underestimated this
330 but soon I understood and
331 persisted in driving the awareness process for this.

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There are numerous anecdotes that can be told about this.
Just imagine, our media bulletins:
It was important that it was understood that
it was not really relevant what was written in these bulletins
but it was important that what was written there had the desired effect on the reader
i.e. that the reader reacted to it in the desired way.
So we had to measure if some key messages were really taken over by the media
and if this transmission had the desired effect on the stock price.
When we sent people to TV shows we had to learn
that it was not really important if WE liked what our people said there
but we measured before and after the transmission the effect on the audience
did the communication weaken or strengthen the messages we wanted to pass.
The whole idea that communication is not used to transmit information
but to shape perception.
An anecdote:
we were the first company in our industry, or even the first overall,
to publish an annual report on ecology.
In the beginning it was hardly known how ecology was spelled, etc.
But I kept saying this annual publication of figures alone is simply not enough
We are constantly attacked because of <reasons> etc.
We must start to tell what we do:
even if this is not so nice
but with a kind of intent to or commitment to improve on these things over the years
in the sense of the Kyoto minutes.

So they all worked at this and brought these facts and figures together.
Then we had a new head of production
who had come from the USA and was very progressive
and then we both proposed to publish all this.
then I had a whole procession of executives who marched through my office to try to stop me from this
you can't do this, this will be terrible, etc
So I said, you're in charge of production or whatever, I'm in charge of communications
we both know our business and I now ORDER this report to be published.
And effectively we had received the greatest of applause for this report
and all our competitors were immediately under great pressure.

I insisted on telling them, over and over we've no choice
there is no other way but to openly say how things are
and then improve them gradually.
Otherwise we will continue to be attacked in the media.
And by this learning process
when people saw how the public and the media reacted
they said, yes there are problems, but they are expressed,
they are under control, they are being improved, etc.

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380 In this way, the organisation learned by example
381 because there was somebody, me in this case, who
382 aligned example after example, evidently, luckily successful.
383 That I was a lawyer did help in the inside of the organisation.
384 The same example was when <a stakeholder did something>
385 for a demonstration.
386 all our security staff walked around nervously with walkie-talkies, alpha to alpha
387 and I said, come on, relax
388 these guys have a message
389 we have one, too
390 let's face them, bring them some hot soup
391 and sit down with them.
392 Step by step by such examples the organisation learned.
393 And when the merger idea came up
394 the grounds were broken
395 and it was sort of natural
396 that we placed this priority on communication.
397 Of course, if we had another person, a lawyer who would keep saying,
398 stop, don't do this, be careful, this is dangerous etc. it wouldn't have worked out so well.
399 I must say that the CEO had chosen a PR lady
400 he still is accompanied by her, in fact,
401 a lady from the US, strong in communications
402 who had brought him up as young and promising top executive, whatever, etc.
403 and she was also very interested in perception management
404 her voice was also important in all the top management discussions
405 and he, the CEO, wanted it, too.
406 We used to describe it as
407 the "sweet poison", accompanying this sensitive process
408 that he would be on all the front pages of the leading magazines and newspapers of the world.
409 and he did like to give interviews
410 he was devastatingly good with his charming smile
---
414 he was ingenious, truly,
415 he even permitted doubts to show up
416 and question his self...
417 In the first two years following the merger
418 I invested about 80% of my time for communication
419 and the CEO had the same priority, too. 80% communication.
420 On condition that we understand the following by merger communication:
421 permanent information within the company
422 feed the telephones, the databases correctly and quickly, meet people, take the time for small things
423 then toward the outside, before pressure could build up,
424 invite groups of people permanently
425 explain;
426 be it financial analysts,

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427 or whoever was interested or concerned, had access
428 we always said there are three important points to communication:
429 communicate, communicate, communicate.
430 We used to sigh to each other
431 we have worked hard managing all day long
432 and now they want us to communicate in addition to this;
433 we hardly have time!
434 Now we're saying: we have communicated all day long
435 and we're noticing that...
436 by that, we have managed!
437 we had this key word that went:
438 management by communications
439 means communications by management.
440 Meaning you manage through communication."

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Appendix S: Codebook

F113	acknowledg., gratefulness	F15	exploitation of learning	F66	participation
F97	affiliation, belonging	F71	failure	F120	perceived difficulty
F26	arrogance, cynicism	F155	family, private life	F28	perceived leadership
F115	attention to detail	F141	fatality	F77	perceived value
F144	availability, receptiveness	F127	fear, anxiety	F123	performance
F103	awareness	F133	flexibility	F128	persistence
F142	belief, conviction	F35	frustration, adversity	F59	personal agenda, tactics
F19	best practices	F31	growth	F14	personal motivation
F65	challenges	F147	happiness, satisfaction	F61	persuasion
F95	change	F99	homogeneity	F81	planning, anticipation
F102	charisma, personality	F67	honesty, credibility	F52	political support
F39	choice of leaders	F2	human resources issues	F50	potential, contingency
F38	choice of team members	F145	humour	F106	power
F107	circumstances, context	F130	imagination	F101	prejudice, preconception
F54	collaboration	F139	immobilism	F16	priorities
F43	commitment, ownership	F60	incentives	F76	project structure
F25	communication	F149	independence	F108	provocation, subversiven.
F91	comparison, association	F131	inspiration	F79	reflection, self-calibration
F137	competitiveness	F62	integration, aggregation	F23	reporting structures
F48	complexity	F78	intellectual humility	F135	resistance
F8	conception vs. implement.	F114	intuition	F124	resources
F110	conditions, prerequisites	F151	isolation	F156	responsibility, accountab.
F9	confidence, assuredness	F1	key people retention	F117	risk taking
F42	confidentiality	F88	knowledge assimilation	F94	rituals
F154	conflicts, fighting	F70	knowledge creation	F7	roles
F10	consultants	F27	knowledge drain	F89	rumours
F132	contribution	F37	knowledge socialisation	F63	selling to stakeholders
F40	control	F24	leadership	F134	sense of loss
F105	conversation, narration	F68	learning, cognition	F122	sense-making
F4	corporate fit	F121	learning-by-talking	F98	situativeness
F126	crisis	F93	learning-in-action	F47	size
F34	criticism, controversy	F49	legal issues	F118	soft vs. hard
F3	culture	F41	limits to learning	F112	solidarity
F45	decision making	F32	loss of face	F75	stakeholders
F136	destruction	F64	loss of touch with reality	F58	strategy
F6	dichotomy, contradiction	F86	market know how	F30	strengths, qualities
F87	discipline, hard work	F21	marketing	F119	stress
F129	discovery	F5	media pressure	F11	success
F104	diversity	F53	mentality, language	F85	success factors
F140	domination, dominance	F111	mimetism, imitation	F138	sustainability
F92	economies of scale	F80	motivation for merger	F74	synergies
F51	efficiency	F148	narcissism	F12	tactical moves
F153	egoism, self-centredness	F20	need for stability	F69	team composition
F109	emergence of leadership	F12	negotiation tactics	F33	technocracy, credulity
F125	emotion	F46	newness, innovation	F36	time, speed, timing, timeli.
F152	empathy, fondness	F18	objectives	F56	transitionality, ephemer
F150	empowerment	F100	observation	F29	transparency
F13	estimation of performance	F143	omissions	F57	trust
F96	ethics	F84	opportunities	F72	uncertainty
F146	excellence	F82	organisation structure	F83	valuation
F22	expectancies	F55	outside pressure	F17	vision
F44	experience	F116	overview	F73	work environment, climate

