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*Dottorato di Ricerca in Management - XXIII Ciclo*

*Evolution of multiple organizational identities after an M&A:  
appropriateness of managerial responses and social  
construction of identities.*

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## 1 *Introduction*

Researchers of decision making agree in considering bounded rationality as the best way to describe what really happens during a decisional process. Among many sources of ambiguity that affect this process (attention limitation, time limitation, change in preferences,...) identity and more specifically organizational identity captured my interest. Each of us has an identity and our way and level of identification with the organization where we work or live change continuously. These changes are more radical when special events occur: for instance, an acquisition and a new owner are sources of identity ambiguity that causes change in human behavior.

This kind of events interests many people and organizations. In many industries, the size of the firm in terms of market share is a source of competitive advantage and for this reason, M&A's relevance is improving. Over 37,000 M&A were transacted in 2006 (Thompson Financial, 2007). The global value of M&A improved from US\$ 462 billion in 1990 to US\$ 3.5 trillion in 2000 (Stahl and Mendenhall, 2005). Studies about the rate of success of M&As have ambiguous results depending on the measures that were used. A recent research shows that 83% of all deals fail to deliver shareholder value and 53% actually destroy value (Cartwright and MacCarthy, 2005). Anyway, cultural aspects seem to have a high impact on success likelihood. A longitudinal study of 10,000 US employees shows that those coming from companies that had been engaged in M&A reported significantly less favorable results (Wiley and Moechnig, 2005).

Among these cultural aspects, organizational identity has a primary role. There are many reasons to study what can produce changes in organizational identity. Organizational identity represents an asset for companies in order to achieve a high commitment of people. There are different typologies of change in the environment that can require a change of identity: change in business model, change in market boundaries, change in regulatory prescription, change in technology, change management in M&A. The role of identity has been deeply analyzed in some paper describing people that refuse technological change as in Oticon case (Foss, 2003) and the role of managers' cognition (Polaroid in Tripsas and Gavetti, 2000). Therefore, in order to contribute to a better comprehension of M&A phenomenon, seems to be important to describe its "cultural side": the process of de-identification and re-identification that takes place after an M&A.

The evolution of organizational identity is often represented as a combination of an intentional management (sensegiving) and a more social negotiated sensemaking.

According to these representations, this work is organized in three parts:

- in the first part (chapter 4), a case study about an acquisition in pharmaceutical industry provides an analysis of the relationships among strategic conditions following an M&A and the appropriateness of the managerial response;
- in the second part (chapter 5), a case study about an acquisition in banking industry provides an analysis, based on cognitive maps, of the evolution of organizational identity;
- in the last part (chapter 6), is analyzed a possible link between the intentional response and the social negotiation based on the adoption of an IT solution.

The first and the third parts are based on a case study about the acquisition of Serono by the German company Merck. The second part is based on the acquisition of Banca Nazionale del Lavoro by the French financial company BNP Paribas.

In this way, even if the qualitative approach of this work has the well-known limitation in generalization of findings, it is possible to underline at least three main results:

- the necessity to manage deliberately the organizational identity as a variable that can affect the success of post merger integration;

- the necessity to consider that the evolution of organizational identity is a social negotiation and a process of sensemaking;
- the necessity to implement tools (for example a new information system) that help a concrete linkage between managerial response and social negotiation.

This document is articulated as follows: after an overview of theoretical approaches (chapter 2) and the formulation of the research questions (chapter 3), the three parts described above are deeply analyzed in chapters 4, 5 and 6. Finally, chapter 7 provides conclusions identifying limitation, practical and theoretical implications of this study and possible future researches.

## 2 *Theoretical background*

The aim of this study is to contribute to a deeper comprehension of Organizational Identity evolution after an M&A. This aim required an effort in order to review the literature that deals this subject.

In this chapter, I give two main point of view (theories about M&A and theories about Organizational Identity with a focus on its evolution).

Theories about M&A can be founded in financial, strategic and organizational change with different focus. In organizational change research, a more dynamic perspective was proposed in a case study on Olivetti (a technological Italian firm) with a recombination of elements into a “platform” that is a meta-organization (Ciborra, 1996).

Theories about Organizational Identity can be shared into two approach (Social Actor perspectives versus Social Constructionist perspectives (Ravasi and Schultz, 2006). The theoretical interest of this study required a “strategic” focus on managerial response to multiple identities (Pratt and Foreman, 2000) “balanced” by a “social” focus on sensemaking process based on Weick studies (1995, 2001).

### 2.1 Theories about Merger and Acquisitions

Many studies consider Merger and Acquisitions as synonymous even if there are differences in normative regulation and in accounting. From a strategic and organizational point of view, these differences have a lower relevance.

While in a “merger” two or more firm are joint in order to “create” a new entity, an acquisition is the result of a take-over. According to Cartwright and Cooper there are three typologies of take-over (friendly, debated or hostile) depending on the level of conflict between bidder and target firms (Cartwright and Cooper, 1996).

When the focus of the study is on the integration process following the M&A is possible to consider merger and acquisition in the same way because the phases of the integration process are similar (Hussey, 1999).

M&A has been studied by financial, strategic and organizational scholars with different goals and points of view.

*Financial researchers* have examined returns to acquirers and targets and are interested in the market for corporate control: if present management team underperforms, then a more competent team takes its place (Manne, 1965; Jensen and Ruback, 1983). There is empirical evidence that there are positive gains (most of which as advantage for acquired firm) from the combination of the acquiring and acquired firms’ assets. Most of these financial studies are focused on the performance of corporate acquisitions. Even if conclusions are heterogeneous (for instance about the definition of performance or its measurement), evidence shows a positive returns for stockholders of the acquired firms and no acquirers’ abnormal returns. Scholars agree about the average of value created, not about the explanation of the variance around the mean. Some authors argued that average abnormal returns to the acquiring firm are zero (Jarrell, Brickley, and Netter, 1988; Franks, Harris, and Titman, 1991; Loderer and Martin, 1992; Shleifer and Vishny, 1994; Agrawal and Jaffe, 2000) or negative (Agrawal, Jaffe, and Mandelker, 1992).

Scholars in the field of *strategic management* analyzed M&A as linked to diversification of business portfolio (Ansoff et al., 1971; Walter and Barney, 1990). Other studies are focused on market share as target of M&A decisions (Ravenscraft and Scherer, 1987).

Strategic researchers have used the resource-based view of the firm (Wernerfelt, 1984; Rumelt, 1984; Barney, 1988; Dierickx and Cool, 1989) to verify the impact of resource relatedness on performance (Chatterjee, 1986; Singh and Montgomery, 1987; Lubatkin, 1987; Shelton, 1988; Seth, 1990; Healy, Palepu, and Ruback, 1992; Chatterjee et al., 1992). Their results suggest that there are no clear relationship between resource relatedness and performance.

*Organizational studies* analyzed psychological effects (Asrtachan, 1990; Marks, 1982), communication (Sweiger and De Nisi, 1991; Sinetar, 1981) and HR development (Hambrick and Cannella, 1993; Walsh, 1988). An M&A re-defines the psychological contract between people and organization and generates cares about job security and future (Hubbard, Purcell, 2001). An early involvement of HR management with a task of human due diligence has been underlined (Hardling and Rouse, 2007) and some authors has identified the phases in which HR involvement is important (Antile, 2001).

Some studies have analyzed the fit between HR management and strategy and identified a “double fit”: a horizontal fit among HR tools and a vertical fit between HR tools and strategy (Youndt, 1996; Delery and Doty, 1996). For these reasons, a strategic scenario following an M&A could be considered as an alignment problem. In innovative industry M&A could be a strategic way to achieve innovation and a solution for the reducing life cycle of products (an example is CISCO that did 62 acquisitions). In these contexts retention policy and talent management are the main people issues (Aguilera and Denken, 2004).

Most of these studies are focused on ex-post performances. In order to analyze the Organizational Identity evolution, studies about the post-merger integration seem to be more useful.

#### *Theories about integration process after Merger and Acquisitions*

Even if ambiguity about organizational identity begins before the date of merger, its evolution pertains the cultural side of integration process that takes place after the merger. Therefore, in this paragraph we'll focus on the strategies of management of the integration process following the merger or the acquisitions.

These studies (about integration process) use both strategic and organizational approach (Haspelagh, Jemison, 1991; Pablo, 1994) and they are based on the assumption that it is possible to generate value from M&A with an appropriate management of integration process (Larsson, Finkelstein, 1999).

In these approaches, the success of mergers is linked with the concept of *relatedness* among business in order to obtain sameness economies (common management of same activities) and fitness economies (complementarity in other resources). Relatedness has three degree of intensity: constrained (the same set of resources), linked (different but related resources) and unrelated (Rumelt, 1974).

The success of post merger integration process depends on the capability to manage the tradeoff between level of integration and the disruption of acquired firm's resources (Zollo and Singh, 2004). Shared activities can be a source of competitive advantage if the combined resources are relevant in value chains of merged companies (Porter, Millar, 2001). Other studies underline the risk of cost of coordination post merger that can arise if the merger was not accurately planned (Porter, 1987). Relatedness has been analyzed not only from this point of view. Organizational variables like leadership, culture, evaluation systems have been studied (Chatterjee et Al., 1992).

A critical view to relatedness came from Resource Based View scholars. They argued that companies have to share related resources but also valuable, rare, inimitable and not substitutable

(Barney, 1998). In this approach M&A are the way (for the bidder company) to achieve idiosyncratic resources.

Among several sources of competitive advantage, many merger and acquisition researchers have argued that acquisition failures depends on the problems of combining the different cultures during the integration process.

Opportunities for inter-unit learning can be lost if different organizational values and practices in the merging organizations cause an 'us vs them' war among the employees (Cartwright and Cooper, 1996; Nahavandi and Malekzadeh, 1988; Schweiger, 2002).

In cross border M&A problems can be higher for language problems, different legal systems and national cultural barriers (Olie, 1994; Vaara, 2003; Aguilera and Dencker, 2004; Shimizu et al., 2004).

Not all empirical findings about the effects of cultural differences on post-acquisition integration have the same results. A positive relationship between cultural differences and performance post-integration has sometimes been reported (Weber et al., 1996; Larsson and Risberg, 1998; Morosini et al., 1998).

A recent analysis of previous research (Stahl and Voigt) suggests that cultural differences account for only a small proportion of the variance in post-acquisition integration outcomes. According to Vaara et al, the mechanisms through which cultural differences affect the transfer of the merging companies' capabilities and destroy or create value in acquisitions is related to "social integration" and "Potential Absorptive Capacity" both mediated by two dynamic variables (the use of social integration mechanisms and the degree of operational integration of acquired unit). They started with a focus on acquirer-target cultural differences, which encompass differences in beliefs, values, and practices between the combining organizations or units, (Vaara et al, 2007).

Also according to Zollo and Singh, the *level of integration* has a significant effect on performance while replacing top management has negative effects on it (Zollo and Singh, 2004). The level of integration is defined according to Thompson as "the extent to which the functions of acquired unit are linked to, aligned with, or centralized in, the equivalent function of the acquiring organization" (Thompson, 1967). Evidence of positive relationship between performance and level of integration (in terms of resources redeployment and knowledge transfer) has been reported by Capron (Capron, 1999). Recently, Kim and Finkelstein investigate in the context of all 2,204 acquisitions made by publicly traded U.S. commercial banks during the 12-year period from 1989 to 2001 and found that complementarity is an important antecedent of acquisition performance (Kim and Finkelstein, 2009).

Many authors argued that the degree of acquired firm's top managers replace has effects on integration process' success. Cannella and Hambrick found evidence of a negative relationship between top managers turn over and performance (Cannella and Hambrick, 1993) and Miller and Judge found positive effects of complementarity among managers of acquired and acquiring company (Miller and Judge, 1997).

Studies about the role of the *experience in M&A* have ambiguous results finding a positive relationship (Bruton, Oviatt and White, 1994), no relationship (Baum and Ginsberg, 1997) or a U-shaped relationship (Gick and Holyoak, 1987). Zollo and Singh proposed a knowledge-based perspective on managing acquisitions showing that "the lack of consistency in empirical tests of the learning curve hypothesis might be due to incomplete theoretical treatment of the underlying organizational learning processes, rather than to anomalies of the M&A context or broader unobserved heterogeneity".

They found that the level of *knowledge codification* has a strong and positive influence on acquisition performance. Firms can codify more or less knowledge (given a level codifiability for

each business) and a high degree of codified knowledge helps learning process (Zollo and Singh, 2004).

In sum, we can say that performance of acquisition depends on capability to manage the integration process and that this capability is related to the following variables:

- Cultural differences (evidence of negative effects);
- Level of integration (evidence of positive effects);
- Degree of managers replacement (evidence of negative effects at certain conditions);
- Experience in dealing M&A (ambiguous evidence);
- Knowledge codification (evidence of positive effects).

In the following sections, we analyze literature about the Organizational Identity and the frameworks explaining OI evolution.

## 2.2 Theories about Organizational Identity (OI)

The study of organizational identity found interest among management researchers not only for the topic of strategic change (Gioia and Thomas, 1996), but also for motivation (Elsbach, 1999, Dutton, Dukerich and Schultz, 2003), mergers and acquisitions (Empson, 2004), knowledge sharing (Empson, 2001).

These studies, starting from the Albert and Whetten's contribute (Albert and Whetten, 1985), found a renewed interest in empirical research after the special issue of *Academy of Management Review* in 2000 that stimulated a fertile debate among scholars coming from different fields (psychology, organization, sociology, marketing, ...). This interdisciplinary debate didn't actually lead to a real shared analyze of the concept. After a decade rich of several contributions, in 2008 another special issue on Organizational Identity (edited by *Corporate Reputation Review*) provided an update of this effort and demonstrates the interest about OI studies (Van Rekom et al, 2008).

Ravasi and Schultz propose to group theories about organizational identity into two perspectives: Social Actor perspectives versus Social Constructionist perspectives (Ravasi and Schultz, 2006).

Social Actor perspectives refers to Institutional theoretical background, gives a definition of organizational identity that resides in institutional claims, gives emphasis on sensegiving deliberate and directive process (Albert and Whetten, 1985; Tajfele and Turner, 1986; Abrams and Hogg, 1990).

Social Constructionist perspectives refers to Social Constructivism approach, gives a definition of organizational identity that resides in collective shared beliefs, gives emphasis on sensemaking process as a negotiated process among members (Gioia et al., 2000; Oswick et al., 2000; Svenigsson and Alvesson, 2003; Kuhn, 2006).

Organizational identity is a concept close to others like organizational culture, legitimacy and reputation. According to Hatch and Schultz, culture is a contextual concept, tacit and emergent while the identity appears as text, explicit and instrumental (Hatch and Schultz, 2002). Legitimacy is defined as externally perceived conformity to taken-for-granted standards, while reputation is defined as externally perceived distinction within a reference group (King and Whetten, 2008).

Identity definition is not unique even if often it is defined using its principal dimensions: for example, Albert and Whetten suggest distinctiveness, endurance and centrality (Albert and Whetten, 1985). A wider analysis of identity effects was recently provided by White (H.C. White, 2008). According to the Social Identity Theory, people define themselves and others using different social categories, one of them is their organization (Tajfele Turner, 1985; Ahsforth e Mael, 1989).

Organizational identification is the intensity of the link between sense of belonging and self-definition of individuals (Dukerich et al, 2002).

'The concept of identity helps capture the essence of who people are and, thus, why they do what they do –it is at the core of why people join organizations and why they voluntarily leave, why they approach their work the way they do and why they interact with others the way they do during that work' (Ashforth, 2008).

### **2.3 Theories about Organizational Identities evolution**

The above-mentioned plurality of "static" identity definitions implies higher difficulty in describing how identity changes. According to Empson "very little is known about the process by which OI emerges and changes over time" (Empson, 2004). The need of empirical longitudinal studies into OI change has been recently argued (Gioia et al, 2000, Hogg & Terry, 2000).

During organizational changes (for instance after an M&A) managers should put attention to identity evolution: this process has been defined "identity regulation" (Alvesson and Willmott, 2002).

A different point of view is the Empson's one. She proposed a framework to analyze the process of identity regulation: it is viewed as an alignment process among Managers' aspirational organizational image, evolving organizational identity and organizational members' self-concepts (Empson, 2004).

Identity studies gives answers to questions about central organization's reason of existing such as "Who are we as an organization?" or "Who do we want to be as an organization?" (Albert and Whetten, 1985). From a methodological point of view, the research questions are "why" questions (Elsbach and Kramer, 1996; Gioia and Thomas, 1996; Gioia, Schultz, and Corley, 2000). There is a gap regarding researches answering to "how" questions.

Most research on organizational identity change has analyzed mergers and acquisitions (Barney, 1998), the creation of a new organizational structures (Brown and Gioia, 2002), organizational identity change in a subtractive change context as a spin-off. Corley and Gioia argue that corporate spin-off are often analyzed in relation to the financial and that a case study of the spin-off of a Fortune 100 firm's top-performing unit into its own wholly independent organization can contribute to solve a literature gap (Corley and Gioia, 2004).

Albert and Whetten argued that change occurred over long periods of time and Dutton and Dukerich's, examining the case of New York/New Jersey Port Authority, argued that there is a relationship between members' sense of outsiders' perceptions (named "construed external image") of the organization and organizational identity perceptions. When these two perceptions differ people will questioned about identity (Dutton and Dukerich, 1991).

Another empirical study about the relationship between organizational identity and change analyzes a large public research university and demonstrates that identity was fluid and capable of rapid change. Managers were able to project a desired future image destabilizing current perceptions of identity and motivating people to support strategic change (Gioia and Thomas, 1996).

The introduction of a total quality management (TQM) system and its effects on organizational identity was provided by Reger et al. This study is important because emphasizes the role of identity regulation in a change management process (Reger et al., 1994).

The importance of the perceived level of dissonance between the identity and the reputational feedback as a motivation to re-define self-organizational identity, finds another confirmation in a study regarding members of top-20 business schools (Elsbach and Kramer, 1996).

An explication of identity change as an alignment between organizational identity and construed external image was provided in 2000. Authors argued that from this comparison can emerge a sense of discrepancy (and motivation to change) or a sense of alignment that tends to strengthen organizational identity (Gioia, Schultz, and Corley, 2000).

Recently, the evolution of organizational identity after a merger has been defined as transitional identity (an interim sense held by members about what their organizations were becoming) (Clark,

Gioia et Al., 2010). Authors adopted a grounded theory approach to study the merger between two rival healthcare organizations. Their investigation revealed that the emergence of a transitional identity was critical to moving the change process forward. The transitional identity allowed suspending preexisting organizational identities and work toward creating a new identity. The transitional identity was ambiguous enough to allow multiple interpretations, but not so ambiguous as to be threateningly unfamiliar. They presented a process model of organizational identity change during the merger (see following figure).

Figure 2. An emergent model of identity change during a merger.

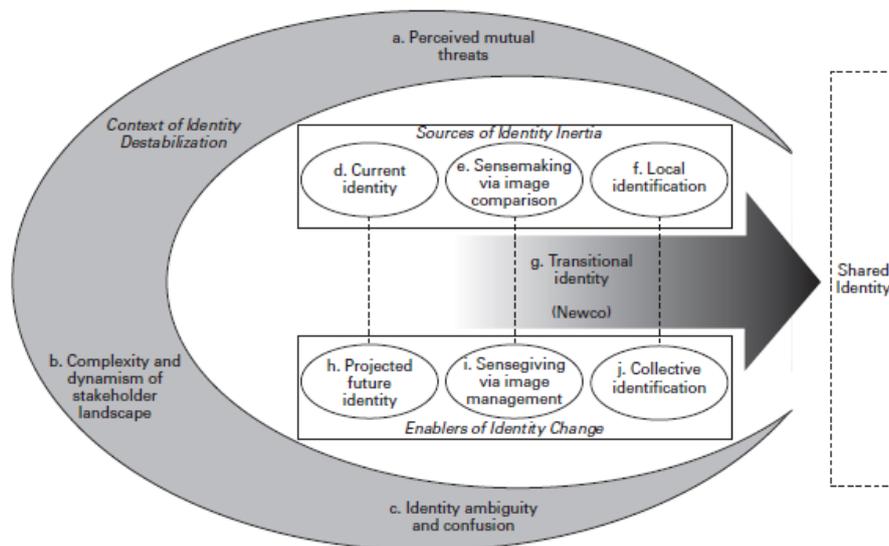


Figure 1 (Clark et Al., 2010, pag. 426)

According to this model, the effort of creating a new, shared identity is balanced between “Sources of identity Inertia” and “Enablers of identity changes”.

## 2.4 The intentional management of Multiple Organizational Identities after a Merger and Acquisition

According to Pratt and Corley, “...mergers and acquisitions are likely to increase the number of identities that characterize the combined organization” (Pratt and Corley, 2007). Many authors consider Organizational Identity as “multiple” in all organizations and their management as a key managerial challenge for modern organizations (Cheney, 1991). Pratt and Foreman classify four ways to manage multiple organizational identities: deletion (one or more identities are removed), integration (OIs are fused into one), compartmentalization (OIs are maintained but separately) and aggregation (OIs are maintained but linked) (Pratt and Foreman, 2000). Pratt and Corley argued that the management of multiple organizational identities could be driven by identities conflicts and ambiguity at the organizational level (Pratt and Corley, 2007). Evidence of conflicts among members generated by the existence of multiple organizational identities is reported (Golden-Biddle and Rao, 1997; Pratt and Rafaeli, 1997). Pratt and Foreman suggested that is critical how multiple organizational identities are managed and not their mere existences (Pratt and Foreman, 2000).

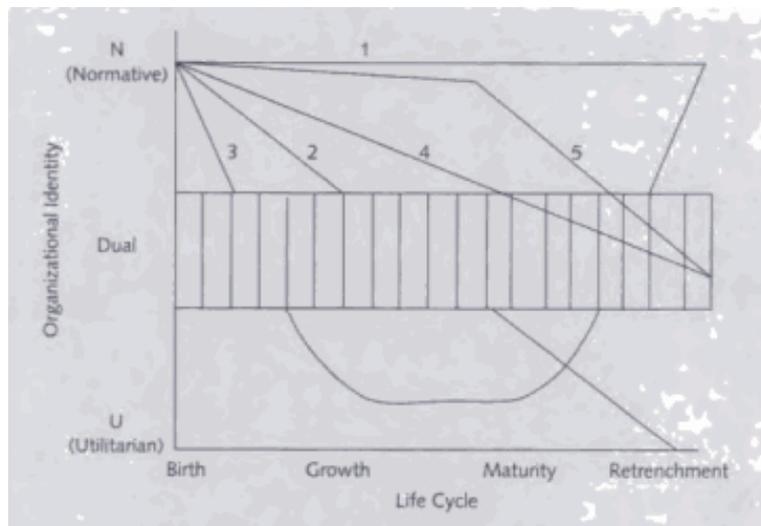
Albert and Whetten suggest that organizational identity is at least “dual” and explained how is possible to analyze the organizational identity way of changing from a starting point “normative” (as

a church) to an “utilitarian” (as a business) evolution (and vice versa) using the life cycle of organization as a framework and that in the whole life of companies co-exist several, multiple identity (Albert and Whetten, 2000).

They argue that all organizations (“normative” or “utilitarian”) tend to assume a dual identity even if the evolution is different in at least 5 environmental contexts.

Albert and Whetten suggest that identity will be salient when organizations are forming, if the organization loses a sustaining element (for instance the founder), when the organization loses itself reason for existing, when the organization has a extremely rapid growth, when a relevant change (as M&A) happens, in a retrenchment period (Albert and Whetten, 2000).

In the following figure are described only paths that start form a “Normative” status of organization.



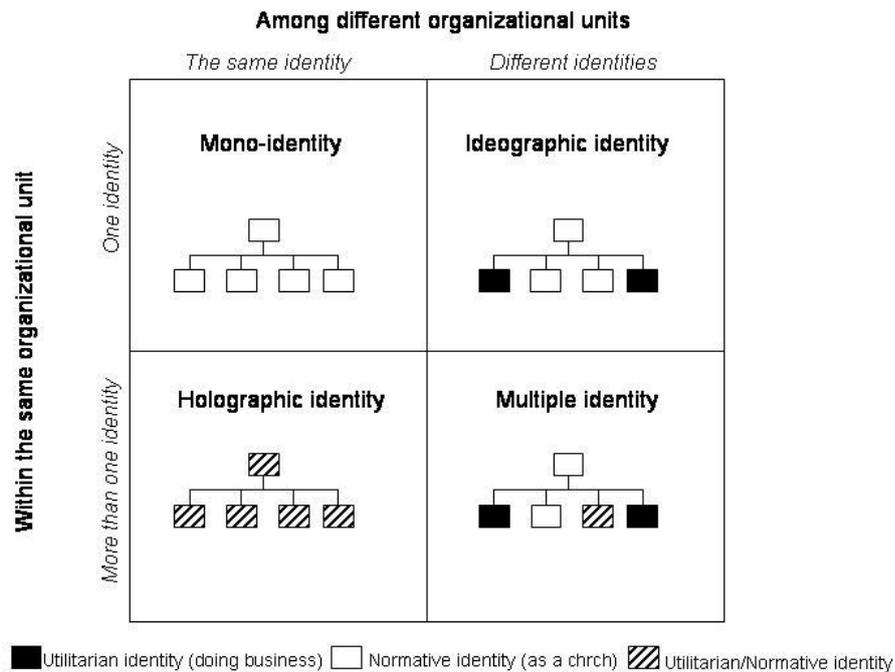
**Figure 2 Organizational Identity Change and life cycle (Albert and Whetten, 2000, pag. 100)**

It’s clear from this chart that during the whole organization’s life cycle two different identities co-exist. Authors distinguish two forms of duality: *holographic* and *ideographic*. While in holographic duality “each unit within the organization exhibit both identities, in ideographic duality “each unit within the organization exhibit only one identity that differs from unit to unit.

According to Albert and Whetten, “the ideographic dual identity is analogous to Thompson’s concept of buffering an organization’s core technology with support systems in that the central mission of the organization is sheltered from external demands by a cadre of specialist who are only marginally involved in the core activities and ideology of organization”. These people have a commitment on their professional role more than on central values of organization.

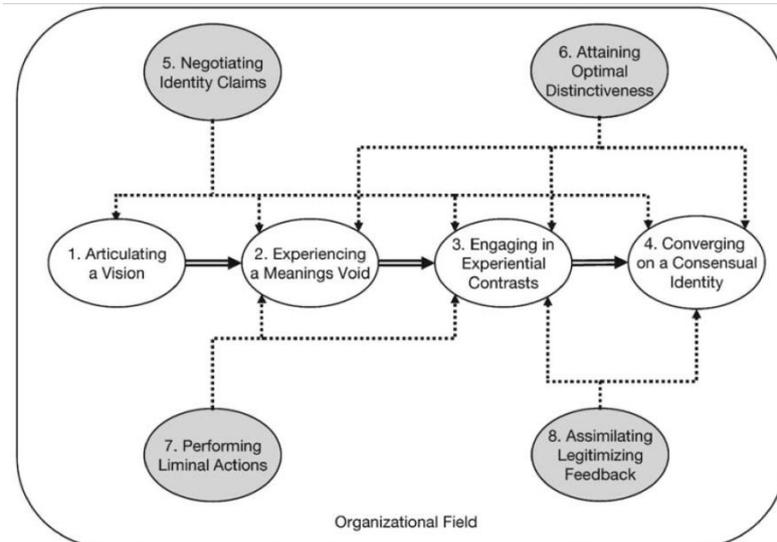
The ideographic form has the advantage of being better prepared to monitor diverse environmental conditions but also the disadvantage of higher difficulties in gaining commitment from organization’s members.

The following matrix tries to draw graphically four different situation form mono-identity to multiple identities. One of the case studies’ results could be understand how the evolution of organizational identity after a merge can move among these different situations.



**Figure 3: Holographic and ideographic identities**

A recent study analyzes what happens when an organization begins to exist and how it is possible to forge an identity illustrating a case study about a distinctive new college (Gioia et al, 2010). The process (as appears in the figure below) is the result of a grounded approach and is articulated in 8 steps: (1) articulating a vision, (2) experiencing a meanings void, (3) engaging in experiential contrasts, and (4) converging on a consensual identity—plus four recurrent processes that were associated with two or more of the sequential stages: (5) negotiating identity claims, (6) attaining optimal distinctiveness, (7) performing liminal actions, and (8) assimilating legitimizing feedback. The four more sequential steps (see figure below) reflect a parallel with individual process of identity formation. The findings of this paper suggest that “Organizational identity is progressively, even continuously, negotiated by organization members—via their interactions with each other and with external stakeholders” and that “internal and external, as well as micro and macro influences affected the forging of an organizational identity”. Authors argued also that industry categorization and vision act to constrain the range of possible identities.

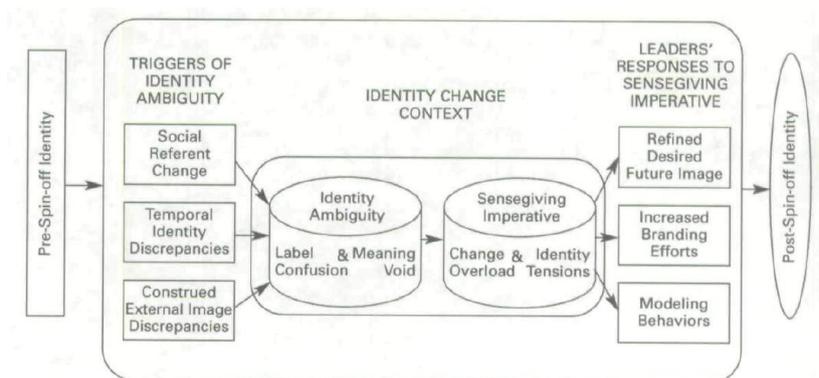


**Figure 4 (Gioia et Al, 2010)**

#### *Ambiguity of organizational identity*

The integration process after an acquisition includes hence an intentional management of different organizational identities. The co-existence of multiple organizational identities causes ambiguity in combined firm's members.

Corley and Gioia defined identity ambiguity, as “a collective state wherein organization members found themselves without a good sense of who they were ... or a sense of what the future held for them as an organization”. In their case study, new identity was the independent organization that arises during and after the spin-off (Corley and Gioia, 2004). The interesting framework proposed in that paper to describe identity changes (after a spin-off) is shown in the following figure.



**Figure 5 Organizational Identity change process (Corley and Gioia, 2004, pag. 185)**

In the framework above the organizational identity change process describes how pre-spin-off identity becomes post-spin-off identity. It happens in three phases: triggers of identity ambiguity (1), identity change context (2), leaders' responses to sensegiving imperative (3). The central phase describes the way of transformation of an ambiguous situation in a sensegiving one.

This framework was obtained by authors in an inductive way: they interviewed managers that led spin-off and asked to them who could give interesting information about identity evolution. So they did new interviews and asked new advises and so on. In this way they obtained 1<sup>st</sup> order concepts, grouped in 2<sup>nd</sup> order themes, grouped in three aggregate dimensions (Corley and Gioia, 2004).

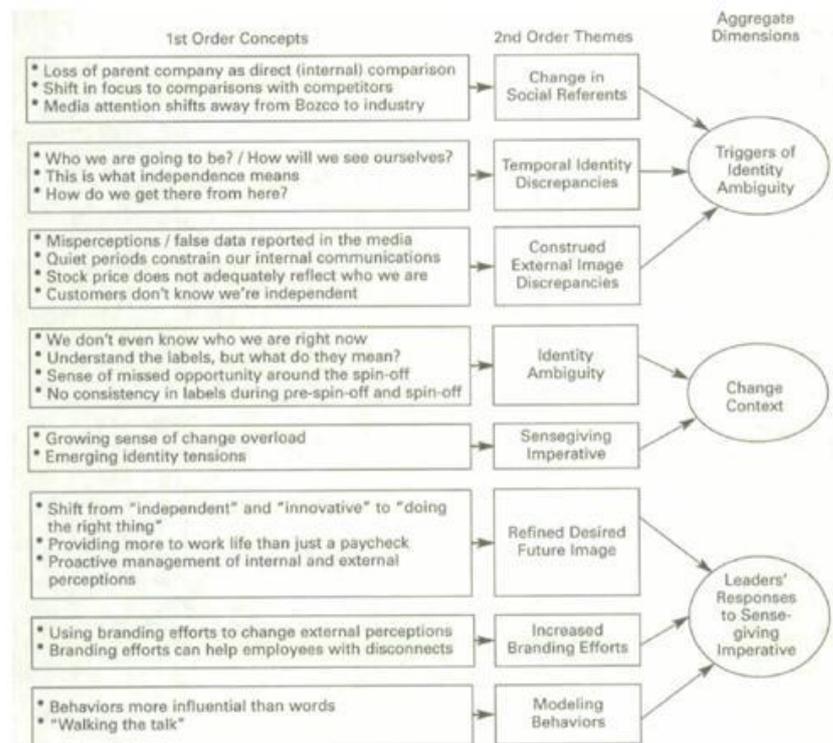


Figure 6: 1<sup>st</sup> and 2<sup>nd</sup> order Concepts (Corley and Gioia, 2004, pag. 184)

Ambiguity in identity also depends on the strength of "old" identity. When organizational identity of former company is strong, it causes a high ambiguity and persists for a long period after formalization. In a recent case study is reported the acquisition of Digital Equipment operated by Compaq and later by Hewlett-Packard Company. After a decade, the original organizational identity was still alive and persisted in the collective memory (Walsh and Glynn, 2008). They define *legacy organizational identity* as the shared claim by former organizational members to "who we were as an organization".

