Evaluating the Effects of Organizational Culture on Post-Merger Integration

Dr. John Rose

Pepperdine University, United States

Abstract

This research project examines the impact of organizational culture on post-merger integration in the travel and travel services industry for acquisitions valued under $5B. The study uses a mixed-method research approach to determine whether culture plays a critical role in the success or failure of M&A deals. The research focuses on 50 M&A transactions that occurred between three and five years ago at the time of the study. Participants from both sides of the transactions completed an integration outcomes survey, reporting on financial, cultural, and overall success. In addition, each side had five participants who completed the Organizational Cultural Assessment Instrument (OCAI), and six individuals were interviewed (three from each side) regarding the three most successful and three least successful transactions. The study's findings shed light on key factors impacting the integration process.

The OCAI results revealed that, on average, acquired companies exhibited a more clan-like culture, while acquiring companies tended to be hierarchies. In addition, cultural similarities between merging companies did not significantly influence their success. The interviews emphasized the importance of addressing cultural differences between merging institutions, involving founders in the integration process, engaging employees, and understanding the acquired company's business. These findings have practical implications for executives involved in M&A activities, guiding how to facilitate successful integration. Organizations can increase the likelihood of a successful merger or acquisition by identifying potential cultural conflicts early on and taking appropriate steps to mitigate their impact.

Keywords: organizational culture, mergers, acqusitions, integration