Appendix T: Sample Page of the Literature Matrix

Author	Year	Research Focus	Key Words, Methodology	Key Findings	Limitations	Future Directions	Reference
Abell, D.	1997	Case Study Methodology	qualitative research				Abell, D. (1997), *What makes a good case?*, ECCHO Autumn-Fall, 4-7
Ackroyd, S. and Hughes, J. A.	1992	Data, Collection in Context, grounded theory	qualitative research, g.theory	Useful tips for data collection			Ackroyd, S. and Hughes, J. A. (1992), *Data Collection in Context*, Longman, New York 1992
Addleson, M.	1996		organisational learning				Addleson, M. (1996) Resolving the Spirit and Substance of Organizational Learning. *Journal of Organizational Change Management (1996)*, 9, 32-41
Adler, P. S. and Borys, B.	1996	Public Management, bureaucracies					Adler, P. S. and Borys, B. (1996), *Two types of bureaucracy: Enabling and coercive*, Administrative Science Quarterly, 41/1, 61-89, 1996
Adorno, Theodor	1959	Theodor W. Adorno1903 -69) represents Frankfurter Schule with Max Horkheimer (1895-1973) und Herbert Marcuse (1898-1979). Represents the "Kritischen Theorie" of society. Here, " Theorie der Halbbildung" originally planned for the Berlin conference of the Deutsche Gesellschaft für Soziologie (may 1959)	learning, philosophy	Adorno is not a postulate pedagogue, but one that undiscovers the sabotage of education in society. Here he uses opinions from his studies about authoritary character ('50) which had then had strong influence on the antiauthoritarian movement. Questions in how far schools themselves sabotage education and why they only make it to "socialized semi-education" and not beyond. proposes critical-constructive solutions.		cf. also Gamm, Heydorn, Klafki	Adorno. T. (1959), *Theorie der Halbbildung*. In Adorno, T., Soziologische Schriften I, Frankfurt 1979
Agashae, Zoe and Bratton John	2001	Explores leader-follower dynamics within a context of a learning organization, and examines the influence of leaders' behaviours on their followers' learning in an energy company based in western Canada. The researchers assessed Senge's proposition in The Fifth Discipline (1990) that leadership behaviour, conceptualized in terms of three roles: steward, designer and teacher, facilitated informal learning.	Survey data with learning questionnaire to measure supportive leadership practices for learning in the workplace gathered from 400 full-time employees	It is argued that the results revealed the presence of all three roles in the case study. Of the three, the "designer" role was the weakest at 57% agreement from respondents followed by 63% for "steward" and 67% for "teacher". Significant differences in the level of agreement were found within duration of employment and occupational group. The data will encourage organizational leaders to reflect critically upon their activities if they are committed to the strategy of developing their intangible assets: people.			Agashae, Z. and Bratton, J. (2001), *Leader-Follower Dynamics: Developing a Learning Environment*, Journal of Workplace Learning, 13 (3/4) 89-102, Bradford 2001
Alex et al	1981	A representative research project in Germany looking at correlations/relations between careers and qualifications	representative statistics on careers in Germany		working population, not especially managers		Alex et al (1981), *Qualifikation und Berufsverlauf. Erste Ergebnisse einer repräsentativen Erhebung bei Erwerbspersonen in der Bundesrepublik Deutschland*, Berlin 1981
Alexander, A. A.	1997	Historic significance in andragogy	andragogy	The classics		Knowles, Lind.	Alexander, A. A. (1997), *The Antigonish Movement: Moses Coady and adult education today*, Toronto: Thompson Educational Publishing, 1997
Alvesson, Mats	1993	Cultural perspectives on organizations	culture, organisation theory			Tromp.,H-T.	Alvesson, M. (1993), *Cultural Perspectives on Organizations*, Cambridge 1993
Andersen, N. A. and Born, A. W.	2004	About the effects of the semantics "complexity" and "change" used for intraorganizational communication about the relation between organization and environment. Hypothesis: communications along this semantic will have profound effects on the organisation as to steering as it undermines the idea of organizational unity and establishes the future or UTOPIA as the frame of reference for communication around steering. (Empirical findings Denmark)	complexity, change, narration, organisational learning, communication	Does not necessarily mean "breakdown", but might provide the basis for "oscillocracy", that is steering through acceleration of communicative flexibility and ambiguity. As theoretical frame is chosen the German sociologist Niklas Luhmann and his communicative systems theory, which is introduced at the beginning of the article.	reflection about oscillation		Andersen N. A. and Born, A. W. (2004), *Complexity and Change: Two "Semantic Tricks" in the Triumphant Oscillating Organization*, Systemic Practice and Action Research, 13/3, 297-328, 2004
Anderson, J. R.	1983		Cognition				Anderson, J. R. (1983), *The Architecture of Cognition*, Cambridge, MA, Harvard University Press, 1983
Anderson. M. L. and Lindeman, E. C.	1927	Historic significance in andragogy	Andragogy (Anderson's role was primarily that of translator because much of their source material was in German)	In this work the authors provide an interpretative translation of literature describing the folk high school system in Germany. They included a section entitled, "Andragogy," and describe some teaching methods used by the folk high school teachers.	German Volksschule		Anderson, M. L., and Lindeman, E. C. (1927), *Education through experience*, New York: Workers Education Bureau.
Andrews, K. (ed)	1953	Case Study Methodology					Andrews, K. (ed) (1953) *The case method of teaching human relations and administration*. Cambridge, Harvard Business School Pres
Andriopoulos, Constantin and Lowe, Andy	2000	Pressures have increased for both profit and non-profit organisations to become "innovative organisations". This study has revealed the grounded theory of perpetual challenging as a process for enhancing organisational creativity. Perpetual challenging refers to the ways through which creative organisations enhance their employees' internal drive to perceive every project as a new creative challenge so that their individual contribution is maximised and an innovative solution can arise.	Perpetual challenging, grounded theory, intellectual capital, organisational learning	Perpetual challenging has four sub-core variables, namely adventuring, overt confronting, portfolioing and opportunising. A grounded theory approach was used in order to conceptualise the behaviour of employees under investigation. The perpetual challenging process has implications for both academics and practitioners since it explains how creative organisations should develop chaotic situations in their workplace environment to enhance the intellectual capital within the organisation, which will yield the competencies and capabilities for improved performance.			Andriopoulos, C. and Lowe, A. (2000), *Enhancing organisational creativity: the process of perpetual challenging*, Management Decision 38/10, 734-742, 2000

