



Post-acquisition integration of employees

- A case study of Norsk Hydro -

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This thesis was written as a part of the Master of Science in Economics and Business Administration at NHH. Please note that neither the institution nor the examiners are responsible – through the approval of this thesis – for the theories and methods used, or results and conclusions drawn in this work.

Executive summary

This study explores and investigates the integration of employees after a cross-border acquisition has been signed and closed. An exploratory study of Norsk Hydro has been conducted using a qualitative research design, with five in-depth interviews of employees from Norsk Hydro and from the organization's divisions in Germany and Brazil.

The number of cross-border acquisitions have increased in the past decades as a way of companies to renew their competitive positions in the global market. With an acquisition comes a difficult integration process, and previous research has shown that many cross-border acquisitions fail due to value differences, procedural differences, and differences in communication styles.

The empirical findings of this study has identified several factors that has impact on the social aspects of an integration process. An extended model has been presented that illustrates how these factors are linked to each other and how they together can facilitate for a successful integration of employees, if managed properly. The findings are relevant for managers in organizations who are undergoing cross-border acquisitions, and for employees that have to integrate with a new organization.

Preface

This thesis is written as the finishing part of a Master of Science in Economics and Business Administration at the Norwegian School of Economics, with a major in Strategy and Management. It has been conducted in collaboration with Norsk Hydro, and has been supported financially by the research program Future-Oriented-Corporate-Solutions (FOCUS).

Working with a comprehensive and prolonged study has been hard, but working together with a good friend, has helped by being able to have someone to exchange your thoughts with and keep your spirits up during long work hours. We have worked great together and completed each other in the best possible manner.

This study could not have been carried out without Norsk Hydro. They have welcomed us and shown great cooperation by setting aside time and resources during a busy workday. We would also like thank the respondents who participated in the interviews and who shared their thoughts and personal experiences with us.

Finally, we would like to thank our welcoming, experienced and academically proficient advisors, Vidar Schei and Therese Sverdrup at the Institute of Strategy and Management at the Norwegian School of Economics. They have contributed with guidance, ideas and constructive feedback.

Bergen, 20th of December 2013.

Elisabeth Winsjansen & Harriet Wright



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1.0 Introduction

Globalization has made the world smaller. FDIs, joint ventures, mergers and acquisitions have enabled the internationalization of operations, and many businesses are facing the challenge of how to manage a diverse and international workforce.

The number of acquisitions increased in the 1980s as a way of companies to renew their competitive positions in the global market as it provided an ability to combine capabilities and assets in order to gain benefits that were not possible to obtain through partnerships (Jemison & Haspeslagh, 1991). The key difference between a successful acquisition and a failed acquisition, lies in understanding and better managing the integration processes. There has been a large debate among managers and researchers regarding why many acquisitions fail to achieve their purpose, and the issues of pre-acquisition and post-acquisition have become important aspects to take into account, especially when dealing with acquisitions cross-borders (Jemison & Haspeslagh, 1991). Researchers have suggested that the main reasons as to why cross-borders acquisitions often fail, are associated to differences in organizational and national cultures (Søderberg & Vaara, 2003).

The graphical presentations below (IMAA, 2013), show that the numbers of acquisitions in Norway and worldwide have increased significantly since the 1990s.

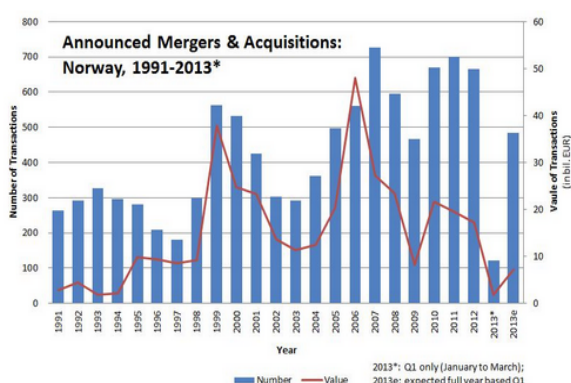


Figure 1.1 Announced mergers and acquisitions in Norway 1991-2013 (IMAA, 2013)

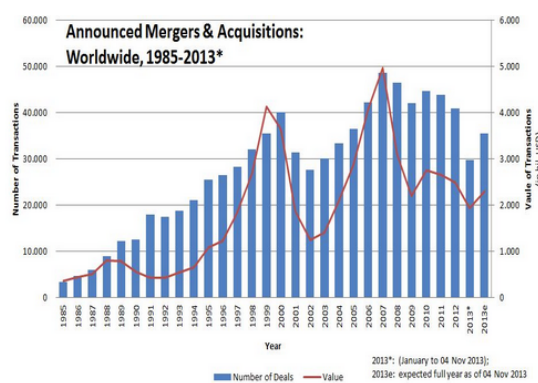


Figure 1.2 Announced mergers and acquisitions in the world 1985-2013 (IMAA, 2013)

The increase in acquisitions has led to that many organizations have become much more internationalized. Ting-Toomey & Oetzel (2001) argue that the internationalization of

business has resulted in global work groups within organizations with employees from multiple countries and different organizations.

After an acquisition across borders has taken place, global work groups emerge within the organization as a result of the integration process that the acquisition initiates. As the integration process between the acquiring organization and the acquired organization unfolds, employees from both sides take an active part in the integration through these work groups. Research shows that increased level of conflicts and misunderstandings can be expected in such groups due to value differences, procedural differences, and differences in communication styles (Cox, 1994; Ting-Toomey & Oetzel, 2001). During the integration process, managing the interaction between the members in global work groups in an efficient way to facilitate for successful performance and outcome, is therefore an important and often difficult task.

1.1 Purpose of study

This study aims to explore and gain insight into how one can facilitate for a successful integration of employees after a cross-border acquisition has been signed and closed. The purpose of this study is thus to view integration processes from an intercultural perspective. As this is a very broad viewpoint, we have chosen to narrow down the focus, and the following research question has been formulated:

“Which key factors facilitate for successful integration of employees?”

As mentioned above, the research question will be approached from an intercultural perspective. Further, by successful integration we refer to the employees' abilities to achieve an efficient outcome both in terms of reaching goals and how they interact with each other in global work groups during an integration process. There are many different factors that can affect the “successfulness” of an integration, but in this study, the goal is to uncover key factors that managers have to take into consideration to facilitate for an easier integration of employees after an acquisition has taken place.

To answer the research question Norsk Hydro, and two acquisitions they have conducted in Germany and Brazil, have been selected as the context of this study. The reason behind this choice is that Norsk Hydro is a large international organization that has conducted two of the largest cross-border acquisitions in norwegian history. Due to the extensive scope and complexity of the acquisitions in respectively Germany and Brazil, many employees were affected by and involved in the following integration process. This will provide a good basis for making discoveries that can help us answer the research question.

Further, another reason for the choice of research topic is related to the scope of previous research done on this field. Both the corporate aspects of integrations and the challenges created from national differences between employees has been studied by researchers. However, there is less research on how these factors are connected to each other and how they together can affect and explain the outcome of an integration, which makes it an interesting topic to focus on.

Based on the research question and the purpose of this study, a background model that provides an overview of the different phases of an integration process has been selected:

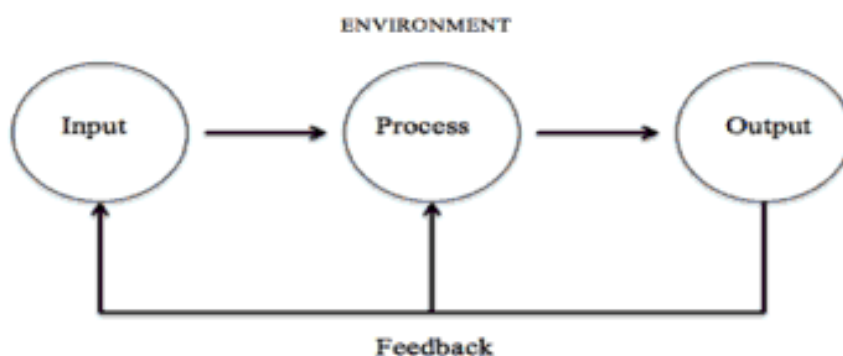


Figure 1.3 Background model: A systems model (Ting-Toomey & Oetzel, 2001)

According to Ting-Toomey and Oetzel (2001) the output of a work group is dependent on the input and process of the group (Figure 1.3). Even though this study is not focusing on specific work groups, the model sets a certain structure that can facilitate for a deeper insight into the

factors important for the performance of employees during an interaction process and how they are connected to each other.

The *input* can be linked to the dimensions connected to distinct input factors such as; education, knowledge, diversity, nationality etc., that employees bring into an organization and different work groups. The *process* represents the phase where the cooperation and communication between the employees take place. During this phase the groups' tasks are solved. The *output* refers to the extent to which the groups achieve the goals for performance and how satisfied the members of the group are with how they have worked together to perform their tasks. These three different phases, input, process and output, affect one another and are shaped by the environment of the organization. Finally, the output of the employees influences the inputs through feedback given to and from them during the process, which can improve a future interaction process. The selected background model is thus a general framework that can uncover the factors associated to a successful integration of employees in an intercultural context.

1.2 Structure of the study

To answer the research question in this study, we have chosen to divide the study into the following chapters. In chapter 2, the theoretical background will be presented on the basis of the background model presented above (Fig. 1.3) that divides the integration process into three different parts; input, process and output. In relation to the input, literature about culture and conflict styles will be presented. In relation to the process, literature about taskwork & teamwork and communication will be presented. In relation to output, different measures for team performance will be presented. In chapter 3 a description of the methodology will be given, where we will account for the method used for the collection and analysis of data, which also will include a discussion of credibility and ethical issues that may arise during the study. The context will also be presented here, where a deeper insight into Norsk Hydro and the two cases will be provided. In chapter 4, the empirical findings from the collected data will be presented. Further, in chapter 5 the most important findings from each of the two cases will be discussed and compared to each other. Finally, in chapter 6, we will summarize the most important findings and also suggest some implications for future research and discuss the limitations of our study.

2.0 Theory

In this chapter the background model presented in the purpose of the study (Figure 1.3) will be used as a reference point.

The main objective of this chapter is to provide a theoretical overview on different topics we believe have significance for the different phases of an integration process in an intercultural context. As there is little existing research that attempts to connect all of these topics together to better explain such an integration process, this chapter will therefore focus on previous research to create an understanding of different “isolated” topics under input, process and output. This will enable us to connect the different theories together in a new way later on to better explain the integration process. Although this study is not looking specifically at teams, we have chosen to present some team literature in this chapter as we believe it will be useful to describe the interaction between the employees during the integration process.

The *input part* of the model will be linked to unique factors that organizational members from different cultures bring into a new organization, and will in this study be associated with organizational culture, national culture and conflict and conflict styles. The phase where the cooperation and communication between the organizational members takes place, is called *process* and is where a groups assignments are solved. The focus here will be on how the members of the different working groups within the organization work to solve tasks, and how they work together with each other during this process. Here, we will present Mathieu & Rapp’s (2009) research on teamwork and taskwork, and various literature on communication. Finally, in relation to the *output part* of the model, literature about task performance and team performance will be presented. First Thompson’s four measures for team performance will be presented, supplemented by various literature on team viability.

The *environment* in the model can be seen as a the context that influences and affects input, process and output (Ting-Toomey & Oetzel, 2001). In this study we are looking at two acquisitions that Norsk Hydro conducted in Germany and Brazil that initiated two major integration processes. Below, a short theoretical introduction with the purpose of explaining what an integration is, will first be presented as it makes up the context of our background model.