The response to ambiguity came from a socially negotiated sensemaking or from a deliberate sensegiving action.

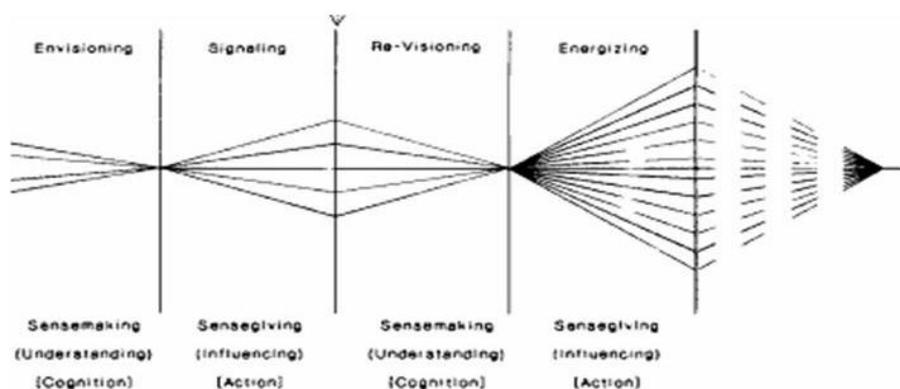
#### *Sensegiving and sensemaking: intentionality versus social negotiation*

Ambiguity can be reduced with a specific effort on language clarification and meaning sharing. Change in organizational identity is a process that has a dual nature: language and meanings (Gioia, Schultz, and Corley, 2000). Members answer the question "Who are we?" using identity labels but each identity label can have multiple meanings associated with it (Corley and Gioia, 2003). So change in identity can have two explications: through a change in the labels used to express identity or through a change in the meanings of those labels (Gioia, Schultz, and Corley, 2000).

Change in the labels emphasizes the importance of managing rhetoric during planned change as reported by Fiol's (Fiol, 2002), Ashforth, and Humphrey (Ashforth and Humphrey, 1997). By introducing the possibility of a meaning-based identity, change emerges the need of definition of sensegiving and sensemaking. Sensegiving can be defined as different from sensemaking: according to Weick, by "sensemaking" we define the act of constructing interpretations of ambiguous environmental stimuli (Weick, 1995).

Weick tries to explain the sense of sensemaking using two analogies. First with the game of Mastermind, Weick suggests "Mastermind is precisely what sensemaking is not". In sensemaking, people cannot be sure there is a mastercode to be discovered. (Weick, 1995). "What the world is made of is itself a question which must be answered in terms of the available conceptual resources of science at a particular time" (Fay, 1990). Weick suggests that an analogy that better describes sensemaking is the activity of cartography (Weick, 1995). According to Monmonier, (Monmonier, 1991) "There is some terrain that mapmakers want to represent, and they use various modes of projection to make this representation. What they map, however, depends on where they look, how they look, what they want to represent, and their tool for representation."

In order to clarify the differences between sensemaking and "sensegiving", we need to define it, for example as: "the deliberate attempt to shape the interpretations of others" (Gioia & Chittipeddi, 1991). These authors proposed a framework to analyze strategic change initiation in a paper that reports an ethnographic study in a large public university. A 4-phases process emerges from the study "*whereby the CEO and top management team first tried to figure out and ascribe meaning to strategy relevant events, threats, opportunities, etc. and then to construct and disseminate a vision that stakeholders and constituents could be influenced to comprehend, accept, and act upon to initiate desire changes*". The four phases (envisioning, signaling, re-visioning and energizing) show that a sensegiving phase follows each sensemaking phase. In the first phase (envisioning) the new president collect information about the University that he was going to lead, in the second phase (signaling) the new president produced ambiguity and inspiring a positive vision for the future (became a top-10 university), in the third phase the president is "a vivid symbol for the change effort" and make sense of different realities of the University, in the last "energizing" phase a wider commitment for the strategic change take place and this is the moment when the initiation stage ends and change starts.



**Figure 7: Sensemaking and sensegiving (Gioia & Chittipeddi, 1991, pag. 444)**

A similar sequence of sensemaking and sensegiving is shown, in a recent case study about Bang & Olufsen, a Danish producer of audio-video systems, Ravasi and Schultz propose an alternative framework to explain changes in identity that includes sensegiving.

Authors present a longitudinal study that find evidence of the role of organizational culture in supporting sensemaking action carried out by leaders and in sensegiving actions.



**Figure 8 Organizational Response to Identity Threats: A Theoretical Model (Ravasi and Schultz, 2006)**

This framework suggests that in situation of perceived identity threat a collective recognition of the internally and externally directed dynamics of identity. How organization is perceived externally (construed external image) and beliefs about idiosyncratic patterns of behavior (organizational culture) influence the redefinition of "What we are as an organization" (Ravasi and Schultz, 2006). In this study, the sensegiving phase is characterized by the interaction of two deliberate managers' initiatives: "projecting desired images" in order to energize members (Gioia and Chittipeddi, 1991) and "embedding claim in organizational culture" illustrating and discussing new identity claims. Authors define sense making phase (that comes before sensegiving one in the model) as the process by which managers make a revision of the official identity claims.

### 3 *Research questions*

Previous studies about organizational identity evolution covered explications of how it evolves after external threats (Ravasi and Schultz, 2006), after spin off (Corley and Gioia, 2004) or how it is forged in new business (Gioia et Al, 2010). Recently transitional identity has been studied using M&A as a change context (Clark et Al., 2010). M&As have also been studied, because they represent a situation in which multiple identities are merged together and an evolution takes place. This plurality of identities is so obvious after an M&A that it should be managed in explicit way. The most cited paper on multiple identities (Pratt and Foreman, 2000) provides a classification of four managerial responses to these multiple identities.

This work has the aim to contribute in understanding the evolution of multiple organizational identities after an M&A addressing the followings research questions:

*How the specific strategic conditions generated after an acquisition can affects the appropriateness of managerial responses that consider multiple identities as a strategic value?*

In order to find evidence to this question I conducted a case study in pharmaceutical industry.

Even if the opportunity and the possibility to manage organizational identity during the integration post acquisition should be addressed by the above question, the evolution of organizational identity is a social process that takes place during the interaction among people. An acquisition creates a condition in which differences among identities are emphasized. So, it becomes important a comprehension this social process addressing the following question.

*How a managerial response to ambiguity of multiple identities generated after an M&A can influence the effectiveness of sensemaking process?*

In order to find evidence to this question, I conducted a case study in banking industry described in the second part of this work.

The intentionality of this managerial response requires understanding which managerial tools are more appropriate. Therefore, I focused on a specific context that often takes place after an acquisition and that can be used as a “tool” to help sensemaking. The third case study is based the following research question:

*How Information Systems adoption, implementation and assimilation contribute to sensemaking in Organizational Identity evolution process following an M&A?*



## **4 *Appropriateness of an “aggregation” managerial response to multiple Organizational Identities after Merger & Acquisition in pharmaceutical industry.***

### **4.1 Introduction**

The aim of this chapter is to find evidence of strategic conditions that make appropriate an “aggregation” managerial response to multiple organizational identities after an M&A. Analyzing deeply a case study regarding an acquisition in pharmaceutical industry, I found evidence that an aggregation response is appropriate when both high plurality and high synergy are appropriate. Using a framework by Pratt and Foreman, I verified that identity plurality was appropriate because powerful stakeholders supported the current identities of companies, various stakeholders legitimated current identities of companies, current identities had a future strategic value and companies hadn't strictness of resources constrains. I also verified that identity synergy was appropriate because there were compatibility among identities, high interdependence among stakeholders and high diffusion of multiple identities across the organizations. These findings can contribute to better understand the appropriateness of managerial responses to multiple identities that is a need of both scholars and managers in order to improve success likelihood of cultural integration between acquired and acquiring firms.

### **4.2 Literature review**

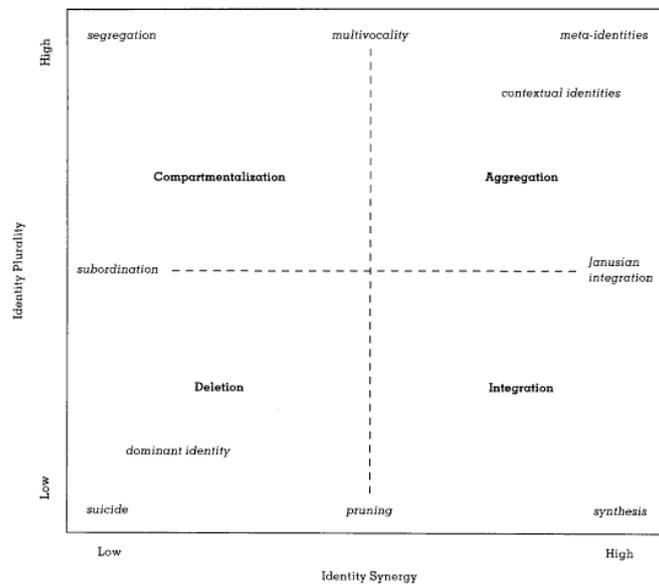
Regarding the strategy of merging the organizational identities of acquiring and acquired, we can adopt the classification proposed by Pratt and Foreman (2000):

- deletion (one or more identities are removed);
- integration (OIs are fused into one);
- compartmentalization (OIs are maintained but separately);
- aggregation (OIs are maintained but linked).

Authors identify these four managerial responses matching two dimensions (plurality of Organizational Identities and synergies between Organizational Identities).

If the appropriateness of plurality of Organizational Identities is low and appropriateness of synergies between Organizational Identities are low the resulting managerial responses is the deletion (one or more identities are removed). If the appropriateness of plurality of Organizational Identities is low and appropriateness of synergies between Organizational Identities are high the resulting managerial responses is the integration (OIs are fused into one). If the appropriateness of plurality of Organizational Identities is high and appropriateness of synergies between Organizational Identities are low the resulting managerial responses is the compartmentalization (OIs are maintained but separately). If the appropriateness of plurality of Organizational Identities is high and appropriateness of synergies between Organizational Identities are high the resulting managerial responses is the aggregation (OIs are maintained but linked).

**FIGURE 1**  
**A Classification Scheme for Multiple Organizational Identity Management Responses<sup>a</sup>**



<sup>a</sup> The placement of specific responses (e.g., multivocality) is for illustrative purposes only. Further research is needed before we can more exactly map these responses.

**Figure 9 (Pratt and Foreman, 2000, pag. 27)**

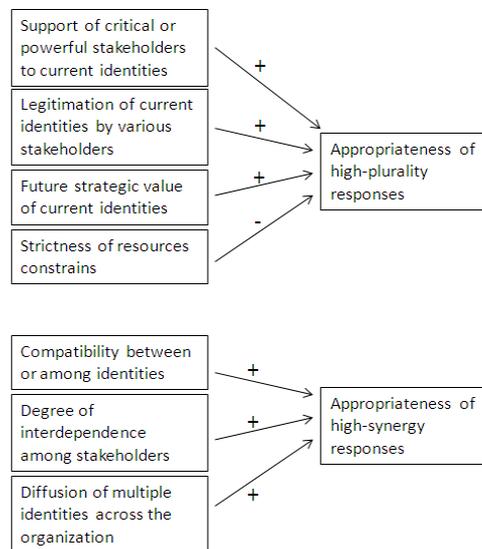
#### *Literature gap and Research Question*

The integration process after an M&A has been studied also in its cultural issues. From a point of view of Organizational Identity, an M&A is an interesting opportunity to study the appropriateness of managerial responses to merging multiple identities. Even if previous studies have analyzed managerial responses to multiple identities, those responses have received less attention from OI researchers in an M&A context.

In order to achieve a better knowledge of this specific managerial response we address the following research question:

*“How the strategic conditions following an M&A can affect the appropriateness of a managerial response to multiple identities?”*

The concept of appropriateness of managerial responses has been studied by Pratt and Foreman. Their model identifies four managerial responses to different level of organizational identity plurality and synergy and it is based on four variables that have effects on appropriateness of a high plurality and three variables that have effects on appropriateness of a high synergy. Within an approach that considers M&A as a situation of multiplicity of Organizational Identities, it is possible to utilize that model as a framework that explains the appropriateness of the specific managerial response during the integration process.



**Figure 10 Personal interpretation on Pratt and Foreman's model**

Different managerial responses to multiple identities are more or less appropriate after an M&A combining the seven propositions mentioned above. Therefore, it is possible to re-formulate the seven propositions in two groups.

Four propositions describe conditions for identity plurality appropriateness as follows:

P1 The more current identities of companies involved in an M&A are supported by powerful stakeholders, the more organizational identity plurality is appropriate.

P2 The more current identities of companies involved in an M&A are legitimated by various stakeholders, the more organizational identity plurality is appropriate.

P3 The more current identities of companies involved in an M&A have a future strategic value, the more organizational identity plurality is appropriate.

P4 The more the companies involved in an M&A have strictness of resources constrains have a future strategic value, the less organizational identity plurality is appropriate.

Three propositions describe conditions for identity synergy appropriateness as follows:

P5 The more current identities of companies involved in an M&A are compatible, the more organizational identity synergy is appropriate.

P6 The more interdependence among stakeholders of companies involved in an M&A are high, the more organizational identity synergy is appropriate.

P7 The more the diffusion of multiple organizational identities across the company is high, the more organizational identity synergy is appropriate.

### 4.3 Methodology

As usual in organizational identity change studies, we chose to do our investigation using a qualitative approach.

Organizations prefer to declare stability in their identity (Whetten and Godfrey, 1998) and therefore it can be difficult to observe change in organizational identity. There are no secondary data on integration process post-merger, therefore, a direct access to the organizations is necessary. According to Yin, case studies methodology is useful for contemporary process (Yin, 2003).

#### Data Collection

Organizational Identity case studies often use qualitative research instruments. For instance, in Bang & Olufsen case study authors use, for each “step” of the model and for each phase of the story, 5 instruments: semi-structured interviews, Identity Seminars, House Magazine and other internal communication tools, Annual Reports and other external communication tools, Corporate histories and other archival material (Ravasi and Schultz, 2006). They conducted 50 interviews with 40 organizational members.

In order to describe the integration process post-acquisition, we realized 10 semi-structured interviews to managers, 20 interviews from employees working in the company and to collected internal and external archival data. We used a software for qualitative research to collect and analyze data (Nvivo sw). After we upload all transcripts of interviews and all secondary data, we linked each sentences or paragraph to a “node”. A node is a sort of concept and a paragraph can be linked to one or more nodes. A model has been uploaded into the software using the 7 variables that Pratt and Foreman proposed and linking them to managerial response through the construct of identity plurality and synergy. Then each node has been linked to both variables and managerial response of the model, if it made sense. When some node did not find linkages in the model, we try to understand if new variable can be added to the model. Therefore, data collection process helps us to complete two main tables. A first two-dimensions table (Table 1) that matches nodes emerging from interviews or documents and data sources (managers’ interviews, employees’ interviews and secondary data). A second two-dimensions table that matches those nodes with Pratt and Foreman’s theoretical model (Table 2).

### 4.4 A case study on managerial response to multiple identities after an M&A

*Merck: a company founded in 1641*

In 1641, Friedrich Merck, following an apprenticeship in a pharmacy in Schweinfurt, leaved his home. After having managed the court pharmacy in Danzig and having owned a pharmacy in Wesselburen, Schleswig-Holstein, he moved to Darmstadt in the 1660s. In 1654, with permission from Landgrave Georg II, the court pharmacist Samuel Bockler sets up Darmstadt’s second public apothecary on Schlossgraben. In 1668, Friedrich Merck acquires the “Angel Apotheke”. Here lie the roots of Merck, the world oldest pharmaceutical-chemical company. In the 17<sup>th</sup> century, pharmacists used plants, animals and minerals to prepare medicinal products. Quality and price control were regulated by pharmacy order and taxes. In 1678, Friedrich Merck, who died without an heir, was succeeded by his nephew Georg Friedrich Merck. In 1682 he received permission from the landgrave to continue operating the Angel Pharmacy, Darmstadt’s second public pharmacy and competitor to the older “Hof-Apotheke”. At the turn of the 18<sup>th</sup> century, major changes are made to drug legislation. Government regulation of medical professions is increased, institutional supply of

the population is regulated, standardized and professionalized by social and health policy measures of the Medical Police. The sale of medicines by “charlatans, barber surgeons and mongers” is highly restricted. This strengthens the position, image and profits of pharmacies, primarily in cities with more wealthy inhabitants, provided that entrepreneurial farsightedness is used to apply the new rules. The young “Angel Pharmacy enterprise” can lay the foundations for its future. In the mid-19<sup>th</sup> century, the pharmacy becomes an industrial company. The multinational development had a break due to the world wars. As a German company, Merck suffers the loss of many companies including the US assets. During the 50s Merck realizes re-acquisitions in some countries. In 1972, the interest in the Italian Bracco Company increased and the equity owned by Merck is at 50% level. In 1995, Merck KGaA was founded: it was one of the largest chemical global companies. Merck family maintains the ownership. In 2000, Merck leaves its interest in Bracco. Merck did a spin off from a middle size Italian company based in Florence area (MOLTENI). So, Merck Pharma spa was founded in the same area. During 2000s years pigments facilities are developed and oncological treatments are registered. In 2006, Merck KGaA tried to acquire with a hostile offer, the German Company Schering for 14,6 billions of euro but that offer failed. On June 2007, after acquisition of Serono, Merck was included in DAX index that groups the 30 largest companies of the German Stock Exchange. In June 2010, Merck KGaA completes Millipore Acquisition and Launches New Merck Millipore Division. This transaction creates EUR 2.1 billion (US\$2.9 billion) world-class partner for the Life Science sector. Merck Chemicals today comprises two new divisions: Merck Millipore and Performance Materials,

*Serono: a company founded in 1906*

Professor Cesare Serono, was born in a noble family in Torino on October 19<sup>th</sup> 1871. I worked as a professor at Torino University within the chemical faculty. His studies were published in 1897. He was a pioneer in the field of biological medicine, a methodology that uses treatments extracted from animals. Professor Serono founded a large laboratory in Torino. In 1906, he moved to Rome and there he founded a new company: Istituto Farmacologico Serono. In 1911, Bioplastina had a large commercial success. Professor Serono was also elected in the Parliament. In 1952, when Professor Serono died, Vatican took the control of the Company and his assistant Pietro Bertarelli became CEO. In 1965, Serono produced Pergonal, a treatment against infertility registered in USA. In the same year died Pietro Bertarelli. In 1971, a factory was opened in Boston. The company, owned by Bertarelli family moved in 1977 to Genève. In 1992, a factory was opened in Bari and in 1993, Ernesto Bertarelli, at the age of 31, became the CEO. In 2001 SERONO placed on US market a drug against sclerosis: Rebif. After a litigation with Biogen (producer of a similar drug Avonex) the US Food & Drug Administration decided that Serono’s Rebif was more effective. Sales grew of 12.4%. In 2005, Serono paid a sanction of 704 million dollars in order to avoid a lawsuit due to a litigation against US Justice Department, about the way of selling Serostim. This expansive drug, based on the growth hormone, was used by HIV patient to fight weight losing. Serono was accused to provide a software not approved by Food and Drug Administration in order to improve Serostim sales. Serono was excluded by all federal programs except Medicare e Medicaid. At the end of 2005, Bertarelli offered the company to prospects buyers. On December 27<sup>th</sup>, the SonntagsZeitung reports rumors about an interest of Novartis. Nine months later, on September 20<sup>th</sup> 2006, Merck announced the acquisition of Serono for 10,6 billion of euro.

### *Merck's acquisition of Serono*

On September 20<sup>th</sup> 2006, Merck offered CHF 1,100 per share in cash with an agreement with the Bertarelli family members who gave Merck access to 64.5% of the capital of Serono and 75.5% of the voting rights. A public tender offer at the same price followed. The acquisition price valued Serono at €10.6 billion equity value with a 20% premium over share price as of September 20<sup>th</sup>.

The group Merck is organized in pharmaceutical and chemical activities. Its pharmaceutical activities are shared in three divisions: Ethicals (now Merck Serono division), Generics, Consumer Health Care. In ethical division, treatment against cancer and cardio-metabolic diseases were the core products. The chemical business is organized in two divisions: Liquid Crystals and Performance and Life Science (where Laboratory Business, Life Science Solutions and Pigments are grouped since 2006).

After the acquisition, Merck Serono S.A. has been combined with Merck Ethicals division and operates as the new Merck Serono division within the Pharmaceuticals business sector of Merck KGaA. The headquarters of this division has been moved to Geneva, Switzerland. This move has created a leading global supplier of biopharmaceutical products with sales (2005) of around EUR 3.6 billion and about 14,500 employees worldwide. The R&D budget amounts to about EUR 1 billion.

## **4.5 Findings**

In this section, we report evidences from case study. The analysis of different data (secondary data, interviews to managers and to employees) has been conducted in three phases. First, in each transcript, different statements have been linked to different 1<sup>st</sup> order concepts (nodes). Then, each 1<sup>st</sup> order concept has been linked to a more general 2<sup>nd</sup> order concept. Finally, 2<sup>nd</sup> order concepts have been linked to one or more Pratt and Foreman's model. Findings are described using quotes from interviews and secondary data in order to explain (i) the Organizational Identity evolution, (ii) the managerial response to multiple identities, (iii) the appropriateness of plurality, (iv) the appropriateness of synergy.

### **4.5.1 Content analysis**

The following table summarized findings of that process. Narratives from interviews are reported in Italian language because in organizational identity definition words are important. Therefore, it is better to avoid any form of translation.

In order to allow a comprehension of results each narrative has been identified in the third column by a node that is reported in English language.

In paragraphs that follow these tables (4.5.2, 4.5.3 and 4.5.4), each node and concepts is analyzed in detail in order to give an interpretation of these high number of narratives that have been collected with "open" interviews as usual in this kind of studies.

Source	Narrative	Node
employees interview	Il "noi" lo utilizzo spesso per identificare la Merck Serono e qualche volta l'intero gruppo Merck Italia e worldwide. In ogni caso "noi" non è il dipartimento dove lavoro, ma semmai l'intera azienda.	"we" boundaries
employees interview	Se Lei parlando dell'azienda usa il "noi" si riferisce al suo Dipartimento, comprende anche i colleghi di altri siti (commerciali, produttivi, di ricerca), comprende anche il gruppo Merck worldwide o solo l'Italia? Generalmente con "noi" mi riferisco alla divisione farma	"we" boundaries

	(mserono) ma mi sono accorta di aver detto a degli amici che" il magnum gold è fatto con un colore nostro".	
employees interview	Se Lei parlando dell'azienda usa il "noi" si riferisce al suo Dipartimento, comprende anche i colleghi di altri siti (commerciali, produttivi, di ricerca), comprende anche il gruppo Merck worldwide o solo l'Italia? Al gruppo Merck Serono Italia.	"we" boundaries
employees interview	Se Lei parlando dell'azienda usa il "noi" si riferisce al suo Dipartimento, comprende anche i colleghi di altri siti (commerciali, produttivi, di ricerca), comprende anche il gruppo Merck worldwide o solo l'Italia? Mi riferisco all'azienda nella sua globalità: le nostre vicende "nazionali" sono così legate alle scelte internazionali che non si potrebbe fare altrimenti.	"we" boundaries
employees interview	Se Lei parlando dell'azienda usa il "noi" si riferisce al suo Dipartimento, comprende anche i colleghi di altri siti (commerciali, produttivi, di ricerca), comprende anche il gruppo Merck worldwide o solo l'Italia? Solitamente lo associo all' entità legale Merck Serono. Lo sento in ogni caso mio, come un senso di appartenenza e di riconoscimento nell' organizzazione.	"we" boundaries
employees interview	Parlando del noi mi riferisco alla MerckSerono, Italia prima e gruppo poi, più difficilmente al gruppo Merck in generale.	"we" boundaries
employees interview	Se Lei parlando dell'azienda usa il "noi" si riferisce al suo Dipartimento, comprende anche i colleghi di altri siti (commerciali, produttivi, di ricerca), comprende anche il gruppo Merck worldwide o solo l'Italia? Tendenzialmente mi riferisco ai prodotti, quindi all'azienda worldwide anche se parlando di operatività è più facile che mi riferisca prevalentemente all'Italia.	"we" boundaries
employees interview	Di solito uso il "noi" per riferirmi a tutti i dipartimenti che si trovano presso la nostra sede. In un contesto più allargato posso comprendere anche gli stabilimenti produttivi, ubicati sul territorio nazionale. Raramente utilizzo il "noi" per intendere Merck worldwide.	"we" boundaries
employees interview	Personalmente quando parlo di noi intendo rappresentare TUTTI coloro che, quali dipendenti piuttosto che consulenti, outsourcer etc, si adoperano per raggiungere la mission del Gruppo a livello mondiale.	"we" boundaries
employees interview	Si respirava da tempo un'aria di cambiamento imminente, qualcosa doveva succedere. La notizia l'ho vista da agenzie di comunicazione su internet prima che fosse diffusa internamente.	Ambiguity
employees interview	Sono venuta a conoscenza dell'acquisizione prima attraverso canali informali, poi ufficiali. All'inizio ero un po' preoccupata in merito alla scelta della sede italiana. In ogni caso tra i possibili acquirenti, la Merck Kgaa era sicuramente la migliore dal punto di vista della gestione delle acquisizioni.	Ambiguity
employees interview	Nel dettaglio il giorno dopo la notizia la sales force è stata convocata in sede e rassicurata sui loro posti di lavoro, mettendolo in prima priorità rispetto a tutto il resto. Un gesto che denota un'attenzione alle persone non comune.	Ambiguity
management interview	Siamo rimasti perplessi. E' vero che sono prodotti specialistici ma i margini sono molto più alti. Capivamo che la nostra realtà si sarebbe modificata.	Ambiguity

management interview	L'ambiguità era nel fatto che non sono state dichiarate queste cose in modo esplicito, ma il lavoro è stato fatto bene per ottenere il risultato atteso.	Ambiguity
management interview	Stavamo facendo un corso di formazione e le persone volevano sospendere il corso. La perplessità veniva dal fatto che poco prima Bertarelli aveva detto che voleva acquistare come Serono nuove realtà. Poi è stato il contrario. Non sapevamo quale Merck era, tedesca o americana. Poi si sono chiariti i ruoli.	Ambiguity
management interview	Il processo di integrazione è andato bene, le criticità si sono verificate quando la comunicazione non arrivava a tutti i livelli aziendali. Ciò creava un'ambiguità ed un "vociare" e talora il panico (andremo a Milano? Chi sarà l'AD?).	Ambiguity
management interview	Quando è arrivata la notizia non era chiaro a chi eravamo stati venduti. Sono usciti vari nomi. L'informativa non era precisa. Dopo alcuni mesi è uscita fuori la notizia ufficiale. Essere acquisiti da Pfizer ... Dipende dalla nazionalità della acquirente. L'approccio è stato soft, di condivisione, di ricerca di valori sia dell'una che dell'altra.	Ambiguity
management interview	C'erano da tempo voci di acquisizioni da fare o subire.	Ambiguity
management interview	All'inizio la scelta di Roma aveva portato un po' di paura. La gente ha continuato a lavorare serenamente anche quando erano voci.	Ambiguity
management interview	A Bari c'è stato timore di perdere posti di lavoro.	Ambiguity
management interview	Noi abbiamo saputo dell'acquisizione in modo "divertente" dalla stampa. Divertente perché io ero con un collega di Ginevra e al momento questo collega ha ricevuto una mail e ha detto "ci hanno acquisito". Sembrava all'inizio che fosse la Merck americana e quindi la preoccupazione c'era. Poi nella giornata si è chiarito che era la Merck tedesca.	Ambiguity
management interview	Partecipare ad un processo di acquisizione è interessante ma non è facile, non sai chi c'è dall'altra parte.	Ambiguity
employees interview	Ci sono state diverse occasioni che mi hanno fatto pensare al binomio "me e azienda" in questi due anni e mezzo.	me and the company
employees interview	Per la verità sapevo solo che era l'azienda a cui era stata tolta la parte americana dopo la guerra mondiale, andando a costituire un'altra multinazionale del farmaco.	People didn't know Merck
employees interview	Conosceva il gruppo Merck prima dell'acquisizione? Se sì, in cosa si distingueva rispetto alle altre aziende del settore? Conoscevo l'Azienda Merck per la realtà generici.	People didn't know Merck
employees interview	Ho preso parte a numerose Task Force internazionali e ho avuto modo di lavorare per un periodo presso la sede centrale in Svizzera: questo è il vantaggio di lavorare in un contesto veramente internazionale. Conoscevo Merck Chemical per il mio background di Chimico Farmaceutico. Non posso affermare che conoscessi il settore farmaceutico Merck. Nel contesto nazionale non è cambiato nulla. In quello internazionale la proprietà è meno presente, rispetto alla realtà Serono, in quanto rappresentata da altre figure di top management.	People didn't know Merck
employees interview	Conosceva il gruppo Merck prima dell'acquisizione? Se sì, in cosa si distingueva rispetto alle altre aziende del settore? No, purtroppo no.	People didn't know Merck

employees interview	Conosceva il gruppo Merck prima dell'acquisizione? Se sì, in cosa si distingueva rispetto alle altre aziende del settore? Ad essere sincera non molto, per le sue aree terapeutiche storiche non era tra i nostri diretti competitors. Ho iniziato a raccogliere informazioni a seguito delle prime voci sui possibili acquirenti	People know Merck	didn't
employees interview	Conosceva il gruppo Merck prima dell'acquisizione? Se sì, in cosa si distingueva rispetto alle altre aziende del settore? Ne conoscevo il nome ma non avevo informazioni particolari	People know Merck	didn't
employees interview	Può raccontare come e quando è venuto a conoscenza dell'acquisizione e se il suo parere in merito è mutato nel corso del tempo? Indirettamente, da articoli in materia di fusioni-acquisizioni in ambito farmaceutico, su riviste specializzate.	People know Merck	didn't
employees interview	Conosceva il gruppo Merck prima dell'acquisizione? Se sì, in cosa si distingueva rispetto alle altre aziende del settore? No non lo conoscevo.	People know Merck	didn't
employees interview	Non conoscevo il gruppo Merck prima dell'acquisizione ma conoscevo "per sentito dire" la Serono, che è sempre stata all'avanguardia e precorrente i tempi rispetto alle altre aziende in termini di organizzazione e di strategie di marketing.	People know Merck	didn't
management interview	Io non conoscevo Merck. Perché in Italia era piccola. Una realtà da 50 dipendenti contro 800 di serono. L'approccio Merck è un approccio misto in termini di sviluppo e di obiettivi di sviluppo perché continua a mantenere un occhio sul mercato più consumer del farmaco. Posso dedurre che avesse un'identità chimico farmaceutica. Produrre pigmenti o cristalli liquidi è diverso da produrre farmaci. E' stato un impatto importante, anche se in alcune regioni questo mix è stato più forte da noi è separato.	People know Merck	didn't
employees interview	Può raccontare come e quando è venuto a conoscenza dell'acquisizione e se il suo parere in merito è mutato nel corso del tempo? Sono venuta a conoscenza dell'acquisizione a settembre 2006, mentre ero in ferie.....ho appreso la notizia dal superiore di allora e dai giornali. Mi sono tenuta costantemente aggiornata sul processo di integrazione e il mio parere non è mutato.	Surprise	
employees interview	Può raccontare come e quando è venuto a conoscenza dell'acquisizione e se il suo parere in merito è mutato nel corso del tempo? Come gran parte dei dipendenti, l'acquisizione è stata comunicata attraverso una mail nel settembre del 2006 da parte della proprietà di Serono.	Surprise	
employees interview	Può raccontare come e quando è venuto a conoscenza dell'acquisizione e se il suo parere in merito è mutato nel corso del tempo? Dalle conoscenze appartenenti al mondo farmaceutico. Il mio parere non è mutato.	Surprise	
management interview	Alla fine del 2006 in realtà per quanto mi riguarda (sono in Serono dal 2004 con uno stage nelle RU, ho avuto la fortuna di seguire il processo di integrazione nel 2006 con un ruolo trasversale, venivo dall'Università, mi sono occupata di sindacato, trasferimenti) l'ho saputo per email il giorno stesso che è stata pubblicata la notizia.	Surprise	
management interview	A Valencia Bertarelli ha affermato che voleva acquisire e noi abbiamo assicurato tutti.	Surprise	

management interview	L'acquisizione è stata improvvisa. La trattativa è stata tra Bertarelli e la famiglia Merck.	Surprise
management interview	La cessione è stata comunicata via mail poi Ernesto ha presentato i nuovi proprietari. Ci sono stati anche 13 miliardi di dollari per Bertarelli.	Surprise
management interview	In realtà noi ci aspettavamo di acquisire quindi ci ha colto un po' di sorpresa.	Surprise
management interview	Una caratteristica comune alle due aziende è la forte UMANITA'. I risultati sono importanti ma le due aziende valorizzano le persone. Anche le uscite sono state seguite da vicino. Abbiamo vissuto il ritiro di un prodotto dal mercato e le persone sono state ricollocate. Il turn over resta basso, quindi forse le persone sentono l'azienda "vicina".	Common aspects
management interview	Qui parliamo di un settore dove le identità sono simili. Lo stile potrebbe essere diverso ma passare da una all'altra nel farmaceutico, le persone si aspettano di verificare se l'identità cambia. Spesso non sono cambiamenti sconvolgenti. Sono più i valori che grandi trasformazioni. La salute del paziente ed un branding è l'obiettivo di ogni azienda farmaceutica. Il paziente non ha interesse per il profitto.	Common aspects
management interview	I business erano complementari e questo ha favorito.	Complementarity of business
management interview	Quando è arrivata la notizia non era chiaro a chi eravamo stati venduti. Sono usciti vari nomi. L'informativa non era precisa. Dopo alcuni mesi è uscita fuori la notizia ufficiale. Essere acquisiti da Pfizer ... Dipende dalla nazionalità della acquirente. L'approccio è stato soft, di condivisione, di ricerca di valori sia dell'una che dell'altra.	National compatibility
management interview	E' da apprezzare questo pragmatismo tedesco: le linee guida sono chiare ed irrinunciabili, le scelte operative, se opportunamente supportate, possono essere localmente differenziate.	National compatibility
management interview	Componente tedesca, concentrazione sui risultati senza penalizzare dipendenti. C'è una grande attenzione al rispetto delle procedure.	National compatibility
management interview	Noi abbiamo saputo dell'acquisizione in modo "divertente" dalla stampa. Divertente perché io ero con un collega di Ginevra e al momento questo collega ha ricevuto una mail e ha detto "ci hanno acquisito". Sembrava all'inizio che fosse la Merck americana e quindi la preoccupazione c'era. Poi nella giornata si è chiarito che era la Merck tedesca.	National compatibility
management interview	Merck era un'azienda più chimica tedesca quindi pragmatico con un concetto di prendere decisioni più lentamente ma con una storia ed una cultura solida.	National compatibility
management interview	Tra i diversi siti c'è separazione, non solo fisica: è la nostra sfida. Prima in Saronno la separazione era forte, ora ci viene richiesta una maggiore autonomia. E' un processo difficile perché ognuno vuole la sua autonomia.	Departement are still separated
employees interview	Ho pensato molto a questa domanda ma sinceramente non ho sono riuscito ad identificare dei gruppi sociali all'interno della Merck Saronno.	Internal differences
management interview	Sono state create delle fonti informative sull'acquisizione ed alla trasparenza. Ognuno era affezionato al proprio modello organizzativo. Erano profondamente diversi. La capacità nei confronti dei dipendenti	Internal differences