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Appendix U: Evaluation Criteria to Guide the Data Analysis

For grounded theory studies it is suggested to use *evaluation criteria* that take into account the complexity of the social phenomena studied. For this study, evaluation criteria were developed with a dual purpose of:

- serving the researcher as a guideline for the research process
- guiding the reader in his or her judgement about the empirical base and the processual rigor of the research findings.

Criteria	**Tasks**	**Information needed/verifications to be done**
C1	Concept generation	Verify logic and plausibility of sample selection
C2	Concept relationship	Verify that concepts are systematically related; test and retest emerging categories
C3	Conceptual linkages, category development, conceptual density	Verify if and how actions, events, incidents and statements and other indicators cohere or contrast with major categories
C4	Member and respondent checking and auditing	Feed back findings and hypotheses to colleagues and to the respondents to verify if they accurately describe their experiences
C5	Theoretical variation	Verify the grounds on which the theoretical formulation guided the evidence collection; verify the representativeness of the categories
C6	Accounting for contextual conditions	Verify the nature and origin of the hypotheses pertaining to the conceptual relations among categories and the grounds on which they were tested
C7	Accounting for process	Verify if there are hypotheses that did not hold up against evidence and how these deviances were accounted for
C8	Theoretical findings	Verify on what grounds the core categories were selected and how; verify the grounds on which the final analytical decisions were made
C9	Significance of findings	Verify significance of findings by returning to literature

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Appendix V: Executive Learning Inhibitors

The Post-Merger Exception

The merger process itself appears to act as a barrier to learning[320]. Much of the planning, both prior to and post announcement, takes place in secret, at the highest levels of the organisation. After the announcement this behaviour is in stark contrast with the usually intense media and stakeholder interest accompanying the process. This need to have answers and calm down internal and public anxiety forces executives into fast action, which sometimes can become quite hectic and precipitous. Behaviour that is considered time-consuming, such as participation, explanation, negotiation and team play is suppressed or put on hold. Also, many executives rely on the advice of investment specialists and business consultants, rather than internal resources and since many executives perceive the process as a once in a lifetime exercise, they not therefore systematise this advice, which remains external, nor any personal learning, neither during the process nor after its accomplishment. Best practices, tools, metrics and/or techniques, if available at all, are often inappropriately generalised to subsequent mergers[321].

Overstaying, Understaying

What may be beneficial for the executive career; might just be less so for the executive's personal development and for the company he or she manages. Somewhere on the road to the highest positions, executives' learning capacity can get blocked. Literature confirms that both frequent job changes (discussed in the introduction to section 4.8) and overstaying can be a learning inhibitor, the latter especially if a CEO has been particularly successful and the board and the media may reinforce the idea that he or she is irreplaceable. The problem is exacerbated by CEOs who are strong narcissists[322]. Such individuals seldom mentor others and prefer protégés of lesser capabilities who may not have the skill set required for succeeding them[323]. This reluctance to release the reins also leads to the defection of talented individuals who might be suitable succession candidates. At the same time as personal learning abilities get blocked by learning inhibitors, top executives reach a level of responsibility that requires new competencies. Their field of action becomes more complex and other outer and inner pressures for continued success increase. The exceptional growth expected from some stakeholders, especially from shareholders, financial analysts and the business media push the actors to venture into extraordinary ventures, such as mergers and acquisitions. This pressure is seconded by the actor's personal ambition to repeat previous successes or, sometimes, by their fear of not being able to repeat them. As a consequence, as their learning ability decreases, their need to learn increases. Some top executives in most situations and most executives in some situations seem to manage to overcome their stereotype behavioural patterns: How they do it and why they do it, and why some manage more easily and more often than others, could not be observed exactly. There seemed to be a particular capacity to maintain vigilance about them, which was stronger than the learning blockades. This phenomenon is discussed here and shall be examined more closely in the next research loop.

320.Slowinski et al (2002), p. 23
321.Zollo and Harbir (1999); Haleblian and Finkelstein (1999); Srikanth (2005)
322.Maccoby (2000)
323.Kets de Vries and Miller (1984); Kets de Vries (1989)

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Success

Success can be an enhancer of learning and coping, but also one of the most dominant learning inhibitor. Success opens doors onto new responsibilities, which permits CEOs to assume more complex, more international, more sizeable and more diversified assignments and thereby widen their field of experience. The inhibiting mechanism of success has been described above. Experiences of success can lead to stereotype behaviour, which is difficult to change. When an executive has been successful a number of times with the same prescription, this becomes his or her mode of action. Moreover, they are often explicitly selected for a new appointment because of that particular mode of action, and thereby confirmed. This phenomenon is known as the 'success trap'[324]. When this mode no longer works, because the reality he encounters is different from previous realities, the CEO often fails to change, but persists by increasing the dose of the prescription that had worked hitherto. Continued success can also lead to fear of failure and thereby to risk rejection to try out new things[325]. It can blind executives making them unable to see new facts and problems or to conceive patterns of reasoning that better fit company needs[326].