2.1 What is an integration?

Research focusing on acquisitions, mainly show how managers can plan a successful integration process post- acquisition on a corporate level. Frameworks have been developed in order to discuss and understand the value creation in acquisitions and managing the integration process after selecting a suitable strategy (Barros & Dominguez, 2013). There is also existing theory that addresses the topics of cultural differences and management of work groups, however, there is limited theory connecting the topics in relation to integration processes and also less research on how organizations specifically take the integration of employees into account after a cross-border acquisition.

Merges and acquisitions have become a way for organizations to quickly achieve different goals, such as growth, talent, territories with new products and technology and strength. (Stylianou, Jeffries & Robbins, 1996). As a result of this internationalization a challenging integration process between organizations develops.

An integration is virtually seen as the mixture of organization(s) and looks at the internal processes and how cooperation and coordination operate between different functions and departments (Hill & Jones, 2007). Integration can therefore be defined as the process of merging the different divisions and systems within an organization (Lawrence & Lorsch, 1967). How successful an integration will be is determined by how information is received and perceived from one recipient to another (Barki & Pinsonneault, 2005). To achieve a successful integration process, research has also shown that the quality of pre-planning before the realization of an acquisition or merger, is an important and crucial contributor which allows organizations to exploit different opportunities and is necessary order to achieve a successful integration process (Stylianou, Jeffries & Robbins, 1996). The stage of planning involves decisions about the new integrated organizational design, new goals and identifying realistic ways of achieving these goals (Colman, Falkum & Stensaker, 2011). In return, this will help to achieve economies of scale and efficiencies for the organization.

An integration can occur both within an organization and between different organizations due to for instance mergers and acquisitions. Focusing on two acquisitions carried out by Norsk Hydro in Germany and Brazil, the term integration is closely connected to the interaction

process between culturally diverse groups. The integration process in an intercultural context appears to be difficult due to the fact that there are significant cultural differences. The largest challenge is to successfully integrate the strengths of each different culture and at the same time show respect and establishing a consistency between the culture, both national and organizational, strategies, working styles and method of communication (Barmeyer & Mayrhofer, 2008). Our research question involves looking at the internal processes of an organization, which generally means the coordination of production and integration of employees. The internal processes can be divided into primary and secondary processes. The primary processes relate to what is actually being produced by the organization, also known as the operational processes, while the secondary processes are supporting activities called functional activities (Barki & Pinsonneault, 2005). The integration must compromise both the organizational design, such as tasks as well as an integration of the organizational members.

2.2 Input

As previously stated, input refers to the features that are presented in the establishment of a group and includes cultural attributes and individual and group characteristics (Ting-Toomey & Oetzel, 2001), and can generally be seen as the composition of a group. The two selected input factors in the next sections are culture and conflict styles because of the large impact previous research predicts that they have on the further process of a group's interaction when not handled correctly. Research has shown that culture, both organizational and national, is the major issue linked to integration in cross-border acquisitions, and is thus an essential factor to take into consideration.

Bates and Plog (1990) define culture as a system of the common beliefs, values, customs, behavior patterns and artifacts, which the members of a society use to relate to the world and to each other, and are divided into tangible and intangible factors (Bøhn & Dypedahl, 2009). The tangible factors are for instance ethnicity, language, food and rituals, while the intangible factors such as perceptions, norms, values and beliefs will only occur during interaction with other people.

In the two next sections two different approaches to culture, organizational culture and national culture, will be presented. This makes sense as many cultural differences can be explained through behavior, values, beliefs and patterns that has developed as a result of both national origin and organizational background. Further on we will elaborate on different conflict styles that individuals bring into a group and what distinguishes them.

2.2.1 Organizational culture

Organizational culture gained focus in the 1980s as a referral to the practices that organizations developed around their management of people. Since then it has become an important tool to understand intercultural conflicts both on a national level as well as an organizational level (Schein, 2004). The topic is frequently used for research on organizational efficiency and productivity as it can provide a better understanding of activities within organizations.

Organizational culture is often seen as the workplace environment that has developed from the interaction between the organizational members, their shared values and beliefs that create behavioral norms due to an organization's structure and control systems (Uttal 1983). Schein (2004) has proposed a good definition of organizational culture:

“A pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems.” (Schein, 2004, s.17).

The definition above fits well with the purpose of this study as it looks on how the organizational members have developed and keep developing a shared patterns of assumptions based on the external adaptation and the internal integration of the organization(s). It also covers the most important aspects of organizational culture as it points out that as a result of the problem resolution, the organizational members have learned a common pattern that determines their perceptions, thoughts, feelings and actions. Understanding the organizational culture of an certain organization is thus fundamental in order to understand how the organization functions.

Culture will first arise in the establishment phase of the organization and characteristically continue to develop as the organizational development proceeds and employees interact with each other (Yukl, 2002). Culture will develop in all organizations and a fully developed organizational culture is hard to change due to the stability of the values of the group members. When culture is seen as something that the organization *has*, it is considered as a variable that can be affected or changed so that it functions more or less optimally. The culture in an organization regulates the behavior of the different groups through shared norms. This means that culture is a tool, learned through the interaction process between the organisational members, that can be used to control and improve the organization.

When organizational members within an organization have a shared and stable culture they can be defined as a group (Schein, 2004). However, most organizations have different informal or formal groups that have their own distinctive patterns and cultural forms different from the organizational culture. Such groups are called subcultures (Trice, 1993). What characterizes these groups are that the members have a shared history which affects the organizational culture of the group. Different subcultures within an organization develops on the basis of different functions, geographical locations, age and identity (Hatch, 2011). Subcultures can strengthen the midlife of an organization, but if one becomes too dominant, an organization will not be able to survive (Schein, 2004).

2.2.2 National culture

As organizations move across borders, culture becomes highly relevant and an important subject of management. National culture is seen as “*the collective programming of the mind distinguishing the members of one group of people from others*” (Hofstede, 1999). By collective one refers to that it is partly shared with people who live or have lived within the same social environment. To handle both organizational and national culture is challenging and time consuming for the management of an organization. Organizational culture is to some degree manageable, while national culture often is considered as a given fact for the management (Hofstede, 1994). When culture is managed effectively it capitalizes on the different backgrounds and mindsets, which can be seen as a competitive advantage that is hard to imitate (Hofstede, 1999). This can be illustrated by looking at lego pieces; If you only have one type of piece, the selection of what you can build is limited. If you, on the other

hand, have many different pieces, the amount of what you can build is endless with many different shapes and colours.

By conducting one of the most comprehensive studies on how different values within the workplace are influenced by culture, Geert Hofstede analyzed a large database of employee values collected by IBM. As a result four dimensions were identified and developed on the basis of values that distinguishes countries from each other. Values can be seen as the mental programming that has arisen on the basis of national background, age, sex and social stand, and is therefore the core of national culture (Hofstede, 2010), which was why Hofstede choose to measure culture with values.

The *power distance* index is a category that emphasizes on the distribution of power between a leader and a his subordinate. The dimension focuses on how a society deals with levels of status or social power, and is related to different solutions to the problem of human inequality. Typical traits for a country that has a low power distance are; all have equal rights, respect for individuality, much discussion and subordinates expect to be consulted. Some of the typical traits for a country that has a large power distance are; respect for authority, little discussion and subordinates expect to be told what to do. Northern European countries are known for little power distance, whereas Brazil, for instance, have a large power distance index (Hofstede, 2013).

Individualism versus collectivism is related to the integration of individuals into a group. It focuses on how roles are defined, and how people prioritize their interests. On one side of the scale, you find individualism, which is mainly seen as a loose framework where individuals take care of themselves to achieve goals. Collectivism on the other hand, is a more tightly fitted framework where individuals are looked after with great loyalty. Hofstede predicts that Northern European countries have a high degree of individualism, while Brazil favors collectivism (Hofstede, 2013).

The next dimension is *masculinity versus femininity*, which is concerned with the extent to how a society stress achievement or nurture. It is also associated to how the society share roles between the sexes. Generally, it is related to the division of emotional roles as different expectations have always been associated with males and females, and vary greatly between different societies throughout the world. An individual with a masculine identity is often seen

as more competitive, dominant and result orientated, while a person with a female identity is cooperative, expressive and warm (Stets and Burke, 1999). The nordic countries are seen as very feminine, while Germany and Brazil have a much more masculine vision (Hofstede, 2013).

The last dimension is the *uncertainty avoidance* index is related to the extent to which a society feels uncomfortable with regards to what is unknown in the future. Typical traits for a country that has a low uncertainty avoidance are; openness to change and innovation, suppressing emotions, fewer and general laws and regulations and open-ended learning. Typical traits for a country with a high uncertainty avoidance are; conservatism, law and order, expressing emotions and structured learning. According to Hofstede, Germany has a relatively strong uncertainty avoidance, which in return means that they do not tolerate unorthodox behavior and ideas. Norway scores lower than Brazil and Germany, which points towards a more relaxed attitude with more practice rather than principles (Hofstede, 2013).

In 1991 Michael Bond added another dimension from a study conducted on students. This dimension was called *long-term versus short-term orientation* and refers to a society's search for virtue. Short-term oriented societies are normative in their thinking and have a respect for traditions. This entail that they have a strong concern for establishing the absolute truth. Further they also have a focus on achieving results quickly. In contrast, a long-term orientated society, the members have the ability to quickly adapt to new traditions and changed conditions, and believe that the truth is based on context, time and situation. According to Hofstede, Germany and Norway scores lower than Brazil on this dimension (Hofstede, 2013).

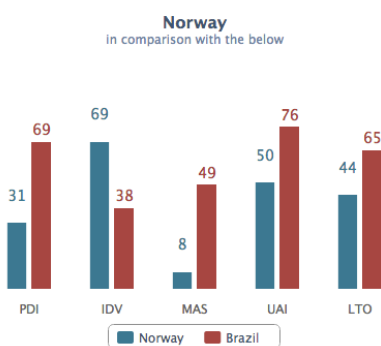


Figure 2.1 - Hofstede's dimension
Norway versus Brazil (Hofstede, 2013).

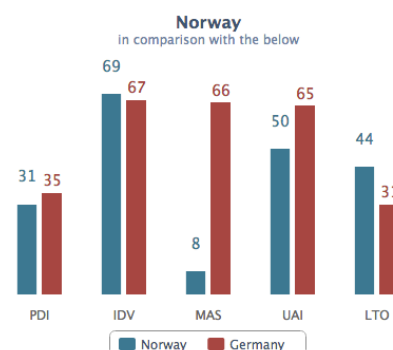


Figure 2.2 - Hofstede's dimension
Norway versus Germany (Hofstede, 2013).

Hofstede's dimensions is a fairly criticized framework, especially for being too simplistic and outdated. The extensive survey that was conducted was only done on one organization, and may not be applicable to other contexts. Some of the main issues are the problems with equating nation states with cultures and using indices and matrices (Baskerville, 2003). The first problem got awareness on the basis of the definition of culture. There are for instance 98 different cultures found just in 48 countries in Africa. Goodenough (1964) addresses the problem of the sampling of the different units and how they are compared (referred by Baskerville, 2003, p. 6). Despite the various form of critiques, Hofstede's framework provides a useful starting point for exploring differences between people with different national cultures and backgrounds.

2.2.3 Conflict and conflict styles

Conflicts occur because individuals have different interests, perceptions and information. Many definitions of conflicts have been proposed, and professionals and researchers do not agree on a common definition, but there is however, general consensus that one characteristic of conflict interaction is that "*perceived substantive disagreement exist among contending parties*" (Hammer, 2005, p. 676).

When people from different cultures engage in conflict, they often have different expectations of how the conflict should be handled (Ting-Toomey & Oetzel, 2001). These different expectations are likely to vary across cultures, situations and individuals and can be related to how the conflict problem is defined, how the triggering event that leads to the conflict problem is "punctuated", and how one views the goals for satisfactory conflict resolution (Ting-Toomey & Oetzel, 2001).

