

The Impact Of A Merger On Changes In Organizational Culture: A Systematic Literature Review

Rika Foelyati^{1*}, Nidya Dudija²

^{1,2}Master of Management, School of Economics and Business,
University of Telkom, Bandung, Indonesia.

*Corresponding Author:

Email: rfoelyati@student.telkomuniversity.ac.id

Abstract.

This systematic literature review aims to assess the impact of changes in organizational culture within companies undergoing mergers. The methodology involved an extensive search and selection of peer-reviewed articles published between 2017 and 2023. The research process included gathering information through detailed interviews with employees directly involved in the merger process and analyzing company documents. The study identifies several effects of changes in organizational culture during mergers, such as feelings of uncertainty, concerns about losing corporate identity, and challenges in integrating different cultures. However, it also indicates that mergers can create synergy and long-term benefits if the new organizational culture is successfully integrated. Through empirical analysis, this research uncovers the characteristics, values, and norms that define post-merger organizational culture. It contributes not only to the academic understanding of organizational behavior and change but also offers valuable insights for practitioners in the telecommunications industry who face the complexities of post-merger integration.

Keywords: Organizational Culture, Change Management and Merger.

I. INTRODUCTION

A merger is one of the strategies undertaken to increase a company's value and sometimes serves as a way to dominate the market. This cultural change is caused by differences in values, norms, and cultural identities between the two companies [1]. The change in organizational culture within the company brings complex challenges, including feelings of uncertainty among employees, concerns about losing the company's identity, and difficulties in integrating different cultures. The lengthy process of cultural change also becomes one of the prevailing concerns. As stated in the dissertation findings of Dudija et al., [2] The study by Latifah and Haryani [3] concluded that organizational culture is closely related to the productivity of organizational members, if the organizational change occurs in a positive direction, productivity will also move in the same direction. According to Schein [4], culture is a pattern of assumptions that have been learned and previously believed by a group of people, which is then used as a way to solve various problems related to external adaptation and internal integration. This pattern then becomes the basis provided to new members in relation to issues within the organisation. In Sathe's view [4], culture is considered strong if these core values are firmly held by all members of the organization. This can occur if the culture is communicated very clearly and can be well adapted by all members of the organization. The success of an organization can be seen from the strength of its culture. According to Robbins [5], the characteristics of organizational culture consist of innovation and risk-taking, results orientation, attention to detail, individual orientation, team orientation, aggressiveness, and stability.

These characteristics are highly valued by the organization. According to Kinicky [6], there are three characteristics in organizational culture, namely: Organizational culture is conveyed to new members of the organization during socialization activities, the actions of the members of the organization are influenced by the organizational culture in that place, organizational culture affects two opposing sides namely external perspective and the ability to adapt to changes. According to Sobirin [4], organizational culture is no longer a static concept but is pluralistic and dynamic. This indicates that as an organization evolves, changes occur and different cultures and subcultures emerge. According to Mulyadi [7], organizations continuously evolve as they face challenges that are always dependent on their environment. These environmental factors can be categorized into two types: internal and external environments. The internal environment includes all factors that affect the organization and its activities within the organization. On the other hand, the external

environment refers to all factors outside an organization that impact not only the specific organization but also all organizations within the society. According to Kiryanto and Ratnawati & Dewi [4], a merger between two or more business entities should ideally produce business synergies among the merging participants, which in turn will be able to create sustainable value based on improved business performance. This business synergy can be expressed as $1 + 1 > 2$, rather than $1 + 1$ resulting in < 2 .

II. METHODS

The study utilizes a methodical approach to identify, choose, and extract literature pertinent to the research questions. Initially, a literature search was performed using online databases (like Google Scholar, Emerald, etc.) as well as both online and physical libraries. The search employed keywords such as "organizational culture", "merger", "change management" and "company culture". To guarantee the relevance and quality of the studies included, specific inclusion and exclusion criteria were set. The inclusion criteria involved selecting peer-reviewed articles published between 2019 and 2023, books published from 2003 onwards, and publications written in English, as well as studies appearing in international journals or conference proceedings. Conversely, the exclusion criteria encompassed non-peer-reviewed articles and studies published before 2019 for articles and before 2003 for books.

Finally, data extraction was carried out using standardized forms designed to collect key information from each selected study. This process involved capturing details such as the author's name, the title of the study, its primary objectives, the research methodology employed, and the outcomes reported. By adhering to a systematic approach, this method ensures that critical data is consistently and accurately recorded across all studies. This uniformity in data extraction facilitates a thorough and unbiased analysis of the literature, allowing for a comprehensive evaluation of the research findings and contributing to a more reliable synthesis of the evidence. This research aims to provide valuable insights for organizational stakeholders embarking on mergers, offering a foundational basis for crafting policies that address organizational cultural changes. By exploring the dynamics and challenges of merging cultures within organizations, this study seeks to enhance understanding of the complexities involved in integrating diverse organizational cultures. The specific research questions are:

1. What are the dynamics occurring within the company?
2. What is the form of organizational culture after the merger process?