Isolation, Homogeneous Contacts

CEOs are often alone[327]. Lew, Tim, Karl, Lucas and Roger had all manoeuvred themselves into positions of extreme isolation. Partly this is inherent in the position. CEOs are ultimately responsible for the organisation – albeit not really accountable, since they can leave at anytime without consequences (other than possibly positive[xxvii]). They are permanently thronged by stakeholders, they do not want to be perceived as favouring one direct report over another, there is often considerable distrust among them and their direct reports[328], they are very busy, etc. They are faced with situations of highest complexity for which nobody has ready-made answers. They are also role models and opinion leaders constantly invited to high level panels, podium discussions, business conferences at which they are asked to speak about their work and/or express their views on the business climate or the world in general. In all these places, they speak to many, but they meet with few. And the few they meet with are often also CEOs. These contacts are usually casual and of short duration and rarely lead to an honest exchange of problems. So, CEOs are voluntarily and/or circumstantially alone. But learning is not primarily an individualistic activity, especially not the type of heuristic learning needed at CEO level, where many problems are new and unique: "The central issue in learning is becoming a practitioner not learning about practice. This approach draws attention away from abstract knowledge and cranial processes and situates it in the practices and communities in which knowledge takes on significance."[329] No such executive communities have been observed in the above tales nor have CEOs referred to them. Finally, when CEOs do want to 'get out', they usually accept some of the countless invitations to Opera or Theatre premieres, sports events, etc. that they are inundated with, which is something that will also please their wives whom they do not see often anyway. Again, they find themselves in the VIP lounge, together with their peers. Several of the above

324.Askvik and Espedal (2002)
325.Hainey (2003)
326.Douglas (1986); Miller (1993); Weick (1995)
327.Pratt (2001)
328.Bijlsma-Frankema (2004)
329.Brown and Duguid (1991), p. 48

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CEOs regretted that they were not seeing 'normal people' anymore, but few did something about it. In order to come with post-merger difficulties, which are bringing uncertainty or ejection to large number of people, CEOs must show empathy and an understanding of these fears and provide solutions for them. Most CEOs, however, although they have a theoretical notion of what could be problems people face in post-merger situations simply have no practical idea of what the realities of 'normal people' in their organisation are. They have lived in a secluded world for too long.

Homogenous Environments

In post-merger situations CEOs must act quickly to get their teams together and bring stability into the organisation. This disfavours learning in two effects: for one, the team building under time pressure favours 'sameness' and disfavours diversity. In a situation of uncertainty or even crisis the CEO's priority is to get the 'herd to move roughly west' as fast a possible. Independent spirits and critical thinkers are usually left aside. Secondly, the need for stability forces the CEO to apply an authoritarian management style. This seems to be welcomed by most managers and staff to reduce uncertainty, but it drives away independent thinkers and creative and critical minds. As far as they are not left aside, they choose to leave. The result is a homogenous group of 'yes men (and women)'. Both Lew in tale 1 and Jacqueline in tale 7 had called upon the reflective minds in their organisations in times of uncertainty, but they both failed in their assignments. Tim from the airline, Karl in automotive, Lucas in IT and Roger in technology have all sacrificed diversity for unity and homogeneity. Only Lew's successor at the bank in tale 1 and Dick in tale 6 seem to try to opt for both. While Lew's successor is a team player, Dick clearly adopts an authoritarian style and does not tolerate much backtalk. However, he does keep some king's fools around him, for example Werner, the communications expert. In the above tale he listened to these independent personalities and followed their advice with some rather risky issues, such as opting for a new company name, passing all top management decisions immediately and unfiltered onto a 24h employee-hotline and opening all analysts' conferences to all managers and employees via the intranet.

Cultures of Management

Substantial differences in management culture are manifest in the above tales. The most obvious ones are those between the merging partners. This phenomenon and how the CEOs handle it can be observed in all tales, especially the banking tale, the automotive tale and the life sciences tale. The inter-company cultural differences are also those most discussed in literature[330]. However, there are also cultural differences between nations or regions[331] and between executives bound to different occupational functions and communities[332], such as CEO, engineers, strategists (internal or external), sales managers and human resources managers[333]. These can become more pronounced in

330.e. g. Sales and Mirvis (1984); Buono et al (1985); Buono and Bowditch (1985, 1989); Nahavandi and Malekzadeh (1988, 1993, 1998); Datta (1991); Chatterjee et al (1992); Cartwright and Cooper (1993a, 1993b); Olie (1994); Weber (1996); Fralicx and Bolster (1997); Morosini (1998); Habeck et al (2000); Appelbaum and Gandell (2003); Greenberg et al (2003);

331.Calori et al (1994); Weber et al (1996); Very et al (1997); Hofstede (1991); Gertsen et al (1998); Morosini et al (1998); Weber and Menipaz (2003)

332.Dearborn and Simon (1958)

333.Mintzberg (1979); Schein (1996a)

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pot-merger situations. Human resources managers and also sales managers are strongly people-oriented. The engineering culture is characterised as preferring solutions without people[334]: "Engineers tend to view the need for complex human teams, the need to build relationships and trust and the need to elicit the commitments of employees as unfortunate and undesirable derivatives of human nature, to be circumvented if possible, because they are so hard to manage and control.[335]" The strategists "…conceptualise the corporate strategy and initiate corporate development in support of the strategy.[336]" In merger situations the strategists are often external consultants. The culture of the CEOs reflects their main task, namely to maintain the financial viability of the company. They are used to making "…tough financial decisions based on imperfect information because they become isolated and find it harder and harder to trust what their subordinates tell them.[337]" Financial criteria are central in the CEOs considerations; people are perceived as human resources and cost factors. Despite more than two decades of stark academic and practical evidence that culture sensitivities are success critical to post-merger implementation CEOs persist in ignoring or underestimating this aspect[338]. CEOs often block learning capabilities on the grounds of lack of time or that the "…financial returns cannot be demonstrated or that too many exceptions are involved that would undermine the control system." Schein argues that the attention given to learning depends on the dominant coalition form in a given situation. Post-merger situations are usually CEO-strategist coalitions, which inhibit learning, although they can be CEO-human resources coalitions or CEO-communications coalitions, which favour the human factor and thereby learning, as in tale 6 above.

Lack of Trust, Uncertainty

Lew from the banking merger was acutely conscious of the need to learn, for himself and for the organisation, and eager to do so. He sensed that the world was changing, that the hitherto secretive and arrogant bank needed to communicate more, also with the public and not only with financial analysts, that greater transparency was needed in the era of corporate governance, that mergers would be here to stay and would require new intercultural skills, that new financial tools needed to be mastered and much more. He understood that in order to master this he, his colleagues and their employees would have to come out of their confined stereotype box-like mode of operation. But to learn means to take risks: to allow oneself to be seen off guard, to admit to weaknesses, to openly address problems and to propose unusual viewpoints. A prerequisite for this is trust. But in Lew's organisation, learning behaviour as described above had never been rewarded. Learning was something that took place in management programmes. At the work place you worked and gave as little trouble as possible. Somehow, Lew's colleagues did not have enough trust in him that all should now be different and did not follow him. It is difficult to know whether this was a question of Lew's personality, or whether they did not perceive him as solidly enough empowered in his position. He was an uncertainty factor and remained isolated in a confined, conservative environment.