Further, a conflict can be perceived as positive or negative. Positive conflicts can lead to development and increased creativity. Negative conflicts can lead to low efficiency and in worst case, that the involved parties are not able to work together anymore (Berg, 2003, Einarsen & Pedersen, 2007). How individuals respond to conflict dynamics within varied arenas determines whether positive or negative outcomes occur (Hammer, 2005).

Conflict styles can be defined as "*recurring patterns of behavior*" or "*patterned responses to conflict in a variety of situations*" (Ting-Toomey & Oetzel, 2001, p. 45). The most common typology used today to describe conflict styles is based on the work of Blake and Mouton

(1964) and views conflict styles as something emerging from an individual's concern for self-interests versus concern for the interests of other. However, this typology does not attempt to understand and assess conflict styles based on explicit identification of culturally generalizable patterns of cultural difference (Hammer, 2005). Therefore, Mitchell R. Hammer (2005) has presented a model identifying core approaches for resolving conflicts across cultural and ethnic differences. This model can assist in how to effectively manage and resolve disagreements and conflicts in an intercultural context. In Hammer's model, a conflict style is conceptualized as "*the manner in which contending parties communicate with one another around substantive disagreements and their emotional or affective reaction to one another*" (Hammer, 2005, p. 679).

The model identifies four basic, cross-cultural conflict resolution styles; *discussion style*, *engagement style*, *accommodation style* and *dynamic style*. These styles are measured on two dimensions; to what extent the style is direct/indirect and to what extent the style is emotional expressive/restrained.

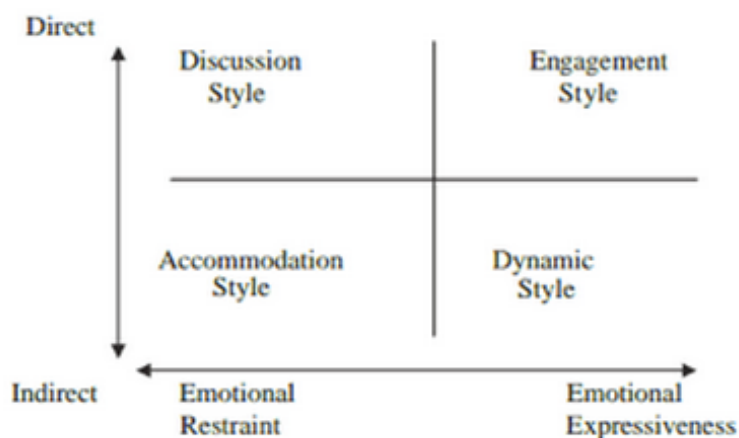


Figure 2.3 Conflict resolution styles (Hammer, 2005).

The *direct* style entails that a more direct, face-to-face channel for discussing issues is preferred when communicating. This involves the use of precise, explicit language and verbal fluency as a mechanism to resolve conflict. The *indirect* style, on the other hand, prefers more indirect strategies such as "*greater reliance on ambiguity in language, use of analogies and metaphors, hinting or saying one thing to mean another, use of third party intermediaries and relying on the receiver to clarify misunderstandings*" (Hammer, 2005, p. 680).

The direct/indirect dimension is mainly based on Hofstede's dimension individualism versus collectivism as well as on high/low-context communication.

Individuals that are *emotionally expressive* tend to more overtly and visibly demonstrate their feelings. This is displayed through laughing, gesturing, body posture and facial expressions. Emotional engagement and involvement when communicating with others is highly valued (Kochman, 1981). On the opposite side, we have individuals that are *emotionally restrained* and who tend to contain, hide and mask their emotions, thus to minimize apparent emotional expression (Hammer, 2005). According to Matsumoto (1996, p. 2) emotions are, “*in many aspects the most revealing indicators of cultural similarities, and of cultural differences*”. Depending on how an individual scores on the Hofstede dimensions, they will be emotionally expressive or restrained in relation to the emotional/restrained dimension in Hammer's model.

The model above (Figure 2.3) is designed as a matrix where the different approaches to conflict are measured on whether or not they are high or low on directiveness and high or low on emotional expression, and leads to four styles. The *discussion style*, emphasizes on behavior that reflects a direct verbal style while being emotionally restrained, thus restrained communication with regards to how each party feel toward one another. The *engagement style* also emphasizes a behavior that reflects a direct approach to resolving conflicts, but where the involved parties express their emotions. Next, we have the *accommodation style* where the involved parties communicate more indirectly their thoughts and do not show an emotional response concerning the conflict, something that emphasizes ambiguity. The last style is the *dynamic style*, where the conflict is dealt with in an indirect manner and the involved parties express their emotions toward one another. The framework helps identifying type of conflict style, which gives a better understanding and makes it easier to communicate and to manage challenges that occur in the interaction process.

2.3 Process

The process refers to the interaction process between different organizational members during the integration process, where the various factors described above have impact on how the process plays out. As previously mentioned, although this study is not looking specifically at

teams, we have chosen to present some team literature. In the section below Mathieu and Rapp's research on taskwork and teamwork will be presented as their research provides a good understanding and overview of different topics important for the interaction process between the members of an organization. During an integration between two organizations employees are often organized in integration teams, and the respondents in this study have taken part in such teams to some extent, which also contributes to the fact that the chosen theories can help explain the integration process. Mathieu and Rapp's theory is also very "broad" and covers a wide selection of different topics within taskwork and teamwork, which provides us with the opportunity to elaborate on topics mentioned in the theory that might emerge from the findings in this study. Further, a section that provides a theoretical overview of literature about communication will also be presented as communication is closely related to how the organizational members interact with each other, and is an especially interesting topic with regards to the intercultural context of this study.

2.3.1 Teamwork and taskwork

The output of a team is dependent on what happens during the process of a team's interaction. Mathieu & Rapp (2009) divide this process into two distinct types of work; taskwork and teamwork. This entails not only how team members manage their work tasks, but also how they interact and work with each other:

"Task work represents what it is that teams are doing, whereas teamwork describes how they are doing it with each other" (Marks, Mathieu & Zaccaro, 2001, p.357).

From this definition, taskwork refers to what the team is actually doing, or what they are working towards such as developing a product or serving a customer. Teamwork refers to how the members work together to perform the actual task through roles, coordination and personal properties (Mathieu & Rapp, 2009). Decision-making and conflict resolution are also a part of what Mathieu & Rapp defines as teamwork.

As new teams develop and evolve, taking the time to prepare and facilitate for their teamwork and taskwork activities often gets ignored. This can erupt into a slower and undisciplined process that does not establish sustainable patterns through structured teamwork and taskwork that are fundamental for a long-lasting and enduring process.

Taskwork involves developing clear plans in order to achieve a specific goal, and these planning activities can be linked to performance targets. By using performance strategies, which are specific plans made prior to commencing of the task, confusion and disorganization can be minimized during the actual implementation of the tasks (Mathieu & Rapp, 2009). Taskwork therefore consists of behaviors that are performed by individual team members in relation to different tasks, and are critical to the execution of individual team member functions. The different members need to be aware of what their own individual tasks are, as well as the other team members tasks and how they individually or collectively should be completed. Cooperation is a vital factor here, and refers to the extent to which the members work together towards a shared goal. In organizations engaging cooperative systems, focusing, embodying on equality, norms and emphasizing group accomplishments are all important (Beersma et. al, 2003).

Teamwork refers to, as previously discussed, how the members in a team work together, and consists of behaviors that are related to team interaction necessary to establish coordination among individual team members in order to achieve goals. Through research and practicing, there is evidence that team charters are essential as a starter exercise for all new teams. A team charter is a plan for how a team will operate together, and are designed help to minimize problems that occur during the interaction process. Fisher et. al (1995) believes that well designed charters help clarify expectations, core activities and builds a basis for decision-making (referred by Mathieu & Rapp, 2009, p. 92). When team members work together for a longer period of time, there is evidence that the interpersonal process within the team benefits the performance of the team. A team charter should also provide members with a predetermined guide contemplating how interaction are done from the start. This should be done so that misunderstandings and confusion can be avoided especially with regards to conflicts about how a decision should be made and what the responsibilities for the different team members are (Mathieu & Rapp, 2009). Another crucial factor is violation of expectations, which can damage both teamwork and the taskwork within a team. Through team charters the expectations of the individual members will be clarified, thus is particularly important when dealing with interaction in an intercultural context.

Through teamwork and taskwork, communication is also an important element as it determines how messages are transmitted and understood and therefore affects the interaction between the members and how tasks are solved.

2.3.2 Communication

One of the main differences across cultures is how people communicate. Perfect communication is when a sender transmits a message which is perfectly received by a recipient (Thompson, 2011), but as communication differs from cultures and organizations, miscommunication that often results in misunderstandings occur. It is therefore important to facilitate for an open communication between members, especially in an intercultural context, which allows for a successful resolution of misunderstandings (Tekleab, Quigley & Tesluk, 2009).

Hofstede's dimension of *individualism versus collectivism* can be used to explain the variability in communication within different cultures. In individualistic cultures, members of an organization use person-based information to predict behavior of others and individuals outweigh groups. On the other hand, in collective cultures, groups are more likely to take precedence over individuals and also use group-based information to predict behavior (Gudykunst, Ting-Toomey & Nishida, 1996). To understand communication in cultures it is therefore necessary to have information on how cultures rank on the dimensions of Hofstede as behavior in different settings and interpretation of the particular behaviors are learned through culture.

Biases appear especially in intercultural groups. Some cultures are perceived as more directly communicating within the entire organization, while in other cultures the communication is more indirectly, especially between members of different status levels (Thompson, 2011). Communication can be divided into verbal and nonverbal communication on the same principles as culture. Verbal communication is generally about the differences in language, while the nonverbal features are such as the underlying distinct meaning of words, body language etc. Further on there is a difference between a formal communication and an informal communication. Formal communication appears in writing, thus manuals, reports, policy and meetings, thus public communication (Weedman, 1992). This type of communication takes place through the formal channels of an organization taking the

structural lines into account. On the other hand, informal communication concerns all the other channels of communication that fall outside the formal channels. This communication arises due to the personal needs of the employees in the organization, and may be covered by gestures, smiles or silence, thus personal communication (Weedman, 1992).

A differentiation between high context and low context communication also exist. In high context communication a combination of verbal and nonverbal messages are used to convey the entire meaning of a message. This constitutes that a reader must read between the lines to be able to gather a full understanding. This type of communication also entails a long term relationship between employees. In contrast, low context communication have precise meaning of the words used, which means that there are explicit conversations where the words convey the entire message (Gudykunst & Chua, 1987). Low context communication has a more loose framework with a shorter timeframe regarding relationships between employees. Norway and Germany are known for a low context communication, while Brazil there is evidence of a higher context (Adamopoulos & Kashima, 1999). Ochs (1986) argues that the most cross-cultural difference in language is the context or frequency of the communication (Referred by Gudykunst, Ting-Toomey & Nishida, 1996, p.8).

2.4 Output

Both the input factors that members add to an organization and the interaction process affect the output of the work groups and the organization as an entity. Mathieu and Rapp (2009, p. 90) claim that “*team effectiveness hinges in part on the members’ abilities to manage two major tracks of activities; taskwork and teamwork*”. This coincides with Guzza & Shea’s (1992) research that separates between two primary types of outcome in a group: the more social-, and person-related dimension of team viability and the more job-, and duty-related dimension of team task performance (Guzzo & Shea, 1992).