	è stata quella di dare l'impressione di fare qualcosa di trasparente.	
management interview	All'interno delle SBU in Merck c'erano tutte le funzioni tranne business access e HR ma per le paghe. Ora queste funzioni sono state centralizzate anche perché sono di più i business. Ancora i meccanismi non funzionano bene. Noi dobbiamo sopperire a carenze delle funzioni trasversali.	Internal differences
management interview	Gradualmente l'integrazione avviene e quindi più passa il tempo e meno si sentono differenze. Ci sono state all'inizio perché erano realtà diverse come modello organizzativo come dimensioni. Se in Merck potevo prendermi dei rischi, ora una divisione non può correre lo stesso rischio perché gli altri business sono connessi. Questa dimensione dell'azienda comporta un cambiamento di prospettiva. Abbiamo dovuto adattarci a questa nuova realtà: corretta ma nuova. Anche se Serono era più agile nella decisione, sugli aspetti operativi ci sono maggiori procedure, ma questo è corretto.	Internal differences
employees interview	Marketing e vendite, esterni (forza vendita sul territorio), Carrieristi come gruppo c'è ma non credo sia distintivo dell'azienda (esiste un'azienda dove non ci sono?) e amministrativi sono tre gruppi sociali in azienda	Multiple identities
employees interview	Se dovesse definire i principali gruppi sociali esistenti in MERCK-SERONO "Conservatori" (ancora ancorati all'Azienda Serono) ed Gli "Innovatori" (aperti al cambiamento)	Multiple identities
employees interview	Se dovesse definire i principali gruppi sociali esistenti in MERCK-SERONO quali indicherebbe? (ad esempio ricercatori, commerciali, "vecchia guardia", "carrieristi", ...) Marketing-Commerciale, Ricercatori, Informatori, Personale Amministrativo.	Multiple identities
employees interview	Se dovesse definire i principali gruppi sociali esistenti in MERCK-SERONO quali indicherebbe? (ad esempio ricercatori, commerciali, "vecchia guardia", "carrieristi", ...) Non ho percezione di gruppi particolarmente caratterizzati.	Multiple identities
employees interview	I principali gruppi sociali esistenti: ci sono tutte le tipologie, in generale non mi sembra di notare eccessi (tipo il carrierista senza scrupoli...)	Multiple identities
employees interview	Non sono a conoscenza della presenza di particolari gruppi "sociali" in azienda.	Multiple identities
employees interview	I principali gruppi sociali esistenti in MERCK-SERONO: Personale viaggiante, Ricercatori, "Vecchia guardia", "Carrieristi Rampanti"	Multiple identities
management interview	I ricercatori non sono in questo building, loro sono ad Ivrea, a Tiburtina e produzione a Bari, ma noi non abbiamo rapporti con LORO. Può capitare una volta all'anno che ci incontriamo. E' vero che formalmente sono coordinati dal Country manager Antonio Messina che è anche il mio capo, ma per i loro progetti riportano anche a casa madre.	Multiple identities
management interview	Le due identità si sono integrate con equilibrio. Le identità si stanno amalgamando senza grossi conflitti.	Multiple identities

management interview	Certamente i ricercatori hanno priorità diverse dai commerciali e dal personale di supporto. In fondo per un commerciale se un prodotto viene fabbricato a Bari o altrove non cambia granché. Le persone del mio settore (amministrazione, finanza e controllo) sono più abituate anche perché se, per esempio, accade un infortunio a Bari, il primo ad essere informato sono io per via di assicurazioni e via dicendo.	Multiple identities
management interview	Non è facile integrare i vari siti con le funzioni centrali. Forse è ancora più difficile perché le identità e le culture sono diverse.	Multiple identities
management interview	I nostalgici ci sono sempre la ormai il cambiamento è irreversibile.	Multiple identities
employees interview	L'organizzazione in silos delle Business Unit e la presenza di medici solo all'interno della business unit.	Serono had separated Departments
management interview	Nel momento in cui era Serono c'era una particolarità. In Italia nel 2004 c'erano 2 direzioni RU (una marketing ed una di shared services ed erano separati con due general manager ). Dal 2006 questo non c'è più ma con grande autonomia tra marketing produzione e ricerca. Con l'acquisizione Merck ha voluto un solo referente. Questo è stato un primo messaggio forte di cambiamento.	Serono had separated Departments
management interview	E' vero che prevale la separazione. Forse dipende più dai responsabili di sito che vedono come una minaccia la centralizzazione di alcune competenze. Devo dire che per ciò che riguarda l'amministrazione ed il controllo o l'assistenza legale o le relazioni sindacali la necessità di unità centrali è abbastanza condivisa. Per l'HR meno perché il responsabile di sito non vuole delegare questa forma di potere e ritiene che la vicinanza fisica con i collaboratori giustifichi la gestione delle risorse decentrata. Questo è vero ma vi sono attività che necessariamente una grande azienda deve centralizzare per garantire possibilità di sviluppo alle persone anche al di fuori della divisione di appartenenza. Sarà forse più difficile arrivare ad una responsabilità HR Italia per via degli equilibri personali. Ma ci arriveremo ...	Serono had separated Departments
management interview	E' stata una scelta mirata, nel giro di un anno Merck ha riassorbito i debiti derivanti dall'acquisizione.	Good cash flow
employees interview	Non sono stato direttamente coinvolto nell'integrazione dei sistemi informativi ma credo che sia uno dei modi per migliorare ancora di più l'integrazione all'interno del gruppo Merck. Sicuramente comporterà un dispendio di energie importante ma alla fine, secondo me, ne varrà la pena in termini di integrazione tra le persone.	Information systems integration
employees interview	A Suo avviso in che modo l'integrazione dei sistemi informativi (SAP, ...) ha contribuito al processo di integrazione post-acquisizione? Ritengo che la standardizzazione/integrazione dei sistemi informativi favorisca lo stesso linguaggio in azienda.	Information systems integration
employees interview	Il sistema operativo è stato un grosso ostacolo all'integrazione fino ad oggi. Il grosso sforzo che l'azienda sta compiendo per migrare ad un unico sistema informativo favorirà il processo integrativo.	Information systems integration
employees interview	Stiamo attualmente integrando il nuovo ERP SAP, quindi mi sembra ancora prematuro dare un giudizio. Sicuramente faciliterà l'	Information systems integration

	integrazione anche se ritengo che la differenza poi la facciano le persone, il team work e non tanto i sistemi ERP.	
employees interview	L'integrazione informatica è ancora in fase di assestamento, mi aspetto difficoltà iniziali ma un progressivo beneficio. Dal mio punto di vista, essendo da poco in azienda, non dovrebbe essere traumatico il cambio.	Information systems integration
employees interview	Pur non essendo coinvolta nell'utilizzo specifico di SAP, credo che i sistemi informativi tendano ad organizzare i flussi delle attività, consentendo una corretta gestione e un efficace coordinamento delle divisioni coinvolte. Giocano quindi un ruolo rilevante nell'integrazione tra le aziende.	Information systems integration
employees interview	Ciononostante, può succedere che il flusso informativo, che esula da un "sistema informatico", possa subire qualche inevitabile "perdita" durante il "percorso".	Information systems integration
employees interview	L'integrazione dei sistemi informativi (SAP, ...) è ancora in fase di lavorazione ma contribuisce fortemente all'integrazione, oltre che da un punto di vista pratico, anche da un punto di vista psicologico.	Information systems integration
management interview	I sistemi informativi hanno portato SAP ma solo dopo due anni perché l'Italia era complessa. La migrazione avverrà a metà 2010. Non mi è sembrato un messaggio del tipo: questo è il mio sistema, dovete usarlo. E' stato un passaggio lento e ragionato. Non si è adottato SAP perché l'aveva Merck.	Information systems integration
management interview	La prima cosa che è stata fatta è stato la compensation, come pure i grading. Da Oracle a SAP stiamo finendo la componente italiana per fine luglio. E' stato un bagno di sangue. Però avevamo - anche nell'ambito di Merck - 15 sistemi ed stata presa la palla al balzo per uniformare. Ci sono task force dedicate. Questo ha un effetto facilita le attività a livello giornaliero.	Information systems integration
management interview	L'adozione di sistemi informativi credo che possono facilitare ma le persone fanno le fortune di un'azienda e possono portare il cambiamento.	Information systems integration
management interview	I sistemi che avevamo erano diverso Oracle a SAP. In realtà Merck aveva in ogni paese un proprio sistema con difficoltà enormi. In occasione dell'acquisizione si è approfittato per andare su un unico sistema, non solo per Serono.	Information systems integration
management interview	Un unico Sistema Informativo faciliterà un linguaggio comune.	Information systems integration
management interview	Da una realtà con un governo molto forte con Oracle centralizzato si è passato a SAP e ciò facilità la governante.	Information systems integration
management interview	Bertarelli era più un finanziere che un uomo di azienda ed ha venduto nel momento migliore. Qualche mese dopo sarebbe stato differente.	Bertarelli is a financial man
employees interview	Non conosco la situazione prima dell'acquisizione ma ho molta fiducia nei leader aziendali attuali	Confience
management interview	La sensazione è che questo fosse voluto dai vertici. Alcune posizioni chiave sono state attribuite ad ex Serono. Avendo conosciuto i difetti di Merck, forse l'obiettivo principale era quello di rimuovere proprio questi ostacoli. Serono era abituata a tempi rapidi più di Merck e una famiglia che è proprietaria ma non è presente nel management.	Merck has a managerial governance

management interview	L'approccio del management non è padronale perché AD e Presidente sono manager, dipendenti "come voi". C'è la famiglia Merck ma è una famiglia di azionisti ma noi non la sentiamo direttamente.	Merck has a managerial governance
management interview	Anche con vertici si può parlare, con Bertarelli non accadeva.	Merck has a managerial governance
management interview	Fondamentalmente la presenza della famiglia Merck non è legata a cariche operative, la gestione è fatta da manager.	Merck has a managerial governance
management interview	Nel board Serono c'era Marchionne, le persone Bertarelli le sapeva scegliere.	Serono had a good governance
management interview	L'aspetto padronale precedente seroniana era sinonimo di VELOCITA': si sapeva chi prendeva le decisioni.	Serono had a governance "padronale"
management interview	Bertarelli era il padrone di casa, le chiavi, ... entrava.	Serono had a governance "padronale"
management interview	In Serono c'era uno stimolo imprenditoriale ma un controllo assoluto. Ora il processo è più evoluto. Obiettivi a lungo termine. Però ora ognuno di noi ha un corridoio non molto stretto. Prima c'erano decisioni talora incomprensibili perché Bertarelli non aveva ricevuto tutte le info è poi decideva da solo.	Serono had a governance "padronale"
management interview	Prima l'immagine era di una persona: Bertarelli.	Serono had a governance "padronale"
employees interview	In cosa sono diversi i leader aziendali ora e prima dell'acquisizione? Non credo vi siano differenze particolari, l'approccio dei leader dipende molto dal momento storico che l'Azienda vive.	Situational leadership
management interview	Gradualmente l'integrazione avviene e quindi più passa il tempo e meno si sentono differenze. Ci sono state all'inizio perché erano realtà diverse come modello organizzativo come dimensioni. Se in Merck potevo prendermi dei rischi, ora una divisione non può correre lo stesso rischio perché gli altri business sono connessi. Questa dimensione dell'azienda comporta un cambiamento di prospettiva. Abbiamo dovuto adattarci a questa nuova realtà: corretta ma nuova. Anche se Serono era più agile nella decisione, sugli aspetti operativi ci sono maggiori procedure, ma questo è corretto.	A good managerial response
management interview	La scelta di "imporre" Serono in Italia era quasi obbligatoria: per le dimensioni molto maggiori e per il presidio della filiera ricerca - produzione - commerciale che Merck Italia non aveva essendo esclusivamente un presidio commerciale. E' stata una questione di buon senso: perché spostare tutto a Milano? Solo perché il compratore era posizionato lì? Si è preferito spostare le attività milanesi (farmaceutiche) a Roma. Buon senso che non fu applicato nella mia precedente esperienza in Goodyear quando trattammo l'acquisizione di Dunlop. Il manager di allora, pur essendo un rapporto di personale 2/3 a Roma in Goodyear e 1/3 a Milano in Dunlop, voleva spostare tutto a Milano. Io, che venivo dagli USA e in quel momento lavoravo nell'head quartier europeo a Bruxelles, mi opposi chiedendo:	A good managerial response

	quanti pneumatici in più vendiamo se facciamo questa operazione di spostare le attività romane a Milano? Spesso fare il manager è questione di buon senso. Ma altrettanto spesso la scelta razionale viene superata da logiche individuali.	
management interview	La risposta manageriale alle identità multiple è stata quella di cercare di crearne una nuova. Merck doveva cambiare, manager solido ma poco dinamico.	A good managerial response
management interview	In Italia, Serono ha di fatto preso il posto di Merck Italia. Anche la sede di Roma. La struttura Serono aveva diverse aree terapeutiche. Molte funzioni non c'erano in Merck Italia, le aree terapeutiche erano diverse. Chi ha voluto trasferirsi l'ha potuto fare. Altrimenti l'uscita è stata agevolata. Le doppie figure sono state messe a confronto.	A transparent comparison
management interview	La gestione del cambiamento è stata trasparente ed obiettivo.	A transparent comparison
management interview	Io credo che l'aggregazione sia quella più pertinente perché noi perché pur avendo aree molto diverse stiamo cercando di creare dei ponti che le colleghino.	Aggregation
management interview	Quindi forse possiamo parlare di fusione di identità per uno strato alto relativo ai valori ed una aggregazione per quel che attiene aspetti operativi.	Aggregation
employees interview	Se dovesse definire "chi siamo come organizzazione" in questo momento quali termini utilizzerebbe e perché? Siamo un'organizzazione ETICA, RESPONSABILE, ORIENTATA AI VALORI AZIENDALI. Questi termini sono esplicativi di cosa è oggi Merck Serono, un'organizzazione attenta ai propri dipendenti, al rispetto delle regole del mercato in cui opera, che fonda la sua mission nei valori di cui si fa portatrice.	Common values
employees interview	Se dovesse definire "chi siamo come organizzazione" in questo momento quali termini utilizzerebbe e perché? Società strutturata con una chiara definizione-ripartizione delle responsabilità e degli obiettivi. Gruppo coeso fondato sui valori Merck.	Common values
employees interview	Direi che l'identità del gruppo Merck Serono è fortemente legata ai valori che il gruppo stesso si è dato.	Common values
employees interview	Trovo che in questa azienda si venga animati da valori molto sentiti e positivi: questo è un aspetto fortemente sottolineato dal top management, che continua a comportarsi come esempio, e che fa la differenza principale tra la mia esperienza qui rispetto a quella fatta in altre realtà.	Common values
management interview	L'attuale identità è rimasta una farmaceutica con l'obiettivo di identificare la priorità della salute del paziente. La cosa che si è aggiunta è stato innalzare i valori di lealtà, coraggio, persone.	Common values
management interview	Quando è arrivata la notizia non era chiaro a chi eravamo stati venduti. Sono usciti vari nomi. L'informativa non era precisa. Dopo alcuni mesi è uscita fuori la notizia ufficiale. Essere acquisiti da Pfizer ... Dipende dalla nazionalità della acquirente. L'approccio è stato soft, di	Common values

	condivisione, di ricerca di valori sia dell'una che dell'altra.	
management interview	Quindi possiamo dire che la soluzione è stata quella di creare dei valori condivisi in tutto il gruppo che ne identificano l'identità comune. Poi, a livello di country o di business si sono fatte scelte contestualizzando i criteri.	Common values
management interview	Piano piano la prevalenza Serono in Italia si andava attenuando. I più abili sono stati quelli che hanno capito che il contesto era cambiato sostanzialmente.	Context understanding
management interview	Erano cambiati i modelli, i valori e chi lo ha capito si è trovato meglio.	Context understanding
management interview	La volontà ed i messaggi sono stati quelli di creare una sintesi delle realtà precedenti. È stato creato un nuovo sistema di competenze. Il percorso è però molto lungo.	Create a new identity
management interview	Ci sono state delle imposizioni ma banali.	Few mandatory decisions
management interview	I processi sono mappati e comuni in tutto il gruppo. Le procedure descrivono sia le macro fasi (con le linee guida di casa madre tedesca) che il dettaglio operativo definito dal Country che traduce le linee guida in procedure operative.	Group guide lines
management interview	Il dimensionamento organico viene fatto con un sistema ed un processo che è basato su una business review annuale, vengono definiti obiettivi articolati per area terapeutica e per servizi. Una sezione del piano è dedicata all'organizzazione. Le RU raccolgono il fabbisogno ed elaborano un piano annuale e triennale. Per calcolare il fabbisogno le proposte seguono linee guida comuni e poi segue una revisione della Direzione RU. Il processo dipende dagli obiettivi del business: se l'obiettivo è di lancio di un nuovo prodotto si può aumentare il fabbisogno, altrimenti si riparte dallo storico. Oppure se il business è solido si può provare a diminuire con operazioni di razionalizzazione.	Group guide lines
management interview	Una linea guida comune è quella di avere piccoli numeri, grandi responsabilità e grandi risultati.	Group guide lines
management interview	L'azienda ha dato le linee guida, il modello, i valori. Poi ha lasciato ai singoli paesi l'applicazione locale.	Group guide lines
employees interview	Domanda ardua a cui rispondere visto che abbiamo avuto l'opportunità di vedere confermata la totalità del management Serono Italia	In Italy managerial response "deletion"
management interview	La dichiarazione in Italia è stata integrazione ma in realtà si è trattato di una deletion. Negli altri paesi non lo so dire. In Italia la filiale italiana era la principale Serono.	In Italy managerial response "deletion"
management interview	Tutto è stato fatto in maniera molto professionale ma Serono ha inglobato - in Italia - Merck.	In Italy managerial response "deletion"
management interview	Una volta deciso chi tra i due country manager fosse il nuovo DG, a fine febbraio, la fase operativa è partita ed a settembre 2007 eravamo già tutti qui. Pochi dei miei colleghi sono venuti. Della mia BU siamo venuti in due. Altre persone che avrei voluto portare non hanno ottenuto condizioni adeguate.	In Italy managerial response "deletion"

management interview	Un altro collega che si occupava di servizi generali e trading è venuto. La rete esterna è stata mantenuta.	In Italy managerial response "deletion"
management interview	In Italia, Serono ha di fatto preso il posto di Merck Italia. Anche la sede di Roma. La struttura Serono aveva diverse aree terapeutiche. Molte funzioni non c'erano in Merck Italia, le aree terapeutiche erano diverse. Chi ha voluto trasferirsi l'ha potuto fare. Altrimenti l'uscita è stata agevolata. Le doppie figure sono state messe a confronto.	In Italy managerial response "deletion"
management interview	Il nostro attuale AD è un ex direttore Serono ed anche il CFO.	In Italy managerial response "deletion"
management interview	Pertanto a livello Italia, per il farmaceutico, Serono ha soppiantato la precedente Merck-Italia integrando le persone che hanno scelto di rimanere.	In Italy managerial response "deletion"
management interview	Nel contesto italiano era particolare per le dimensioni che hanno avuto il loro ruolo.	In Italy managerial response "deletion"
management interview	L'italia è un punto di riferimento in termini di risultati post acquisizione anche perché il cambiamento è stato adottato. Abbiamo ancora sfide ma i risultati ci sono.	Italy as an example of success
management interview	Il gruppo Merck era più proceduralizzato l'aspetto è più manageriale. Ma viene favorita l'imprenditorialità perché le iniziative locali sono favorite, non solo i blockbuster ma anche opportunità locali. E' stata creata la funzione business development.	Local autonomy
management interview	Il dimensionamento organici viene fatto con un sistema ed un processo che è basato su una business review annuale, Vengono definiti obiettivi articolati per area terapeutica e per servizi. Una sezione del piano è dedicata all'organizzazione. Le RU raccolgono il fabbisogno ed elaborano un piano annuale e triennale. Per calcolare il fabbisogno le proposte seguono linee guida comuni e poi segue una revisione della Direzione RU. Il processo dipende dagli obiettivi del business: se l'obiettivo è di lancio di un nuovo prodotto si può aumentare il fabbisogno, altrimenti si riparte dallo storico. Oppure se il business è solido si può provare a diminuire con operazioni di razionalizzazione.	Local autonomy
management interview	Un altro elemento importante è che il management Serono era più rigido ed accentrato. Non c'era la possibilità di allargare il portafoglio prodotti. Con Merck abbiamo istituito un servizio di business development (co-marketing, ...). Questo è una differenza forte, il management locale seguendo procedure e regole di approvazione può proporre di acquisire piccole aziende o iniziative di co-branding. C'è un'apertura maggiore.	Local autonomy
management interview	Quindi possiamo dire che la soluzione è stata quella di creare dei valori condivisi in tutto il gruppo che ne identificano l'identità comune. Poi, a livello di country o di business si sono fatte scelte contestualizzando i criteri.	Local autonomy
management interview	Merck ha ceduto i suoi due farmaci storici ad un'azienda giapponese (confermando che l'attenzione alla propria storia non impedisce il cambiamento) ma in Italia uno dei due prodotti è stato mantenuto perché è stato dimostrato con un business plan che nel nostro paese esistevano ancora opportunità di sviluppo.	Local autonomy

management interview	In Serono c'era uno stimolo imprenditoriale ma un controllo assoluto. Ora il processo è più evoluto. Obiettivi a lungo termine. Però ora ognuno di noi ha un corridoio non molto stretto. Prima c'erano decisioni talora incomprensibili perché Bertarelli non aveva ricevuto tutte le info e poi decideva da solo.	Local autonomy
management interview	In Merck l'approccio è legato al fatto che voi siete imprenditori. Quindi potete sviluppare localmente il business. C'è più managerialità locale ed autonomia.	Local autonomy
management interview	Qui il concetto è di sviluppare la leadership in modo più distribuito anche localmente.	Local autonomy
management interview	Ogni paese ha una realtà diversa.	Local autonomy
management interview	La strategia è sicuramente non di separare le identità. Né di imporre una. Siamo nella fase in cui si sono ricercate sinergie. Dopo secondo me sarà un merge bilanciato. Abbiamo acquisito cose di Merck e lasciato cose di Serono. Merck ha accettato alcune cose di Serono. Contando 2008 e 2009, si è lavorato in modo equilibrato sulle due identità. Anche se è arrivata una piccola voce che forse il brand Serono sarà eliminata ma non lo so. Gli opinion leader continuano a chiamare Serono i prodotti. Fuori nel mercato viene ancora usato il brand Serono. Il processo è lento.	Synergy
management interview	Si sta cercando di fare è quello di integrare le due realtà. Entrambe avevano caratteri positivi. Si son formati gruppi di lavoro misti. Per capire cosa si poteva prendere dalle due aziende.	Take the best from each part
management interview	La strategia è sicuramente non di separare le identità. Né di imporre una. Siamo nella fase in cui si sono ricercate sinergie. Dopo secondo me sarà un merge bilanciato. Abbiamo acquisito cose di Merck e lasciato cose di Serono. Merck ha accettato alcune cose di Serono. Contando 2008 e 2009, si è lavorato in modo equilibrato sulle due identità.	Take the best from each part
management interview	Cercare di prendere il meglio dalle due parti.	Take the best from each part
management interview	Prendere il meglio nelle due realtà (mantenere) ma cambiare per adattarsi al contesto.	Take the best from each part
management interview	Merck sembra solido, con più burocrazia. Merck era solo marketing in Italia con ogni area terapeutica che lavoravano in modo non integrato. 300 anni di storia, un colosso.	Merck has a long history
employees interview	Se dovesse definire "chi siamo come organizzazione" in questo momento quali termini utilizzerebbe e perché? Realtà farmaceutica multinazionale.	Merck is multinational
employees interview	In modo molto semplice mi ritrovo appieno con la definizione: "Noi in Merck Serono facciamo quello che diciamo".	Merck is reliable
management interview	Il livello qualitativo delle persone molto buono. Qui si vede che l'azienda ha dato linee guida chiare e questo è stato mantenuto. Si è preso il meglio delle due realtà.	Merck is reliable
employees interview	Il gruppo Merck ha una lunga tradizione chimico-farmaceutica, la cui solidità trae forza dalla ricerca, dall'innovazione, dal rispetto della normativa. Da sottolineare, anche, l'ampio range "applicativo" (che include ad esempio la tecnologia dei cristalli liquidi) e una strategia	Merck is solid.

	oculata nelle acquisizioni di solidi gruppi (si è recentemente conclusa anche quella con il gruppo Millipore).	
employees interview	La mia esperienza lavorativa nel campo della ricerca mi ha portato ad utilizzare (ed apprezzare) i reagenti chimici della Merck.	Merck is solid.
management interview	Merck sembra solido, con più burocrazia. Merck era solo marketing in Italia con ogni area terapeutica che lavoravano in modo non integrato. 300 anni di storia, un colosso.	Merck is solid.
management interview	Merck è un'azienda che ha una storia molto lunga ed un mercato solido.	Merck is solid.
management interview	MERCK era stabile, principi molto forti.	Merck is solid.
management interview	Io non conoscevo Merck. Perché in Italia era piccola. Una realtà da 50 dipendenti contro 800 di serono. L'approccio Merck è un approccio misto in termini di sviluppo e di obiettivi di sviluppo perché continua a mantenere un occhio sul mercato più consumer del farmaco. Posso dedurre che avesse un'identità chimico farmaceutica. Produrre pigmenti o cristalli liquidi è diverso da produrre farmaci. E' stato un impatto importante, anche se in alcune regioni questo mix è stato più forte da noi è separato.	Merck was chemical
management interview	Le opportunità perse per la lentezza o perché nessuno aveva potere decisionale hanno portato a cambiare le cose.	Merck was slow
employees interview	Mi sento di dire comunque che l'elemento che ha distinto storicamente questa azienda è il suo essere tecnologicamente avanzata. Si ha la sensazione di lavorare con mezzi, processi e standard sempre al passo con i tempi.	Serono has ever been a leading company
management interview	Serono era una grande famiglia, c'erano figli di padri, qualcuno conosceva Bertarelli direttamente. Turn over molto basso. Critica forte come avviene nelle famiglie.	Serono was a family
management interview	L'azienda trasformava le urine femminili e non era biotech. La vecchia guardia aveva un'esperienza diversa . ma dal 90 è andata in quella direzione. Nel 2003 ha dismissed la produzione urinaria, con coraggio perché inizialmente ha perso una fetta di mercato. Alcuni ancora prescrivono l'urinario. Serono voleva però anticipare il cambiamento.	Serono was anticipatory with regard to change
management interview	Si è capito subito che il messaggio era cambiato da quello Serono: era massimizzate i nostri prodotti.	Serono was focused on their actual products
management interview	Il confronto con i numeri dei competitor (ad esempio per gli informatori scientifici del farmaco) evidenzia questa capacità di Merck Serono di produrre ottimi risultati con relativamente poche risorse.	Serono was lean
employees interview	Nell'organizzazione che ho incontrato quando sono arrivato in Serono era molto evidente l'orientamento al raggiungimento di obiettivi commerciali nel breve-medio termine.	Serono was short term oriented
management interview	Serono si connotava per essere un'azienda "blu" orientata al risultato veloce nel prendere decisioni che operava in settori di nicchia con un'attenzione alla qualità molto forte.	Serono was short term oriented

employees interview	Se dovesse definire "chi eravamo prima dell'acquisizione come organizzazione" quali termini utilizzerebbe e perché? Eravamo una azienda farmaceutica leader nel settore del biotecnologie. Il nostro listino prodotti era caratterizzato da prodotti ad alta profittabilità nel settore specialistico della medicina.	Serono was specialized
management interview	Prima dell'acquisizione Serono era una multinazionale con un'identità legata alla specializzazione alla biotecnologia legata all'innovazione. Calandoci all'interno della realtà italiana, l'identità era quella dell'innovazione dell'alta specializzazione con prodotti di nicchia per patologia importante. Un'identità di livello non prodotti da banco. Serono operava per curare malati gravi. Lo slogan era biotech and beyond.	Serono was specialized
management interview	La struttura di informazione medico scientifica è molto differenziata perché occorre visitare pochi medici specialisti nel caso dei prodotti Serono e molti nel caso dei prodotti ex	Serono was specialized
management interview	Le patologie trattate da Serono sono molto gravi e gli aspetti etici assumono un peso rilevante. Questo vale di meno per i farmaci di Merck che sono prodotti a prezzo più contenuto e rivolti a patologie meno gravi. Business e ricerca sulla salute devono andare insieme, SERONO ha sempre messo in prima linea i malati. Tratta problemi e patologie gravi e questo fa avere attenzione ad aspetti di attenzione del malato. La percezione della sostenibilità del business è condivisa. Anche perché i nostri farmaci non possono essere usati dove non servono perché possono avere conseguenze gravi. L'ormone della crescita veniva usato per i malati di HIV per ripristinare la massa muscolare. Negli USA è successo che questi malati le rivendevano alle palestre.	Serono was specialized
employees interview	Se dovesse definire "chi eravamo prima dell'acquisizione come organizzazione" quali termini utilizzerebbe e perché? Nel mio caso eravamo è Serono. Ancora una volta prendo un immagine a sintesi: un felino. Scattante, aggressivo ma che necessitava di cibo ad alta frequenza (nuovi prodotti,...). E per questo motivo con una durata della vita più breve.	Serono was Quick
employees interview	Se dovesse definire "chi eravamo prima dell'acquisizione come organizzazione" quali termini utilizzerebbe e perché? Eravamo un'organizzazione ORIENTATA AL RISULTATO. Serono era maggiormente dinamica, probabilmente perché una realtà più piccola, in cui la sfida era l'obiettivo quotidiano.	Serono was Quick
employees interview	Se dovesse definire "chi eravamo prima dell'acquisizione come organizzazione" quali termini utilizzerebbe e perché? Eravamo una organizzazione ben strutturata, snella, veloce e che necessitava di una pipeline più solida.	Serono was Quick
management interview	La sensazione è che questo fosse voluto dai vertici. Alcune posizioni chiave sono state attribuite ad ex Serono. Avendo conosciuto i difetti di Merck, forse l'obiettivo principale era quello di rimuovere proprio questi ostacoli. Serono era abituata a tempi rapidi più di Merck e una famiglia che è proprietaria ma non è presente nel management.	Serono was Quick
management interview	L'aspetto padronale precedente seroniana era sinonimo di VELOCITA': si sapeva chi prendeva le decisioni.	Serono was Quick