334.Mintzberg (1979)
335.Schein (1996a), p. 237
336.Bijlsma-Frankema (2004), p. 255
337.Schein (1996a), p. 237
338.Yunker (1983), p. 21); Sirower (1998); Clemente and Greenspan (1999); Luthans (2002); Shelton et al (2003); Huang and Kleiner (2004)

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Excess of Trust, Awe, Overconfidence

In the airline tale, the exact opposite to distrust has led to a learning logjam. Some very bright people were united on that airline's board of directors and they respected each other. Each one felt in good company and relied on the others and no more practical reasoning was taking place. Together they developed an unflinching climate of invulnerability and superiority, which led to a behaviour best described as described as 'management of agreement' or the 'Abilene paradox': the executives made decisions not based on what they actually thought that needed to be done, but on what they thought that the others thought that needed to be done, with the result that everybody was deciding on something that nobody really wanted to do, but what they all thought that everybody else wanted to do.

Personal Agenda

The personal advantage a CEO can obtain from a merger project is substantial, often irrespective of the merger outcome. When the personal advantage from a particular action is very high, it can lead to learning dysfunction. If a CEO is offered a more prestigious position or another advantage by a certain behaviour (for example a bonus and/or prestige) it can bring him or her to favour a certain perspective of an entrepreneurial situation over another, without persevering further in identifying the downsides of it[339]. What is part of human behaviour, as Dewey notes: "any moral theory which is seriously influenced by current psychological theory is bound to emphasise states of consciousness, an inner private life, at the expense of acts which have public meaning and which incorporate and exact social relationships"[340], is accentuated in top management by the fact that CEOs are in a position of power disproportionate to other occupational groups[341] and because there is an important discrepancy between the CEO's responsibility, which is high and his or her accountability, which is low, albeit on the increase. This behaviour based on personal interest in turns can lead to feelings of guilt and of persecution and to stress and depression, all factors, which again are known in literature to impede learning.

Distraction

Distraction manifested itself in several ways in the above tales. The more executives were perceived as doing something extraordinary, the more they are asked to speak about it. The more the situation within the company gets unpleasant and the various pressures increase, the more CEOs seem to accept public speeches and appearances, but also board memberships in other companies and other prestigious assignments, e.g. of cultural or societal nature. Whether they hope by this to influence media opinion or even improve employee alignment or whether they just need some recognition[342] or wanted 'to have some fun again' (Lucas, IT tale) is unclear. In the above tales, Lew, Karl and Roger displayed such behaviour. Jacqueline's Expo case was extreme but then her public speaking was motivated by her phenomenal fundraising needs. Still, this took away much of her management and leadership capacity needed within the project. Dick from life sciences also abundantly practiced public speaking but he used it for stakehold-

339.Starbuck (1976); Weick (1979); Nisbett and Ross (1980); Kirby (1989)
340.Dewey (1922)
341.Kotter (1985); Coopey (1995); Richter (2004)
342.Conger and Nadler (2004)

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er alignment and remained strictly focused on his main task of merger integration and did not accept any major other assignments such as board memberships or societal functions. The product of these outside interests is diminished commitment and attention to the CEO role and can lead to his or her into ignoring internal and/or external critical trends until a crisis is at hand[343]. Another type of distraction is observed at the more personal operational level. The CEOs' everyday life is composed of a multiplicity of meetings and decision-making moments and his or her working style is characterised by brevity, variety and fragmentation[344]. Stakeholders move in and out of CEOs' working day almost in minute-by-minute intervals, asking them for decisions on a myriad of different issues. This increases executives' coping capacity, namely to quickly grasp the crux of certain issues and produce solutions, but it weakens their reflexive capacity and their span of concentration. Meetings are necessary, to structure decision-making processes and to give direction and motivation. However, most of these meetings are lengthy and often unproductive. Executives tend to solve the equation of having to show their colours but wanting to waste little time by coming in late and leaving early. They 'do their gig' (Lucas, IT tale) and in the slightest moment of slack they immediately lose interest and go through some papers on another subject or even, since the invention of the palm pilot, read their incoming e-mails or check the latest stock quotes (CEOs in the airline tale). Many of the above executives seemed to dispose of a limited span of concentration, not beyond a few minutes and seem to regret this but see it as a fatality. Lucas expressed this, and so did Roger.

Conflicting Situations, Dichotomies, Dilemmi and Paradox

Inherent in most above entrepreneurial situations are a number of paradoxes and even dichotomies that needed to be managed. For example, the inherent ambiguity and uncertainty surrounding the strategy formulation[345] seems enhanced in post-merger situations. Even when executives converge in their strategic choices there is much variation in their interpretation (for example short vs. long-term implementation). Such ambiguities and dichotomies, depending on how they are managed, can lead to confusing strategic messages and to conflicting expectations and priorities. Conflicting priorities and unclear strategy are detrimental to learning[346]. Lew's bank needed at the same time to improve its corporate governance and tighten its risk management, but also become a more accessible, open and transparent bank. Karl in automotive followed at the same time a strategy (and discourse) of convergence – with his metaphors of 'global synergy' and 'single global entity' – and of divergence, with his metaphor of the 'marriage of equals' and his assurance that both identities would be preserved. Several of the tales deal with the inevitably contradictory pursuit of the stockholders' interest in enhancing stock value and the employee's interests in job security. Lucas even bluntly admitted that his recent thrust of layoffs was to the detriment of important long-term company projects was solely motivated by the need to satisfy short-term stock market requirements. CEOs are strongly action-oriented and dislike reflective activities[347]. They need to act quickly in a fast-changing environment and like to have a clear and sim-

343.Conger and Nadler (2004)
344.Mintzberg (1990), p. 49
345.Mintzberg et al (1976); Donaldson and Lorsch (1983)
346.Beer and Eisenstat (2000), p. 31
347.Mintzberg (1990), p. 49

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ple plan and 'execute', and since simple situations are rare in today's fast-moving global corporate world, they tend to simplify complex situations. Similarly, communication becomes increasingly important and the conditions in which communication takes place become more complex: more and more varied groups of stakeholders, each having different sometimes conflicting stakes need to be addressed, sometimes in many different languages, and expecting an immediate answer. Such communication, if it is to be understood, must be simple and comprehensible. This is not new: we remember the reply attributed to Henry Ford to the customers in the early 20th century asking for coloured cars[xxviii]. Since then, the need to manage complex and even dichotomous situations has increased. Some post-merger dichotomies that need to be managed are:

- *Historic dimension*: value past assets and cultures vs. create something radically new
- *Time dimension*: execute quickly, be first vs. give people time to understand
- *Trust/distrust dimension*: control vs. delegate
- *Innovation dimension*: exploit vs. explore
- *Dimension of preparation*: plan vs. improvise
- *Complexity*: simplify vs. assume complexity
- *Globalisation*: converge vs. diverge
- *Managerial focus*: focus on financial considerations vs. focus on social issues
- *Homogeneity/Diversity*: align people vs. seek for diversity
- *Resources*: focus on quick successes vs. build up future assets

So executives tend more and more to simplicity and act more and more quickly[348] in an increasingly ambiguous and complex world. This phenomenon, addressed in section 4.8.6, and the concept of the management of dichotomies are examined in more depth in the second research loop in Chapter 5.

Time Pressure

The dimension of time is all encompassing in the post-merger phenomenon. Much is said about speed of execution in post-merger management. The literature used to be divided as to whether it is better to leave merged organisations untouched at first and converge them little by little so as not to lose customers and talent and perturb staff, or rather perform a radical and fast integration process immediately after the announcement, so as to be able to quickly realise the planned synergies and economies of scale[349]. Although there are clear arguments for both procedures, recent literature supports the latter[350]. Of course the choice of the degree and speed of integration depends on the merger objectives. But when one excludes the rare cases of purely financial acquisitions, most mergers share the objective of wanting to add value by combining. The state-of-the art cognition is that "...companies that win are those that learn faster, act quicker and adapt sooner.[351]" On the one hand, thorough explanation of changes in structure and policies and sufficient time for feedback seems to improve employee alliance[352]. On the

348.Easterby-Smith et al (2002)

349.Schön (1982); Kogut (1988); Marsick (1988); Farquhar (1994); Farkas and Wertlaufer (1996); Connor (1998)

350.Prahalad and Doz (1999); Lorenzi and Riley (2000); Jackson and Schuler (2002); van Woerkom (2004); Baron (2004); Huang and Kleiner (2004)

351.Feldman and Spratt (1999)

352.Pritchett et al (1997), p. 44

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other hand prolonged transition seems to be detrimental to both the social and the economic success factors as it adds uncertainty[353], decreases cash flow, adds cost and thus destroys profits. Furthermore, 'early wins' increase stakeholder confidence that the endeavour will be positive[354]. Virtually all executives in a recent PricewaterhouseCoopers survey said they would move much faster in a next post-merger situation[355]. 'To act quickly', however, does not necessarily correlate with 'to learn fast'. Quick action relies on relatively rigid and stereotype planning and precipitation in the face of the unexpected. It also leads to fast human resources choices. Many of the above executives have admitted to having sacrificed reflection to speed and to having lost important feedback, talent and diversity in the implementation process for the sake of speed. It seems that for the sake of reducing uncertainty, the learning organisation with all its specifications of teamwork, learning communities and empowerment is relegated to a later date, when the organisation is expected to be more stable. "What people resist in the single most punishing effect of change is uncertainty. Prolonged uncertainty is unbearable. To reduce the resistance, you must reduce punishment.[356]" Uncertainty is reduced by increasing stakeholders' understanding and awareness that change must happen[357]. So it seems paradoxically that for change to happen quickly one must take the time to understand it and explain it to and negotiate it with the stakeholders. The data suggests that rather than speed as an absolute value it is the delta between the expected changes and the actual effectuation of the changes that needs to be monitored. It is counterproductive to announce a bright 'promise of a future' when the implementation of this future takes a lot of time. Such unfulfilled expectations lead to ambiguities and confusion and produce 'organisational hypocrisy' that becomes difficult to manage[358]. It seems more helpful to announce improvements bit by bit and then follow the announcements tightly, almost simultaneously, with the corresponding action.

Adulation, Admiration, Expectations of Omniscience

Although the media environment has toughened since the spectacular scandals of Parmalat, ABB, Enron and other companies, executives are still mostly met with admiration, sometimes even adulation; be it in private, in public or in the media. This pushes them into a position of opinion leader and role model. Most of the protagonists in the tales are in this position. They are the ones who are expected to be in full control, to have all the answers, to provide the solutions, the heroes who know all. On the one hand it can happen that they themselves begin to believe their image of a super hero and stop being vigilant. Continued positive feedback is a strong learning inhibitor[359]. Tim, Karl and Roger are such examples. Even if they do distrust their external image of themselves and keep some humility, the hero position can block their learning, because they are constantly in situations of teaching, of 'giving'. This role of the one 'who knows' can lead to anxieties. Both 'knowing' and anxieties about not knowing are learning inhibitors. CEOs must develop the "courage to remain vulnerable.[360]" Vulnerability is the very an-

353.Pritchett et al (1997), p. 130
354.Huang and Kleiner (2004), p. 56
355.Domis (1999)
356.Feldman and Spratt (1999), p. 35
357.Evans et al (2001), p. 298
358.Vaara (2003)
359.Schön (1987), p. 321; Argyris (1994)
360.Raab (2004)

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tonym to feeling in control. It does not feel like problem solving, it does not invite completion. Vulnerability means tolerating a certain anxiety, harnessing its energy[361] and "...not being protected against hurt, and this paradoxically is its great strength in the context of learning (...)." Dick is an example of a CEO who allows a notion of vulnerability. Far from being unbounded or awash, his vulnerability resembles that described in martial arts as 'passive alertness". Roger, on the other hand, is vulnerable not by personal choice but by anxiety, by the burn out he is experiencing. For vulnerability to be respected and have a reinforcing effect on stakeholders it must be perceived as a deliberate choice, otherwise it is sensed as uncertainty and thereby as weakness.