As previously stated taskwork refers to the actual task and the degree to which a group meets the expected achievement of a task, while teamwork refers to the relation between the organizational members in terms of cohesion and viability, which is why the output can be divided into task outcome and relational outcome. However, the the two aspects of task and

relation are closely connected to each other, and members of an organization must obtain both good task performance and team performance in order to succeed. In the next section a more detailed presentation of different measurement for evaluating the outcome of team performance will be given in conjunction with Thompson's four team performance measurements. In addition to this literature on a fifth measurement, team viability, will be presented as Thompson does not elaborate on team viability as a separate term.

2.4.1 Thompson's four measures of team performance

Thomson (2011) has defined four critical measures of team performance: productivity, cohesion, learning and integration, and further elaborates that "*the factors are used to evaluate the success or failure of team performance.*" (Thomson, 2011, p. 36). In the section below, a more detailed presentation of the four different measures will be given.

Productivity is seen as the most important measure of successfulness according to Thompson. Clear and elevating goals are required for work groups to be productive, and an important factor here is efficiency. In addition to this for a group to be productive it needs to have the ability to adapt as new goals and organizational priorities shift within the organization. To meet the productivity criterion, the group, legitimate clients of the group and end user of the product, need to be satisfied with the output (Thompson, 2011).

Team *cohesion* refers to "*the processes that keep members of a team united*" (Dion, 2000, referred in Thomson, 2011, p.36). As the team meets its goals, the relationships between the team members can sometimes decline because they are not dealt with properly. As a result of the team members experiences, the most effectively functioning team is when the capabilities to work together as a team is strengthened and maintained (Thompson, 2011).

Growth, development and fulfillment is something that people need to feel are fulfilled, which is why it is important that there is some form of *learning* in groups. Even though there may be cohesion present in work groups, learning can still be absent. In larger organizations it is important to integrate individuals and groups in order to work efficiently towards the goals of an organization. Members of a work group need to be satisfied by the experience of being in a group in order to develop new skills and learn from the process. As Thompson (2011) resides "*successful organizations create opportunities that challenge individual members.*" (p. 37).

Integration is the last factor, and is an important perspective especially for larger organization. It relates to the question if the whole organization benefits from the specific group (Thompson, 2011). Achieving successful integration is a result of coordination and solid planning within the group as well as with the rest of the organization, and team charters and comprehensive planning of the integration are important criterias.

2.4.2 Team Viability

The effectiveness of a work group has traditionally been measured through its performance and productivity, but research has shown that the effectiveness of a group also depends on the cohesion between the members and the team viability, meaning the degree to which the members would want to stay and work together again (Rico, Alcover & Tabernero, 2011).

Bell and Marenette (2011) define team viability as “*a team’s capacity for the sustainability and growth required for success in future performance*” (p. 276), and refers to the members satisfaction, degree of participation and willingness to continue working together. The ability of members to interact effectively over time, hinges on a group’s potential to retain its members (Goodman, Ravlin & Schminke, referred in Balkundi & Harrison, 2006). The ability of a a group to retain its members is also dependent on a member’s devotion to the specific group (Balkundi & Harrison, 2006).

From Thompson’s four measures of team performance, the term team cohesion can be associated to the term team viability, as is refers to how well a team is able to keep the members together. The viability of a team is also closely connected to learning, as good team viability increases the chance of developing new skills and learning from the process. Learning is an important aspect as a group needs to develop and grow in order to have a chance of succeeding (Bell & Marentette, 2011).

Team viability is an essential factor for organizations to take into account, especially as turnover is an increasing problem. Both employee satisfaction and an organization’s ability to keep employees within the organization, affect the task outcome and how well the organizations performs in the future.

The five measures presented above can be used to evaluate the outcome of a process and its degree of “successfulness”. Further, based on the distinction between task outcome and

relational outcome, the different measurements can be linked to either task outcome and relational outcome. For instance, productivity is a measurement that is clearly related to task outcome, whereas cohesion and viability are measurement that clearly are related to relational outcome.

As a part of this study is about evaluating and comparing the outcome of two integration processes, the theoretical background presented on task outcome and relational outcome and the various measurements connected to these, will be helpful.

2.5 Summary

In this literature review, a theoretical background relevant for the topic and purpose of this study has been presented. Acquisitions have become more important as companies expand their business by crossing national borders to find revenue. The goal of this study is to find mechanisms in order to understand the integration process by using the background model with focus on some specific topics.

Acquisitions allow free flow of human capital over borders and for work groups with cross-cultural differences to emerge. As we are looking at two acquisitions that Norsk Hydro have performed in Germany and Brazil and the integration processes that followed, the literature review presents theory to explain integration processes first. An integration process can be challenging as it can be seen as the mixing of two organizations and looks at the internal process within the organizations. Research has shown the quality of planning before an acquisition or merger takes place is an important contributor in order to achieve a successful integration.

Wanting to emphasize on the interaction processes between culturally diverse work groups, culture has received a great focus in the literature presented. From the establishment of an organization, culture arises on the basis of behavior and working styles. Hatch (2011) elaborates that distinct patterns also develop in informal or formal groups due to location and functions, and calls these groups within an organization for subcultures. Culture will also arise on the basis of different nationalities. Hofstede has developed five different dimensions

on the basis of values that distinguish countries from each other, and people from different cultural backgrounds might experience that they are on different levels of these five dimensions, something that can cause miscommunication problems and challenging situations to occurring during an interaction process.

Conflicts are also more likely to occur in intercultural contexts due to the fact that individuals have different interests, perceptions and information that stems from different cultural origin. This causes people to have different expectation towards how a conflict should be approached and solved.. Mitchell Hammer (2005) has developed a framework that helps identify and solve conflict that originate from cultural differences. Much of this framework heavily relies on Hofstede's dimensions and this way connects the "dots" for what the purpose of this study is, namely to investigate how cultural differences, has affected the integration process.

In the process phase of a group, the actual interaction process between members takes place. In this literature review we have emphasized on teamwork, taskwork and communication. Taskwork refers to what the team is actually doing, while teamwork describes the way they work together (Mathieu & Rapp, 2009). Many of the issues that may arise in both taskwork and teamwork originate from communication issues, as people from different cultures have different ways of communicating.

The output of a work group, comprises both a task related outcome and a relational outcome (Guzzo & Shea, 1992). Further, the theoretical background presented five factors related to the evaluation of the "sucessfulness" of a group's outcome: productivity, cohesion, learning, integration and team viability.

Overall, in this literature review we have seen that there is extensive research covering most of the aspects we wish to use to evaluate the outcome of the two integrations and that further will help us to explain the integration of employees in an intercultural context, and identify the key factors for successful integration.

3.0 Methodology

Research is defined as systematic investigation into and study of materials and sources in order to establish facts and reach new conclusions. Systematic refers to that the research is built up in a logical way (Ghauri & Grønhaug, 2010).

In this chapter we will account for our research method and the choices we have taken in order to best answer our research question. According to Saunders, Lewis and Thornhill the research method refers to the techniques and procedures which are used for data collection and analyzation (Saunders, Lewis and Thornhill, 2012). Initially, we will describe the research design and the approach we have chosen for our study. Further on we will present how we collected our data and account for how these were analyzed. Finally, we will discuss what we have done to secure the quality of the findings from the collected data, in addition to an evaluation of limitations and ethical challenges related to the study.

3.1 Research Design

Before writing our thesis we have to choose a research design, which is the general plan of how one will go about answering your research question (Saunders et al., 2012). It can be seen as the plan or the sketch behind a study (Ringdal, 2007). The research design is a detailed and structured description of the entire research process and the choice of design depends of the purpose of the study and the research question.

During the first weeks of the autumn semester our research design was developed with the help of a project description. This description laid the foundation of the progress of our study in terms of setting a certain structure, without compromising flexibility.

In the following four sections we will describe and elaborate on the research design chosen for this study. The first section will present the inductive design as the research approach, the second section the explorative design with regards to the research purpose, in the third section

the qualitative design for the data approach will be presented in conjunction with case studies, and finally the timeframe of the study will be elaborated on.

3.1.1 Research Approach

The purpose of our research is to gain deep insight into a phenomenon in an organization. Due to the fact that we had little insight into how the interaction between employees in an intercultural integration process plays out, our research approach had to be flexible.

Traditional social science differentiates between a deductive and an inductive approach when doing research (Alvesson & Kärreman, 2011). These two approaches can be seen as two separate paths with regards to choice of research approach. What differentiates them is the order of the empirical information and theory. In a typical inductive approach information is first collected and then followed by the construction or build up of theory. As our goal was to get an insight and understanding of how the interaction process between the employees played out during the integration process as well as how employees affected by the acquisitions perceive and make perceptions in certain events, the inductive approach was a natural choice for us when selecting approach. The research design in this project cannot be said to be entirely inductive, but rather an approach to it. Although our research question aims at exploring a yet little explored research field, some theoretical foundation is applied to support our research. Repstad (2002) and Yin (2009) points out that for inexperienced researchers, a certain anchoring in theory in advance of the research process is an advantage.

There is a great deal of existing theory that addresses the topics we wish to investigate, such as cultural differences, conflict management and team management. However, there is limited theory that attempts to explain these topics in relation to intercultural integration processes and connects them together. An inductive approach with a certain theoretical background evolving around these topics enable us to apply the theories to look at how they can be used to explain and better understand the interaction process between employees in an intercultural integration process. Our research approach thus entails that theories will be put together in a new way to explore the integration processes.

3.1.2 Research purpose

Depending on the purpose of the study, there are several different research design you can choose. Generally you can distinguish between three different types of research design; exploratory, explanatory and descriptive.

An exploratory study is seen as an investigation method aiming at studying an entirely new area of research. This type of study does not follow up or elaborate directly from an existing study (Mitchell & Jolley, 1998). An exploratory design is also valuable when the researcher seeks to find out “what is happening” by asking questions in order to get new insight into a phenomena (Robson, 2002). According to Saunders and et al. (2012) there are three principal ways of conducting exploratory research: a search of the literature, talking to experts on the subject area and conducting focus group interviews. One characteristic and a major advantage of the methodology of an exploratory study is high degree of flexibility, as well as being adaptable to change. (Saunders, Lewis & Thornhill, 2009). When selecting this research design one can expect to have changes in the research direction during the research process, and new insights would be seen with the appearance of new results from the data (Saunders, Lewis & Thornhill, 2009).

As the purpose of this study was to understand, explore and gain new insight into the phenomena being studied, an exploratory study was best suited. The topic we wished to investigate was also a relatively unexplored topic, and thus it made sense to apply an explorative design. We were also dependent on having a design that allowed us flexibility and the opportunity to adapt our research question somewhat during the research process, which further supports the choice of research design.

3.1.3 Data approach

The two main approaches to choose between when selecting the method that is most appropriate for collecting and analyzing the data in a research project, are the quantitative method or the qualitative method. The qualitative method does not use numerical data, but rather uses data from interviews, documents, observations etc. (Sverdrup, 2013). Potter (1996) defines qualitative research as a five-step process including “(a) *finding a topic*, (b) *formulating research questions*, (c) *gathering the evidence*, (d) *interpreting the evidence* and (e) *telling the research story*” (p. 7). The approach provides in-depth information about a few

respondents or a case. The main interest of the researcher is to gain insight into a phenomena that cannot be observed directly.

Based on the research purpose and the fact that our research question was quite open, the qualitative data approach was chosen for this study. We considered this the best method because our research question, aiming at identifying the factors that facilitate for a successful integration of employees in an intercultural contexts, required us to get an insight into what experiences, thoughts and reflections the respondents had about the integration process that that took place post- acquisition and how they evaluated the outcome of the process. We thus had a need for in-depth information and detailed data that would allow us to achieve this insight.