management interview	SERONO era particolare, nel 70 si è buttato come innovatore nelle biotecnologie. Connotazione di nicchia. Livello stretto di governance. Focalizzata sulla proprietà. Un uomo una decisione.	Serono was Quick
management interview	In Serono c'era uno stimolo imprenditoriale ma un controllo assoluto. Ora il processo è più evoluto. Obiettivi a lungo termine. Però ora ognuno di noi ha un corridoio non molto stretto. Prima c'erano decisioni talora incomprensibili perché Bertarelli non aveva ricevuto tutte le info è poi decideva da solo.	Serono was Quick
management interview	E' stata una famiglia che ha venduto ad una famiglia.	A family acquisitions
management interview	Il fatturato è comunque cresciuto ma non avevamo prospettive su prodotti nuovi. Si sentiva l'esigenza di acquisizioni. Nel 2005 il vertice Merck è cambiato Sholble ha lasciato a suo posto è stato nominato un manager esperto di tradizione Merck, era Klein attuale presidente esperto in M&A (fece KLM e ...).	Differentiation
management interview	Ci fu un'OPA stile su Shering nel 2006. Non andò a buon fine (vinse un'offerta Bayer). A fine 2006 avviene l'acquisizione di Serono. Si sapeva che era sul mercato. Francamente, non ritenevamo Serono un'acquisizione possibile perché c'erano voci di prezzo esorbitante e perché Serono era focalizzata in business biotech, diversi dalla tradizione Merck.	Differentiation
management interview	Merck è un'azienda che ha una storia molto lunga ed un mercato solido. Tuttavia, alcuni segnali potevano allarmare la famiglia relativamente al medio periodo. Infatti, dal lato della Divisione chimica i cristalli liquidi stanno diventando un prodotto che trova competitor anche in Cina, dall'altro lato i farmaci che sono stati di punta per Merck cominciano a rientrare tra i generici ed a perdere margine. La famiglia doveva pertanto decidere se "godersi" la ricchezza accumulata in questi 300 anni di storia o invece cercare nuovi sbocchi. Ha scelto la seconda ipotesi, praticandola prima con l'acquisizione di Serono e in questi giorni con l'acquisizione di una azienda americana che fornisce i laboratori farmaceutici. Anche dal punto di vista geografico esisteva una complementarità: con Serono ci si rafforzava in Italia e si entrava negli USA dove opera Merck & Co. (uscita dal gruppo dopo la prima guerra mondiale) e Merck non può operare con il proprio marchio.	Differentiation
management interview	Dal lato Merck l'azienda voleva rafforzare l'area farmaceutica (che ora rappresenta più del 70% del business totale) andando a fare un'acquisizione di una realtà di nicchia.	Differentiation
management interview	Abbiamo ceduto il cardiologico per concentrare nelle aree specialistiche.	Differentiation
management interview	La nuova acquisizione è stata fatta nel settore chimico per riequilibrare un po'.	Differentiation
management interview	In Italia era quasi tutto Serono e poco Merck. Si tratta di un'integrazione. In altri paesi più problemi per le forze in campo. In Francia le componenti erano forti e ci sono stati problemi sindacali. In Spagna è stato subito messo insieme anche il chimico. Negli USA dopo aver perso gli asset come danni di guerra. IMB di Serono negli USA è stata importante nella strategia di Merck di rientrare nel mercato statunitense.	Enter in USA

management interview	Serono era un pò in stallo. Merck era forte sul chimico meno sul farmaceutico. Ma Merck dopo la cessione forzata della componente americana ha sempre avuto un vincolo nelle strategie di sviluppo.	Enter in USA
management interview	L'altro elemento è crescere nei business dove già operiamo.	Growth
management interview	Merck come farmaceutica è entrata in Italia direttamente solo nel 2001. Dalla Merck tedesca ha costituito la filiale USA che poi è stata nazionalizzata come danni di guerra. Era in Italia rappresentata da Bracco. Nel 2001 per entrare direttamente non potendo acquisire Bracco, Merck operò uno spin off da Molteni che aveva in licenza un prodotto Merck e fece lo sviluppo dell'organizzazione commerciale. Nel 2001 viene costituita Merck Pharma Italia e gradualmente vengono organizzati degli uffici a Firenze ed a Milano. Alcune attività vengono cedute e viene invece organizzata la parte chimica di Merck sempre a Milano.	Merck in Italy
management interview	L'unificazione di queste attività avviene verso la fine del 2002. Io entro nel febbraio 2002 prima a Firenze poi a Milano.	Merck in Italy
management interview	La gran parte dei prodotti Merck tradizionali sono fuori brevetto. C'era una esigenza di acquisire o di co-marketing. Questi accordi non sono andati a buon fine. Abbiamo dovuto ridimensionare i nostri piani. Avevamo due reti di informatori, ne abbiamo tenuta una sola rafforzandola.	Merck in Italy
management interview	La crisi ha sicuramente eliminato le "vacche grasse". In Italia c'è sempre stata anche da parte del sistema sanitario è più facile risparmiare sulla spesa farmaceutica che è tracciata dall'inizio alla fine e che ha meno impatti politici. Quindi restrizioni sui prezzi (erano esagerati ma ora ...). Le aziende piccole si sono salvate vendendosi, le aziende che assorbivano personale di altre più grandi insieme a panieri di vecchi farmaci. Ora tutto questo non regge più. Le grosse multinazionali sbaraccano i centri di ricerca: i brevetti si sono ridotti da 30 a poche unità. La legge sulle patent ha ridotto la durata delle restrizioni che in Italia con le lentezze si riducono ancora di più.	Shorter profitability of patents
management interview	La multa degli USA non era inaspettata ma credo che la decisione di vendere sia stata dovuta più al fatto che non sembrava possibile più una crescita a doppia cifra. Non riuscendo ad acquisire altre società allora ha venduto.	Size as a competitive advantage
management interview	Le motivazioni di Bertarelli, che gestiva l'azienda, quelle vere non si sapranno mai. Alcuni elementi sono legati a valutazioni soggettive.	Strategy
management interview	Il mantenimento delle identità precedenti anche nel marchio è stata un'operazione che ha aumentato il valore percepita dalla classe medica. Serono ha una fortissima loyalty interna e si sentono valorizzati e protetti. E' un bello spirito di gruppo. Quindi anche stakeholder interni hanno contato.	Serono brand is a value for phisicians
management interview	La divisione farmaceutica ha mantenuto anche il brand SERONO, questo perché nelle aree biotech Merck non era riconosciuta dagli stakeholder. Nell'endocrinologia Serono ha 100 anni di storia, ma il mercato voleva che l'identità Serono rimanesse.	Serono brand is a value for phisicians

management interview	Contando 2008 e 2009, si è lavorato in modo equilibrato sulle due identità. Anche se è arrivata una piccola voce che forse il brand Serono sarà eliminata ma non lo so. Gli opinion leader continuano a chiamare Serono i prodotti. Fuori nel mercato viene ancora usato il brand Serono. Il processo è lento.	Serono brand is a value for phisicians
management interview	Serono è riconosciuta come specialista di nicchia delle biotecnologie a livello mondiale.	Serono brand is a value for phisicians
management interview	Abbiamo mantenuto anche il brand Serono perché per i medici riconoscevano un'immagine solida per prodotti biotecnologici.	Serono brand is a value for phisicians
management interview	Il mantenimento delle identità precedenti anche nel marchio è stata un'operazione che ha aumentato il valore percepita dalla classe medica. Serono ha una fortissima loyalty interna e si sentono valorizzati e protetti. E'un bello spirito di gruppo. Quindi anche stakeholder interni hanno contato.	Support of internal stakeholder
employees interview	Il primo sicuramente è stato la convention ad Hammamet di ottobre 2007. Un evento nato con l'obiettivo di permettere l'integrazione all'interno della Merck Serono Italia. Questo evento ha aiutato enormemente il processo e per una persona nuova dell'azienda (come me) è stato un modo eccezionale per sentirmi subito parte integrante del gruppo. Ho conosciuto tutti in pochi giorni. Lo spirito che aleggiava ad Hammamet era molto positivo. Quasi "una grande famiglia".	A convention as a symbol
employees interview	Può raccontare una sua esperienza (come fosse una storia) in azienda che Le sembra rappresentativa dell'idea che Lei ha dell'azienda stessa? L'esperienza che più facilmente racconto è la Convention Aziendale di Hammamet del 2008. Anche se ha coinvolto solamente la Sede è stato un momento di integrazione / coinvolgimento di tutti i dipendenti con un riscontro molto positivo.	A convention as a symbol
employees interview	Può raccontare una sua esperienza (come fosse una storia) in azienda che Le sembra rappresentativa dell'idea che Lei ha dell'azienda stessa? Sarò breve... A seguito del ritiro dal mercato di un medicinale di cui era titolare, l'Azienda, nonostante la crisi economica, ha ricollocato internamente il personale interessato.	A product retire as a symbol
management interview	L'adozione di sistemi informativi sta avvenendo con il passaggio da Oracle a SAP. Il messaggio è molto forte. Servono realmente, ma il passaggio è stato non senza fatica. La domanda era perché cambiare? Poi la gente è stata collaborativa con gruppi di lavoro misto con persone dal marketing, ricerca, ...	Change in IS as a symbol
employees interview	Può raccontare una sua esperienza (come fosse una storia) in azienda che Le sembra rappresentativa dell'idea che Lei ha dell'azienda stessa? La volontà di scambiarsi gli auguri di Natale organizzando un team building consistente in un corso di cucina presso la scuola Gambero Rosso. Associare i valori Merck (coraggio, trasparenza, responsabilità)...ai cibi.	Christmas convention as a symbol
management interview	Anche mettere l'Headquarters a Ginevra è stato un messaggio chiaro.	Headquarter placement as a symbol
management interview	Tanto è vero che l'HQ della Divisione è stata spostata a Ginevra.	Headquarter placement as a symbol

management interview	Un momento significativo è stato quando si è implementato un format standard per tutte le presentazioni, sarà banale ma ad esempio in Serono non c'era. LORO, anzi NOI, sono molto attenti alle procedure.	One format as a symbol
management interview	Come episodi, dal momento in cui sono stati lasciati gli uffici di Milano era evidente il segnale. A Milano è rimasta solo la chimica. La divisione allergenica è riuscita a salvarsi dal trasloco creando un Spa che è stata aggregata alla chimica.	The "move in" as a symbol
management interview	Tra la firma legale e l'acquisizione, c'è stato un momento in cui rimanevano due "NOI" separati. Il trasferimento è stato il vero momento determinante, per scegliere le procedure.	The "move in" as a symbol
management interview	Un episodio rappresentativo è stato il trasferimento perché alcune persone sono state coinvolte subito però non tutti.	The "move in" as a symbol
management interview	Quando hanno toccato con mano è stato quando c'è stato il trasferimento. Poi c'è stato un evento formativo per gli informatori scientifici. Si sono potuti confrontare per la prima volta (le reti si sono affiancate). L'oggetto era il cambiamento quindi tutti hanno realizzato che le cose cambiavano.	The "move in" as a symbol
management interview	La struttura è aumentata in Italia di una quindicina di persone pur passando da tre a sei BU, quindi l'aumento di costi è stato contenuto.	A larger structure
management interview	Merck ha ceduto i suoi due farmaci storici ad un'azienda giapponese (confermando che l'attenzione alla propria storia non impedisce il cambiamento) ma in Italia uno dei due prodotti è stato mantenuto perché è stato dimostrato con un business plan che nel nostro paese esistevano ancora opportunità di sviluppo.	Attention to the past and anticipation of change
management interview	Non vogliamo dimenticare la storia da dove entrambi veniamo.	Attention to the past and anticipation of change
management interview	Parole chiave sono: mantenere ma cambiare (il modello economico è cambiato dopo l'11 settembre e la crisi del 2009). Sembra in contrasto ma non lo è.	Attention to the past and anticipation of change
employees interview	"chi siamo come organizzazione" in questo momento : affiatamento, voglia di stare insieme, familiarità	Empaty
employees interview	Siamo una grandissima multinazionale. Se dovessi pensare a qualcosa che sintetizza penserei ad un elefante: grandi muscoli, grande longevità e capacità di resistere a lungo senza cibo (leggi acquisizioni, merge,... nel prossimo futuro), autonomia, lentezza	Large group
employees interview	Se dovesse definire "chi siamo come organizzazione" in questo momento quali termini utilizzerebbe e perché? Siamo un'azienda farmaceutica multinazionale facente parte di un gruppo dove il comparto farmaceutico è uno dei business, ma non l'unico. Questo determina scelte strategiche che tengono in considerazione una gamma di fattori che regolano mercati diversi per genere e business, che possono reagire in modo differenti a momenti di crisi o di espansione economica.	Large group

employees interview	Può raccontare una sua esperienza (come fosse una storia) in azienda che Le sembra rappresentativa dell'idea che Lei ha dell'azienda stessa? Lavoro per un'azienda multinazionale e questo è sempre stato evidente. Sono arrivato in Serono nel 2005 per ricoprire il ruolo di Regional Mktg Manager per le nazioni Italia, Grecia e Turchia. Nel corso degli anni i cambiamenti che sono avvenuti in azienda hanno influito notevolmente anche sul mio lavoro. Le scelte di modificare le Business Area (dopo l'acquisizione di Merck) mi hanno permesso di concentrarmi maggiormente sul business Italiano però i prodotti in Pipeline ed il Life Cycle Mgmt di quelli esistenti mi hanno permesso di poter dare il mio contributo al lancio mondiale di nuovi prodotti, nuove formulazioni di prodotti già in commercio, device e nuove indicazioni.	Large group
management interview	Merck Serono è oggi un grande gruppo chimico farmaceutico e in questo momento di crisi il farmaceutico regge.	Large group
employees interview	Sono in Merck Serono da dicembre del 2007 e mi occupo di marketing. Sono marketing manager dell'area oncologica da un mese e prima di questo ruolo sono stato product manager nelle aree dermatologia e neurologia. Provengo da Abbott nella quale mi sono occupato sempre di marketing farmaceutico per cinque anni. Quando sono arrivato in Merck Serono ho trovato molte differenze soprattutto dal punto di vista della gestione delle persone	Merck gives more attention to people
employees interview	Il secondo evento riguarda il lavoro e nello specifico il modo in cui è stato gestito la dismissione di un prodotto. Il prodotto è stato sospeso dal commercio e una linea doveva essere chiusa. La gestione della comunicazione e l'attenzione al dipendente mi hanno colpito.	Merck gives more attention to people
employees interview	Io ero parte di quella linea, ma ero tranquillo per il mio futuro. Quello che mi ha colpito è il modo in cui è stato gestito il processo di comunicazione e di ri-assegnazione dei job per la sales force. Credo di non essere il solo ad averlo notato all'interno di quel gruppo.	Merck gives more attention to people
employees interview	Siamo una organizzazione ben strutturata, solida, che pone attenzione al benessere dei suoi dipendenti.	Merck gives more attention to people
employees interview	Un aspetto che reputo molto importante è l'attenzione alle persone: questo è un altro carattere distintivo che non è facile trovare in altre aziende del settore.	Merck gives more attention to people
employees interview	In Merck Serono ho trovato una maggiore organizzazione e un ambiente più sano, cioè più attento alle esigenze del dipendente, e più stimolante.	Merck gives more attention to people
employees interview	Se dovesse definire "chi siamo come organizzazione" in questo momento quali termini utilizzerebbe e perché? Un'azienda coesa al raggiungimento di obiettivi sfidanti, nel rispetto degli individui e delle loro potenzialità.	Merck gives more attention to people
management interview	E' maggiore l'attenzione al dipendente: questo è stato un forte cambiamento. Unito a questo si è passati da una priorità anche del profitto aziendale ad un approccio più manageriale. Si sta con i piedi per terra. La politica Serono era crescere a tutti i costi a 2 cifre, ora il messaggio è più equilibrato.	Merck gives more attention to people
management interview	L'impronta dello stile di management era un po' americano aggressivo marketing oriented ma con un atteggiamento etico.	Merck has a management marketing oriented

		but ethic
employees interview	Sono venuto a conoscenza dell'acquisizione quando ero in un'altra azienda e quindi al momento del mio passaggio in Merck Serono ero un po' dubbioso perché avevo già partecipato ad una acquisizione in Abbott. Ma posso dire adesso che lo spirito di squadra è molto più forte in Merck Serono e abbia consentito un'integrazione rapida e duratura.	Team work
employees interview	Appena arrivata in azienda sono stata coinvolta nell'ambito delle attività propedeutiche al lancio di un nuovo prodotto.... è una grande sfida. Abbiamo organizzato incontri, studi, lavori individuali e approfondito ciascuno tematiche attinenti la propria attività ma che in qualche modo fossero utili allo scopo comune. E' stato bello partecipare osservando come una piccola cosa fatta da ciascuno rappresentasse veramente un valore aggiunto per tutti. Sarà un successo anche se gli ostacoli e le difficoltà sono molte!	Team work
employees interview	"chi siamo come organizzazione" in questo momento : affiatamento, voglia di stare insieme, familiarità	We are a family
employees interview	Siamo un team: si lavora spesso in gruppi trasversali e collaborativi; Ognuno è orgoglioso della propria attività e la sponsorizza anche con vanità professionale.	We are proud
employees interview	Sono aspetti che ho riscontrato da subito e che differenziano questa azienda da quelle che ho conosciuto: Attenzione al dipendente, Spirito di collaborazione, voglia di stare insieme	We want stay together
employees interview	"chi siamo come organizzazione" in questo momento : affiatamento, voglia di stare insieme, familiarità	We want stay together

**Table 1 – From Narratives to 1<sup>st</sup> order concepts**

NODES 1st ORDER CONCEPTS	2nd ORDER CONCEPTS	IDENTITY DESCRIPTION
Merck has a long history Merck is multinational Merck is reliable Merck is solid. Merck was chemical Merck was slow	Merck was ...	Old identities
Serono has ever been a leading company Serono was a family Serono was anticipatory with regard to change Serono was focused on their actual products Serono was lean Serono was short term oriented Serono was specialized Serono was speed	Serono was ...	
A larger structure Attention to the past and anticipation of change Empaty Large group Merck gives more attention to people Merck has a management marketing oriented but ethic Team work We are a family We are proud We want stay together	What we are (Merck Serono)	The new identity
"We" boundaries	"We" boundaries	"We" boundaries
Bertarelli is a financial man Confience in present leaders Merck has a managerial governance Serono had a good governance Serono had a governance "padronale" Situational leadreship	Leadership and governance	Leadership and governance

**Table 2a – From 1<sup>st</sup> order concepts to identity description (part 1)**

NODES 1st ORDER CONCEPTS	2nd ORDER CONCEPTS	IDENTITY DESCRIPTION
Ambiguity me and the company People didn't know Merck Surprise	Ambiguity	Change in organizational identity
A good managerial response A transparent comparison Aggregation Common values Context understanding Create a new identity Few mandatory decisions Group guide lines In Italy managerial response "deletion" Italy as an example of success Local autonomy	Managerial response	
A convention as a symbol A product retire as a symbol Change in IS as a symbol Christmas convention as a symbol Headquarter placement as a symbol One format as a symbol The "move in" as a symbol	Symbols	
A family acquisitions Differentiation Enter in USA Growth Merck in Italy Shorter profitability of patents Size as a competitive advantage	Rational strategy	

**Table 2a – From 1<sup>st</sup> order concepts to identity description (part 2)**

NODES 1st ORDER CONCEPTS	2nd ORDER CONCEPTS	MODEL VARIABLE	
Serono brand is a value for physicians Support of internal stakeholder	Support of external stakeholder Support of internal stakeholder	Support by powerful stakeholders.	Plurality
Regulatory authority legitimation Stock market legitimation	Authority legitimation Market legitimation	Current identities are legitimated by various stakeholders.	
Size as a competitive advantage Value creation	Future value	Current identities have a future strategic value.	
Not cost saving Profit improvement Good cash flow	Financial constraints	Companies involved in an M&A have strictness of resources constraints.	
National compatibility Common aspects Complementary of geographic distribution Complementarity of business	Compatibility	Current identities are compatible.	
Take the best from each part R&D research synergy	Synergy	Interdependence among units (embodying different identities).	Synergy
Departement are still separated Internal differences Multiple identities Serono had separated Departments	Diffusion of multiple identities	Diffusion of multiple organizational identities across the company.	

**Table 2b – From 1<sup>st</sup> order concepts to model variables**

## 4.5.2 Evolution of organizational identities

A first group of evidence from case study provides a description of multiple organizational identities evolution that can be explained analyzing the old identities of companies, the process of evolution and the new identities resulting.

*The old identity of Serono: a quick, specialized, leader-dependent company*

People used often the word “quick” to define the organizational identity of Serono. Someone used a metaphor: “*quick as a cat*”. “Specialized” is another word frequently used. People underline this specialization in order to distinguish Serono from Merck that produce treatments with low price and high volume of sales. Serono is also “ethic” because its patients are affected by “*heavy diseases*”. The leadership of Ernesto Bertarelli is recalled by many people. They link the possibility to be quick with his absolute power in the company. Serono was Bertarelli. “*When he came at office, he was at home*”. Many people used – referred to him - the Italian word “*padrone*” that is usually used for the small companies owned by a family. Anyway, the sense of this word is not negative, it underlines that he decided quickly and, often, in the right way. Others words used by people are “lean”, “short term oriented” and “family”. Serono was used to have a “*two digit growth*” and before to be acquired was explicitly ready to buy others companies. A manager said: “*Few months before the acquisition Bertarelli invited us in Valencia and announced that he wanted to buy companies and he asked to us to say it to everybody in Serono*”. Serono had also multiple identities because of separation among different sites. People in marketing considered researchers or manufacturing workers “not included when they said the ‘we’ word”.

*The old identity of Merck: an ancient, solid, managerial company*

In the case of Merck, the most used word has been “*solid*” and it refers to “*his old history*”. Merck is also “*the German Merck*” because exists “*the other Merck*” (the American one). This link between nationality and solidity was very clear in people’s tales. It means that “Merck is reliable”. An employee said: “*Now, in Merck, we do what we say*”. Merck is also “a large company” in a market where size seems to be a source of competitive advantage. Large is also link to “*procedure*”, bureaucracy. Merck “*has a managerial governance*”. In fact, “*the family Merck, is in the board but has no operative role*”. New managers, after acquisition, introduced themselves saying: “We are managers but workers as everybody”. The “other side of the coin” is that “*Merck was slow*”. This slowness and bureaucracy was a problem in Merck-Pharma Italy that tried in many different ways to improve its market share in Italy. A manager that worked in Merck Italia said that, even if “*in Italy Merck identity has been deleted*”, they “*Tried to grow through sales force, acquisitions, co-marketing but nothing. Decisions making was too slow. We need a quicker model.*”.

*The process of evolution after the acquisition: surprise, ambiguity, symbols and transparency*

According to theoretical framework, ambiguity has been indicated frequently by interviewed people. An employee said: *“We were attending a training course and people wanted to stop the course. The concern was the fact that shortly before Bertarelli said he wanted to buy companies, not to sell Serono. It was the opposite. We did not know ‘which Merck’ was, German or American. Then things are clarified.”*. Surprise and scarce knowledge of the acquiring company were very diffuse among people. Few people knew Merck because it produced generic treatments not specialized like Serono’s drugs. Many people, when they receive the news of acquisition *“with a simple e-mail!”*, thought that the acquiring company was the American Merck. *“So, we were very worried about our future.”*, but when it was clear that Merck was the German one someone said *“It was the better acquisition that we can have!”*. Managers didn’t know nothing about acquisition before it was signed but they agreed with this method: *“A well done operation!”*. They admire Bertarelli for his capacity to sell the company *“in the right moment”* and *“at a excellent price for him!”*. The business was done *“between Merck family and Bertarelli family”*.

Ambiguity went on also after that news was clearer. The move in of Merck office from Milan to Rome was the most mentioned symbols of change. This choice removed also the main source of ambiguity that was arisen after the acquisition. *“When we began to work side by side with Merck colleagues we realized that change has happened”*. Another clear sign of managerial strategy about integration was the choice to locate the headquarter of pharmaceutical business unit in the former Serono’s headquarter in Genève. People consider the change management very transparent and rational. The choice of headquarter (in favor of Serono) or the choice to adopt SAP solution (already used in Merck) were decisions taken with mindfulness. The present CFO said that they used “common sense” and “rationality”. He remembers that in a similar situation, that he lived when worked in an American tire producer, it happened the opposite. Also the adoption of SAP solution is an opportunity to make sense of new reality (see specific section of this Thesis) that is still in progress. *“First we aligned compensation and job description that were different”* said the HR Director. So, gradually people in Serono had a lower level of ambiguity but, at the same time, Merck values were clearly imposed.

*The new (multiple) organizational identity of Merck-Serono: an “aggregation” strategy based on common values and local autonomy*

When people spoke about the new identity underline that: *“Merck gives more attention to employees”*. And again: *“We are an organization well structured, solid, and cared about wellness of its employees”*. An employee that worked on a product retired from the market said: *“When the company retired the product, all people were re-allocated on different products with a transparent process”*. The larger size of the group after acquisition was a positive message for the people: *“we are a company ... with high longevity, able to resist without food for a long period”*. This capacity removes ambiguity in a period of crisis and it helps the sensemaking, providing one more justification for accept the acquisition. Other words used are “team work”, “stay together” and “proud”. The resulting identity has again the solidity and the history of Merck but tries to learn from Serono to be “quick like a cat”. The managerial response had the aim to “take the best of each company”. The example of information system integration is clear. It has been decided not immediately (implementation is still in progress) and the decision was

rational, not a must. The acquisition has been an opportunity to adopt the same software also in other Merck Divisions. *“We took something from Serono and something from Merck”*. Complementary of businesses and other conditions analyzed above suggested an “aggregation” managerial response to multiple identities. Identity plurality in each country was considered appropriate and designed linkages among them using “common group value” create appropriate synergies. It is one of the typologies that Pratt and Foreman describe (Pratt and Foreman, 2000): a hierarchy of multiple identities. People know that each country or department can have a specific identity but, if those identities conflict, group values give the guideline for behavior. Local autonomy is one of the innovative managerial values. Before the acquisition Bertarelli was the entrepreneur, now all managers are required to be entrepreneurs. *“Now the process is more evolved. Objectives are targeted on long term. Now we have a decisional corridor not so narrow. In Serono sometimes decisions were not clear because Bertarelli decided having partial information”*. An organizational unit for business developed has been created: *“This unit reports to me and we can look for agreements or co-marketing or also local acquisitions. We have to use business plans and procedures but we have real autonomy”*. This autonomy wasn’t on a generic value, it actually founded confirm when Merck retired some old treatments but: *“We demonstrated that in Italy one of those treatments had again sales opportunity and the Group let us autonomy in deciding to sale again that drug only in Italy”*. A manager said that: *“I think that in this company people are motivated by values in which people believe and that are positive. Top management underlines always this aspect. Their behavior is a coherent example of these values. This is the main difference between this job and previous experiences”*. Also ethic is clear: *“We are an organization ethic, responsible, values oriented ...”* and *“We want to respect the rules of our market ...”*. An official press news confirms this orientation: ***Integration process begins: With the closing of the Share Purchase Agreement, the integration process will now move forward. Following the conclusion of the planning phase, 25 integration teams consisting of about 170 integration managers will rapidly implement the integration processes throughout the company. The project will be led by an Integration Steering Committee headed by Karl-Ludwig Kley, Vice Chairman of the Executive Board of Merck KGaA. The aim is to achieve a clearly performance-oriented organization – a structure based on transparency, fairness, honesty and mutual respect’ said Kley”*.**

In sum, “The cat had to grow and the elephant had to run”. Now, the company thinks on a large horizon but it locally run quickly.

### 4.5.3 Appropriateness of plurality

According to the Pratt and Foreman’s model, an “aggregation” managerial response is the right solution if both plurality and synergy are appropriate. In this paragraph, I analyze evidences from case study that support appropriateness of identity plurality.

*Powerful stakeholders' support to current identities*

Managers explained that: *“Marketing activities in pharmaceutical industry is based more on influencing physicians' advises than on final customer”*. Therefore, was important be coherent with physicians' expectation. *“Opinion leaders use again 'Serono' for our products. In the market, the brand Serono is the most used. The process is very slow”*, said a manager. SERONO has a high reputation of niche specialist and Merck has a history of more than three centuries that is perceived as a symptom of solidity. Stakeholders believe in old identities (because specialism is based on people competences) but a larger size of the company (and the centuries of life brought by Merck) gives them confidence about future, especially during a so deep crisis.

*Various stakeholders legitimate current identities*

That business model based more on opinion leaders than on final customer provides another reason to consider plurality as appropriate. Serono produced treatments for heavy diseases, very specialized. It works in a “niche” and its opinion leaders are specialized physicians different from those that can support Merck drugs (that have low price and larger volume). The sales force has different targets and reputation is a value to be conserved. This plurality has also an “internal” value: *“Using again old identities and the word Serono in new brand has been an operation that improves perceived value among physicians. Among employees Serono has a high internal loyalty, they feel to be protected and considered as a valuable resource. It is a wonderful sense of team. So, both internal and external stakeholder had a role in managerial response”*.

*Future strategic value of current identities*

A reason of present crisis in pharmaceutical market is the patent duration. A manager tried to explain it in the following way: *“Crisis break a “fat cows” period. In Italy is easier realize cost saving on pharmaceutical expenses because they are clearly tracked from the beginning of the process to its end. Prices were too high but now ... Small companies have been sold to larger groups. Large companies are closing R&D departments. Patents were more than 30 per year and now they are few units ... Patent law reduced the period of exclusivity and in Italy bureaucratic procedures reduced them more and more... “*. In this context treatments with future value increase their present value. After the successful acquisition, Merck confirm this concept and diffused to the press the following news release: *“With the combined innovative power of two strong companies, we have the unique opportunity to create a superb union of pharmaceutical chemistry and biotechnology,”* said Elmar Schnee, new Chief Executive Officer of Merck Serono S.A. *“We want to utilize the best of both companies. A total of 28 projects in clinical development, a combined R&D budget of approximately EUR 1 billion and the two key growth drivers Erbitux® for oncology and Rebif® for the treatment of multiple sclerosis, give us the best foundations for a successful future.”*

#### *Absence of strictness of resources constrains*

Among the rational reasons for the acquisition cost saving had not a primary role. An official presentation gave indication of improvement of profits: "... •Significant value creation for shareholders: –Strong sales growth (around 10%) – Immediately accretive to adjusted earnings after tax (and EPS)...". In addition, the CEO confirmed that cash flow use for acquisition has been rapidly recovered. Managers said also that the sanction that US agency assign to Serono had no role in deciding acquisition. On October 2005 Serono paid a fine of 704 million dollars and declared itself guilty and thereby avoid prosecution of litigation against the U.S. Department of Justice. It was accused about how sales of Serostim (an expensive drug based on growth hormone used to combat weight loss in AIDS patients) took place. The multinational was accused of having offered money and gifts to doctors and manipulating a test for measuring body composition, providing a medical diagnostic software not approved by the Food and Drug Administration in order to increase sales of Serostim. Serono has been excluded for five years, from U.S. federal health programs. Managers disagree about possible influence of that fine on decision to sell: *"I think that it (sanction) was not important for Bertarelli's decision. He understood only that Serono cannot grow anymore at two digits and so he preferred to sell it. He was very smart in selling at the right moment and he got a price that we didn't believe possible"*. Nevertheless, profitability of Serono and its cash flow were still interesting for Merck.

#### **4.5.4 Appropriateness of synergy**

Evidences from case study support also appropriateness of identity synergy as described in the following points.

##### *Two compatible identities*

The two companies have common values (attention to their own origins) but different and complementary identities (SERONO as high specialist, MERCK as chemical producer or generic low cost drugs). Many people have underlined two common aspects in Serono and Merck identities. Both the companies show a high attention to the past and to their own history, but also a capacity to anticipate the change. They seem to be in contrast between them but probably this capacity to look to the past and to the future at the same time is a winning strategy. People underline also that companies are complementary. The Serono's experience in pharmaceutical market is what Merck needed. At the same time, Merck is also a chemical company and the two businesses together resist better to cyclic trend of the markets. Another source of compatibility is the companies' nationality: Italian people consider German people reliable, solid and well organized. A manager said: *"When we received the news by e-mail, it wasn't clear who acquired us. If we were acquired by America Merck should be ... It depends on nationality of acquiring company. Here, the approach has been soft, of sharing, a search of the best of each company"*. Serono needed to have more procedure in order to grow and Merck needed a higher entrepreneurial mentality in order to resist in a turbulent market.

*High interdependence among the units embodying different identities in companies involved in an M&A*

As suggested by Pratt and Foreman, high synergy are required and “managers may be forced to forge linkages between the two identities”. Authors argued that “By managing the conflict in this way, an organization also effectively preserves its ‘response flexibility’ by allowing different parts of the organization to maintain their own identities” (Pratt and Foreman, 2000).

The example reported in Pratt and Foreman’s paper is about a medical clinic where physicians and managers have different identities (professional or profit maximizing) but “...both managers and physicians rely on each other for the ongoing survival of medical establishment”.