III. RESULT AND DISCUSSION

Result

The systematic literature review comprises ten studies that examine the effect of merger related to organizational culture transformation. These studies, which are mostly peer-reviewed articles, cover the period from 2017 to 2023. In this research, a qualitative method will be used, which is a scientific study aimed at understanding a phenomenon from a social perspective naturally, prioritising in-depth communication interaction between the researcher and the phenomenon [8]. According to Creswell [9], qualitative research is a scientific research process that prioritises human social issues by describing complex phenomena to be presented naturally without researcher intervention, and reporting detailed views from information sources. The merger process inherently brings cultural changes to a company by integrating various aspects of two different entities.

These changes involve adjusting values, restructuring organizations, changing leadership, adapting processes and systems, altering identities, and increasing competition. All these elements contribute to forming a new organizational culture that is expected to be stronger and capable of facing greater business challenges. Mergers as a strategy of combining several strengths have indeed been utilized by many organizations. Mergers have been conducted over the past years, are being conducted currently, and will continue to occur in the future. The results of mergers are not always positive; sometimes, they tend to be negative. This is often due to the fact that mergers are carried out without sufficient consideration of non-technical aspects, particularly those related to human resources and the integration of new cultures within the merging organizations.

Discussion

Merger conceptually involves combining two or more organizations into a new synergistic entity. Ideally, the resulting merged organization (new entity) becomes stronger and holds greater value than before in the long term [1]. Ideally, the resulting merged organization (new entity) becomes stronger and holds greater value than before in the long term. Organizational culture is dynamic and continues to evolve alongside organizational changes. However, during the cultural change process, it is important to ensure that the original identity of the organization is not lost. Companies must formulate appropriate strategies to allow their organizational culture to adapt to a continually changing environment. This includes maintaining core values and principles that have been the identity of the organization while adopting new elements that can strengthen and enrich the corporate culture. In line with Kotter and Heskett's [4] assertion, cultural change occurs gradually and may take a long time, even up to 10 years. The forms of work culture are still moving and continue to change. In this research, findings indicate that the process of organizational cultural change in the context of a merger can be depicted through a series of stages, showing that not all elements undergo drastic changes.

Instead, the transformation focuses on cultural adjustment and integration rather than a complete overhaul of core elements and key individuals within the organization. The process of forming an organization consists of three stages. The first stage is the courtship stage or the formulation of ideas, the second stage is the birth stage of the organization, which then continues until the organization exists, also known as the early birth stage. The final stage is the infancy stage, where the organization begins to carry out its activities. The founders of an organization always hope that its life cycle does not stop at the birth and initial operational stages but can endure for a long time, although we can never predict when the organization will continue to grow or when it will cease operations [4]. This research also aligns with the development of change management science as proposed by Taufik and Warsono [10], following Lewin's theory, which consists of three stages of change. This research is also in line with the development of change management knowledge proposed by Talmaciu [11], which considers Lewin's Theory suitable for intentional organizational change and aims to achieve this change using various strategies. Any changes made by the company aim to gain acceptance from all members, with the hope that they will collectively support and implement the company's decisions [12].

IV. CONCLUSION

Based on the research conducted, several findings address the research questions, specifically understanding the dynamics related to organizational culture change and identifying the form of organizational culture post-merger to determine whether it undergoes changes or not. Therefore, the conclusions are as follows:

The merger process brings significant changes to the company's organizational culture, creating challenges in aligning values, policies, and work practices. In this process, employees from the company that does not become the surviving entity must adapt to a new work culture, which may differ in communication methods, work policies, and operational procedures. This adjustment includes structural changes, such as the restructuring of the board of directors, as well as the implementation of intensive socialization and communication measures to overcome resistance. The company also provides training and support to employees to master the new ways of working and improve their skills, thereby facilitating a smoother transition. After the merger process, the resulting organizational culture is a blend of the values and best practices from both entities. This new organizational culture is dynamic, evolving with the changes occurring within the organization, and requires time for adjustment. Cultural transformation progresses gradually and requires an effective support system to accommodate leaders and employees. The company focuses on human resource development through training and skill enhancement, both technical and soft skills. Additionally, measures are taken to ensure consistency in implementing changes, recognizing and rewarding employees, and conducting regular evaluations and adjustments.

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