Drawbacks of using the qualitative method is the fact that one can not quantify how people feel or think in a certain way, and the information can not be used for a statistical analysis and in this way generalize our findings to the public in general.

3.1.3.1 Case Study

There are several ways to conduct qualitative studies, for instance by experiments, ethnographical research, grounded theory, case studies etc. (Saunders et al., 2012). We have chosen case study as the research strategy for our project.

Case studies have become a very common way to do qualitative research (Stake 2000). Robson (2002) defines case study as a strategy for doing research that involves an empirical investigation of a particular contemporary within its real life context using multiple sources of evidence. The need for case studies arises out of the desire to understand complex social phenomena because the method allows researchers to retain the holistic and meaningful characteristics of real-life events (Yin, 2003). Organizational and managerial processes are good examples of complex and social phenomena where case study is a relevant research strategy to apply. From the point of view of Nelson & Marchand-Martella (1999) , one of the advantages of choosing a case study as a research strategy, is that it has the ability to generate answers to the questions “why”, “what” and “how” of a phenomenon. Case studies are especially suitable in research that has an explanatory or exploratory design, and as mentioned above our project was in the latter category. In our project we were also studying an

organizational process within a specific organization and as mentioned above a process like this suggests that a case study is a relevant strategy.

A part of studying how an integration process within an organization is affected by the intercultural context surrounding it, is about understanding the subjective perceptions formed by the members of the organization with regards to the integration process and the organization itself. These are elements that can not be observed directly, and thus requires a deep understanding. Applying a case study strategy where we studied a real-life complex situation within Norsk Hydro, enabled us to get an unique and deep understanding of our research topic. Within Norsk Hydro, as our case company, we further investigated two separate but similar cases; the acquisition of VAW in 2002 and the acquisition of Vale in 2010. The use of multiple cases within Norsk Hydro enabled us to find general connections by comparing differences and similarities between the two cases, and also the opportunity to establish whether the findings from the first case occurred in the other.

As previously mentioned, a drawback with the design of our study is that the findings will be hard to generalize. This is caused by the fact that the sample size is relatively small, and thus one will not achieve the same width as with other research strategies (Saunders et al.,2012). However, despite of this weakness, we found that the strengths of choosing case study as our research strategy outweighed the disadvantages, as our goal and ambition was not to generalize our findings to the public but to connect theories together and to explain a phenomenon and uncover important factors to take into consideration when integrating employees after a cross-border acquisitions.

3.1.4 Time and resources

The study has been conducted throughout one semester as the finishing work of a masters degree at the Norwegian School of Economics. The thesis counted for 30 ECTS and required extensive work the entire period. Due to the fact that the thesis was conducted within a short amount of time, this constitutes that both time and available resources were relatively scarce. For this reason we have chosen to only look at one firm, Norsk Hydro. It also explains the limitations regarding the number of interviewees as well as the selection of a “narrow” focus area.

3.2 Context

In this section a presentation of the context of the study will be given. First a short introduction of the history of Norsk Hydro, our case company, will be presented. We will then present information about the two cases we are looking into in this study; the acquisition of VAW in 2002 and of Vale in 2010.

Norsk Hydro quickly became one of the leading companies in Norway after its establishment in 1905. The purpose of the company was to produce nitrogen-based mineral fertilizer. The following decades Norsk Hydro developed into a modern industrial conglomerate with operations also within plastic, oil & gas and light metals. In the 1970s they started to expand further internationally. Despite the growth and success that the company experienced, the management started to reduce the scope of the company's core areas by divesting some of its businesses after the millennium. In 2004, the fertilizer operation was separated from Norsk Hydro as its own company, Yara International. A couple of years later, in the fall of 2007, the company's oil operations were merged with Statoil, and the rest of Norsk Hydro's operations outside their core areas were sold, phased out or divested. Hydro had now become a pure aluminum company.

In 2002 Norsk Hydro became Europe's largest aluminum producer through its acquisition of the German-owned company Vereinigte Aluminiumwerke (VAW). In 2010, more than 100 years after the establishment of the company, Norsk Hydro became a fully fledged aluminium company when they acquired the aluminum assets of the Brazilian-owned company Vale. This acquisition made Norsk Hydro a global aluminum company with production, sales and trading activities throughout the entire value chain, from bauxite, alumina and energy generation to the production of primary aluminum and rolled products as well as recycling. The company's global headquarters is based in Oslo, Norway. Currently, Norsk Hydro has 13.000 employees involved in activities in more than 50 countries on all continents. In Norway the number of employees is approximately 3400, something that means that roughly 74 % of their workforce is located abroad.

3.2.1 Norsk Hydro and VAW

On January 7, 2002, Norsk Hydro published that they had made an agreement with German energy giant E.ON to take over their daughter subsidiary, VAW Aluminum AG, with roots back to 1917, for 2.1 billions NOK. VAW would fit Norsk Hydro's aluminum activities "like a glow", because they had what Norsk Hydro did not, namely a strong market position within rolled and molded products for the car industry (Norsk Hydro, 2012). At the time of the acquisition, VAW had a turnover of approximately 30 billions NOK and 16.000 employees (Andenæs, 2002). The acquisition laid the foundation for the establishment of Europe's largest aluminum company and a position as number 3 on global basis. The acquisition of VAW also represented the largest Norwegian acquisition ever done abroad. When the agreement was published the CFO, Eivind Reiten stated, *"Now as two leading aluminum companies joins forces, we are facing a job that can seem gigantic. It is clearly the most challenging organizational process that Hydro has ever undertaken. The integration challenges and opens opportunities to all competences, experience, talent and skill that we can manage in both companies"* (Andenæs, 2002).

In this acquisition, the main integration challenge was how to create an effective, global organization of two different businesses. In collaboration with central leaders of Hydro Aluminum and the Hydro group, an integration project team with varied backgrounds and heavy anchoring in Norsk Hydro was put together (Andenæs, 2002). The business areas in VAW were integrated into Hydro Aluminum's new global organizational model, but in 2004, Norsk Hydro did a write-down of 2.4 billions NOK on the value of two of the aluminum plants that followed with the VAW-package. In 2005, HAW, a large aluminum plant that also came with the package was shut down. The following years several other parts of VAW were either sold, shut down or reduced (Aftenposten, 2002). This of course also led to a reduction in number of employees.

Today, Norsk Hydro has approximately 4300 employees in Germany who are spread throughout the country in sales offices, research and development facilities, and manufacturing sites (Norsk Hydro, 2013). They operate three rolling mills in Germany: in Grevenbroich, Neuss and Hamburg. In Neuss, Norsk Hydro also operates the largest primary aluminum production in Germany.

3.2.2 Norsk Hydro and Vale

On February 28, 2011 Hydro completed the acquisition of a majority of Vale's aluminum business in Brazil. The transaction was worth almost 30 billion NOK, meaning that Norsk Hydro beat their own record from 2002 of conducting the largest cross-border acquisition in norwegian history (e24, 2011). The acquisition transformed Norsk Hydro into one of the largest producers and suppliers of alumina, and also secured Norsk Hydro the supply of the aluminum raw material bauxite in a 100-year perspective. When the acquisition was made public, CEO Svein Richard Brandtzæg stated, "*This is a historical day for Hydro. From being in a difficult situation with regards to raw materials, we will now be in a situation where we have a surplus of bauxite and alumina*" (Nrk, 2010). The transaction involved that a large number of mining rights from Vale had to be transferred to the newly established Paragominas joint-venture company, in which Norsk Hydro would own 60 percent, with a commitment to increase their interest to 100 percent by 2015.

A strong management team for the new business area was established and placed in Rio de Janeiro. The top priority was to achieve a successful integration of the Vale assets and organization the coming years (Norsk Hydro annual report, 2010). As in the VAW-acquisition a project team was put together to plan and drive the integration process. Two of the members of this team had participated in the planning of the takeover of VAW in 2002, and most of the remaining members also had experience from previous acquisitions .

Today, Brazil is Norsk Hydro's main source of the important raw material bauxite and is the country where the company has the most employees. Currently, Norsk Hydro has approximately 4.600 employees there - or more than 6.000 if long-term contractors are included. Norsk Hydro extracts raw materials in the mines Paragominas and Trombetas and refines bauxite to alumina at the world's largest alumina refinery, Alunorte.

3.3 Qualitative Data Collection

As our research question was quite open, and because we were not sure of what factors we were specifically looking for, we had a need for detailed and in-depth, primary data. Due to this need we, as previously mentioned, chose a qualitative data approach for our study.

Qualitative data is best collected through interviews because it provides a good foundation for achieving insight into the respondents experiences, thoughts and feelings. In the following section we will present the methods used for our data collection and how it was carried out.

3.3.1 Semi-structured Interviews

Qualitative data is often gathered through interviews. Based on the research design you have chosen, different types of interviews can be used. For the data collection in this study, semi-structured interviews, which are a type of in-depth interviews, were carried out. The data from semi-structured interviews are primary data collected by the researcher with the purpose of answering the research question(Saunders et al., 2012). As our study had an explorative purpose and was investigating an relatively unexplored topic we considered this an useful and appropriate way to collect data.

The approach enabled us to understand challenges within the context of the organization, in addition to gain deep insight into the selected topics. An interview guide (Appendix 8.3) was developed with the purpose of serving as a guided framework for the conversations to make sure that our areas of interests was touched upon during the interview.

Semi-structured interviews are suited when working on small samples and when studying given situations. They provide access to perceptions and opinions, and this can give insight into problems that may not be immediately perceptible (Laforest, 2009). The advantages of using semi-structured interviews are that; they provide valuable information from the respondents' experiences; the method uses pre-determined questions and we have the opportunity to explore the responses and themes further, which provides uniformity. Open questions allows the respondents to talk freely something that creates flexibility. One important aspect when choosing semi-structured interviews, is that by using an interview guide that covers the same topics and areas for each interview, the opportunity to compare interviews afterwards arises. This was something we emphasized on when selecting this method for our data collection.

The drawbacks of semi-structured interviews are, for instance, that it can be time consuming and that vast amounts of data inventory makes the process of analyzing the data difficult and demanding (Sverdrup, 2013).

3.3.2 Interview guide

An interview guide is supposed to work as a framework when you conduct semi-structured interviews, and can be seen as a suggestion to the order of the different themes you wish to go through (Thagaard, 2009).

As a part of the inductive approach, an interview guide based on the background model was developed to ensure that the relevant areas for the study was covered. As we had aspirations to uncover thoughts and feelings from the respondents, we wanted the respondents to be open. To do this, the interview guide was structured so that the order of the questions could be changed as the interview was more viewed as a conversation between the interviewees and the respondents.

Pauses for breathing as well as giving time to think about answers, were also taken into account into the interview guide so that the respondents could elaborate and reflect better over each question.

The interview guide was built on the basis of open questions within the different topics we wished to discuss, with smaller follow-up questions. The question of telling a challenging situation with their team, was followed up by questions such as “how did you handle it?” and “what was the outcome?”. The structural format of the interview guide was developed so that the gathered information easily could be structured after the conduction of the interviews.

In the first part of the interview guide general information about us and the study was presented followed by a few introductory questions. The reasoning behind this was to have a soft start and establish a safe atmosphere between us and the respondents. After the first part, the process of asking questions according to our background model for the study was initiated. First, the input factors was discussed, which included topics such as the planning and establishment phase of the integration process and the respondents background and attitude toward conflict. Further on we moved on to the process part of the integration process, where we focused on how the respondents worked together with their colleagues during the integration process and how they worked to solve work tasks. For this part, the critical incident technique, which will be described in the next section, was applied in order to uncover deeper thoughts about misunderstandings that may have occurred. The last part of the

interview guide focused on the respondents assessment and perception of the outcome and satisfaction of the integration process. The interview guide was closed up by envisaging a quick summary of what had been discussed, as well as asking the respondents if they felt we had forgotten to discuss something they found relevant or important for the topics brought up during the interview.