A manager seems to confirm that in Serono this condition is present while he explains why the sanction in US did not encourage Bertarelli in selling Serono: “... no I don’t think it – the sanction – was important for the decision to sell the company. We produce treatments against heavy diseases (HIV, infertility, growth hormone deficit ...) and people don’t get those drugs without their physicians’ advice. If you haven’t that disease, that drug is dangerous ... Also our researcher, our sales representatives and our marketing employees know that we are important for our patients. We must make profits also in order to produce treatments that save their lives and research new treatment more effective...”. Profit needs research, patients needs research, so they also “need” profits. It is different for treatments sold in stores with low cost and no prescription. In that case, sometimes companies could try to sell more than how patient need.

*A high diffusion of multiple identities across the organizations involved in an M&A*

Multiple identities had a high diffusion among Serono but it still remain after acquisition. In the past, SERONO had weak links between researcher, marketing and manufacturing. The HR Director describes the present level of integration: “It’s true that separation among sites is still high, May be, it depends on managers of these sites that prefer to be independent. They agree about a centralized administration, managerial control, pay roll or legal assistance. About HR management, they prefer to have a decentralized power. Anyway, we gradually have a shared agreement about that. It is better for people development also in different business units.”. Different identities increase of course after the acquisition: Serono was focused on biotechnologies to treat heavy pathologies while Merck had chemical productions and “blockbuster” drugs to treat diffuse diseases. “To produce liquid crystal is different from producing drugs in a laboratory. It was an important source of change”. These differences are mentioned also within the pharmaceutical business: “Our treatments are for heavy diseases, nobody assumes them without physician advice. They are not drugs that you can buy at the store. If you haven’t those diseases those it’d be dangerous to take those treatments”. Even if people describe the sub-identity that they feel closer to them (department, Serono, Merck, site, ...) a global identity is gradually built. A young employee said: “I surprise myself saying ‘the color of Magnum Gold (an ice cream) is made with OUR pigments’ and I realized that the sense of “WE” was changing in me”.

## 4.6 Conclusion and discussion

These findings suggest that all the conditions of the Pratt and Foreman's model are verified. Therefore, according to Pratt and Foreman, both identity synergy and plurality were appropriate and the better managerial response is an "aggregation". Authors describe this managerial response as the choice to maintain both identities and forge links between them. They argue that these linkages "*can take at least two forms: (1) the creation of an identity hierarchy and/or (2) the creation of new beliefs*". Again: "*Individuals can aggregate their identities by ordering them in an identity salience hierarchy*". This salience is defined by Stryker as: "*the probability, for a given person, of a given identity being invoked in a variety of situation*" (Stryker, 1968). So, this hierarchy is not rigid: an identity can be more salient in a specific situation. This hierarchy is the way to avoid role conflicts (Pratt and Foreman, 2000). Evidences from case study show that both Merck and Serono's identities were maintained but a common set of group value. Merck's managers adopted an aggregation response of aggregation where, after the acquisition, each identity is still alive but, at the same time, a clear group identity has been communicated. In this way, people follow their own identity but, if they face a conflict, it is possible to invoke the group identity that has a higher rank in the hierarchy. This managerial response has been appropriate and the acquisition has been perceived as a success. Another suggestion that emerges from this case study is referred to the different boundaries that the meaning assigned to the word "we" by the people. Many people used "we" only referred to their site or department. In addition, the managerial response that I identified as "aggregation" should be defined differently if I referred only to Italy (probably a "deletion"). Therefore, it is important that the boundaries of business are well defined in order to identify which managerial response has been implemented or should have to. A global strategy of "identity aggregation" can sometimes need to "delete" locally some identity.



## 5 ***Organizational identities evolution: sensemaking and causal maps. A case study of M&A in banking industry.***

### 5.1 Introduction

Even if the opportunity and the possibility to manage organizational identity during the integration post acquisition has been argued by previous papers, the evolution of organizational identity remains a social process that takes place during the interaction among people. An acquisition creates a condition in which differences among identities are emphasized. This social process is based on sensemaking that can be defined as the capability to link daily activities with large patterns. The effectiveness of this process within an organization depends on the presence of “common points” among cognitive maps of knowledge that each person develops. After an acquisition these “common points” decrease because of a higher ambiguity. A managerial response that is based on clear communication and coherent managers’ behaviour can reduce this ambiguity and improve sensemaking effectiveness.

### 5.2 Theoretical background

As shown more extensively in the next sections 6, the concept of sensemaking has been analyzed as a process of continuous social negotiation (Weick, 1995). According to Weick, sensemaking is “the act of constructing interpretations of ambiguous environmental stimuli” (Weick, 1995). People need to reduce ambiguity and they socially look for a new equilibrium that is in continuous progress.

Justification (a symbolic linkage among single interacts and underlying pattern), Commitment, Interpretation and Validation are phases of this process that has as output a collective structure based on a *cognitive map*.

Cognitive maps were defined by Tolman (1948) and they are representations of our own knowledge that we edit from our organizational experience. They consist of “the concepts and the relations a participant uses to understand organizational situations” (Weick, 2001). A specific form of cognitive map is represented by the causality maps. Causal maps link concepts with cause-effect relations. Tolman contrasted cognitive maps with strip maps that are sequences of information where each choice has an appropriate response. Differently, a cognitive map allows flexible behavior (Tolman, 1948).

#### *Use of cognitive maps for describing identities*

Many people have studied the analysis of cause maps. We can consider four groups of methodologies:

- people who have limited their investigations to maps without loops (Simon, 1957), estimating the parameters of the system of equations representing a

loopless cause map and solving the associated problems of estimation (Tukey, 1954; Blalock, 1969);

- people who is interested in tracing the antecedents or the positive and negative consequents to some event or policy (Axelrod, 1976);
- people who have looked at the ranking of the variables in a loopless cause map (Harary, Norman and Cartwright, 1965; Warfield, 1973);
- people who have studied the problems of stability and instability introduced by the presence of positive and negative loops (Maruyama, 1963; Blalock, 1969, 1971; Brown, Roberts, and Spencer, 1972; Roberts, 1973).

Cognitive maps can become a collective cause map in three different ways: assemblage (Hall, 1984), composite (Eden et Al., 1981) and average (Bougon and Weick, 1977).

Hall describes the case of five separate cause maps for five department of Saturday Evening Post. Maps were assembled among them because specific goals in one department became policy variables in others departments. So, a way to build collective structure can be “identifies common elements in diverse cause maps ...” (Weick, 2001). A composite causal map derives from a teamwork in which people, starting from their own maps, work together to share a collective map (Eden et al., 1979). So, at the end, all people had the same map. The third form is the average map. It is presented by Bougon and Weick (1977), analyzing the case of Utrecht Jazz Orchestra. They asked to each of 19 members to assign causality relationships (zero, +1 or -1) and then generated a map based on the average (the algebraic mean) of answers. This map was different from each individual map but represent the most acceptable solution.

Bougon, Weick and Binhorst (1977) described in an empirical study about the Uthrect Jazz Orchestra (UJO). Authors identified seventeen variables that all UJO musicians agreed could be referred to their experience. Then they focused on the 14 variables that were homogeneous, and excluded others. “Each UJO participant was asked to specify (1) which variables influenced which other variables, (2) whether each influence relationship he had identified was positive or negative, (3) which relationships he was certain existed, and (4) which of the 17 variables he felt he could influence personally.” The participant filled the cells of a table during 19 structured interviews. For every pair of variables members were asked, "Do you find that [variable Y] is of influence on [variable Z]?". They answered yes or no and, for yes-relationships, indicated the "nature of the relationship". A negative sign was related to a decrease in the related variable (inverse relationship) and vice-versa.

Authors used a methodology that considers loops and they described it in the following way: “*we developed exploits the fact mentioned earlier that the upper triangle of a standard input-output matrix corresponds to a graph without loops flowing in one direction, and that the lower triangle corresponds to another graph without loops flowing in the opposite direction. Thus, the flow of causality in the graph corresponding to the full matrix reconciles these two antagonisms. Either one flow dominates the other, and there will be a net flow of causality in its direction, or the two flows cancel each other, and there will be no net flow of causality. In the latter case all the variables have a like relation to each other; they are all equally cause and effect; they offer no basis for distinguishing one from the other; they therefore offer no criterion by which we can order or unfold the cause map.*”.

Based on the upper and lower triangle flows each variable can be assigned a number, a criterion that was called "generalized indegree or generalized outdegree". The "indegree" is the number of paths leading to the variable from other variables; the "outdegree" the number of paths leading from it to other variables. Indegree and outdegree allow authors to construct a cause graph. The generalized indegree ranking criterion help to build an "average UJO cause map" as the algebraic mean of the signed links reported by the 12 participants.

Then they plotted generalized outdegree rank against generalized indegree rank and noted that did not exist a linear association between indegrees and outdegrees ( $R^2$  is .03). These observations suggest that there may be an important asymmetry between variables as originators and the same variables as terminators of activity and that effects are more important than causes for sensemaking (Mead, 1934: 76). That suggestion implies that: "*...in the construction of their world the participants' perceptions are biased toward caused variables rather than toward causing variables. Put another way, participants may pay attention to variables that are heavily controlled by other variables on the assumption that they too can control these variables since they too are causal agents.*"

The methodology used in that case allows to draw an average map and to measure the degree of similarity among maps of a group of people. This measure can be used as a proxy of sensemaking effectiveness.

#### *Use of cognitive maps in strategy development and communication.*

The second step of this research consists in measuring the similarity between people perception of the bank and the target identity included in change strategy. Therefore, can be useful a short review of studies about the use of maps in strategy development and communication. Cognitive maps have been well employed in the strategic management domain over many years (Ackerman & Eden 2005, Bryson et al 2004, Eden & Ackerman 1998). The article by Eden & Ackerman (1998) suggests what the various analyses described might imply for an understanding and evaluation of cognitive complexity. Eden argued that the development of strategy in organizations will be more effective if it is seen as predominantly a social rather than analytical process (Eden, 1992). In the late eighties a methodology called SODA (Strategic Options Development and Analysis) that use cognitive maps has been developed. The use of cognitive maps in formulation of IS strategy has been described by de Salas, Marshall and Young (2007). Authors describe the process: "*Specifically, a set of interviews is carried out with the senior management team. These interviews are focused on the business environment of the organization, the strategic goals and business strategy. From this process, the management team is facilitated to identify the type of information systems required to enable and support the business strategy. Cognitive maps are prepared for each of the interviews, and then validated with each of the managers concerned. These individual cognitive maps are then merged by the researcher and are used in a facilitated group session with the senior management team to negotiate a shared understanding and shared agreement on the strategic goals and the supporting information systems. Cognitive mapping as a support tool for IS strategy is issues and problem focused*" (de Salas, Marshall and Young, 2007).

### 5.3 Managerial response to ambiguity in organizational identities and its effects on effectiveness of sensemaking

Causal maps can be used to represent general patterns that help sensemaking and influence the behavior of people and their decisions. The organizational identity can be considered as one of this patterns and it provide a guideline for decisions within an organization. Therefore, according to Weick approach, the effectiveness of sensemaking is linked to the degree of similarity among cognitive maps that represents the strategy elaborated by management and the average map resulting from an aggregation of individual maps. An acquisition causes ambiguity among people and improves plurality of identities. A managerial response to this plurality and ambiguity about identity will be effective only if it has effects on people perception. Therefore can be interesting address the following question:

*How a managerial response to ambiguity of multiple identities generated after an M&A can influence the effectiveness of sensemaking process?*

According to Weick, sensemaking is a continuous social process that allows to members to reduce environmental ambiguity. This approach consider sensemaking as a process without a single solution but as a process that bring people to share common point on their individual cognitive maps. Therefore, the effectiveness of sensemaking can be measured comparing cognitive maps and elaborating a degree of similarity. An acquisition is a source of ambiguity for organizational identities. People perception of new reality will be different if communication and behavior of management will not be clear and coherent. The managerial response must at the same time, reduce difference among cognitive maps of people and make the “average map” of people closer to the strategy cognitive map. On these bases is possible to formulate the following proposition:

*After an M&A, a managerial response that clarifies organizational identity perception, enhancing weaker relationships, improves the effectiveness of sensemaking process reducing the ambiguity in multiple identities.*

This proposition can be verified in a case study in banking industry applying a methodology based on cognitive maps. Maps can be used in order to:

- measure and describe the level of effectiveness of sensemaking;
- measure and describe the level of comprehension of corporate strategy.

### 5.4 Methodology

The idiosyncratic nature of organizational identity requires the choice of a case study methodology in order to answer to the research question of this section.

The methodology is articulated in three phases: data collection (interviews to people), cognitive maps drawing, and measurement of network index. Each phase has been duplicated in order to underline differences between what happened before and after the acquisition.

*Data collection (interviews to people and secondary data)*

The number of interviewed people has not a statistical meaning because the aim of this section is to test the use of cognitive maps as representation of sensemaking. I collected 32 interviews from people that have different roles and responsibilities within the bank. Each person has been interviewed about the identity of BNL before the acquisition and about the new identity after the acquisition. The strategy map has been built from the analysis of secondary data from press, internal documents or bank web site.

*Cognitive maps drawing*

In order to draw maps, I extracted concepts from the narratives to point the nodes of network. Then, if these concepts were described as linked among them by cause-effect relationships, I drew an arrow to represent them. I used a software (C-MAP) that allows to map cognitive map and to elaborate differences between a couple of maps. It allows also building map in file sharing modality. This could be a good tool for using cognitive maps in order to facilitate sensemaking process.

*Measurement of network index*

Each cognitive map is made of concepts and relationships among them. In order to measure how the maps are different I follow the criteria used by Weick in the paper about the Utrecht Orchestra.

I followed these steps:

- from each map I elaborated a table  $n \times n$  where concepts are in the rows and in the columns;
- each relationship between two concepts produce a value 1 on the box matching the row of the first concept and the column of the other or 0 (zero) if no relationship was mentioned;
- for each concept I elaborated the in-degree index (how many concepts were indicated as cause of it) and the out-degree index (how many concepts were indicated as effect of it);
- for each couple of maps I elaborated the differences as addition of differences between each in-degree and out-degree;
- drawing the networks of interviewed people (a network before acquisition and a network after acquisition) the value of differences gives the degree of closeness between maps;
- networks' density give a measure of how maps are similar and this measure is used as a proxy of sensemaking effectiveness;
- drawing of "average map" of people after the acquisition;
- drawing of "strategy map";
- measurement of similarity degree between the "average map" of people and strategy map.

## 5.5 Research context

BNP Paribas ([www.bnpparibas.com](http://www.bnpparibas.com)) is a European leader in banking and financial services worldwide and one of the five strongest banks in the world according to Standard & Poor's. The group is present in over 85 countries with 155,000 employees, including 123,000 in Europe. Holds key positions in three major areas of activity: Corporate and Investment Banking, Asset Management & Services and Retail Banking. Present throughout Europe in all its activities, France and Italy are its two domestic markets for Retail Banking. BNP Paribas also has a significant presence in the United States and strong positions in Asia and emerging countries. The acquisition of BNL represented a decisive step in the path of international development of BNP Paribas for which Italy is a second home market with new and significant growth prospects.

BNL was founded in 1913, is a leading Italian banking group and the most famous brand in Italy. BNL, with approximately 900 stores in Italy, offers a wide range of products and services from more traditional to more innovative to meet the diverse needs of its customers (individuals and families, businesses and public administration).

From the eighties, BNL story becomes dense difficulties with acceleration in recent years before the acquisition. There are many events that swing the fortunes of BNL, the boom in stock until the misadventure in Atlanta. On August 4, 1989 the FBI raided the home of Atlanta's Banca Nazionale del Lavoro and brings to light an overdraft of more than two thousand million dollars paid to defense industries to provide weapons to Iraq during Saddam Hussein's war against Iran, number one enemy of the United States.

The 1997 budget closed with losses of 2.865 billion. At that point, while managers cutted 6,000 redundancies among the staff to reduce the deficit, BNL bought Banco di Napoli. On 11 June 1997, the Treasury Minister Carlo Azeglio Ciampi signs the contract with which it is sold for just 61 billion of 60 percent of the capital to Naples Tour consortium INA-BNL. In late nineties, the San Paolo di Torino disburses 3.000 billion lire to buy the package of Bank of Naples from Banca Nazionale del Lavoro.

On May 2 in 2000, BNL paid dividends to its shareholders (114 pounds per ordinary share and 154 per share savings) through the 1999 budget that had seen the realization of "significant gains, including primarily for participation in the Banco di Napoli".

At that time, was among the shareholders, with a share of 14.72 per cent, Banco Bilbao y Vizcaya Argentaria (BBVA), which is the second Spanish bank and the ninth in Europe. The same bank that five years later, in December 2005, is leading a new climbing to the National Labour: a story over the center of investigations by the judiciary for the involvement of Unipol and which claimed the highest chair of Via Nazionale, Antonio Fazio. The facts date back to 2005, a year marked by a tough battle, with several twists. These are the stages of a lost game, at least for most of the protagonists of the time.

On 29 April 2004: shareholders signed an agreement (BBVA, Generali and Diego Della Valle).

On March 18, 2005: Banco Bilbao announced an ops of about 6.5 billion on 100% of Via Veneto.

On April 13 2005: Consob approved publication of offer document of BBVA on BNL.

On May 13: Green light from Bankitalia to OPS of BBVA.

On May 16: Unipol announced to exceed 5% and up to the threshold of 10% in BNL.

On May 21: The list led by BBVA with 48.21% of votes in the assembly gets eight councilors.

On July 1: UNIPOL asks Bankitalia green light up to 15% and announced that it had options for up to 14.92%.

On July 7: Giovanni Consorte is participating for the first time at an official meeting of Contropatto led by Francesco Gaetano Caltagirone. After the rumors, is the first formal act of a negotiation in progress.

On July 15: Go ahead Bankitalia up to 30% for BBVA to 15% for Unipol. The Spanish are threatening legal action if Unipol will not launch a counter-takeover bid.

On July 17: New Consorte-Contropatto meeting.

On July 18: Unipol announced the mandatory takeover bid for BNL to 2.7 euros. The contropatto melts and sells shares to insurance company and its allies.

On July 22: The BBVA prepares to join the Offer Unipol realizing a gain of 520 million.

On 13 September: Green light Consob publication of the prospectus.

On December 15: Consorte is under investigation in Rome.

On December 16: news about suspects about Governor Antonio Fazio.

On December 19: The Governor of the Bank of Italy, now involved the investigation and under pressure unanimous of Italian Parliament, resigned. Even Ivano Sacchetti, vice of Consorte, is under investigation.

On December 28: Even Consorte is forced to leave office by Unipol.

On January 10, 2006: The Bank of Italy blocked the bid by Unipol.

On February 3, 2006: BNP Paribas buys 48% of BNL by Unipol and its associates and subsequently launched a takeover bid. Following the conclusion of a takeover offer by BNP Paribas, BNL became part of a larger international group, considered one of the strongest in the world according to Standard & Poor's (AA December 31, 2008). On September 20, 2007, effective on Oct. 1, was signed in Rome the act of placing the Italian operations of BNL in the field of "commercial bank" - retail, private and corporate - in favor of a subsidiary 100%, the which together will be renamed "Banca Nazionale del Lavoro SpA. The contribution also includes bonds issued by BNL and listed on the Bond Electronic Market. On September 25, 2007 was subsequently signed the act of merger of BNL BNP Paribas, which will always have effect from 1 October 2007, at a time immediately following with respect to contribution. With the implementation of the transfer and merger is completed so the announced plan of reorganization and integration of activities with those of BNL by BNP Paribas. With a view to simplifying the structure and organization of the activities of BNP Paribas in Italy and in countries where BNL and BNP Paribas are present, the activities of BNL through its foreign branches in New York, London, Madrid and Hong Kong have been allocated directly to BNP Paribas. Some holdings, including those held in asset management companies, leasing companies in Locafit and BNL Vita, are directly held by BNP Paribas.

Successful integration is now visible both in retail market (with the renewal and expansion of the range products) and in corporate front (starting from birth to five Trade Center in some of the main Italian cities and the opening of the Italian desk in France and some countries of the Mediterranean basin to support Italian firms in their internationalization process).

## 5.6 Findings

Results of data analysis cannot be representative of a large organization as BNL because of the small number of interviewed people. Nevertheless, there is a “convergence” among people’s perceptions. It makes possible an interpretation of the effects of this acquisition on organizational identity. Evidence from this case demonstrates that the managerial response to ambiguity generated after acquisition was a success, even if, in a so large organization, differences between commercial people and staff employees are possible.

The sensemaking effectiveness shows an improvement (from 93,5% to 93,8%) and, at the same time, people comprehension and interiorization of strategy is high (91,2%).

In the following paragraphs, I describe and analyze data in order to provide an interpretation of results.

### 5.6.1 Before the acquisition

The maps built from the interviews consist of relationships among 10 nodes that are concepts used by people to describe the organizational identity of the bank before the acquisition. These nodes are the following:

- A bank owned by the State
- Marketing weakness
- No external benchmark / Captive market
- Bureaucratic
- Low motivation / low pressure
- Bureaucratic approach to IS
- Union strangeness
- Large but not focused training
- A static, old organization
- A Corporate bank / large competences

Each people used different words and gave not exactly the same meaning. Nevertheless, it is possible to clarify the general meaning that these concepts.

#### *A bank owned by the State*

BNL was owned by the State and therefore was influenced by politics. People made differences between the period before privatization and after it. After privatization, people perceived ambiguity and confusion.

#### *Marketing weakness*

BNL was focused on present customer more than on prospects. Therefore attention to marketing and communication were low.

### *No external benchmark / Captive market*

A bank owned by the State had large benefit in order to achieve important corporate customer (for instance movie industry). Therefore, managers were proud of sales and paid low attention to compare their results with other banks.

### *Bureaucratic*

Bureaucracy was a consequence of a statal environment where procedures were more important than objectives.

### *Low motivation / low pressure*

This point is not so clear. Low pressure was a consequence of captive market. Anyway, some people link low pressure with low motivation; others link it with a favorable condition for working.

### *Bureaucratic approach to IS*

IS were designed for accounting more than for supporting business.

### *Union strength*

Unions had an important role in HR management negotiations.

### *Large but not focused training*

Attention was paid to training but in a not focused way. These courses had high-level teachers but used bureaucratic criteria for enrolling people.

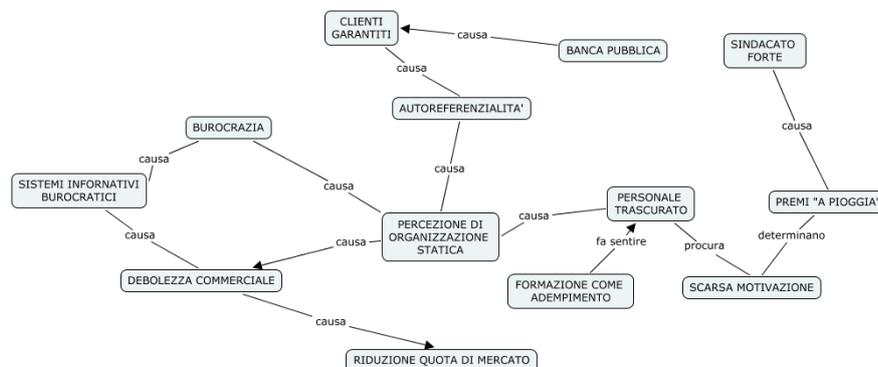
### *A static, old organization*

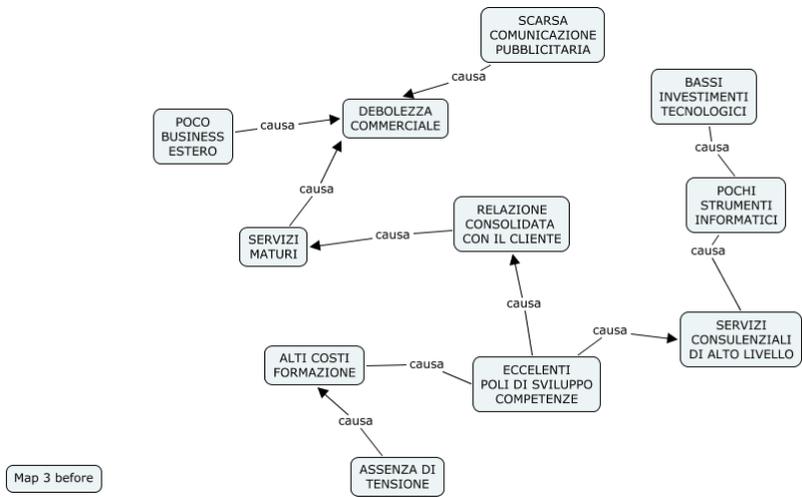
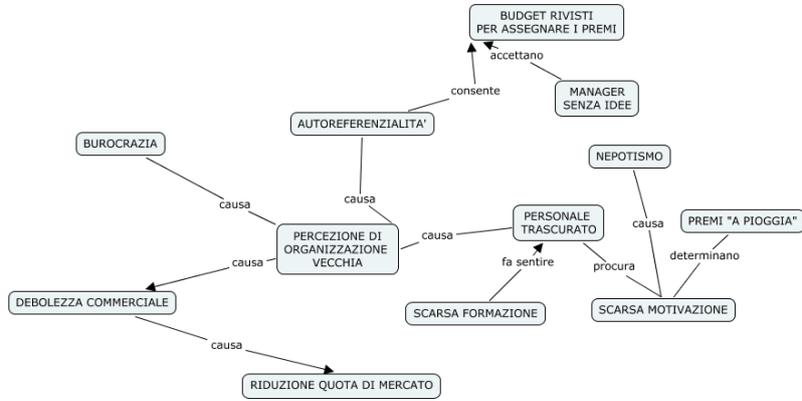
These conditions consolidated a static situation that someone called "old".

### *A Corporate bank / large competences*

BNL was organized as a complete bank with all corporate services well structured (sometimes overstaffed).

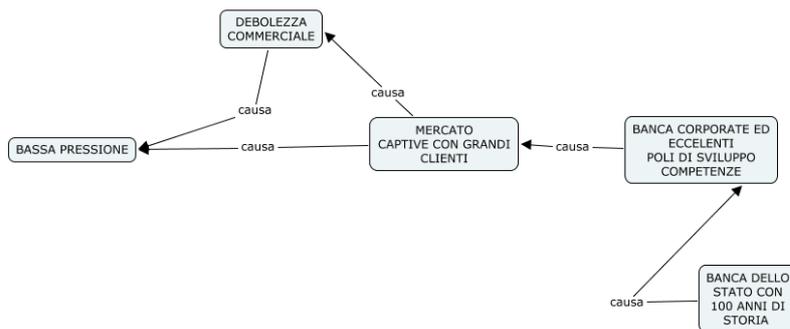
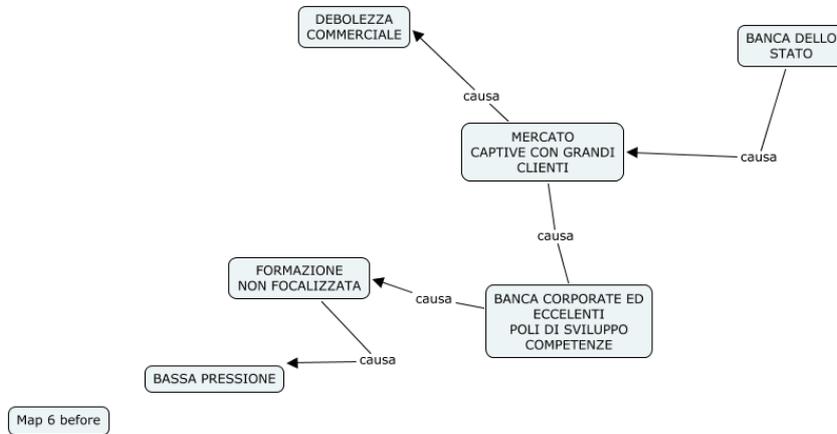
## 5.6.1.1 Individual cognitive maps





Map 3 before





### 5.6.1.2 Tables of indegree and outdegree index

Concepts expressed by people with different words but with the same meaning have been grouped in wider words. Each relationship between two concepts produce a value 1 on the box matching the row of the first concept and the column of the other or 0 (zero) if no relationship was mentioned.

For each concept, I elaborated the in-degree index (how many concepts were indicated as cause of it) and the out-degree index (how many concepts were indicated as effect of it).

## INDIVIDUAL MAPS Before acquisition

	A bank owned by the State	Marketing weakness	No external benchmark / Captive market	Bureaucratic	Low motivation / low pressure	Bureaucratic approach to IS	Union strengthness	Large but not focused training	A static, old organization	A Corporate bank / large competences	INDEGREE
SOGG1											
A bank owned by the State											0
Marketing weakness											0
No external benchmark / Captive market	1										1
Bureaucratic						1					1
Low motivation / low pressure							1	1			2
Bureaucratic approach to IS			1								1
Union strengthness											0
Large but not focused training											0
A static, old organization			1	1							2
A Corporate bank / large competences											0
OUTGEDREE	1	1	1	1	0	1	1	1	0	0	

## INDIVIDUAL MAPS Before acquisition

	A bank owned by the State	Marketing weakness	No external benchmark / Captive market	Bureaucratic	Low motivation / low pressure	Bureaucratic approach to IS	Union strengthness	Large but not focused training	A static, old organization	A Corporate bank / large competences	INDEGREE
SOGG2											
A bank owned by the State											0
Marketing weakness											0
No external benchmark / Captive market											0
Bureaucratic											0
Low motivation / low pressure								1	1		2
Bureaucratic approach to IS											0
Union strengthness											0
Large but not focused training										1	1
A static, old organization			1	1	1						3
A Corporate bank / large competences			1								1
OUTGEDREE	0	0	2	1	1	0	0	1	1	1	

## INDIVIDUAL MAPS Before acquisition

	A bank owned by the State	Marketing weakness	No external benchmark / Captive market	Bureaucratic	Low motivation / low pressure	Bureaucratic approach to IS	Union strengthness	Large but not focused training	A static, old organization	A Corporate bank / large competences	INDEGREE
SOGG3											
A bank owned by the State											0
Marketing weakness			1								1
No external benchmark / Captive market						1		1			2
Bureaucratic											0
Low motivation / low pressure											0
Bureaucratic approach to IS											0
Union strengthness											0
Large but not focused training								1		1	2
A static, old organization											0
A Corporate bank / large competences			1								1
OUTGEDREE	0	0	2	0	0	1	0	2	0	1	

## INDIVIDUAL MAPS Before acquisition

	A bank owned by the State	Marketing weakness	No external benchmark / Bureaucratic	Low motivation / low pressure	Bureaucratic approach to IS	Union strengthness	Large but not focused training	A static, old organization	A Corporate bank / large competences	INDEGREE
SOGG4										
A bank owned by the State										0
Marketing weakness			1		1					2
No external benchmark / Captive market			1				1			2
Bureaucratic								1		1
Low motivation / low pressure						1		1		2
Bureaucratic approach to IS										0
Union strengthness										0
Large but not focused training				1						1
A static, old organization										0
A Corporate bank / large competences		1								1
OUTGEDREE	0	1	0	2	1	1	1	2	0	

## INDIVIDUAL MAPS Before acquisition

	A bank owned by the State	Marketing weakness	No external benchmark / Bureaucratic	Low motivation / low pressure	Bureaucratic approach to IS	Union strengthness	Large but not focused training	A static, old organization	A Corporate bank / large	INDEGREE
SOGG5										
A bank owned by the State										0
Marketing weakness			1							1
No external benchmark / Captive market	1									1
Bureaucratic										0
Low motivation / low pressure			1				1			2
Bureaucratic approach to IS			1							1
Union strengthness										0
Large but not focused training									1	1
A static, old organization										0
A Corporate bank / large competences			1							1
OUTGEDREE	1	0	4	0	0	0	1	0	1	

## INDIVIDUAL MAPS Before acquisition

	A bank owned by the State	Marketing weakness	No external benchmark / Bureaucratic	Low motivation / low pressure	Bureaucratic approach to IS	Union strengthness	Large but not focused training	A static, old organization	A Corporate bank / large	INDEGREE
SOGG6										
A bank owned by the State										0
Marketing weakness			1							1
No external benchmark / Captive market	1									1
Bureaucratic										0
Low motivation / low pressure			1				1			2
Bureaucratic approach to IS										0
Union strengthness										0
Large but not focused training									1	1
A static, old organization										0
A Corporate bank / large competences			1							1
OUTGEDREE	1	0	3	0	0	0	1	0	1	

## INDIVIDUAL MAPS Before acquisition

	A bank owned by the State	Marketing weakness	No external benchmark / Captive market	Bureaucratic	Low motivation / low pressure	Bureaucratic approach to IS	Union strengthness	Large but not focused training	A static, old organization	A Corporate bank / large competences	INDEGREE
SOGG7											0
A bank owned by the State											1
Marketing weakness			1								1
No external benchmark / Captive market										1	1
Bureaucratic											0
Low motivation / low pressure		1	1								2
Bureaucratic approach to IS											0
Union strengthness											0
Large but not focused training											0
A static, old organization											0
A Corporate bank / large competences	1										1
OUTGDREE	1	1	2	0	0	0	0	0	0	1	