Media Pressure

All the above tales play in environments that are of a high spectacular and emotional value to the public and therefore to the media. The national airline and Expo are perhaps extreme cases, but the automotive industry, the merger of two prestigious global banks, the image-changing arms manufacturer and the life sciences merger also bear their share of emotions. In such cases, media management becomes a critical task of the CEO. More often than not, despite the good help of PR consultants, the media cannot be managed and the CEO pretty much ends up being managed by the media. Many a management team start their day by going through the press, which then decides their day's work. In the moral of tale 3 above, the difficulty of addressing stakeholders having conflicting expectations is described. An additional difficulty is the fact that there is a legal obligation for CEOs of stock-quoted companies to give the same information to all shareholders at the same time. This conflicts with the need to address specific stakeholders with specific messages and also with an overall strategy of transparency. Karl wanted to address everyone with a specific message and has ended up confusing everyone. Lew had addressed the bank's stakeholders with his message of a new era of transparency and was only partly heard. Jacqueline's team at Expo was hassled to such an extent that they developed a persecution complex and could no longer objectively judge their real problems. In a time of high media pressure, considerable resources go into media management, which are no longer available for the operational work. Dick, on the other hand, has systematically used the media to align his own managers and employees by transmitting all the conferences on the intranet.

361.Bion (1961)

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Appendix W: Public Debate on CEO Roles and Responsibilities











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Endnotes to the Appendices

i Knowledge is not simply considered an accumulation of information. It is seen as reflecting a "collection of key facts and principles, pertaining to the characteristics of objects lying in a certain domain" (Mumford et al, 2000).

ii This concept is originally derived from Ehrenfest's (Ehrenfest 1933) classification scheme of phase transitions, which grouped phase transitions based on the degree of non-analyticity involved. It is discussed in complexity theory (Dooley, 1997) and from there made its way into organisational theory (Bartunek and Moch, 1987; Maturana and Varela, 1992).

iii Yukl (1998) p. 276, proposes four sets of variables (intervening, situational, criterion and managerial behaviours variables), Howell and Costley (2001) p. 46, propose two.

iv charisma, khar'-is-mah; from Greek (charizomai); a (divine) gratuity, i.e. deliverance (from danger or passion); (special) a (spiritual) endowment, i.e. (subject) religious qualification, or (objective) miraculous faculty.

v cf. e.g. Castells (2001): "Productivity and competitiveness are, by and large, a function of knowledge generation and information processing: firms and territories are organized in networks of production, management and distribution; the core economic activities are global – that is they have the capacity to work as a unit in real time, or chosen time, on a planetary scale".

vi cf. Lewin's definition of the group: "... it is not the similarity of dissimilarity of individuals that constitute a group, but interdependence of fate" (1939, p. 165).

vii cf. Cartwright's definition of group dynamics: "... the word 'dynamics' (...) comes from a Greek word meaning force (...) 'group dynamics' refers to the forces operating in groups... it is a study of these forces: what gives rise to them, what conditions modify them, what consequences they have, etc." (1959, p. 382).

viii cf. Lewin (1947), p. 228: "...after a 'shot in the arm', group life soon returns to the previous level. This indicates that it does not suffice to define the objective of a planned change in group-performance as the reaching of a different level. Permanency at the new level, or permanency for a desired period, should be included in the objective".

ix According to Hayek (1988), humans are not able to design order by reason. It would be a fatal conceit to assume, that : "...man is able to shape the world around him according to his wishes" (Hayek, 1988, p. 27). Decentralised structures such as markets would allow full exploitation of dispersed knowledge. Central planning or active design would imply a central actor overseeing all social knowledge, but this perfect knowledge would be impossible. Cooperation, solidarity and altruism would be impossible in an extended order. Humans can best achieve their goals by relying on the: 'self-ordering forces of nature' and should therefore not try to arrange elements, because: "...in fact we are able to bring about an ordering of the unknown only by causing it to order itself (...) most defects and inefficiencies [of spontaneous orders result from] ...attempting to interfere with or to prevent their mechanism from operating, or to improve the details of their results" (Hayek, 1988, p. 83).

x Drucker describes the change of perspective entrepreneurs will have to achieve, in order to attain competitiveness: "The basic economic resources – the 'means of production', to use the economist's term – is no longer capital, nor natural resources (the economist's 'land'), nor 'labor'. It is and will be knowledge. The central wealth-creating activities will be neither the allocation of capital to produce uses, nor 'labor' – the two poles of 19th and 20th century economic theory, whether classical, Marxist, Keynesian, or neoclassical. Value is now created by 'productivity' and 'innovation', both applications of knowledge to

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work. (...) The economic challenge of the post capitalist society will therefore be the productivity of knowledge work and the knowledge worker" (Drucker, 1993, Introduction p. 8).

xi To illustrate this concept, Polanyi offers examples ranging from the recognition of physiognomies, to artistic, athletic and technical skills, to scientific theory and problem-solving (e.g. Plato's Meno paradox).

xii By using examples of nature's handling of biological and human emergencies, Polanyi (1967) makes his point on tacit knowing having to remain tacit, else it loses its value: "The damage done by the specification of particulars may be irremediable. Meticulous detailing may obscure beyond recall a subject like history, literature or philosophy. Speaking more generally, he believes that, since particulars are more tangible, their knowledge offers a truer conception of things is fundamentally mistaken (...) my examples show clearly that, an explicit integration cannot replace its tacit counterpart. (...) the knowledge I have of my own body differs altogether from the knowledge of its physiology; and the rules of rhyming and prosody do not tell me what a poem told me, without my knowledge of its rules."

xiii Polanyi's (1967) critique of positivism in modern science is quite marked: "The declared aim of modern science is to establish a strictly detached, objective knowledge. Any failing short of this ideal is accepted only as a temporary imperfection, which we must aim to eliminate. But suppose that the tacit thought forms an indispensable part of all knowledge, then the ideal of eliminating all personal elements of knowledge would, in effect, aim at the destruction of all knowledge. The ideal of exact science would turn out to be fundamentally misleading and possibly a source of devastating fallacies."

xiv Major proponents of cognitivism: Bruner (1965), Gagné (1965), Argyris and Schön (1978), Argyris (1991), Schön (1982, 1987), Kolb (1984) and Hergenhahn (1988).

xv Important scholars of humanist andragogy: Rousseau (1760, 1762), Pestalozzi (1790), Knowles (1970, 1984), Pöggeler (1957), McGregor (1960), Maslow (1968), Candy (1991), Rogers and Freiberg (1994) and Cooperider et al (2001).

xvi Major contributors to the social learning discussion: Dewey (1916, 1922, 1938), Kerschensteiner (1933), Vygotsky (1962), Bandura (1977, 1986), Brown et al (1989), Lave and Wenger (1990), Brown and Duguid (1991) and Rotter (1992).

xvii Major behaviourist proponents: Pavlov (1927), Thorndike et al (1928), Tolman (1932), Hull (1933), Skinner (1976), Mager (1988) and Kearsley (1994).