3.3.2.1 Critical incident technique

During the interviews the critical incident technique was adopted, which is a suitable tool in case studies. It's a fundamental way to classify critical incidents as it looks at critical incidents that has affected the development of a situation (Flanagan, 1954). It assumes a phenomenological approach that entails unstructured interviews, and is intended to capture thoughts of the process and feelings about an incident that have meaning for the respondent (Cassell & Symon, 2004), which is why we decided to use it to uncover underlying elements regarding the intercultural aspects affecting the integration process. The technique has a range of advantages and disadvantages. One of the advantages is that it is a flexible system; it does not force the respondents into any framework and it is inexpensive and provide rich information. The tool is also useful when problems occur and cause and severity of the situation are not known. On the other hand, the disadvantages are that the technique does not say anything about the everyday situation, and it mostly relies on memory which entails that many of the incidents may be inaccurate or go unreported (Cassell & Symon, 2004). Nonetheless, we found that the critical incident technique was a well-suited method to include when conducting our interviews.

3.3.3 Selection

The choice of selection method will determine what kind of data you receive through the interviews (Saunders et al., 2012). Our choice of organization was done on the foundations of a desire to investigate and explore a phenomenon within the international aspects of a company. Therefore we conducted a non-probability sampling, meaning that we ourselves chose which firm to have a look at in regards to where there is most information available as well as how interesting we found the firm itself. Non-probability sampling requires an element of subjective judgement (Saunders et al., 2012), which had to be done in order to acquire enough information and well-known cases relating to the topic of our thesis.

Due to the fact that we were lucky to get a cooperation agreement with the organization we wished to write about early on in our research process, we primarily only needed to find eligible respondents for the interviews. Since we had chosen to do a qualitative case study, the purpose and goal when selecting respondents was that the respondents would be able to contribute with the highest possible qualitative information during the interviews.

To find a suitable sample size you need to have a closer look at the research question and what you want to find out, and what can be done with the available resources (Saunders et al., 2012). As we were conducting semi-structured interviews, the sample size did not need to be large. The interviews would produce a huge amount of data and information, and we planned on conducting between 5-10 interviews based on how many could contribute to our research question. We also wanted to interview respondents from both sides of the two acquisitions and the following integration process, thus for each case at least one respondent from Norsk Hydro and one respondent from the acquired organization. Having respondents representing both sides of the two acquisitions, would enable us to see each case from the perspective of both parties and compare if there were differences and similarities with regards to how the two parties perceived and evaluated the “sucessfulness” of the integration process.

With help from our contact person in the HR- department in Norsk Hydro, who had contacts within the different branches in Norsk Hydro, we got in touch with and selected suitable interviewees for our cases who was in possession of relevant information, and who otherwise would be hard to come in contact with. This method applied for our selection is called a purposive sampling, and is according to Saunders et al. (2012), also a type of nonprobability sampling. Purpose sampling thus entails that one selects sample size and respondents based on the research question and available resources, which is practical since we do not have the opportunity to collect data from the entire population. This method is suitable when generalizability is not the goal, when statistical inference is not necessary and when the selection does not have to represent the entire population (Saunders et al., 2012).

Prior to entering the collaboration process with Norsk Hydro, we had sent our contact person an enquiry questioning their interest in contributing to our study. We also sent a project description to our respondents prior to the interviews (Appendix 8.1) that compromised information on the study, what we wanted to research, how it would be conducted as well as

information about us. Worth noticing is that as our research question has been altered somewhat after sending out this project description, the description is no longer accurate with regards to the final purpose of our study.

Altogether we ended up conducting 5 interviews with respectively 2 norwegian respondents from Norsk Hydro, 2 brazilian respondents from former Vale and 1 german respondent from former VAW. Of consideration to the anonymity of our respondents, the positions that our respondents hold within Norsk Hydro have been left out as this would reveal their identity. As we are more interested in their role as either the acquiring party or the acquired party, it is not necessary or relevant for our research question to disclose their position. During the presentation of the empirical findings we have chosen to refer to the different respondents as “she”.

Although the sample size is relatively small, we believe it is enough to create sufficient detailed data and information about the acquisitions and the following integration process, as well as insight into how the intercultural context affected the integration process. As long as we make sure that our sample size is large enough to include at least one respondent from both sides of each of the two integrations, this can be sufficient to ensure that most or all of the perceptions that might be important are covered, thus that the saturation is good (Mason, 2010). Saturation can be defined as when the collection of new data does not shed any further light on the issue under investigation (Mason, 2010). As the respondents interviewed in this study all have had a central and active role in either the VAW-case or the Vale-case, the information we receive from them is potentially as useful as the information from more respondents when it comes to understanding the process we are investigating.

3.3.4 Preparations for the interviews

Early in the process we had a good flow of communication with our contact person in Norsk Hydro, and as mentioned above together found eligible respondents for the interviews. When we first finished our interview guide, a trial interview was conducted to see if the questions in the interview guide covered the most important aspects of the study as well as contributing to answers to the research question. The interview guide was evaluated in collaboration with

Norsk Hydro and our advisors. The trial interview was also a good way for us as "inexperienced" researchers to get some training in the role as interviewers.

After the confirmation on who we were going to interview, time and place was agreed on by e-mail to ensure that everybody could be present. The interviews were planned to be executed at Norsk Hydros office, and our contact person was responsible for finding a place where we could quietly have the interview. The several interviewees were contacted by email a few days before the actual interview to confirm. This email also included an information sheet (Appendix 8.2), a consent sheet (Appendix 8.4) as well as the project description (Appendix 8.1). The consent form was signed by each respondent and collected prior to the interview.

3.3.5 Interviews and observation

The actual interviews were conducted in Oslo at Norsk Hydro's office and at an HR-conference in Son, all on selected days that the respondents had available. Before the actual interview began, we confirmed that all the information had been understood and that any uncertainties that the respondent might have regarding the consent form, anonymity/confidentiality and the fact the the interviews would be recorded, was clarified. The use of a recorder gave many advantages, for instance, it made it easier to transcribe the interviews in detail after conducting the interviews, which was an important factor in order to get reliable data as well as familiarizing ourselves with the data. A disadvantage could be that some respondents might feel limited due to that everything they say is recorded, but none of the respondents seemed to have an issue with this before or during the interviews.

Each of the interviews had a timeframe of 45 to 60 minutes, but in fact it seemed to take longer because of the genuine interest in the subject from the respondents. They gladly shared experiences, thoughts and feelings with us. Throughout the interviews one us focused on writing down aspects of the interview that we wanted to know more about, so it could be asked after the interview guide had been followed. This also made the time issue a reality because many interesting aspects occurred. Examples of follow-up question after the interview guide was completed were for instance "did you have to interpret both orally and in writing?" and "have you heard complaints from other parts of the organization?".

During the first test interview, we quickly learned what subject gathered most interesting information, as well as in which order it was most natural to ask the questions. This was also the reason as to why small changes during the other interviews was done. Changing the questions and in what order they were asked was not an issue as each respondent focused on different aspects during the interview. As we wanted the interviews to be seen more as a conversation, we wanted the respondents to take control and speak freely. On a few occasions the respondent's direction had to be led to ensure that the aspects that were important with regards to our research question was covered, but this was avoided as much as possible because it would prevent a free flow in a conversation.

In October the authors of this thesis participated at a large HR-summit Norsk Hydro held in Son where employees from different divisions of Hydro, both based in Norway and abroad, participated. This included participants from Norsk Hydro's divisions in Germany and Brazil, which was why it was especially relevant for us being present, as it would provide us with insight and information we could use in our research. A participating observer resides with the qualitative technique (Saunders et. al, 2009). The role as an observer was known by the other participants and involved to observe the activities that were carried out, thus we did not take part in the activities our selves. This provided the opportunity for the role as a "complete" observer. During the conference and the different activities we got the opportunity to study the rest of the participants and their behavior. Especially interesting for us with regards to the purpose of our research, was to look closer at the interaction and cooperation between the participants and how they communicated with each other. Our participation at the conference also provided us with an awareness and understanding of cultural differences that existed.

3.4 Data Analysis

The process of analyzing data contains organizing and sorting the data "*in light of increasingly sophisticated judgments and interpretation*" (Swanson & Holton III, 2005, p. 130). Analyzing qualitative data, such as in our study, can be quite an overwhelming process which makes it imperative to use simplifying methods and tools so that one can "*understand, capture and represent participants' perceptions and meanings through and in their own*

words” and “*search for important meanings, patterns and themes*” (Swanson & Holton III, 2005, p. 130). The process of analyzing qualitative data can vary between studies and cases. We found that it would be useful to use an iterative process, which is a deeply reflexive process of visiting and revisiting data, that would enable us to spark our insight and develop new meaning and understanding when analyzing the data (Srivastava & Hopwood, 2009).

We will in this section explain how we found contexts and responses that could contribute to answering our research question. In practical terms, this means that we sought to find certain elements in the respondent's response such as what they perceived as the main factors that contributed to misunderstandings and what differences between them and the other party they found most difficult to handle when working together during the integration process. How the respondents evaluated the outcome was also a vital factor we focused on. Comparing the responses from our respondents and establish if there where differences and similarities was also a main emphasize.

3.4.1 Classification and coding of the interviews

After the data was collected from the interviews, it had to be prepared for analysis. In our thesis, this was done by transcribing the audio-recorded interviews. To ensure that the interviews were fresh in mind and that we would be able to connect the meaning of notes to specific events, this was done within a couple of days after the interviews. As transcribing is a time consuming task, having such a time limit was also helpful in avoiding a build-up of transcription associated work (Saunders et al., 2012). There are certain risks connected to the transcription process; missing important data such as pauses or other signs that could be important to ones study (Saunders et al., 2012). To avoid these risks we transcribed the interviews ourselves, something that in addition enabled us to familiarize us further with the data. We also discussed the interviews between us, so that we could be sure that we had a similar perception of the content of what had been discussed. The transcriptions was kept in a safe computer and in an equally secured backup file. To get a final overview of the data, we read through the transcriptions while noting factors we thought might be important when analyzing with different colour scheme, to quicker and better get an overview.

The next step in the analyzing process was to categorize the data. When identifying categories there are two specific factors to take into account; the categories have to be meaningfully related to the data, and the categories have to be related to each other (Saunders et al., 2012). The main goal is to identify categories that are meaningful and related to the research question. In our case meaningful categories was connected to the following; (i) the different phases in the background model (ii) concepts from theory and (iii) findings from data. This part of the process was iterative as the categories had to be revised and changed, some were added, deleted or even merged. In this way we included parts of a Template Analysis, “*a way of analyzing qualitative data that involves creating and developing a hierarchical template of data codes or categories representing themes revealed in the data collected and the relationships between these*” (Saunders et al., 2012, p. 602). The Template analysis combines deductive and inductive approaches to the analysis and offers more flexibility to the process. This means, as mentioned previously, that this study is not entirely inductive, since our data has been categorized according to the framework of our background model and with different theories within the different part of this model. However, this has been of great help when structuring the data from the interviews in a logical way.

When we had identified the categories the next step was to attach units of data to the categories. This can be “*a number of words, a line of a transcript, a sentence, a number of sentences, a complete paragraph, or some other chunk of textual data that fits the category*” (Saunders et al., 2012). A factor we included in the coding process was that the code names or categories was derived from actual terms used by the respondents (in vivo coding) in addition to terms from existing theory and literature. This facilitated the process of developing new insight.