## INDIVIDUAL MAPS Before acquisition

	A bank owned by the State	Marketing weakness	No external benchmark / Captive market	Bureaucratic	Low motivation / low pressure	Bureaucratic approach to IS	Union strengthness	Large but not focused training	A static, old organization	A Corporate bank / large competences	INDEGREE
SOGG8											1
A bank owned by the State						1					0
Marketing weakness											1
No external benchmark / Captive market	1										1
Bureaucratic						1					1
Low motivation / low pressure							1	1			2
Bureaucratic approach to IS		1									1
Union strengthness											0
Large but not focused training											0
A static, old organization			1	1							2
A Corporate bank / large competences											0
OUTGDREE	1	1	1	1	0	2	1	1	0	0	

## INDIVIDUAL MAPS Before acquisition

	A bank owned by the State	Marketing weakness	No external benchmark / Captive market	Bureaucratic	Low motivation / low pressure	Bureaucratic approach to IS	Union strengthness	Large but not focused training	A static, old organization	A Corporate bank / large competences	INDEGREE
SOGG9											0
A bank owned by the State											1
Marketing weakness	1										0
No external benchmark / Captive market											0
Bureaucratic											0
Low motivation / low pressure	1							1	1		3
Bureaucratic approach to IS											0
Union strengthness											0
Large but not focused training										1	1
A static, old organization			1	1	1						3
A Corporate bank / large competences			1								1
OUTGDREE	2	0	2	1	1	0	0	1	1	1	

## INDIVIDUAL MAPS Before acquisition

	A bank owned by the State	Marketing weakness	No external benchmark / Captive market	Bureaucratic	Low motivation / low pressure	Bureaucratic approach to IS	Union strengthness	Large but not focused training	A static, old organization	A Corporate bank / large competences	INDEGREE
SOGG10											
A bank owned by the State											0
Marketing weakness	1		1								2
No external benchmark / Captive market						1		1			2
Bureaucratic											0
Low motivation / low pressure	1										1
Bureaucratic approach to IS											0
Union strengthness											0
Large but not focused training								1		1	2
A static, old organization											0
A Corporate bank / large competences			1								1
OUTGEDREE	2	0	2	0	0	1	0	2	0	1	

## INDIVIDUAL MAPS Before acquisition

	A bank owned by the State	Marketing weakness	No external benchmark / Captive market	Bureaucratic	Low motivation / low pressure	Bureaucratic approach to IS	Union strengthness	Large but not focused training	A static, old organization	A Corporate bank / large competences	INDEGREE
SOGG11											
A bank owned by the State											0
Marketing weakness	1			1		1					3
No external benchmark / Captive market				1				1			2
Bureaucratic									1		1
Low motivation / low pressure							1		1		2
Bureaucratic approach to IS											0
Union strengthness											0
Large but not focused training					1						1
A static, old organization											0
A Corporate bank / large competences			1								1
OUTGEDREE	1	1	0	2	1	1	1	1	2	0	

## INDIVIDUAL MAPS Before acquisition

	A bank owned by the State	Marketing weakness	No external benchmark / Captive market	Bureaucratic	Low motivation / low pressure	Bureaucratic approach to IS	Union strengthness	Large but not focused training	A static, old organization	A Corporate bank / large competences	INDEGREE
SOGG12											
A bank owned by the State											0
Marketing weakness			1								1
No external benchmark / Captive market	1										1
Bureaucratic											0
Low motivation / low pressure	1		1					1			3
Bureaucratic approach to IS			1								1
Union strengthness											0
Large but not focused training										1	1
A static, old organization											0
A Corporate bank / large competences			1								1
OUTGEDREE	2	0	4	0	0	0	0	1	0	1	

## INDIVIDUAL MAPS Before acquisition

	A bank owned by the State	Marketing weakness	No external benchmark / Captive	Bureaucratic	Low motivation / low pressure	Bureaucratic approach to IS	Union strengthness	Large but not focused training	A static, old organization	A Corporate bank / large competences	INDEGREE
SOGG13											
A bank owned by the State											0
Marketing weakness			1								1
No external benchmark / Captive market	1										1
Bureaucratic											0
Low motivation / low pressure		1	1					1			3
Bureaucratic approach to IS											0
Union strengthness											0
Large but not focused training										1	1
A static, old organization											0
A Corporate bank / large competences			1								1
OUTGDREE	1	1	3	0	0	0	0	1	0	1	

## INDIVIDUAL MAPS Before acquisition

	A bank owned by the State	Marketing weakness	No external benchmark /	Bureaucratic	Low motivation / low pressure	Bureaucratic approach to IS	Union strengthness	Large but not focused training	A static, old organization	A Corporate bank / large competences	INDEGREE
SOGG14											
A bank owned by the State											0
Marketing weakness	1		1								2
No external benchmark / Captive market										1	1
Bureaucratic											0
Low motivation / low pressure		1	1								2
Bureaucratic approach to IS											0
Union strengthness											0
Large but not focused training											0
A static, old organization											0
A Corporate bank / large competences	1										1
OUTGDREE	2	1	2	0	0	0	0	0	0	1	

## INDIVIDUAL MAPS Before acquisition

	A bank owned by the State	Marketing weakness	No external benchmark / Captive	Bureaucratic	Low motivation / low pressure	Bureaucratic approach to IS	Union strengthness	Large but not focused training	A static, old organization	A Corporate bank / large competences	INDEGREE
SOGG15											
A bank owned by the State											0
Marketing weakness	1		1								2
No external benchmark / Captive market	1										1
Bureaucratic											0
Low motivation / low pressure			1					1			2
Bureaucratic approach to IS											0
Union strengthness											0
Large but not focused training										1	1
A static, old organization											0
A Corporate bank / large competences			1								1
OUTGDREE	2	0	3	0	0	0	0	1	0	1	

INDIVIDUAL MAPS Before acquisition

	A bank owned by the State	Marketing weakness	No external benchmark / Captive market	Bureaucratic	Low motivation / low pressure	Bureaucratic approach to IS	Union strengthness	Large but not focused training	A static, old organization	A Corporate bank / large competences	INDEGREE
SOGG16											
A bank owned by the State					1						1
Marketing weakness			1								1
No external benchmark / Captive market										1	1
Bureaucratic											0
Low motivation / low pressure		1	1								2
Bureaucratic approach to IS											0
Union strengthness											0
Large but not focused training											0
A static, old organization											0
A Corporate bank / large competences	1										1
OUTGEDREE	1	1	2	1	0	0	0	0	0	1	

### 5.6.1.3 Differences among maps

The differences come from the addition of differences between each in-degree and out-degree for each concept. The value of this difference is in a range between a maximum of 180 (difference between a map with no relationships and a map with all relationships flagged in 9 rows and 9 columns times 10 concepts) and 0.

DIFFERENCES

	MEMBER1	MEMBER2	MEMBER3	MEMBER4	MEMBER5	MEMBER6	MEMBER7	MEMBER8	MEMBER9	MEMBER10	MEMBER11	MEMBER12	MEMBER13	MEMBER14	MEMBER15
MEMBER1															
MEMBER2	14														
MEMBER3	18	14													
MEMBER4	14	16	16												
MEMBER5	14	12	10	18											
MEMBER6	14	10	8	16	2										
MEMBER7	12	12	10	16	6	4									
MEMBER8	2	16	20	16	16	16	14								
MEMBER9	16	4	16	18	12	10	12	18							
MEMBER10	18	16	4	16	10	8	10	20	14						
MEMBER11	14	18	18	2	18	16	16	16	18	16					
MEMBER12	16	14	12	20	2	4	8	18	10	10	20				
MEMBER13	14	12	10	16	4	2	4	16	10	10	16	4			
MEMBER14	14	14	12	16	8	6	2	16	12	8	16	8	6		
MEMBER15	16	12	10	16	4	2	6	18	10	6	18	4	4	4	
MEMBER16	12	12	12	16	8	6	2	12	12	12	16	10	6	4	8

### 5.6.1.4 Networks among people and its density

All People are linked with others by a relationship. The intensity of these relationships is calculated as percent of deference taken from the table above on the maximum value (180).

Network or global-level density is defined as the proportion of ties in a network relative to the total number possible (sparse versus dense networks). It is possible

to estimate the density of this network as a proxy of effectiveness of sensemaking (where the maximum of effectiveness should give a density of 100% because all people have the same map). In this network I founded a high density (93,5%).

SIMILARITY INDEX: 93,5%

	MEMBER1	MEMBER2	MEMBER3	MEMBER4	MEMBER5	MEMBER6	MEMBER7	MEMBER8	MEMBER9	MEMBER10	MEMBER11	MEMBER12	MEMBER13	MEMBER14	MEMBER15
MEMBER1															
MEMBER2	92%														
MEMBER3	90%	92%													
MEMBER4	92%	91%	91%												
MEMBER5	92%	93%	94%	90%											
MEMBER6	92%	94%	96%	91%	99%										
MEMBER7	93%	93%	94%	91%	97%	98%									
MEMBER8	99%	91%	89%	91%	91%	91%	92%								
MEMBER9	91%	98%	91%	90%	93%	94%	93%	90%							
MEMBER10	90%	91%	98%	91%	94%	96%	94%	89%	92%						
MEMBER11	92%	90%	90%	99%	90%	91%	91%	91%	90%	91%					
MEMBER12	91%	92%	93%	89%	99%	98%	96%	90%	94%	94%	89%				
MEMBER13	92%	93%	94%	91%	98%	99%	98%	91%	94%	94%	91%	98%			
MEMBER14	92%	92%	93%	91%	96%	97%	99%	91%	93%	96%	91%	96%	97%		
MEMBER15	91%	93%	94%	91%	98%	99%	97%	90%	94%	97%	90%	98%	98%	98%	
MEMBER16	93%	93%	93%	91%	96%	97%	99%	93%	93%	93%	91%	94%	97%	98%	96%

## 5.6.2 After the acquisition

The same methodology used for mapping the identity pre-acquisition has been used for the maps referred to the post acquisition situation built from the interviews. They consist of 10 nodes that are concepts used by people to describe the organizational identity of the bank before the acquisition. These nodes are the following:

- Change towards a "commercial" bank
- Focused training
- Downsizing staff department
- More pressure on commercial objectives
- Attention to internal communication
- Promotion investments
- IT investments
- Less power to Unions
- Empowerment of managers
- No more captive markets

Each node has a meaning that can be explained in the following way.

### *No more captive markets*

BNL lost its advantage that came from the statal ownership and it is now into competitive market.

### *Change towards a "commercial" bank*

A compensation of that lost market must come from a stronger commercial capacity.

### *Focused training*

Training has been reduced as volume, but focused on key people. Attention has been paid to communication skills at any level.

### *Downsizing staff department*

BNP has central services in its headquarter in France. So, many central services have been closed or reduced.

### *More pressure on commercial objectives*

In order to transform BNL in a bank with market orientation, people received more pressure.

### *Attention to internal communication*

Communication is a central point in BNP strategy. Managers “put their faces” and they are transparent in communication.

*Promotion investments*

Commercial effort has been supported with high and structured investments in promotion.

*IT investments*

IT investment improved in order to support the standardization of operation and the effectiveness of commercial agents.

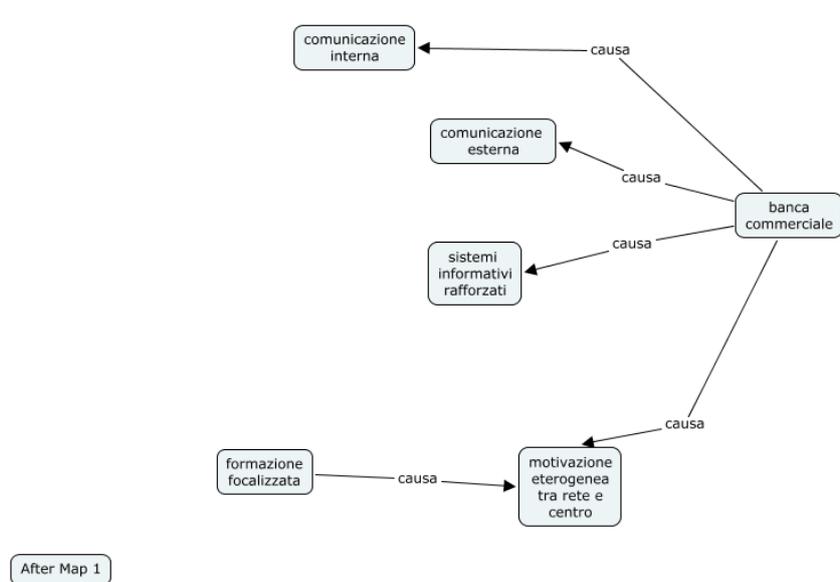
*Less power to Unions*

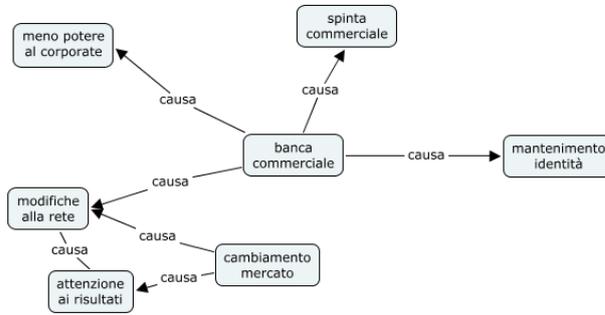
The role of Unions are now more limited.

*Empowerment of managers*

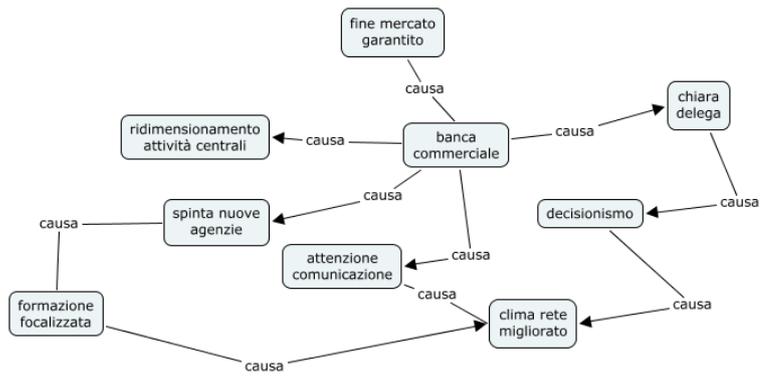
“Now managers decide” said an interviewed employee. The real ambiguity was in the period between the first privatization and this acquisition.

### 5.6.2.1 Individual cognitive maps

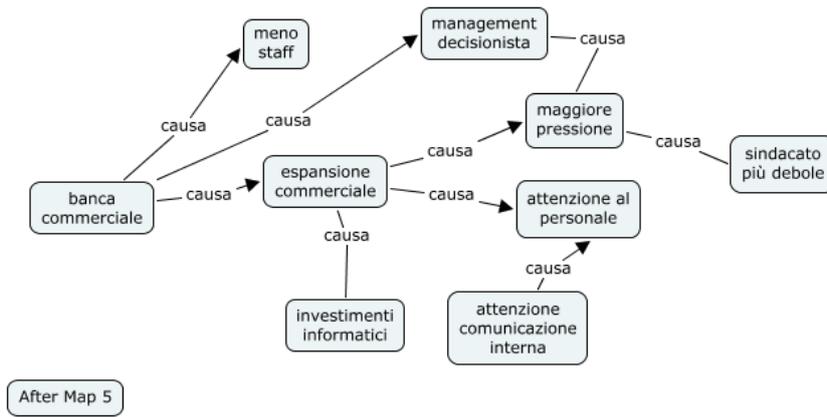
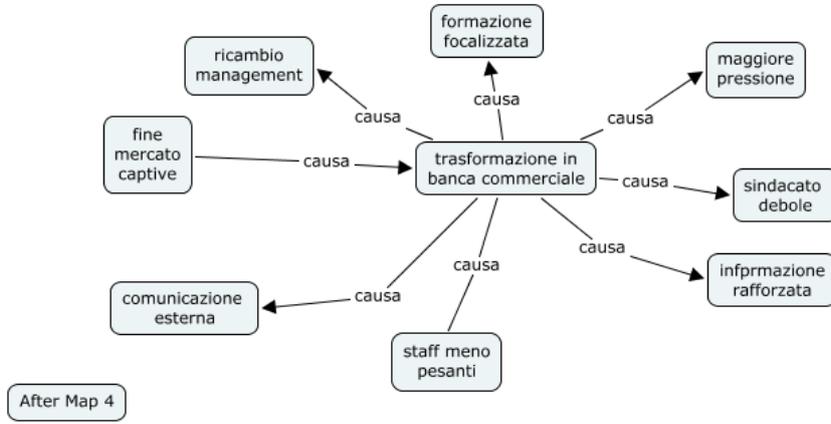


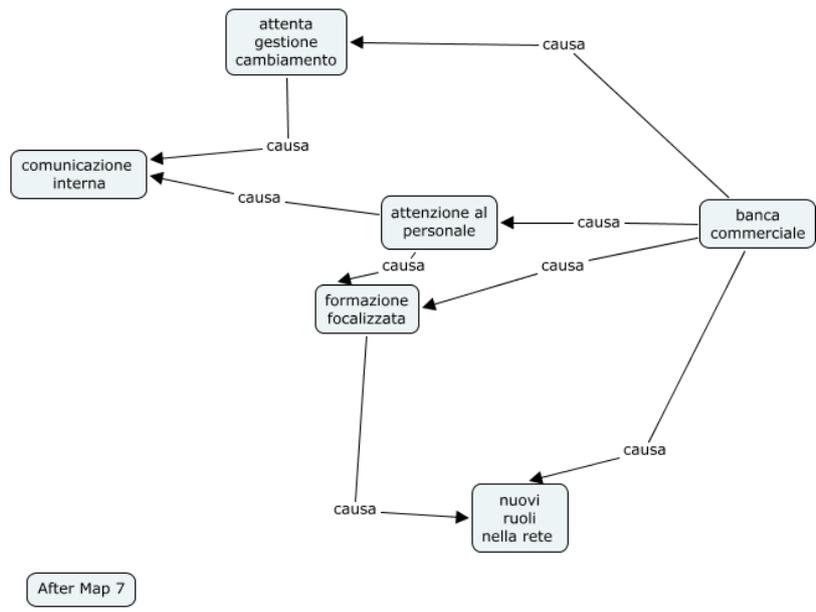
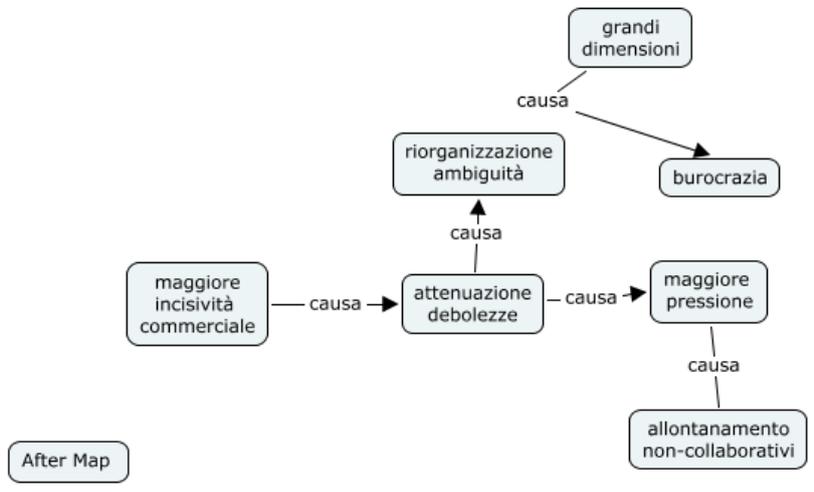


After Map 2



After Map 3





### 5.6.2.2 Tables of indegree and outdegree index

Each relationship between two concepts produce a value 1 on the box matching the row of the first concept and the column of the other or 0 (zero) if no relationship was mentioned.

For each concept, I elaborated the in-degree index (how many concepts were indicated as cause of it) and the out-degree index (how many concepts were indicated as effect of it).

INDIVIDUAL MAPS Before acquisition

	Change towards a "commercial" bank	Focused training	Downsizing staff department	More pressure on commercial	Attention to internal communication	Promotion investments	IT investments	Less power to Unions	Empowerment of managers	No more captive markets	INDEGREE
SDGG1SV											
Change towards a "commercial" bank										1	1
Focused training											0
Downsizing staff department	1										1
More pressure on commercial objectives			1								1
Attention to internal communication											0
Promotion investments											0
IT investments											0
Less power to Unions											0
Empowerment of managers											0
No more captive markets											0
OUTGEDREE	1	0	1	0	0	0	0	0	0	1	

INDIVIDUAL MAPS Before acquisition

	Change towards a "commercial" bank	Focused training	Downsizing staff department	More pressure on commercial	Attention to internal	Promotion investments	IT investments	Less power to Unions	Empowerment of managers	No more captive markets	INDEGREE
SDGG2FR											
Change towards a "commercial" bank										1	1
Focused training	1										1
Downsizing staff department											0
More pressure on commercial objectives	1	1									2
Attention to internal communication											0
Promotion investments	1										1
IT investments	1										1
Less power to Unions											0
Empowerment of managers											0
No more captive markets											0
OUTGEDREE	4	1	0	0	0	0	0	0	0	1	

INDIVIDUAL MAPS Before acquisition

	Change towards a "commercial" bank	Focused training	Downsizing staff department	More pressure on commercial	Attention to internal	Promotion investments	IT investments	Less power to Unions	Empowerment of managers	No more captive markets	INDEGREE
SDGG3GF											
Change towards a "commercial" bank											0
Focused training											0
Downsizing staff department	1										1
More pressure on commercial objectives	1				1			1	1		4
Attention to internal communication											0
Promotion investments											0
IT investments	1										1
Less power to Unions				1							1
Empowerment of managers	1										1
No more captive markets											0
OUTGEDREE	4	0	0	1	1	0	0	1	1	0	

## INDIVIDUAL MAPS Before acquisition

	Change towards a "commercial"	Focused training	Downsizing staff department	More pressure on commercial	Attention to internal	Promotion investments	IT investments	Less power to Unions	Empowerment of managers	No more captive markets	INDEGREE
SOGG4 SB											
Change towards a "commercial" bank										1	1
Focused training	1				1						2
Downsizing staff department	1										1
More pressure on commercial objectives	1										1
Attention to internal communication	1										1
Promotion investments	1										1
IT investments	1										1
Less power to Unions											0
Empowerment of managers											0
No more captive markets											0
OUTGEDREE	6	0	0	0	1	0	0	0	0	1	

## INDIVIDUAL MAPS Before acquisition

	Change towards a "commercial"	Focused training	Downsizing staff department	More pressure on commercial	Attention to internal	Promotion investments	IT investments	Less power to Unions	Empowerment of managers	No more captive markets	INDEGREE
SOGG5 SS											
Change towards a "commercial" bank										1	1
Focused training	1										1
Downsizing staff department	1										1
More pressure on commercial objectives		1			1						2
Attention to internal communication	1										1
Promotion investments	1										1
IT investments											0
Less power to Unions											0
Empowerment of managers	1										1
No more captive markets											0
OUTGEDREE	5	1	0	0	1	0	0	0	0	1	

## INDIVIDUAL MAPS Before acquisition

	Change towards a "commercial"	Focused training	Downsizing staff department	More pressure on commercial	Attention to internal	Promotion investments	IT investments	Less power to Unions	Empowerment of managers	No more captive markets	INDEGREE
SOGG6 GL											
Change towards a "commercial" bank										1	1
Focused training	1										1
Downsizing staff department	1										1
More pressure on commercial objectives			1		1				1		3
Attention to internal communication	1										1
Promotion investments											0
IT investments	1										1
Less power to Unions											0
Empowerment of managers	1										1
No more captive markets											0
OUTGEDREE	5	0	1	0	1	0	0	0	1	1	

## INDIVIDUAL MAPS Before acquisition

	Change towards a "commercial" bank	Focused training	Downsizing staff department	More pressure on commercial objectives	Attention to internal communication	Promotion investments	IT investments	Less power to Unions	Empowerment of managers	No more captive markets	INDEGREE
SOGG7 FL											
Change towards a "commercial" bank										1	1
Focused training											0
Downsizing staff department	1										1
More pressure on commercial objectives	1									1	2
Attention to internal communication											0
Promotion investments											0
IT investments											0
Less power to Unions											0
Empowerment of managers											0
No more captive markets											0
OUTGEDFREE	2	0	0	0	0	0	0	0	0	0	2

## INDIVIDUAL MAPS Before acquisition

	Change towards a "commercial" bank	Focused training	Downsizing staff department	More pressure on commercial objectives	Attention to internal communication	Promotion investments	IT investments	Less power to Unions	Empowerment of managers	No more captive markets	INDEGREE
SOGG8											
Change towards a "commercial" bank	1									1	2
Focused training											0
Downsizing staff department	1										1
More pressure on commercial objectives			1								1
Attention to internal communication											0
Promotion investments											0
IT investments											0
Less power to Unions				1							1
Empowerment of managers											0
No more captive markets											0
OUTGEDFREE	2	0	1	1	0	0	0	0	0	1	

## INDIVIDUAL MAPS Before acquisition

	Change towards a "commercial" bank	Focused training	Downsizing staff department	More pressure on commercial objectives	Attention to internal communication	Promotion investments	IT investments	Less power to Unions	Empowerment of managers	No more captive markets	INDEGREE
SOGG9											
Change towards a "commercial" bank										1	1
Focused training	1										1
Downsizing staff department											0
More pressure on commercial objectives	1	1									2
Attention to internal communication											0
Promotion investments	1										1
IT investments	1										1
Less power to Unions				1							1
Empowerment of managers											0
No more captive markets											0
OUTGEDFREE	4	1	0	1	0	0	0	0	0	1	

INDIVIDUAL MAPS Before acquisition

	Change towards a "commercial" bank	Focused training	Downsizing staff department	More pressure on commercial	Attention to internal	Promotion investments	IT investments	Less power to Unions	Empowerment of managers	No more captive markets	INDEGREE
SOGG10											
Change towards a "commercial" bank											0
Focused training											0
Downsizing staff department	1										1
More pressure on commercial objectives	1				1	1		1	1		5
Attention to internal communication											0
Promotion investments											0
IT investments	1										1
Less power to Unions				1							1
Empowerment of managers	1										1
No more captive markets											0
OUTGEDREE	4	0	0	1	1	1	0	1	1	0	

INDIVIDUAL MAPS Before acquisition

	Change towards a "commercial" bank	Focused training	Downsizing staff department	More pressure on commercial	Attention to internal	Promotion investments	IT investments	Less power to Unions	Empowerment of managers	No more captive markets	INDEGREE
SOGG11											
Change towards a "commercial" bank										1	1
Focused training	1				1						2
Downsizing staff department	1										1
More pressure on commercial objectives	1										1
Attention to internal communication	1										1
Promotion investments	1					1					2
IT investments	1										1
Less power to Unions											0
Empowerment of managers											0
No more captive markets											0
OUTGEDREE	6	0	0	0	1	1	0	0	0	1	

INDIVIDUAL MAPS Before acquisition

	Change towards a "commercial" bank	Focused training	Downsizing staff department	More pressure on commercial	Attention to internal communication	Promotion investments	IT investments	Less power to Unions	Empowerment of managers	No more captive markets	INDEGREE
SOGG12											
Change towards a "commercial" bank										1	1
Focused training	1										1
Downsizing staff department	1										1
More pressure on commercial objectives		1			1	1					3
Attention to internal communication	1					1					2
Promotion investments	1										1
IT investments											0
Less power to Unions											0
Empowerment of managers	1										1
No more captive markets											0
OUTGEDREE	5	1	0	0	1	2	0	0	0	1	

## INDIVIDUAL MAPS Before acquisition

	Change towards a "commercial"	Focused training	Downsizing staff department	More pressure on commercial	Attention to internal	Promotion investments	IT investments	Less power to Unions	Empowerment of managers	No more captive markets	INDEGREE
<b>SOGG13</b>											
Change towards a "commercial" bank										1	<b>1</b>
Focused training	1										<b>1</b>
Downsizing staff department	1										<b>1</b>
More pressure on commercial objectives			1		1				1		<b>3</b>
Attention to internal communication	1										<b>1</b>
Promotion investments											<b>0</b>
IT investments	1										<b>1</b>
Less power to Unions				1							<b>1</b>
Empowerment of managers	1										<b>1</b>
No more captive markets											<b>0</b>
<b>OUTGEDREE</b>	<b>5</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	

## INDIVIDUAL MAPS Before acquisition

	Change towards a "commercial"	Focused training	Downsizing staff department	More pressure on commercial	Attention to internal	Promotion investments	IT investments	Less power to Unions	Empowerment of managers	No more captive markets	INDEGREE
<b>SOGG14</b>											
Change towards a "commercial" bank										1	<b>1</b>
Focused training											<b>0</b>
Downsizing staff department	1										<b>1</b>
More pressure on commercial objectives	1					1				1	<b>3</b>
Attention to internal communication											<b>0</b>
Promotion investments											<b>0</b>
IT investments											<b>0</b>
Less power to Unions				1							<b>1</b>
Empowerment of managers											<b>0</b>
No more captive markets											<b>0</b>
<b>OUTGEDREE</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	

## INDIVIDUAL MAPS Before acquisition

	Change towards a "commercial"	Focused training	Downsizing staff department	More pressure on commercial	Attention to internal	Promotion investments	IT investments	Less power to Unions	Empowerment of managers	No more captive markets	INDEGREE
<b>SOGG15</b>											
Change towards a "commercial" bank										1	<b>1</b>
Focused training											<b>0</b>
Downsizing staff department	1										<b>1</b>
More pressure on commercial objectives	1					1				1	<b>3</b>
Attention to internal communication		1									<b>1</b>
Promotion investments	1										<b>1</b>
IT investments											<b>0</b>
Less power to Unions											<b>0</b>
Empowerment of managers											<b>0</b>
No more captive markets											<b>0</b>
<b>OUTGEDREE</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	

## INDIVIDUAL MAPS Before acquisition

	Change towards a "commercial"	Focused training	Downsizing staff department	More pressure on commercial	Attention to internal	Promotion investments	IT investments	Less power to Unions	Empowerment of managers	No more captive markets	INDEGREE
SOGG16											
Change towards a "commercial" bank										1	1
Focused training											0
Downsizing staff department											0
More pressure on commercial objectives	1					1				1	3
Attention to internal communication	1										1
Promotion investments	1										1
IT investments											0
Less power to Unions											0
Empowerment of managers											0
No more captive markets											0
OUTDEGREE	3	0	0	0	0	1	0	0	0	2	

## 5.6.2.3 Differences among maps

The differences come from the addition of differences between each in-degree and out-degree for each concept. The value of this difference is in a range between a maximum of 180 (difference between a map with no relationships and a map with all relationships flagged in 9 rows and 9 columns times 10 concepts) and 0.

## DIFFERENCES

	MEMBER1	MEMBER2	MEMBER3	MEMBER4	MEMBER5	MEMBER6	MEMBER7	MEMBER8	MEMBER9	MEMBER10	MEMBER11	MEMBER12	MEMBER13	MEMBER14	MEMBER15
MEMBER1															
MEMBER2	10														
MEMBER3	16	14													
MEMBER4	12	8	16												
MEMBER5	12	6	14	6											
MEMBER6	12	10	10	8	6										
MEMBER7	4	8	14	12	10	12									
MEMBER8	4	12	14	14	14	14	6								
MEMBER9	12	2	12	10	8	12	10	10							
MEMBER10	18	16	2	18	16	12	16	16	14						
MEMBER11	14	10	18	2	8	10	14	16	12	18					
MEMBER12	16	10	16	10	4	8	14	18	12	16	10				
MEMBER13	14	12	8	10	8	2	14	12	10	10	12	10			
MEMBER14	8	12	12	16	14	14	4	6	10	12	16	14	12		
MEMBER15	10	8	16	12	8	12	6	12	10	16	12	8	14	14	
MEMBER16	10	8	16	12	10	12	6	12	10	16	12	10	14	6	2

### 5.6.2.4 Networks among people and its density

As in the previous paragraph, all People are linked with others by a relationship. The intensity of these relationships is calculated as percent of difference taken from the table above on the maximum value (180).

Network or global-level density is defined as the proportion of ties in a network relative to the total number possible (sparse versus dense networks). It is possible to estimate the density of this network as a proxy of effectiveness of sensemaking (where the maximum of effectiveness should give a density of 100% because all people have the same map). In this network I founded a high density (93,8%).