xviii Major constructionist proponents: Dewey (1926), Piaget (Atherton, 2003), Vygotsky (1962), Berger and Luckmann (1966), Freire (1973), Weick (1979), Holzkamp (1984), Senge (1990), Orr (1990), Bruner (1965), Mezirow (1991), Arnold and Siebert (1999) and Siebert (1999).

xix Ad constructivism/constructionism: these terms are used interchangeably in the literature, although to some scholars they have different meanings. Usually, psychologists speak of constructivism and sociologists of constructionism (Gergen, 1994; Binz-Scharf, 2003). However, the terminology in literature is far from consistent (Crotty, 1998). In line with the above, in this study, the term constructionist will be used when social phenomena are addressed, and the term constructivist will be used when the individual is the centre of focus.

xx Many slightly differing definitions appear in literature (Merriam and Caffarella, 1991, 1999; Caffarella, 1993; Gerber et al, 1995; Carré, 2000; Hiemstra, 1994, 2000; Straka 2000, and others), the above proposed definition is, in view of the lack of a universal definition, the lowest common denominator. Knowles (1975) defines SDL more extensively, as: "...a process in which individuals take the initiative, with or without the help of others, in diagnosing their learning needs, formulating learning goals, identifying human and ma-

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terial resources for learning, choosing and implementing appropriate learning strategies and evaluating learning incomes".

xxi Merriam and Caffarella (1999) propose three goals. Caffarella (2000) extends to four by adding critical reflection.

xxii Some scholars criticise this goal, estimating that its focus, limited to instrumental learning and the individual's capacity for self-direction, is too restrictive, and that it ignores the aspects of collective action and of the context surrounding learning (Collins, 1995, 1996).

xxiii The theorists who explicitly differentiate between 'reflection' and 'critical reflection' are influenced by the critical theory of the Frankfurt School (Freire, 1970; Carr and Kemmis, 1986; Mezirow et al, 1990; Garrick, 1998; Van Woerkom, 2004). To them, critical reflection questions the personal and social framework in which the learner works, rather than just the act of working within it. Reflection is social, historical political and thus ideological. Learning does therefore not imply to be 'good' or 'true'.

xxiv For Mezirow et al (1990) critical reflection cannot happen in the immediate action process. It requires a hiatus in which the learner reassesses his or her 'meaning perspective' and, if necessary, transforms it. The 'meaning perspective' represents the criteria necessary to make value judgements and establish belief systems. These are mostly uncritically acquired in socialisation processes during childhood.

xxv Schön (1982), Marsick (1988), Marsick and Watkins (1990), Nonaka and Takeuchi (1995) and Argyris and Schön (1996) are some proponents of theory on the concept of reflection or critical reflection in a business context.

xxvi Very diverse types of organisations are adopting Marquardt's approach to action learning, for example: Boeing, Caterpillar, Constellation Energy, Samsung, US Department of Agriculture, various business schools and also midsize organisations.

xxvii Accountability: In a matter of weeks, a poorly performing CEO can destroy a company's market valuation that has taken decades to build. Except for a possible image loss, the CEO incurs no liability for this. The rare cases when shareholders demand that the CEO be made accountable for his or her acts are covered by personal liability protection insurances financed by the company. A typical severance package provides the CEO of a Fortune 500 company with 2-3 times annual salary plus boni and extras that can include compensation for life insurance, a $500'000 - $ 1million annual payment for life and office assistance for several years (Conger and Nadler, 2004). European figures are not quite to this tune yet but are becoming aligned in recent years.

xxviii Henry Ford is reported to have replied to the question of coloured cars that customers could have the Ford Model T in: "any color as long as it's black", since black Japan enamel dried faster than any other paint and he was in need to optimise his revolutionary Taylorist production process (in: www.ford.com).

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Curriculum vitae

Jacqueline Fendt was born in Basel, Switzerland, on April 8th, 1952. After some teenage years as a national swimming champion, she completed her secondary education with GCE A-Levels from the Universities of Cambridge and London. In Malta she then studied English and German literature, worked as a language teacher at De La Salle College, founded and managed a drama school and she started her professional career with her own simultaneous interpretation company. Back in Switzerland in 1979 she took on a position as head of staff of the medical department of Ciba-Geigy International Pharma AG in Basel (now Novartis) until 1986. She then worked as a business consultant and headed a software unit at Digital Equipment Corporation in Basel (now HP), until 1994 when she joined Siber Hegner Trading and Marketing Group, Zurich (now DKSH), as Vice President and Chief Information Officer, for an assignment that allowed her to discover the business worlds of Japan and Southeast Asia. In 1994 she was appointed Chief Executive (CEO) of Swiss Shipping and Neptune Co. Ltd (now Rhenus) in Basel, and restructured this deficitary inland navigation group. From March 1997 to August 1999 Jacqueline Fendt was CEO of Expo.01, a large once-in-a-generation Swiss national exhibition project. She then founded and chaired Band of Angels, Schweiz (www.bandofangels.ch, now renamed Business Angels Schweiz), an organisation that identifies, finances and coaches promising start-up companies. From 2001 to 2004 she was Dean of the Graduate School of Business Administration (GSBA), Zurich, where she was also program manager for executive education and a regular lecturer. She also serves on the board of several international companies and is a trustee of the International Center for Economic Growth (www.iceg.org) in Stockton, California.

Throughout her business career Jacqueline Fendt pursued her academic training and research, first with a higher education federal degree in organisation sciences at BIGA, Bern (1984), then with a bachelor of business administration at GSBA Zurich (Best Graduate) followed by an joint degree executive MBA (Outstanding Achievement Award) from GSBA and Boston University in 1989. She has published a number of academic papers on leadership and transition management, namely "Learnings about Learning in Transitions", International Journal of Business and Economics 2/1, 2002, (Outstanding Paper Award) and "Pre-and Post-Enron Learnings in M&A Environments", Proceedings of the International Business & Economic Research Conference, Las Vegas, 2002 (Best Paper Award). In 2005 she was attributed the Best Reviewer Award of the Academy of Management's IM Division. In 1998 she began her inquiry into CEO coping and learning in transitional situations, which led to the present PhD project at Leiden University, The Netherlands.

Jacqueline Fendt is the mother of Leslie-Anne (1981), PhD student in chemistry at ETH Zurich and Monty (1983), student of sinology at Zurich University and the Beijing Film Academy). She shares her life and her passion for wine, sailing and contemporary art with Dan Schlaepfer, an organic winemaker, and lives on the shores of Lake Zurich and in Les Baux de Provence.

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