The next activity was to reorganize the data and identify key themes, patterns and connections between the categories. Some of the patterns we looked for was similarities between the respondents from the same case and differences between the two cases. We also looked out for if the respondents had different connections to our chosen background theory. When this was done, we tried to find alternative explanations for the connections and patterns. This was important when drawing conclusions and defending our findings.

3.4.2 Presenting the findings

When the process of analyzing was over, and we had found meanings and linked them through patterns and themes, it was time to present the findings. There are several different ways to proceed, but the main aim is to find an appropriate balance between contextual description and analytical results (Saunders et al., 2012). It was important that the data presented was reduced to a summary containing the most important factors, and also to some extent it would have to be simplified a great deal. A usual way to present findings is to link quotations that emphasize main themes and concepts with your own text. In our thesis we found that the “show-and-tell”-method was a good way to present our findings. In this method, a quote is presented, followed by an elaboration connecting it to a central theme or concept in the study. The quotes are presented to support the findings, and this way increase the understanding of the reader. Also, the presentation of quotes from the interviews will highlight the reality and therefore underline the dependability of the data. As we only collected data from semi-structured interviews and observation, we did not need to use regression models, but rather getting a deeper insight into the respondents answers and to find connections there.

3.5 Credibility in the Research Findings

One great concern when doing research is the credibility of the answers given which may vary depending on the research design and method. You can therefore ask yourself whether the responses are trustworthy enough for research purposes? In this sense there are two main emphasizes: reliability and validity (Saunders et al., 2012).

3.5.1 Reliability

Reliability is described as the extent of which data collection techniques or analysis procedures produce consistent findings. As Easterby-Smith et al. (2008) points out, there are generally three questions that need to be addressed for the research to be reliable. 1) If the research would yield the same results on other occasions, 2) If similar observations would be reached by other observers, and 3) if there is transparency in how sense was made from the raw data material.

Producing consistent findings in a qualitative study can be difficult due to the fact that the context in a qualitative study often is very specific, and thus can be hard to recreate (Thagaard, 2009). Nevertheless, one of the advantages with qualitative studies is that a lot of hidden information can be brought to the surface and contribute to better describe and explain the underlying causes behind a phenomenon. Due to variations in factors such as location, the questions asked and the contact and chemistry between us and each of our respondents, every interview in this study was unique. Therefore, for other researchers, the conduction and result of this study can never be entirely the same. The information retrieved from the interviews will depend on the relation between us and the respondents with regards to the strength of the relation and to which degree the respondent opened up and shared sensitive information, and thus other researchers can go to Norsk Hydro and interview the same respondents as we did, and still not get the same information as we did. This entails that the reliability with regards to this aspect will be weak and hence it will be important to evaluate the reliability on other areas of our research.

According to Saunders et.al (2012) there are various sources of errors that have to be taken into account when applying a qualitative research method, and especially when data is collected via semi-structured interviews. Two of the biases important to consider in our study are interviewer bias and response bias.

In this study, there was a risk of *interviewer bias* that could manifest in terms of unfortunate body language, tone voice etc., and this way affect how the respondents interpret the questions. This can cause a variation from interview to interview and therefore create a bias when comparing the interviews (Saunders et al., 2012). As we used semi-structured interviews for our data collection, and thus had a flexible approach to the conduction of the different interviews where we focused on establishing a good flow in the conversation, this will have a negative effect on the reliability of the study.

Further, there is also a risk that we, as interviewers, interpreted the information given in the interview incorrect when analyzing the data. However, close re-listening to audio-recordings decreased this risk dramatically. Having a discussion about the interview after it had been conducted also ensured that we perceived the results the same way. In some cases we also asked the respondent to elaborate on their answer when we felt that the content of the

response was unclear, for instance, “ You said that...can you elaborate what you mean by that?”. We also made sure not to ask several questions at the same time, as this could be confusing for the respondent.

The *respondent* can also be biased in that sense that they select their responses, consciously or unconsciously, based on social norms, fear etc. This threat related to the responses of the respondents was reduced by ensuring confidentiality prior to the interview and making sure that the respondents was informed that there are no wrong answers (Saunders et al., 2012). Informing our respondents that there were no wrong answers and that we wanted them to talk openly, reduced the respondent bias that can occur if the respondents attempt to answer “correct” or giving the answer he believes the interviewer wants to hear. As mentioned earlier we also attempted to create a safe atmosphere in the beginning of the interview, so that the respondents felt more comfortable discussing sensitive and personal topics.

To sum up this section, we find that the extent of reliability in this study is moderate. Because of the qualitative approach and the use of semi-structured interviews, the reliability is naturally negatively affected. However, during the study we have been aware of the pitfalls related to the reliability, and thus we have taken measurements that has contributed to reducing the risks that might occur during the qualitative data collection. We also believe that there is transparency in how sense has been made from the raw material, which increases the dependability of our findings.

3.5.2 Validity

In qualitative studies, validity has received more attention than reliability (Flick, 2002). Validity is concerned with whether the findings of the research are really about what they appear to be about (Saunders et al., 2012). While reliability is concerned with the robustness of the research design, validity is concerned with investigating if there is a causal relationship between variables (Saunders et al., 2012). Validity is defined as: “(1) *The extent to which data collection method or methods accurately measure what they were intended to measure.* (2) *The extent to which research findings are really about what they profess to be about.*” (Saunders, Lewis & Thornhill, 2009 p. 603). In general, Saunders et al., (2009) present history, testing, instrumentation, mortality and maturation as threats to the validity. The *history threat* involves events occurring outside of the study such as political change. The

testing threat can occur when respondents are of the perception that results may disadvantage them in one-way or another (Saunders et al., 2012). If the interviews are done face-to face the respondents will not be anonymous. Thus, there might be a risk that respondents will be concerned about the answers they give and the results of the interview.

To reduce the testing threat in our study, we ensured the respondents that all data would be anonymized, and clarified other uncertainties before the interviews began. *Instrumental threats* can occur when the respondents has been subject to external effects in- between the interviews (Saunders et al, 2012). Thus, it can be smart to complete the whole interview with the respondents in one process, which was something we made sure to do to in order to minimize the instrumental threat. The study can be exposed to a *mortality threat* if the respondents do not complete the entire interview and avoid answering to questions. Making sure that respondents responded to as many questions as possible during the interview was therefore something we emphasized on in order to ensure the internal validity. During the interviews, many of the respondents answered several questions at the same time, which meant that some of the questions were excluded. Finally, there is the risk of *maturation*, meaning that the respondents perceive the interview as too time consuming, which can result in careless responding or incomplete answers. We avoided this by making sure to inform the respondents before the interview started how much time it was expected to take, as well as letting the respondents chose the date and time for the interview.

When working with validity it is usual to divide the construct into internal and external validity, which is presented initially before assessing the statistical conclusion validity and construct validity.

3.5.2.1 Internal Validity

Internal validity is the extent to which the findings can be attributed to the interventions rather than any flaws in your research design (Saunders et al., 2012). By internal validity one refers to the extent to which one can gain access to the respondents knowledge and experiences. Thus, the in-depth knowledge we have acquired by conducting a case study and semi-structured interviews contributes positively to strengthens the internal validity of this study. The opportunity to let the respondents discuss freely and explain different topics related to our research question, in addition to the researchers opportunity to ask follow-up questions as

well as both parties opportunity to clarify issues during the interview, contributes to the access of relevant information which further strengthens the internal validity.

3.5.2.2 External Validity

External validity refers to the extent of generalizability of the research results, that is, if the research results are proportionately relevant in other situations (Saunders et al., 2012). This study has limitations in its external validity. In qualitative studies it will be hard to generalize findings from a small selection onto an entire population. It might be that our findings to a certain extent is valid outside our context, but as we only have investigated a phenomenon within Norsk Hydro, any conclusions drawn should be compared to other contexts with carefulness. However, there is usually a trade-off between internal and external validity and the purpose of this study is not to generalize the results but mainly to use them internally within one specific organization connect existing theory together. Thus, it will be more important to make sure that the internal validity of the research is high.

3.6 Ethics

Research ethics relate to the researchers behavior and choices in all aspects of the work, and how the rights of those who are impacted of the research are maintained (Saunders et al., 2012). Ethical questions during research have become more significant as new tools are developed to gather new knowledge and the collection and interpretation of data has become more important (Miller et. al, 2008).

The notion of ensuring participants' anonymity in our study is a challenge due to the fact of the small sample size, but is still a vital factor to ensure reliable data. This is why the process of collecting, analyzing and presenting data has to be adapted to making sure no one can be identified in any parts of the study. We have therefore not told anyone who our respondents are, as well as coding the interviews instead of using names. All the results have been anonymized, so that only the respondents themselves could recognize their own quotes. It is only our company contact who has the full overview of who has contributed to our study, but during the interviews it seemed as there was an openness within the company which meant

that they knew who participated. Up to the point of the interview, the respondents also had the opportunity to withdraw from the interview which was made clear in the information sheet as well as in the consent form. This was done on the basis of an ethical account, so if that the respondents felt they had said something very inappropriate they could withdraw.

As always in qualitative studies, limitations due to the presence of subjectiveness when gathering and analyzing data is a risk. Although it is impossible to remove all influence from the researcher in the study it is possible to decrease it. By raising awareness of the risk of influence throughout the entire process it may help the researcher to act cautiously and rethink his or hers interpretations and actions.

Another factor is that as we are enrolled in the FOCUS-program, as all the data will be available for our advisors for further research. The individual participants were made aware of the fact and there will be further anonymity issues if the data is to be used in different research.

4.0 Empirical findings

In this chapter all findings discovered through interviews and observation at Norsk Hydro will be presented. With regards to the two acquisitions it makes sense to present them separately in this chapter to obtain a more clear overview, thus the empirical findings from the VAW acquisition and from the Vale acquisition will be organized in two different parts. First, empirical findings related to the pre-integration phase, with information connected to the planning and establishment of the integration process for each separate case, will be presented. This historical backdrop on how the integration process was initiated will be relevant in order to understand the context around the following integration process, as well as how this phase might have affected what happened later. The presentation of the findings will then be divided in sections according to our background model. We will start by looking at the input factors in the interaction process where the cultural aspect and the approach to conflict will be the main emphasize. In the next section, which will be related to the process, the main focus will be on how people worked and interacted together in the integration process, thus emphasizing on cooperation, group dynamics and communication. Finally in the last section findings related to the output, where outcomes and viability are the main focuses, will be presented. The findings will be structured relating to the background model in order to create an overview and structure. New findings will be, in a best possible manner, inserted into the phase of the background model that we believe is best suited.

In every section quotes and examples will be given in order to highlight and promote situations and experiences that connect the different topics to the integration process, seen from an intercultural context. Below every section a short summary of the empirical findings will be provided. These summaries will form the basis for the discussion in the next chapter. An introduction will be given before each section when presenting the findings from first case, however, this will not be done when presenting the findings in the second case as we do not find it necessary to repeat the same again.

4.1 Norsk Hydro and VAW

To better explain and reflect on the actual integration process, it makes sense to look at what happened before the transaction was closed. This phase is relevant because it, most likely, affected the proceeding phases and the interaction between the people affected by the acquisition.

4.1.1 The pre- integration phase

After the closing of an acquisition, an integration phase begins where the acquiring company mixes its working style, values and culture into the acquired company. Prior to the integration process of Norsk Hydro and VAW an integration project team consisting of members from both sides was established. Together with central leaders of Hydro Aluminium and the Hydro group, a project team where the members had varied backgrounds and anchoring in Norsk Hydro, was put together. This was done to better implement the new views from the acquiring company into the acquired company.