SIMILARITY INDEX: 93,8%

	MEMBER1	MEMBER2	MEMBER3	MEMBER4	MEMBER5	MEMBER6	MEMBER7	MEMBER8	MEMBER9	MEMBER10	MEMBER11	MEMBER12	MEMBER13	MEMBER14	MEMBER15
MEMBER1															
MEMBER2	94%														
MEMBER3	91%	92%													
MEMBER4	93%	96%	91%												
MEMBER5	93%	97%	92%	97%											
MEMBER6	93%	94%	94%	96%	97%										
MEMBER7	98%	96%	92%	93%	94%	93%									
MEMBER8	98%	93%	92%	92%	92%	92%	97%								
MEMBER9	93%	99%	93%	94%	96%	93%	94%	94%							
MEMBER10	90%	91%	99%	90%	91%	93%	91%	91%	92%						
MEMBER11	92%	94%	90%	99%	96%	94%	92%	91%	93%	90%					
MEMBER12	91%	94%	91%	94%	98%	96%	92%	90%	93%	91%	94%				
MEMBER13	92%	93%	96%	94%	96%	99%	92%	93%	94%	94%	93%	94%			
MEMBER14	96%	93%	93%	91%	92%	92%	98%	97%	94%	93%	91%	92%	93%		
MEMBER15	94%	96%	91%	93%	96%	93%	97%	93%	94%	91%	93%	96%	92%	97%	
MEMBER16	94%	96%	91%	93%	94%	93%	97%	93%	94%	91%	93%	94%	92%	97%	99%

### 5.6.3 Network density as a measure of effectiveness of sensemaking process: an interpretation of managerial response effects

Drawing the networks of interviewed people (a network before acquisition and a network after acquisition), the value of differences indicates the degree of similarity between each couple of maps. Density of networks among people before and after the acquisition, defined as the average of similarity degrees among couples of maps, can be used as a proxy of sensemaking effectiveness.

This measure of sensemaking effectiveness shows an improvement (from 93,5% to 93,8%). The interpretation of this result shows a complete reduction of ambiguity generated by the acquisition.

### 5.6.4 Map similarity index as a measure of the effectiveness of managerial response

Drawing the map of interviewed people perception after acquisition and a map that represent bank strategy, the degree of closeness between maps provide a proxy of how strategy has been correctly understood by people.

#### 5.6.4.1 Strategy map

The strategy map has been drawn from the analysis of secondary data (internal house organ, interviews, presentations, ...).

	Change towards a "commercial" bank	Focused training	Downsizing staff department	More pressure on commercial objectives	Attention to internal communication	Promotion investments	IT investments	Less power to Unions	Empowerment of managers	No more captive markets	A global bank	Value of BNL history	Indegree	
<b>Map of corporate strategy</b>														
Change towards a "commercial" bank	0	0	0	1	0	0	0	0	0	0	1	1	0	3,00
Focused training	0	0	0	0	0	0	0	0	0	0	0	0	0	-
Downsizing staff department	0	0	0	0	0	0	0	0	0	0	0	0	0	-
More pressure on commercial objectives	0	1	0	0	1	0	0	0	0	0	0	0	0	2,00
Attention to internal communication	1	0	0	0	0	0	0	0	0	0	0	0	1	2,00
Promotion investments	1	0	0	0	0	0	0	0	0	0	0	0	1	2,00
IT investments	0	0	0	0	0	0	0	0	0	0	0	0	0	-
Less power to Unions	0	0	0	0	0	0	0	0	0	0	0	0	0	-
Empowerment of managers	0	0	0	0	0	0	0	0	0	0	0	0	0	-
No more captive markets	0	0	0	0	0	0	0	0	0	0	0	0	0	-
A global bank	0	0	0	0	0	0	0	0	0	0	0	0	0	-
Value of BNL history	0	0	0	0	0	0	0	0	0	0	0	0	0	-
Outdegree	2,00	1,00	-	1,00	1,00	-	-	-	-	1,00	1,00	2,00		

### 5.6.4.2 An “average map” of people perception

Individual cognitive maps can become a collective cause map in three different ways: assemblage (Hall, 1984), composite (Eden et Al, 1981) and average (Bougon and Weick, 1977). Hall describes the case of five separate cause maps for five department of Saturday Evening Post. Maps were assembled among them because specific goals in one department became policy variables in others departments. So, a way to build collective structure can be “identifies common elements in diverse cause maps ...” (Weick, 2001). A composite causal map derives from teamwork in which people, starting from their own maps, work together to share a collective map (Eden et al., 1979). So, at the end, all people had the same map. The third form is the average map. As described above, it is presented by Bougon and Weick (1977), analyzing the case of Utrecht Jazz Orchestra. They asked to each of 19 members to assign causality relationships (zero, +1 or -1) and then generated a map based on the average (the algebraic mean) of answers. This map was different from each individual map but represent the most acceptable solution.

In this case study “average map” is built using the average of individual values. So, a value close to 1 means that many people indicated that relationship and a value close to 0 that few people indicated that relationship.

Average of people perception	Change towards a "commercial" bank	Focused training	Downsizing staff department	More pressure on commercial objectives	Attention to internal communication	Promotion investments	IT investments	Less power to Unions	Empowerment of managers	No more captive markets	A glocal bank	Value of BNL history	Indegree
Change towards a "commercial" bank	-	-	-	-	-	-	-	-	-	0,88	-	-	0,88
Focused training	0,50	-	-	-	0,13	-	-	-	-	-	-	-	0,63
Downsizing staff department	0,81	-	-	-	-	-	-	-	-	-	-	-	0,81
More pressure on commercial objectives	0,63	0,25	0,25	-	0,38	0,31	-	0,13	0,25	0,25	-	-	2,44
Attention to internal communication	0,44	0,06	-	-	-	0,06	-	-	-	-	-	-	0,56
Promotion investments	0,50	-	-	-	-	-	-	-	-	-	-	-	0,50
IT investments	0,50	-	-	-	-	-	-	-	-	-	-	-	0,50
Less power to Unions	-	-	-	0,38	-	-	-	-	-	-	-	-	0,38
Empowerment of managers	0,38	-	-	-	-	-	-	-	-	-	-	-	0,38
No more captive markets	-	-	-	-	-	-	-	-	-	-	-	-	-
A glocal bank	-	-	-	-	-	-	-	-	-	-	-	-	-
Value of BNL history	-	-	-	-	-	-	-	-	-	-	-	-	-
Outdegree	3,75	0,31	0,25	0,38	0,50	0,38	-	0,13	0,25	1,13	-	-	-

### 5.6.4.3 Similarity index as a measure of the effectiveness of managerial response

The similarity index is calculated as sum of differences (absolute values) of indegree and outdegree for each row and column. The resulting value is 91,2% (as percent of maximum value of differences) and gives the sense of a successful managerial strategy that took people towards the expected map.

	Differences	
	indegree	Outdegree
Average of people perception		
Change towards a "commercial" bank	2,13	1,75
Focused training	0,63	0,69
Downsizing staff department	0,81	0,25
More pressure on commercial objectives	0,44	0,63
Attention to internal communication	1,44	0,50
Promotion investments	1,50	0,38
IT investments	0,50	-
Less power to Unions	0,38	0,13
Empowerment of managers	0,38	0,25
No more captive markets	-	0,13
A glocal bank	-	1,00
Value of BNL history	-	2,00
Outdegree		
		<b>15,88</b>
		<b>91,2%</b>

How bank achieved this good result and which relationships should be better clarified?

In order to explain how managerial response adopted by the bank management re-generated common points among individual maps in terms of concepts and relationships, it is possible to compare the intensity of stronger relationships on strategy map and on average map.

**Relationships on strategy map and their intensities in average map**

<b>Cause</b>	<b>Effects</b>	<b>Int.</b>	<b>Explanations</b>
No more captive markets	Change towards a "commercial" bank	0,86	The end of advantages coming from the public "status" is clear to people.
Glocal Company		0,00	No one indicated the international dimension of the group.
Change towards a "commercial" bank	Attention to internal communication	0,43	A clear consequence of new strategy.
	Promotion investments	0,43	A clear consequence of new strategy.
	More pressure on commercial objectives	0,57	People have a clear idea about the necessity to improve pressure.
Value to BNL history	Attention to internal communication	0,00	No one indicated this strategy issue.
	Promotion investments	0,00	
Focused Training	More pressure on commercial objectives	0,29	Training is a confused point for people.
Attention to internal communication		0,43	People feel managers closer than before acquisition.
Change towards a "commercial" bank		0,57	People have a clear idea about the necessity to improve pressure.

**Relationships (not in strategy map) on average map and its intensity**

<b>Cause</b>	<b>Effects</b>	<b>Int.</b>	<b>Explanations</b>
Change towards a "commercial" bank	Downsizing staff department	0,86	People in corporate staff underlined more the centralization of those services in France than the effort on commercial agencies.

The use of cognitive maps can become an effective managerial tool because:

- at beginning of integration process it can map people perception;
- then it allows to focus managerial effort on concepts or relationship with lower perception;
- during the whole process, it allows to monitoring the effectiveness of sensemaking process.

This analysis shows that strong points in this sensemaking process are:

- the necessity to replace the lost advantage of captive markets;
- the consequences of that as necessity to invest on commercial people and structures

Weak points consist in two strategic issues not clear to people (internationality of the group and the will to underline the history of BNL) and a misunderstanding (people in central services suffers the downsizing of their services).

## 5.7 Conclusions

The proposition that I verified describing this case of acquisition argues that ... *after an M&A, a managerial response that clarifies organizational identity perception, enhancing weaker relationships, improves the effectiveness of sensemaking process reducing the ambiguity in multiple identities.*

I illustrated how, using cognitive map and network measurements, is possible to describe the initiatives that acquiring bank used during integration process and their effects on level of effectiveness of sensemaking. I also described how that bank could measure and monitor the level of comprehension of corporate strategy. Doing that, the bank can clarify strategic issues related to organizational identity that shows a weak level of comprehension.

In addition, this section has three main outcomes that are more interesting than conclusion that can be elaborated on the specific case study (that has a clear limitation in the number of interviewed people with respect to the size of the bank).

First, it explains why the evolution of organizational identity is a social process based on sensemaking and how appropriate managerial responses must be monitored and supported at social level in order to be effective.

Second, it clarifies how cognitive maps can be a managerial tool to achieve that result. Cognitive maps allow representing the expected organizational identity in a form closer to the mental representation that people build about the new reality.

Third, it demonstrates that sensemaking process can be measured in terms of effectiveness using network measurements. This result can be interesting for both academic and practitioners.

## **6        *Effects of Information Systems adoption, implementation and assimilation on Organizational Identity during the integration process after a M&A***

### **6.1    Introduction**

The aim of this study is to illustrate how the adoption of new Information Systems (IS) affects sensemaking in the process of Organizational Identity (OI) integration after an M&A. Within a wider case study about an acquisition in chemical/pharmaceutical industry, we describe the effects of IS (SAP) adoption, implementation and assimilation on the organizational identity. We argue that after an M&A there are conditions for a mindful innovation with IT and therefore innovating with IT can be an effective way to enforce sensemaking process and, as a consequence, to influence the Organizational Identity evolution.

### **6.2    Theoretical Background**

Existing studies illustrate how new IS bring about changes in group identity (Walsham 1998; Lamb and Davidson 2005), and how existing identities can be challenged by new IS (Barrett and Walsham 1999). More recently, how the established patterns of identity enactment and inter-organisational practices are influenced by the appropriation of new IS has been studied (Gal U., Jensen T., 2008). Authors report on findings from three in-depth case studies in the architecture, engineering, and construction industry and provide a detailed account of this transformation. They underline the practice-based nature of organizational identity and the symbolic significance of IS, demonstrating that changes in identity are enacted as organizational practices and interaction patterns are transformed.

The innovation process has been articulated in two steps (Rogers, 1995) and better specified in 4 phases: comprehension, adoption, implementation and assimilation (Swanson, 1994).

The concept of mindfulness has been analyzed referred to individual (Langer and Moldoveanu, 2000) and referred to organizations (Weick and Sutcliffe, 2001). Weick and Sutcliffe identify five attributes of mindfulness: preoccupation with failure, reluctance to simplify interpretations, sensitivity to operations, commitment to resilience and reliance on expertise over formal authority. This concept of mindfulness has been analyzed in its relationships with innovating with IT by Swanson and Ramiller with a focus on how those attributes of mindfulness change (Swanson and Ramiller, 2004). They also identify three endemic conditions that can on the contrary push firm towards a mindless innovation (limitation in attention, contextual insensitivity and institutional pre-emption). Authors argue that there are circumstances in which mindlessness may be a good choice even if associated to some risks.

### **6.3    Research question**

While the relationships between Information Systems and Organizational Identity have been studied in recent years, the role of IS in sensemaking process following an M&A received less attention. We focused our study on the following research question:

*How Information Systems adoption, implementation and assimilation contribute to sensemaking in Organizational Identity evolution process following an M&A?*

#### **6.4 Mindful innovation as source of sensemaking**

It is possible to draw some propositions about mindful innovation during the integration process following the acquisition. As argued above, a mindful innovation has a higher sensemaking as a consequence and has a deliberate strategy as a premise. Based on these findings it is possible to state that after an M&A, firms have organizational conditions that help a mindful innovation. This kind of innovation has positive influence on sensemaking process within the firm. So, innovating with IT after an M&A can support a positive evolution of Organizational Identity in the companies involved in.

In the following pages we describe what happen in M&A context to each of the five mindfulness attributes of innovating with IT (Swanson and Ramiller, 2004) and the relationship between mindful innovation and OI evolution.

First, when a firm is involved in an M&A it is concerned with the possibility of failure, because the difficulties of integration process are well known. With regard to IT innovation, preoccupation with failure can aid both acquiring and target companies to be selective in adoption also to underline its own organizational specificity. Managers of acquired company would have an opportunity to demonstrate their professionalism. The acquisition is perceived as a result of companies' capability to success in the market, so oppositions to innovation is less strong because also who disagrees with innovation recognizes that the solutions adopted by acquiring company allowed to it to have better performance. A firm involved in an M&A lives, during the integration period, a situation similar to HROs (High Reliability Organizations) that "operate, in environment ..., where to avoid failures in the face of shifting sources of vulnerability, complex processes are used to manage complex technology" (Weick et Al, 1999).

*Proposition 1: Firms engaged in innovation with IT after an M&A have a higher preoccupation with failure.*

As the mindful organization is interested in insignificant details in day-to-day operations (Swanson and Ramiller, 2004), after an M&A an acquiring company has a high interest in achieving some performance improvement in business processes of target company. New managers need to proof that their way to manage the target company will produce value. This sensitivity to operations depends on the perception of comparing procedure as an opportunity to improvement. Innovators in both acquiring and target company have respectively the possibility to discuss their present procedures and to innovate them.

Anyway, a low decentralization of responsibility in implementation of innovation can be a risk for mindfulness after an M&A. As previous studies have demonstrated, a source of motivation to a mindless innovation can be a limited attention (Swanson and Ramiller, 2004). If the innovation responsibility is attributed to the same manager that deals the whole integration after the acquisition, it is possible that he can be less rational in his decisions because his attention is shared in several priorities.

*Proposition 2: Firms engaged in innovation with IT after an M&A have a higher sensitivity to operations.*

Third, a firm involved in an M&A is resilient and favors adaptation over routine. Managers of acquired company open a period in which they are disposal to recognize that their routines can be

discussed. A new way to prepare budget new procedures to evaluate investments modify primary routines and open to a more general review. The acquired company has the opportunity to innovate with IT as a follower of others (the acquiring) that have a grounded experience. Acquiring company's managers reported their experienced without risk of opportunistic behavior as it is instead possible for consultants. So, acquired company's managers can have a higher commitment to resilience because risk is lower and trust is higher.

*Proposition 3: Firms engaged in innovation with IT after an M&A have a higher commitment to resilience.*

Fourth, as mindful organizations, firms involved in M&A resist the temptation to use simplified interpretation of events. Managers in Target Company are opened to new and conflicting interpretations. The prevention of the "not-invented-here syndrome" in period following to an M&A is easier because the companies' boundaries have been modified. If they are engaged in innovating with IT, especially in implementation phase, they will put a high attention to context. During the integration process, acquiring managers make a comprehension effort about the acquired company. Innovation with IT during this period can stimulate them to be opened to new implementations of their systems.

*Proposition 4: Firms engaged in innovation with IT after an M&A have a higher richness of interpretation.*

Fifth, as mindfulness organizations, firms involved in an M&A redesign the formal structure and the distribution of authority among its members. Each person is evaluated for its own experience and those experiences that have been underutilized can find new opportunities. Anyway, mindful organizations "attend to the innovation with reasoning grounded in the firm's own facts and specifics". So, during an integration process after M&A, people's experiences can find new opportunities but they will be evaluated and compared with human resources working in acquiring company.

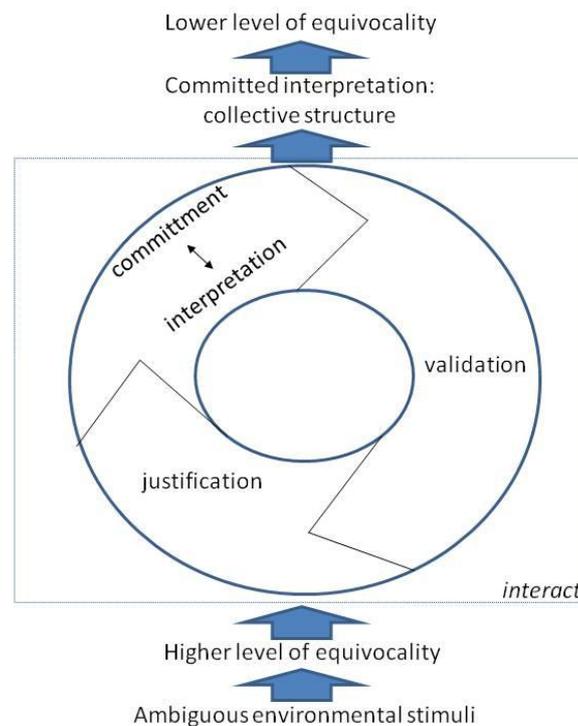
*Proposition 5: Firms engaged in innovation with IT after an M&A develop better expertise of people.*

The following table summarizes relationship between attributes of mindfulness and organizational identity after an M&A

Attribute of Mindfulness	Reasons to be mindful after an M&A
Preoccupation with failure	<ul style="list-style-type: none"> <li>• Firm involved in an M&amp;A are concerned with the possibility of failure, because the difficulties of integration process are well known.</li> <li>• With regard to IT innovation, preoccupation with failure can aid both acquiring and target companies to be selective also to underline its own organizational specificity.</li> <li>• Managers of acquired company would have an opportunity to demonstrate their professionalism.</li> <li>• The acquisition is perceived as a result of companies' capability to success in the market, so oppositions to innovation is less strong because also who disagrees with innovation recognizes that the solutions adopted by acquiring company allowed to it to have better performance.</li> <li>• Firms live, during the integration period, a situation similar to HROs' normal environment (High Reliability Organizations) that "operate, in environment ..., where to avoid failures in the face of shifting sources of vulnerability, complex processes are used to manage complex technology"</li> </ul>
Sensitivity to operations	<ul style="list-style-type: none"> <li>• An acquiring company has a high interest in achieving some performance improvement in business processes of target company.</li> <li>• New managers need to proof that their way to manage the target company will produce value.</li> </ul>
Commitment to resilience	<ul style="list-style-type: none"> <li>• Managers of acquired company open a period in which they are disposal to recognize that their routines can be discussed.</li> <li>• A new way to prepare budget new procedures to evaluate investments modify primary routines and open to a more general review.</li> <li>• The acquired company has the opportunity to innovate with IT as a follower of others (the acquiring) that have a grounded experience.</li> </ul>
Richness of interpretation	<ul style="list-style-type: none"> <li>• Managers in target company are opened to new and conflicting interpretations.</li> <li>• The prevention of the "not-invented-here syndrome" in period following to an M&amp;A is easier because the companies' boundaries have been modified.</li> <li>• If managers are engaged in innovating with IT, especially in implementation phase, they will put a high attention to context.</li> <li>• During the integration process, acquiring managers make a comprehension effort about the acquired company.</li> <li>• Innovation with IT during this period can stimulate managers to be opened to new implementations of their systems.</li> </ul>
Development of expertise	<ul style="list-style-type: none"> <li>• Firms involved in an M&amp;A redesign the formal structure and the distribution of authority among its members.</li> <li>• Each person is evaluated for its own experience and those experiences that have been underutilized can find new opportunities.</li> </ul>

These considerations suggest that after an M&A companies have a higher mindfulness in innovating with IT. We suggest that this mindfulness is a condition that improves effectiveness of sensemaking process and, therefore, it helps the evolution of Organizational Identity.

The concept of sensemaking has been analyzed as a process of continuous social negotiation (Weick, 1995). The three premises of his constructionist approach are: (i) the identification of any given action is subject to infinite revision, (ii) the anchor point of any given interpretation relies on a network of interdependent and continuously modifiable interpretations and (iii) any given action is subject to multiple identifications, the relative superiority of which is problematic (Gergen, 1981). According to Weick, sensemaking is “the act of constructing interpretations of ambiguous environmental stimuli” (Weick, 1995). People need to reduce ambiguity and they socially look for a new equilibrium that is in continuous progress. In the following figure, there is a simplified representation of the process of ambiguity reduction and sense making, analyzed in the following pages.



**Figure 11 Sensemaking process**

*Justification: a symbolic linkage among single interacts and underlying pattern*

Weick considers that sensemaking in organizations means “small structures with large consequences”. In this sense, he elaborates the concept of “committed interpretation” that is also used in the process shown above. Committed actions can be justified as macro necessities that, if invoked as justifications, are materialized (Weick, 2001). Reification is the clearest aspect of linkage between micro events (interact) and macro entities that is the theoretical background of Weick’s vision of sensemaking. This linkage can be helped by symbols that are “signs connected to meanings”. A classification of verbal tools to invest experience to meaning uses three categories:

labels, metaphors and platitudes (Czarniawska and Jeorges, 1990). The knowledge of these symbols is a necessity in order to share meaning and, therefore, it contributes to explain the retrospective nature of sensemaking.

These symbols become also “the language of justification” and they are linked to underlying pattern through a process called “documentary method” (Garfinkel, 1967). Author defines this method as follows: “The method consists of treating an actual appearance as ‘the document of’ as ‘pointing to’, as ‘standing on behalf of’ a presupposed underlying pattern. Not only is the pattern derived from its individual documentary evidences but also the individual evidences, in their turn, are interpreted based on ‘what is known’ about the underlying pattern. Each is used to elaborate the other” (Garfinkel, 1967). According to Weick “committed interact is the equivalent of the actual appearance or the document” and “the justification is the equivalent of the underlying pattern that presupposes a macro context”. Again “The connection of a cryptic current interact with a presupposed pattern is the key interpretative procedure that reduces equivocality” (Weick, 2001).

Two more aspects of justification have to be underlined: it is not a brief moment in sensemaking and it is not unique. We find justifications for our action in each interact we do and they could be different depending on the others. So, when we act, different justifications produce confusion after the decision and we try again to rationalize our choices in order to validate them.

#### *Commitment*

Human actions “may become binding if ... occur in a context of high choice, high irreversibility, and high visibility”. In this case, subsequent events “may be enacted in the service of justification”. Therefore, “justification can become an important source of social structure, culture and norms” (Weick, 1995).

When justification is transformed from a self-justification to a collective intention, it may become organizational goals. These goals are so important that they are part of the definition of “organization” (see Daft and the definition of goal-directed organizations, Daft 1986). So, “commitment helps us to understand organizational life” (Weick, 1995).

#### *Interact as the “object of commitment”*

Justification become a collective intention only after interact. We can define interact as an action of person “A” that evokes a specific action of another person “B” and, if A’s reaction to that action takes place, it is a “double interact”. This double interact is “itself a committing context, because it contains all four variables that bind a person to action” (Weick, 1995). These four variables are volition, public action, explicit action and irrevocable action. Therefore, double interaction is the smallest unit that “can dominate the actor’s attention and draw justifications” and “have a disproportionately large effect on meaning and interpretation (Weick, 1995). Weick argues that interact is the “object of commitment”. To do that, he refers to concept of *collective structure* that, according to Allport (1962) forms whenever there is a pluralistic situation in which in order for an individual (or class of individuals) to perform some act (or have some experience) that he desires to perform, it is necessary that another person perform certain acts. Including interacts, and not only acts, in justification, increases the possibility that justifications invoke roles and other social forms as the explanation of commitment.

#### *Interpretation*

Anyway, this effort to build a collective structure and to achieve a shared interpretation doesn’t mean to look for “the” solution. Instead, it means socially negotiating for finding some common points among the different interpretations (maps) that everyone continuously builds. Weick tries to

explain the sense of sensemaking using two analogies. First with the game of Mastermind, Weick suggests that “Mastermind is precisely what sensemaking is not”. In sensemaking, people cannot be sure there is a master code to be discovered. (Weick, 1995). Weick suggests that an analogy that better describes sensemaking is the activity of cartography (Weick, 1995). According to Monmonier, (Monmonier, 1991) “There is some terrain that mapmakers want to represent, and they use various modes of projection to make this representation. What they map, however, depends on where they look, how they look, what they want to represent, and their tool for representation.” Therefore, a reason for preferring cartography as a metaphor is that the same area can be described using different maps and there is no “right” solution.

#### *Validation*

The end, and the new beginning, of sensemaking cyclic process is the validation phase. The post decision validation is necessary because, also after that the decision is made, equivocality can be high. It depends on how many justifications the decision maker has given to that action. So, we make decisions basing on rationality and analyzing our informational system but also “on the non-rational basis of our motivational commitment to them” (Brickman, 1987). A justification with little intrinsic validity comes to be seen as more valid because powerful people believe in it and act on these beliefs (Snyder, 1984). The decision maker finds cues for new justification of future action in validation of past actions. So the cycle starts again.

#### *The output of the process: a collective structure as a cognitive map*

Weick suggests that the resulting images of reality will be social images because interacts – and not only acts – are rationalized. Social entities, like roles, are reified in justifications of interacts. Then interact is the object of commitment and reification is the content of interpretation. Weick defines “committed interpretation” the combination of interpretation and commitment. Interpretation is a social justification shared by group of people that build collective structures where social entities are reified. Anyway, this plurality of maps produces equivocality. “To reduce equivocality, people do not need large quantity of information. Instead, they need richer qualitative information.” (Weick, 1995). Richness pertains to the learning capacity of a communication (Daft and Lengel, 1986, p. 560). In order to make sense of reality, people in organizations need to share at least some common points in this modifiable network of interpretations. This collective structure can be considered a cognitive map. A cognitive map is a representation of our own knowledge that we edit from our organizational experience. It consists of “the concepts and the relations a participant uses to understand organizational situations” (Weick, 2001). A specific form of cognitive map is represented by the causality maps. Causality is one of the four epistemological primitives that we can obtain matching events basing on the time at which they occur and their classification.

		Time at Which Event Occur	
		Same	Different
Classification of Events	Same	Identity	Seriality
	Different	Correlation	Causality

**Figure 12 Personal interpretation on Weick, 2001**

A pattern of causality occurs when two events have different classifications and happen at different times. According to Weick, other epistemological primitives are identity, correlation and seriality (Weick, 2001). Causal maps link concepts with cause-effect relations. Tolman contrasted cognitive maps with strip maps that are sequences of information where each choice has an appropriate response. Differently, a cognitive map allows flexible behavior (Tolman, 1948). Cognitive maps can become a collective cause map in three different ways: assemblage (Hall, 1984), composite (Eden et Al., 1981) and average (Bougon and Weick, 1977).

Hall describes the case of five separate cause maps for five department of Saturday Evening Post. However, maps were assembled among them because specific goals in one department became policy variables in others departments. Therefore, a way to build collective structure can be “identifies common elements in diverse cause maps ...” (Weick, 2001). A composite causal map derives from teamwork in which people, starting from their own maps, work together to share a collective map (Eden et al., 1979). So, at the end, all people had the same map. The third form is the average map. It is presented by Bougon and Weick (1977), analyzing the case of Utrecht Jazz Orchestra. They asked to each of 19 members to assign causality relationships (zero, +1 or -1) and then generated a map based on the average (the algebraic mean) of answers. This map was different from each individual map but represent the most acceptable solution.

This continuous and symbolic process of sensemaking has the goal to reduce equivocality and it can be more or less effective. We suggest that innovating mindfully with IT (as in the case of M&A) can improve the effectiveness of sensemaking process for at least four reasons. In the following table, it is possible to find some linkages among contribution of IS adoption and implementation and sensemaking process (phases, sources of meaning, outputs). We argue that IS affects sensemaking process at least because they are (i) source of public interpretation, (ii) they allow a retrospective elaboration and (iii) they contribute to elaborate a collective structure defining roles and (iv) they contribute to define a common set of labels.

According to Weick, it is possible to consider “technology as equivoque” because new technology are source of stochastic, continuous and abstract events. Technologies are used to make automatic

some routines. Therefore, people have to treat tasks that are more complex and they have to face a new typology of unexpected events. Weick argues that a shift from structure (of knowledge) to structuration is required. Structuration is defined as “production and reproduction of social systems through members”. Within this structuration, process technologies are treated as an artifact and they become the content of interpretation (Weick, 1995). Therefore, technology can affect sensemaking because it is the result of three, not sequential, steps (committed interpretation, justification and validation).

<b>Phase</b>	<b>Source for meaning</b>	<b>Output (intermediate and final)</b>	<b>Role of IS adoption and implementation</b>
Justification	Interacts (public, irrevocable, explicit, ...)	Common points on cognitive (causal) maps	IS implementation team members interact in a public way
	Symbols (labels, metaphors, platitudes)		ISs define common labels that are common symbols for justifications
	Underlying patterns (including organizational identities)		In case of multiple Organizational Identities, a shared hierarchy of that OI helps decision maker
	Past events		IS implementation team members share justification for past choices
Interpretation	Reification of social and organizational roles and causal relationships	Collective structure	IS solutions (especially ERP) defines roles' authority and causal relationships
	Common points on cognitive maps		
	Motivations to act		
	Interacts (public, irrevocable, explicit,...)		(see above)
Validation	Interacts (public, irrevocable, explicit,...)	Post decision justification	Agreement of powerful members help post decision justifications
		Shared underlying patterns	

Information systems have characteristics that give them a high symbolic value in people perception of change. They are based on procedures that describe daily work, they build a specific “language” in the company and sometime they give priorities that influence time management. For these reasons, a managerial choice to use the same application in the group has a high effect on people perception of how change will happen. If managers decide it mindlessly (immediately, as an imposition and without contextualization) people perceived that new owners want to delete their identity. On the contrary, a mindfully choice (not immediate and contextualized) has the meaning of a change rational, that recognizes value of people and creates opportunities.

*Proposition 6: After an M&A, the mindful adoption of common IT solutions is perceived, by people working in the organization, as a will of identity integration and it reduces ambiguity and helps sensemaking process.*

After an acquisition, new threats generate ambiguity and new people are involved in social interaction. When people work mindfully on an IT innovation, during the implementation phase they share common points on their own map of reality. During implementation, people give justifications of their past action regarding IT tools. These justifications are public (within the project team) and irrevocable. IS implementation pertains the definition of roles and their levels of authority. Moreover, especially implementing ERP systems, people share causal relationships among activities. In this way and for these reasons, people can make a revision of their own map of reality and, sharing interpretations, reduce ambiguity. These reviewed maps “are pragmatic images that provide temporary guides for action” (Weick, 1995) and the more people can share common points in the maps the more they can make sense of new reality.

Sensemaking is also a retrospective process. According to Weick, “Remembering and looking back are a primary source of meaning”. A mindful adoption of IT after an M&A forces people to share past events and reasons that justified some choices. In order to obtain a committed interpretation, people search for a social justification of their action and make decisions basing on commitment (Weick, 1995). The effort to validate those justifications is spread on other actors. So, after acquisition people can find new social justification of their actions working with other and sharing retrospective analysis of reality.

An old theorem suggests, “if men define situations as real, they are real in their consequences” (Thomas and Thomas, 1928). This interpretative approach intends reality construction as a process that is different from one group to another. The four key ideas of interpretative approach include that “people are reflective and can verbalize the content of their interpretation” (Porac, Thomas and Baden-Fuller, 1989). After an acquisition, the implementation of common software is a source of common symbolic representation of reality. A classification of verbal symbols includes labels, metaphors and platitudes. An implementation team shares new common labels and creates understandable symbols for both acquired and acquiring company’s social groups. Zollo and Singh, within their knowledge-based perspective on managing acquisitions, found that the level of knowledge codification has a strong and positive influence on acquisition performance. They suggest that “... the effects of the process of knowledge codification, not necessarily its outcomes, are of strategic relevance”. In that study the level of codification is measured also counting “conversion of information system” (Zollo and Singh, 2004). Translating tacit in explicit knowledge is also a way to create knowledge if it is followed by an “internalization” phase (Nonaka and Konno, 1998).

*Proposition 7a: After an M&A, in firms that innovate mindfully with IT, implementation team members, sharing casual maps, retrospective knowledge and symbolic labels, reduce ambiguity, improve sensemaking and create linkages among daily activities and general patterns (including organizational identity).*

The team members had the opportunity to interact during the teamwork but also users can reduce, after the end of implementation, ambiguity about new reality using new IT solution. Even if without the interaction of team members they cannot share past events and make sense of

justifications, users have the possibility to understand causal maps, organizational roles and new labels. They also contribute to validate meaning if, during the assimilation phase, they can interact with team members in order to ask explications about the choices of the team. Also for users, IT solutions have characteristics that help sensemaking. They deal daily operations and link them with cause-effect relationships that recall general patterns. For example, the authorization level of each role clarifies the decentralization choice that managers have done after acquisition. These considerations make sense of wider concepts like autonomy that have links with organizational identity.

*Proposition 7b: After an M&A, in firms that innovate mindfully with IT, users of new IT solution, sharing casual maps and symbolic labels, reduce ambiguity, improve sensemaking and create linkages among daily activities and general patterns (including organizational identity).*

An M&A produces what Corley and Gioia (2004) call “identity ambiguity.” In this condition, managers are stimulated to resolve the confusion about multiple possible interpretations of core and distinctive organizational features. Indeed, this ambiguity requires members to construct new shared interpretations (Gioia, 1986; Weick, 1979, 1995). Managers’ initial response to identity threats is a sensemaking phase that takes to a revision of central and distinctive features of the organization (Ravasi and Schultz, 2006). Authors argued that managers look “both inside and outside the organization searching for cues that helped them make sense of its identity” (Ravasi and Schultz, 2006). On the internal side, members of companies involved in acquisitions seemed to assign a considerable importance to “cultural heritage” of the organization that are manifested in concrete practices and objects Ravasi and Schultz labeled this process reflection on cultural practices and artifacts. An IT application can be seen as a physical and linguistic artifacts. During the integration after the acquisition, people engaged in innovating with IT have the opportunity to reflect on these artifacts and share new interpretations of past events. This collective construction of new meaning reduce ambiguity and provides socially accepted justification of their own actions. The outcome of this sensemaking process was a revision of the official identity claims that can be supported in the following phase of sensegiving in the Organizational Identity evolution process (Ravasi and Schultz, 2006).

## **6.5 Methodology**

The aim of this paper is to describe how IS adoption contributes to sensemaking in integration process after an M&A. In order to provide an answer to “how-typology” research questions, a case study seems to be the more useful methodology. So, we analyzed the integration process in a pharmaceutical multinational that acquired an Italian company, focusing on the adoption of SAP (already adopted in acquiring company) in target company. According to Yin’s approach, we prepared a case study protocol containing a detailed planning of research activities and tools (Yin, 2003). I conducted 5 interviews to project team members, 20 interviews to SAP users and 9 interviews to top managers and classify results in the following table.

### **6.5.1 Case study protocol**

In order to find empirical evidence of theoretical propositions elaborated in the paper, a semi-open interview has been designed. From each proposition, main concepts have been selected, described and one or more questions have been formulated.

These questions will be used during interviews to members of SAP implementing team or to users in two different periods: the first one during the implementation project phase, the second one during the assimilation phase.

***Design of questions about the five propositions that link concepts with mindfulness in innovating with IT.***

<b>Concept</b>	<b>Meaning</b>	<b>Questions</b>
<i>Preoccupation with failure.</i>	When a firm is involved in an M&A it is concerned with the possibility of failure, because the difficulties of integration process are well known.	Was this project different because of acquisition?
		Did your participation to implementation team an opportunity to demonstrate your value to new owners?
		At the end of teamwork, did you feel to be more confident about the new reality?
<i>Sensitivity to operations.</i>	As the mindful organization is interested in insignificant details in day-to-day operations, after an M&A an acquiring company has a high interest in achieving some performance improvement in business processes of target company.	Working to this project, what did you understand of Merck routines?
		Working on SAP implementation did your team modify any routine of SERONO?
		In which sense team work helped context comprehension?
<i>Commitment to resilience.</i>	Managers of acquired company open a period in which they are disposal to recognize that their routines can be discussed.	Did you plan to change IT application before the acquisition?
		Did people within the team more resilient in changing than before the acquisition?
		In case of different routines which criteria did team adopt to solve the problem?
<i>Richness of interpretation.</i>	Managers in target company are opened to new and conflicting interpretations. The prevention of the “not-invented-here syndrome” in period following to an M&A is easier because the companies’ boundaries have been modified.	Did people in the team accept some Merck solution also because those solutions had success?
		Did people in the team accept to use some Serono routines because they fit with specificity of Serono products?
		Did you change some idea about project during the team work?
<i>Developing of expertise.</i>	Firms involved in an M&A redesign the formal structure and the distribution of authority among its members. Each person is evaluated for its own experience and those experiences that have been underutilized can find new opportunities.	Had someone the opportunity to demonstrate some new skills in the team?
		Which criteria were used in assigning roles in the team?
		Were some organizational role or routine modify by project’s decisions?
	“An organization is mindful in innovating with IT when it	Were decisions about IT innovation made considering Serono specificity?

<i>Mindfulness</i>	attends to an innovation with reasoning grounded in its own organizational facts and specifics.”	Were decisions about IT innovation made with rationality?
	“...for true mindfulness such alertness must be joined to contextually differentiated reasoning.”	How the decision to innovate IT has been taken?

***Design of questions about the three propositions that link concepts with mindfulness.***

<b>Proposition:</b>	<i>After an M&amp;A, the mindful adoption of common IT solutions is perceived by people working in the organization as a will of identity integration and it reduces ambiguity and helps sensemaking process.</i>	
<b>Concept</b>	<b>Meaning</b>	<b>Questions</b>
Mindful adoption	“An organization is mindful in innovating with IT when it attends to an innovation with reasoning grounded in its own organizational facts and specifics.” “...for true mindfulness such alertness must be joined to contextually differentiated reasoning.”	Were decisions about IT innovation made considering Serono specificity?
		Were decisions about IT innovation made with rationality?
		How the decision to innovate IT has been taken?
Identity integration	The organizational identity is “what we are as an organization”. It is what is distinctive, endurance and central for the company.	How do you define the way of merging identities used after the acquisition?
		In what Merck was rigid and in what resilient with respect to identities?
		How the choice regarding the SAP adoption change your opinion about Merck management?
Ambiguity	After an M&A ambiguity increases because of new roles, new labels and new processes. The revision of collective structure is most heavy than usual.	After the acquisition, how did you perceive that something was changing?
		Working in the SAP implementation team, did you clarify something about new company reality?
		The adoption of SAP happened some months after the acquisition. What does it mean in your opinion?
Sensemaking	Sensemaking is a social process that provides a committed interpretation as output. Understanding macro reasons to act, people reduce	Working in the SAP implementation team, did your preoccupation about future improve or decrease?
		After team work, do you feel the

	ambiguity in organization comprehension. So, they act not only basing on rationality or time, but also on commitment.	choices made by the team as yours?
		How team work has changed your vision of the company?

<b>Proposition</b>	<i>After an M&amp;A, in firms that innovate mindfully with IT, implementation team members, sharing casual maps, retrospective knowledge and symbolic labels, reduce ambiguity and improve sensemaking creating linkages among daily activities and general patterns (including organizational identity).</i>	
<b>Concept</b>	<b>Meaning</b>	<b>Questions</b>
Causal map	A causal map is a sort of “net” that is not individual but socially negotiated. This structure has nodes and ties. Nodes are organizational roles, cultural artifacts, concepts. Ties are processes, hierarchy, weak links, cause-effects links, ...	Working in the SAP implementation team, did you understand the content of activities and organizational roles?
		Working in the SAP implementation team, did you understand relationship among activities and organizational roles?
		Which criteria were used in order to justify those relationships? Did identity ever recall?
Retrospective	Sensemaking is retrospective because it concerns the possibility to locate simple daily acts in more general pattern and justify them in order to achieve a collective structure. These possibilities are higher if people share past events and justifications for past acts.	Working in the SAP implementation team, did you better understand reasons of past choices?
		Did you have the opportunity to clarify to other members your past choices?
		Listening to tales of past events about Merck, did you feel it “closer”?
Symbolic labels	The possibility to link daily activities to general patterns can be helped by symbols. They are classified as labels, metaphors and platitudes.	Working in the SAP implementation team, what difference did you note between your and others’ languages?
		Are some of new labels that you learned linked to organizational identity?
		Do you feel closer to Merck

		identity using its “language”?
Sharing	The social negotiation of collective structure can derive from an assemblage of different maps, from explicit team work or from an average of individual maps.	Working in the SAP implementation team, did you justify your opinion in a public way?
		When a conflict between different opinions has rose within the team how does the team solve it?
		How much have the choices been contextualized to Serono reality?
Ambiguity	After an M&A ambiguity increases because of new roles, new labels and new processes. The revision of collective structure is most heavy than usual.	After the acquisition, how did you perceive that something was changing?
		Working in the SAP implementation team, did you clarify something about new company reality?
		The adoption of SAP happened some months after the acquisition. What does it mean in your opinion?
Sensemaking	Sensemaking is a social process that provides a committed interpretation as output. Understanding macro reasons to act, people reduce ambiguity in organization comprehension. So, they act not only basing on rationality or time, but also on commitment.	Working in the SAP implementation team, did your preoccupation about future improve or decrease?
		After team work, do you feel the choices made by the team as yours?
		How team work has changed your vision of the company?
Daily activities	Sensemaking in organizations helps people to adopt behaviors coherent with strategic goals. These behaviors are concrete when people act. According to Weick, sensemaking concerns “small structure with large consequences”.	Working in the SAP implementation team, did you deal specific activities that are part of your job?
		Working in the SAP implementation team, did you better understand activities of other jobs?
		Has the project of SAP implementation been the main opportunity that you had to deeply share your responsibility with others?
Linkages to general patterns	Behavior in organizations is leaded by rationality, conformity to rules, time (“garbage can model”) but also by committed interpretations. These	Working in the SAP implementation team, did you better understand general objectives that inspired the design of processes?
		Does organizational identity used

	interpretations required to link daily activities to general patterns. Organizational identity can be considered as one of these patterns. They provide justifications for action.	in team work to justify some choices?
		Working in the SAP implementation team, did you better understand reasons of same activities (how they are linked to general objectives)?

<b>Proposition</b>	<i>After an M&amp;A, in firms that innovate mindfully with IT, users of new IT solution, sharing casual maps and symbolic labels, reduce ambiguity and improve sensemaking creating linkages among daily activities and general patterns (including organizational identity).</i>	
<b>Concept</b>	<b>Meaning</b>	<b>Questions</b>
Causal map	A causal map is a sort of “net” that is not individual but socially negotiated. This structure has nodes and ties. Nodes are organizational roles, cultural artifacts, concepts. Ties are processes, hierarchy, weak links, cause-effects links, ...	Working on the new SAP solution, did you understand the content of activities and organizational roles?
		Working on the new SAP solution, did you understand relationship among activities and organizational roles?
Symbolic labels	The possibility to link daily activities to general patterns can be helped by symbols. They are classified as labels, metaphors and platitudes.	Working on the new SAP solution, what difference did you note between new and old languages?
		Are some of new labels that you learned linked to organizational identity?
		Do you feel closer to Merck identity using its “language”?
Sharing	The social negotiation of collective structure can derive from an assemblage of different maps, from explicit team work or from an average of individual maps.	Working on the new SAP solution, did you feel closer to Merck?
		Do you think that implementation team adopted a standard Merck or contextualize its choices?
Ambiguity	After an M&A ambiguity increases because of new roles, new labels and new processes. The revision of collective structure is most heavy than usual.	After the acquisition, how did you perceive that something was changing?
		Working on the new SAP solution, did you clarify something about new company reality?
		The adoption of SAP happened some months after the acquisition. What does it mean in your opinion?
	Sensemaking is a social process that provides a committed interpretation as	Working on the new SAP solution, did your preoccupation about future improve or decrease?

Sensemaking	output. Understanding macro reasons to act, people reduce ambiguity in organization comprehension. So, they act not only basing on rationality or time, but also on commitment.	After SAP use, do you feel the choices made by the team as yours?
		When you talk about SAP implementation with team members did they justify and agree with the choices of the team?
Daily activities	Sensemaking in organizations helps people to adopt behaviors coherent with strategic goals. These behaviors are concrete when people act. According to Weick, sensemaking concerns “small structure with large consequences”.	Working on the new SAP solution, did you deal specific activities that are part of your job?
		Working on the new SAP solution, did you better understand activities of other jobs?
Linkages to general patterns	Behavior in organizations is led by rationality, conformity to rules, time (“garbage can model”) but also by committed interpretations. These interpretations required to link daily activities to general patterns. Organizational identity can be considered as one of these patterns. They provide justifications for action.	Working on the new SAP solution, did you better understand general objectives that inspired the design of processes?
		Does organizational identity used by team members to justify some choices?
		Working on the new SAP solution, did you better understand reasons of same activities (how they are linked to general objectives)?

## 6.6 Research context

In this case study a German multinational group acquires an Italian-Swiss company in order to develop its pharmaceutical business unit without effects on its chemical business. The acquiring group already had an Italian subsidiary in Milan that run business in pharmaceutical industry but in different therapeutic areas. After the acquisition, the Italian pharmaceutical subsidiary was integrated in the target company. At international level, it became the Pharmaceutical Business Unit using the two brands together. From the point of view of Organizational Identity, as described in findings section, we can recognize an “aggregation” strategy at corporate level. According to Pratt and Foreman framework (Pratt and Foreman, 2000) an “aggregation” managerial response means an effort in maintaining old identities creating at the same time a deliberate link between them. This kind of response is appropriate when appropriateness of both identity plurality and synergy between identities of merging companies are high. During the integration process following the acquisition, management decided to extend in the whole group a SAP application. We will study how this process had effects on creating a new organizational identity.

*Description of SAP implementation project in MERCK SERONO*

The SAP implementation project has been a complete ERP project. Merck - Serono adopted the following modules:

- FI – Financial Accounting;
- CO – Controlling;
- TR – Treasury;
- AM – Assets Management;
- PS – Project System;
- PP – Production Planning;
- MM – Materials Management;
- PM – Plant Management;
- SM – Service Management;
- SD – Sales & Distribution;
- HR – Human Resources Management;
- QM – Quality Management.

The start up of SAP took place in October 2010 after about 15 months of team work. The project was shared in two programs: *Leonardo* program and *Da Vinci* program. With the Leonardo program each country choose one erp system if they used more than one. In the *Da Vinci* program a complete SAP suite replaced systems worldwide.

The organizational structure of this project had a high complexity with a global manager at corporate level, a Local manager for each country, a change manager for each country, training coordinators in each site and several key users. A Change Advisor Board had the responsibility to solve conflicts.

A “template” was defined at corporate level and it has been customized at country level if necessary for specific regulatory rules or business specificities.

## 6.7 Findings

In this paragraph, I describe evidence from interviews, in order to provide an empirical example with respect to propositions elaborated in previous paragraphs.

While for proposition 6 I had interest in opinions of all interviewed people, for proposition form 1 to 5 (attributes of mindfulness) and 7a (team members), due to a so complex structure of project, I grouped data in three points of view could be more interesting:

- the opinion of technical team members;
- the opinion of “change management” team members;
- the opinion of key users involved during implementation.

Proposition from 1 to 5 are referred to mindfulness in innovating with IT. I collected interviews from members of implementation team in order to understand which of the five propositions are verified in this case.

The opinion of Change Manager about mindfulness in innovating was the following:

*“... maybe the choice of SAP was already decided but for example other sw (for web sites) have been choose from Serono experience and*

*they do that considering SERONO specificity because the regulatory environment is a strong constrain. It was a decisions made with rationality but, according to Merck's culture, giving high attention to transparency of decision making communication."*

Also Local Project Technical Manager confirmed that the implementation began after two years from acquisition but as a planned decision:

*"Merck decided that the project was shared in two programs: Leonardo program and Da Vinci program. They started immediately with the Leonardo program and each country choose one erp system if they used more than one. Then, in the Da Vinci program a complete SAP suite replaced systems worldwide."*

Key users gave an interpretation of the period in which project has been launched as a message of mindfulness.

The Proposition 1 states that firms engaged in innovation with IT after an M&A have a higher preoccupation with failure.

The Change Manager of the project said that:

*"... this project was different because it was based on Merck culture with a constant reporting of activities ... I didn'd perceive it as an opportunity to demonstrate my value to new owners because all my jobs have the same characteristics of this one ... even if I felt to be more confident about the new reality at the end of teamwork because my skills are in communication field and in this project I knew all other process".*

Also Local Project Technical Manager confirmed that this project has been felt as a part of integration process:

*"This project is a direct consequence of acquisition."*

Key users underlined as ambiguity following the acquisition was already decreased at the moment of project kickoff.

The Proposition 2 states that firms engaged in innovation with IT after an M&A have a higher sensitivity to operations.

The Change Manager of the project said that:

*"Working to this project, I understand better MERCK's routines and their way of working even if the regulatory environment has a strong role ...I worked with German colleagues for several weeks and I directly knew their way of working".*

According to Local Project Technical Manager:

*“My activity in the project team was an opportunity for me to know new management because I had a position at corporate level. I reported directly to Darmstadt. I knew better our business because we implemented a complete SAP suite in Italy. I learned new things about production. Also at relational level this project was important and it put together Bari, Ivrea and two sites in Rome. We implemented a complete ERP system that is validated on international standards, all thing followed procedures, so I knew better activities.”*

Key users were involved as knowledge owner of specialism; therefore, they did not underline specifically this aspect of innovation.

The Proposition 3 states that firms engaged in innovation with IT after an M&A have a higher commitment to resilience.

The Change Manager of the project said that:

*“Even if we didn’t plan to change IT application before the acquisition (because Oracle was a good erp system), people in Serono were strongly engaged so they were resistant to change their belief. Anyway the appropriate management of acquisition contributed to make people resilient and again engaged with new reality”*

*“... in case of different routines each Local team analyzed the group template and then the Global Advisor Board decided on some conflicts”.*

According to Local Project Technical Manager, people in Serono were already disposal to change but Oracle system was a good system:

*“From a technical point of view, also in Serono we had only an ERP system but we had not the IT organization that we have now. Now, many people that work on SAP system. We never planned to change Oracle because it was a good system. People that were reliable in Serono, are still reliable now. Anyway, after the acquisition there was a change and a higher reliability.”*

Key users gave a high importance to regulatory constrains as limitation to possible innovation of their processes.

The Proposition 4 states that firms engaged in innovation with IT after an M&A have a higher richness of interpretation.

The Change Manager and the Local Project Technical Manager partially confirmed a higher richness of interpretation even if regulatory constrains are very pervasive and both acquired and acquiring company consider themselves a leading company:

*“People in the team accept some MERCK solution only on rational bases, because both Serono and Merck people have a high self*

*confidence. Our specificity of SERONO was respected for the main reason that regulatory system is very pervasive in this business”.*

*“I changed some idea about project during the team work: for example how to prepare training material or the steps to share with management.”*

And, again ...

*“Italian sites had their autonomy, now SAP system helped to make processes similar. For instance, purchase process, in which each site had different procedure. After this project they use the same procedure. Requirement of Ivrea team, Bari team and Roma team were different. The adoption of SAP formally arrived some months after acquisition but it was sure also because Merck headquarter is close to SAP office in Germany.”*

The Proposition 5 states that firms engaged in innovation with IT after an M&A develop better expertise of people.

According to the change manager that’s true more for key users because cross-roles that work by projects have usually opportunity to be appreciate.

*“The choice of roles in the team has been shared between people and management and so especially key users were appreciated for their high skills.”*

Local Project Technical Manager describes a high structured project structure defined at corporate level:

*“Roles in project structure were assigned at corporate level: in each country a PM, a technical PM (my role), a local PM and a change Manager. When Group proposed this project to us we identified people that better can take each position.”*

Key users involved in project team underlined the care of people as a clear issue in Merck strategy.

In sum, I can say that Merck innovated with mindfulness even if:

- the choice of SAP as erp seem to be partially a pre-determined decision;
- a so regulated industry forced a customization of application at national level.

The **Proposition 6** states that after an M&A, the mindful adoption (of common IT solutions) is perceived, by people working in the organization, as a will of identity integration and it reduces ambiguity and helps sensemaking process.

It has been partially confirmed by data. Some narratives explain why people agree or disagree with this statement.

*Mindfulness*

About mindfulness, there are different perceptions between implementation members (“they already decided that SAP was the solution”) and other people (that consider it as a rational and contextualized choice).

*“... maybe the choice of SAP was already decided but for example other sw (for web sites) have been choose from Serono experience and they do that considering SERONO specificity because the regulatory environment is a strong constrain. It was a decision made with rationality but, according to Merck’s culture, giving high attention to transparency of decision making communication.”*

Other people didn’t know the 2 phases of project:

*Merck decided to adopt SAP only two years later the acquisition because Italy is complex. Data migration will take place in June 2010. I think that they didn’t say: this is my system, you must use it. The process was slow and rational.*

Not only SAP project helped the integration process:

*First, we aligned compensation and grading. Data migration from Oracle to SAP is planned for July. It was “un bagno di sangue”. Within the group Merck each country had a different erp. Therefore, they use this opportunity to choose only one system. We created task forces. This project will help weekly activities.*

This project was at International level, not only for Serono:

*We had different systems: Oracle and SAP. Actually, Merck had different systems in each country ... with clear difficulties. With acquisition they change all system in SAP, including Serono.*

#### *Identity integration*

As reported in previous sections, people perceived the identity management after the acquisition as a success.

*The way of merging identities used after the acquisition was a success, with a high level of engagement. MERCK was rigid with respect to identities in the use of co-branding in any publication. The choice regarding the SAP adoption changed my opinion about MERCK management because I had better understood a strong respect for employees even if with a high performance requirement.*

#### *Ambiguity*

On the contrary, people felt that ambiguity was not so high because of the good integration management.

*After the acquisition, I perceive that something was changing because we use more procedure, monitoring, structures.*

*The adoption of SAP happened some months after the acquisition because the project was shared in two programs: it was planned since the beginning. Ambiguity was already decreased before project.*

*It integration is still in progress, I expect difficulties at beginning but a gradual improvement. From my point of view, change should be easy.*

Key users underlined as ambiguity following the acquisition was already decreased at the moment of project kickoff.

#### *Sensemaking*

Sensemaking was helped by adoption because of common language but there are different positions about the role of people and IS in integration process.

*There were not so many different opinions: regulatory constrains was strong. I appreciate the attention to communication: redundant messages in order to reduce ambiguity).*

*I think that it is a way to improve integration within the Group Merck. I am sure that a great effort will be needed but we will obtain high advantages.*

*I think that standardization of IT can help us in using the same language in the Company.*

*It has been difficult for our integration. This effort can help integration process.*

Someone underlines the role of people ...

*The adoption of SAP will help integration but people make difference.*

*IT can help but people are the real resource of our company.*

On the contrary, other people underline "hard" issues:

*I think that information systems help to organize activities flows and play an important role in the integration process.*

*IT integration (SAP, ...) has a role in the integration process, also from a psychological point of view.*

*IT integration (SAP, ...) can help the company governance.*

About Proposition 6, I can conclude that people perceived the choice to implement SAP solution as a will to integration between Merck and Serono. People underlined how that choice was taken

with mindfulness because Merck managers paid attention to transparency and communication. At the same time they noted that Merck manage in a professional way all other issues linked to integration.

In the **Proposition 7a** we stated that after an M&A, in firms that innovate mindfully with IT, implementation *team members*, sharing casual maps, retrospective knowledge and symbolic labels, reduce ambiguity, improve sensemaking and create linkages among daily activities and general patterns (including organizational identity).

Narratives from interviews can be useful in order to verify if and how that theoretical proposition has been confirmed after this acquisition.

#### *Sharing knowledge*

The change manager said about justification of choices and conflict resolution:

*“The knowledge sharing has been important in order to build a team. Also social events were important. When a conflict between different opinions has rose within the team Global Advisor Board solved it.”*

About conflicts, Local Project Technical Manager describes an example:

*“In case of conflict, you gave your effort to achieve the best solution. For instance, in Bari we needed a specific interface, so we argue about this idea.”*

#### *Casual maps*

The change manager agrees with the building of a cognitive map:

*“Working in the SAP implementation team, I understood the content of activities and organizational roles, because I worked in communication before this role, especially for medical environment”.*

Local Project Technical Manager describes his experience in Germany as an example of activities comprehension:

*“I better understood new organizational roles. I went in Germany 3 weeks in order to know project structure. Project team is large, not only in terms of IT professionals but also in terms of business professionals. Sure! We were lucky! If the acquiring company was a larger multinational company, everything was different. This acquisition seems to be a merge”*

#### *Retrospective knowledge*

The change manager agreed with the opportunity to share past events but underlined the presence of a high integration before the beginning of the project:

*“Working in the SAP implementation team, I better understood reasons of past choices because, during the explication of template even if key users must define requirement before knowing it and I had the opportunity to clarify to other members your past choices because a business alignment was planned. I did it also in defining requirements ... but, the integration was already high before the project.”*

Both Local Project Technical Manager and Key Users underline constrains coming from the Corporate (template) and from the regulatory environment:

*“They explained to us template and methodology. Reasons of those choices were not useful to know, because template and methodology were decided. The task of data migration was complex. We asked something about it but we followed the corporate template. We had to verify requirements of different sites and businesses. Italy runs a different business, so we discuss about it and they allowed to us to customize SAP.”*

#### *Symbolic labels*

The change manager underlined the role of language and he clarified how the project changed the meaning given to “Italian” country:

*“At the beginning, they use too many acronyms. Also the language generated difficulties because of German colleagues and Indian consultants with bad English. And I felt closer to MERCK identity using their acronyms. The common sense that German colleges gave to “Italian” has been replaced with a more respectable.”*

Local Project Technical Manager describes an example of words that can make easier the communication:

*“This project helped us to achieve a common language. We daily use word like “lot of production” that in Oracle is called “batch” and in SAP “lot”. Now, we have a common language.”*

Key users agree with the importance of a shared language: *“sometimes there were differences among different sites in Serono ...”*.

#### *Ambiguity*

The change manager confirmed an ambiguity increase after the acquisition but also a quick reduction of it:

*“After the acquisition, I perceived that something was changing when some German people were sent to “understand” Serono. Working in the SAP implementation team, I clarified something more about both other departments and Corporate staff. The adoption of SAP happened some*

*months after the acquisition also because Merck had respect for Serono and they wanted to understand us and ambiguity was already reduced.”*

Ambiguity has been confirmed also by Local Project Technical Manager. He disagrees on the impact of project on that:

*“After the acquisition we perceived ambiguity. When project started, ambiguity was already decreased. The project helped this process. Now, ambiguity is low. Project worked as a confirmation. When you work on software, you deal daily activities.”*

#### *Sensemaking*

The change manager speaks about his experience:

*“Working in the SAP implementation team I felt choices made by the team as mine even if template and regulatory constrains are strong. Anyway, Now, I’m sure about their respect of people.”*

Local Project Technical Manager describes changes in his perception:

*“My vision of Group after this project is different: we feel closer to Merck. You think about owners: you keep in touch with German people (and no more Swiss ...), you listen people speak German language (and no more French...). Bertarelli was a well-known manager and he was very involved in management. Now, people begin gradually to forget his role.”*

#### *Daily activities*

The change manager said was already involved in cross-project:

*“My role was already “cross” so I already knew others’ activities. Anyway, working in the SAP implementation team, I better understood especially medical activities.”*

Local Project Technical Manager describes the impact on his colleagues’ working life:

*“Now, people use SAP and if they call me to notice some problem. I try to explain the reasons why our choices were the best solutions. Anyway, some improvement is possible. We better understood cross processes: for instance, quality assurance module.”*

#### *General patterns*

The change manager disagrees about identity recall and he said that the comprehension of new reality depends on the organizational role:

*“I believe that identity has never been recall. Working in the SAP implementation team, I better understood general objectives that inspired the design of processes. That’s true for a cross role like mine. For others it’s true within the boundary of their business area and their supplier and customer (internal and external). Also other common tools like balanced scorecard were useful to share general pattern aim.”*

Instead, Local Project Technical Manager describes some effects on Serono perception:

*“This project allowed to us to question the myth that Italians “are always in late” and under-staffed. They were surprised that we respected all final deadlines even if intermediate deadline weren’t respected. About identity, they were cooperative but the impact on people has been heavy. They used various tools to merge identities. The governance in Darmstadt is stronger than Geneve’s one in Serono. It wasn’t easy. Bertarelli was the owner and CEO. In Merck, managers and owners are different. Bertarelli was in Serono since he was a child. The former CEO remembered when Bertarelli played here. Bertarelli had a special relationship with this company.”*

In sum, we can say that proposition 7a is verified in this case of acquisition. More specifically, people agree about the improved effectiveness of sensemaking even if they underline how ambiguity was already reduced by a good integration strategy. Interviewed people agree with the important role of language in order to make collaboration easier. A lower level of agreement was shown regarding sharing causal maps and retrospective analysis. People indicated a pre-defined template and regulatory environment as two important constrains for sharing activities. Project team members received a lot of information but had little opportunity to negotiate. Finally, the opportunity to link daily activities to general patterns was perceived in different ways by “cross” role and key user member of implementation team.

Proposition 7b analyzes the same relationships of proposition 7a but it studies perception of *users* of new IT solution and not on perception of implementation team members. The kickoff of SAP has been delayed so it takes some months in order to collect perceptions of users.

## 6.8 Conclusions

In this paper, we argued that the evolution of organizational identity after an M&A could be supported by the adoption, implementation and assimilation of common IT solutions. In that context, firms involved in acquisition use mindfulness in innovating with IT, because their attributes are verified. Indeed, we suggest that firms engaged in innovation with IT after an M&A have a higher preoccupation with failure, have a higher sensitivity to operations, have a higher commitment to resilience, have a higher richness of interpretation, have a higher richness of interpretation. This mindfulness facilitates the sensemaking process because firms involved in the acquisition share a “collective structure” of new reality, a retrospective of the past events and share a symbolic representation of new reality. In a constructionist approach, the evolution of organizational identity

requires a social negotiation among members where sensemaking has a primary role. So, the integration process following acquisitions can be facilitated by adopting, implementing and assimilating common IT solutions with mindfulness.

## 7 Conclusions

This study can contribute to explain what happens, from an organizational point of view, after an M&A. This kind of event is a source of multiple identities because people from different firms are merged in a new environment. This plurality of identities is considered in literature as a normal situation in any company. Theories about M&A suggest an ambiguous rate of success of this kind of operation. This ambiguity should produce an effort of acquiring company's management in order to choose an appropriate strategy about organizational identity. I verified a previous model about appropriateness of managerial response to multiple identities (Pratt and Foreman, 2000) with a case study in pharmaceutical industry. Results are interesting especially for the high capacity of that theoretical model to explain (in 2000) why the described acquisition has been a success. These results could be a reason to suggest strongly to management to plan a managerial response to multiple identities. Anyway, literature also suggests considering the evolution of organizational identities as a social, gradual, continuous process. For this reason, I proposed a methodology (in a case study about banking industry) that can help the monitoring of sensemaking process using causal maps. Finally, these two levels (deliberate strategy and social process of sensemaking) are "linked" giving a theoretical interpretation of how information systems adoption can be a concrete way to support in a "social" construction of the expected equilibrium among the multiple identities existing after an M&A.

### 7.1 Limitations

The described evidences of this study about appropriateness of managerial responses to multiple organizational identities after an M&A are very interesting because a framework elaborated in 2000 – as Pratt and Foreman's one - revealed its predictive capacity still now. Anyway, I have to underline how results of a qualitative study like this one cannot be generalized without a high attention to contextualization.

Aggregation is one response typology on four of the model. So, similar studies should be conducted in order to make this analysis more complete.

Another limitation in possibility of generalization is linked – as described in paragraph 7.3 – to reasons of acquisition. Several studies proposed classifications of M&As based on *reason-why* criteria. For instance, it is a trivial consideration to observe how managerial response in an M&A that finds its reasons in destroying a competitor is different from an acquisition that opens a new market in a country with a different culture. A wide research plan could match reasons for acquisition and the four managerial responses.

Focusing on cognitive map part of this study, I want to emphasize its methodological interest. The relevance of sample used in this part of present research is inappropriate to make conclusions although specific for that acquisition even if it is a qualitative study. Nevertheless, methodology presented in that section has a high interest for both managers and researchers because it is easy to apply but very rich in term of strategy evaluation.

### 7.2 Practical and theoretical implications

Also due to the high interest existing about M&A, this study can provide practical and theoretical implications for both scholars and practitioners.

Practitioners and “Change managers” could use results of this study in order to design a clear strategy to manage organizational identity in a deliberate way involving HR manager and doing an effort of coherence between brand evolution and its “internal” consequences. A strategy that gives a role of managerial variable to organizational identity, that chooses new “labels” that define “what we are” of resulting company and that helps people to “make sense” of these new labels, could reduce ambiguity and improve effectiveness of merge. They could also use cognitive maps in order to help sensemaking process and, for instance, organize meeting focused on the research of common points among different cognitive maps.

### **7.3 Suggestion for future researches**

This study can contribute to stimulate researches about merger and acquisition from a point of view that considers them as a strategic situation where more organizational identities coexist generating ambiguity and asking an effort of sensegiving. Future researches could take at least three different directions in order to complete this research area.

First, scholars could contribute to verify if the same framework, explaining what happen to organizational identity after an acquisition, can be modified when reasons for merge and/or identity strategy are different with respect to the case study here presented. Managers could use the resulting matrix (that matches reasons of acquisition with strategy of identities’ merging) in order to classify their own case into a wide taxonomy and to choose the better strategy. They will be forced to recognize the actual reasons that led to acquisition and to decide the destiny of acquired and acquiring companies’ organizational identities.

Second, the relationship between identity at individual level and organizational identity can stimulate a multidisciplinary approach as happens in the studies about organizational learning.

Third, the use of cognitive maps as a managerial tool that can help sensemaking could be studied in order to define the better process and to study their use as a qualitative tool for research.

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