Before closing the transaction an introductory welcome week, with high level employees from Norway and Germany, was arranged with the purpose of laying a basic foundation for future workgroups and workflows:

"Before the formal integration process there were different kinds of meetings and bonding. [...] one went rafting somewhere and presentations about cultural differences and all this was held. But this was just a phase, call it a honeymoon, and then it was over. And then everything regarding the culture was okay to them." (Respondent 5)

Another respondent elaborates:

"We had a general assembly, with a meeting of all the participants and there there was a plan session with i think 120 people, more than 100 people and head of Hydro Aluminium, part of Hydro at the general introduction and then we started with the working groups."

(Respondent 2)

After closing the transaction different integration groups was also established:

“There was a whole integration team running the integration process on all the parts on the different functions, and one of them was the HR team. We were three people from VAW and three people from Hydro.” (Respondent 2)

From the statements above it is clear that a lot of work was done prior to the formal integration process. This work included the social aspects of the integration process, such as creating an awareness and understanding of cultural differences as well as building relations between the people from Norsk Hydro and their future colleagues in VAW . There is nevertheless evidence that not enough work was done in relation to the integration of the employees in the pre-integration phase. Several of the respondents stress out that although there were some planning prior to the final integration process, they felt that they were just thrown into it, and further that they had a feeling of being “let alone” during the proceeding phase. These findings imply that the integration process seemed to be characterized of a “learning-as -you- move- along thinking”.

4.1.2 Interaction in an intercultural context

How the interaction between people in the integration process appears in an intercultural context, like in this acquisition, is a complex question that will be shed a light on in the following sections. The view on how the integration process proceeded will in some cases be a matter of subjectiveness, thus dependent on how the respondents define different terms related to the integration process. This means that it will be necessary to break up the integration process into several parts and then relate them to different situations the respondents can familiarize themselves to.

4.1.2.1 Input

This section will elaborate on findings regarding the different input factors that the employees brought into the integration process. Focus areas here will be cultural differences from an organizational view and national view. Further on, conflict styles will be taken into account.

Culture

The growth of an organizational culture takes place from the establishment of an organization, and the longer it is allowed to flourish, the harder it is to change. One of the respondents elaborates that it is almost seen as impossible to fully integrate an organizational culture different from their own into an organization in another country:

“I mean there is no possibility to say, come on I will create an organizational culture. It takes decades. Like Hydro has a history of 108 years, and there is of course a Hydro culture.”

(Respondent 2)

The organizational culture of Norsk Hydro is described by one of the respondents as “an umbrella” that stretches out to all parts of the organization. Nevertheless, it is emphasized that implementing a norwegian culture and wanting it to be everywhere within a global organization, is nearly impossible to achieve and that regardless of where you are, the local organizational culture will be self-reinforced.

One of our findings show that Norsk Hydro did not take into account that when they acquired VAW they had a responsibility to respect that there partially was a german organizational culture existing within what now was Norsk Hydro. This can be illustrated by a story told during the interviews about when Norsk Hydro celebrated their 100th anniversary. The anniversary was celebrated in Germany, and as a gift for all employees a book called “Hydro - a piece of Norwegian industrial history” was handed out. The germans perceived this as an insult, because Norsk Hydro had overlooked fact that they were an international organization with more employees abroad than in Norway. To say that Hydro was a piece of the *Norwegian* history just did not feel like a politically correct statement:

“In a way, we are caught in our own paradigm.” (Respondent 5)

To create a common organizational culture is an issue that is further complicated due to the fact that different subcultures exist in former VAW. As a fairly large company with several huge plants, subcultures have emerged on the basis of location, but also because of the obvious distinction between the Norwegian and German work style:

“With Hydro now there are existing different subcultures, there is still a very strong German culture, and a very very strong Norwegian culture. [...] There is a different kind of behavior, different kind of relationship to the employee representatives and that's the way it is.”

(Respondent 2)

That Former VAW was an old, but also very large company further supports the statement about different organizational cultures existing today within Norsk Hydro. One of the respondents tells that the instant need for change in culture was difficult due to the fact that VAW was a pure German company prior to the acquisition, with daughter companies in Italy and Great Britain headed by German managers that reported in German. There was a difference in thinking, tools and understandings, and one of the respondents tells us how she experienced entering VAW:

“It was a tough organization to come into, because it was an entire different culture. I came from [...] which was a bit more “cowboy style” where you shoot from the hip and not necessarily had a lot of systems. You have a lot of that in VAW. Or I call it for VAW, although that's no more.”(Respondent 5)

Although it is pointed out that different organizational cultures exist, the findings also indicate that former VAW do not perceive themselves as particularly German, and that they have tried to implement aspects of Norsk Hydro's organizational culture.

All the respondents emphasize the importance of establishing a cultural understanding. Norsk Hydro tried to facilitate for sessions where differences between the two cultures were focused on:

“There was one session where we really thought about cultural differences, and there was a lecture given about the cultural differences between Germans and Norwegians.[...] This helped a little bit to understand each other and if you have never heard takk for maten before, you are a little bit lost.” (Respondent 2)

The purpose of the session was mainly to get an overview of fundamental differences.

In the interview one of the respondents tells a story about one of her colleagues who had received the task of holding a typical “takk for maten” speech after a dinner with all the managers of Norsk Hydro, both German and Norwegian. When finishing the speech a not “sexually correct” joke was presented and as a result, there was complete silence in the entire room. Afterwards one of her Norwegian colleagues commented to the speaker: “Hey, career limiting move...”.

In our findings, three differences emerge where Norway and Germany, as two different national cultures, seem to be on different levels on certain cultural dimensions. Differences in behavior and relationship are two of the cornerstones for national culture. The first difference found concerns how one views the sharing of roles between sexes, thus between female and male:

“I have heard afterwards that there were rumors of a sensation, not because I was Norwegian, but because I was a woman. This sort was all new in this type of position in VAW. It was just completely new.” (Respondent 5)

The statement above indicates that Germany has a more masculine culture, whilst Norway has a more feminine culture. In a masculine culture, high positions in society are mainly reserved to males. It is however worth noticing that things might have changed regarding how big this distance is today, as it is almost a decade since Hydro acquired VAW. Germany currently has a female prime minister, something that indicates that Germany is moving towards a more feminine culture where having females in high positions in society has become more common. One respondent also reveals that there is a high pressure to bring more women into high positions in the German division of Norsk Hydro.

The second difference relates to the relationship between a leader and subordinates. In former VAW the position an employee holds within the company seems to have had high importance, where managers and high seated leaders are favored and benefited more than the average employee. Especially pointed out by our respondents was the tradition of keeping the top management exclusive:

“VAW had structures and a pride. Especially the top management were they were driven around with a driver who carried their bag around the car and opened the door. We can imagine this in Norway.” (Respondent 5)

It is further elaborated that:

“ [...] in Germany one person sits at the end of the table, and that person is always the boss, and nobody else would never dream about sitting there.[...] Germans are probably more afraid of the feeling that they cross some borders and are stepping on others territory.” (Respondent 5)

The statements above indicate that in former VAW a large power distance between a leader and his subordinates existed. In Norsk Hydro, on the other hand, there was a flatter organizational structure which entailed much more democratic processes where everybody was entitled to give their opinions. This implies that the power distance in Norsk Hydro was lower than in VAW. This was something that one of the respondents experienced as challenging when she first arrived in Germany:

“You have to establish professional respect, and this was quite hard in the beginning.” (Respondent 5)

Different views regarding power distance and to what extent processes within the organization were democratic also revealed that the Germans in former VAW found the way meetings together with the people from Norsk Hydro were conducted, as unorthodox. The two organizations had different working styles. Having different working styles can, for instance, develop because of an organizational culture where specific rules for decision-making and discussion are favoured within an organization. However, having different

working styles can also depend on how the society in that specific country have learned to behave during work related activities, thus can the phenomenon noted above be a result of differences both in national culture and organizational culture. The findings also indicate that the Germans seem to favour quicker processes where there is less discussion.

Due to the differences found above there were episodes that came close to being considered as critical during the integration process, for instance, when Norsk Hydro tried to apply their own incentive system to VAW:

“The implementation of the Norwegian pay related performance system was perceived as a salary cut in Germany. And people left the company. So the simple transfer of a salary system without taking history and the cultural dimension into consideration can be fatal [...] That’s a cultural dimension and you have to be aware of it when you discuss it. If you apply Norwegian thinking to Germany it’s not always a success story.” (Respondent 2)

An interesting finding brought to surface by one of our respondents can be related to stereotyping and tangible cultural differences. She pointed out a funny episode:

“All of the German colleagues appeared as we always do in a jacket, trousers, a suit and of course a tie, and clean shoes, like you are in business [...] and all these Norwegian guys in more or less jeans and pullovers whatever. [...] In the evening it was dinner and the German colleagues went up to their rooms, away with the ties, some put jeans on or whatever, went down and then all the Norwegians were in suits and white shirts. We didn’t understand. [...] One week later we had the first meeting and I phoned both my colleagues the day before and said “come on, we are meeting Norwegians, we are just wearing jeans and pullovers”. So we entered the room and there were three Norwegians sitting in suits and ties and so on. I asked the co-leader of the group why they were wearing suits and he said he had given his colleagues a ring the day before and said that “we are meeting the Germans, don’t forget to put on ties and suits.”” (Respondent 2)

The situation above was seen as an icebreaker and helped the Norwegian and German employees to realize the fact that cultural differences existed and also showed that both sides made an effort to adjust to the other party.

Summing up this section it is clear that cultural differences existed between the norwegians from Norsk Hydro and the germans from former VAW. These differences can be related to both organizational culture and national culture. Even though the respondents have not been dependent on each other or worked within the same team, they point out the same differences. The main cultural differences evolve around the degree to which the two cultures values masculinity versus femininity, power distance as well as having a different preference for working styles. In addition to these differences, an obvious distinct factor is the fact that norwegians and german speak two different languages. Regarding the latter difference, findings will be presented later in conjunction with communication in the process.

Conflicts and conflict styles

The intention behind the questions asked for this section was to initiate a reflective process where the respondents would reflect on how they as individuals approach a conflict. We also wanted them to reflect on how the “other party” approached to misunderstandings or conflicts. This was done in order to establish to see if there were different conflict styles separating the two parties, and further if differences discovered could be connected to cultural differences, national and/or organizational, or if they were simply caused by individual characteristics. Another interesting aspect regarding conflicts was also to look at to which degree the respondents viewed conflicts as something positive or negative.

Culture, both on an organizational level as well as on a national level, often has implications for misunderstandings or challenging situations that occur between people. The findings indicate that both the germans and the norwegians favour a relatively direct approach towards conflict. A difference seems to be the degree to which one is being direct, where the norwegians tend to be more direct than the germans:

“I am relatively direct. I am probably the one here that is most direct. It lies well established in the norwegian culture.” (Respondent 5)

It is further elaborated that a lot of the germans do not say “you” when confronting someone, but rather use the more polite form for it, which is common in the german language. This is not something applied by the norwegians, which automatically can lead to that they are

perceived as more direct. When discussing the norwegian approach to conflict one of the respondents tells about a conflict that occurred after Norsk Hydro took over VAW, and further elaborates about one of the involved:

“He was a person that liked to call a spade a spade.” (Respondent 5)

Our findings thus imply that the norwegians have a somewhat more direct approach compared to their german colleagues. However, evidence indicate that the germans are less afraid of approaching conflicts than the norwegians:

“It doesn’t make any sense to hide conflicts. You will never solve the conflict if you hide it.”
(Respondent 2)

This is confirmed also from the norwegian perspective:

“ [...] germans are not afraid of conflicts when they don’t agree on something.” (Respondent 5)

The limit for opening a conflict seems to be higher for the norwegians when disagreements occur:

“ [...] it gets kinda quiet and then one does not really seize the discussion, because, yes, if I am asked “so what do you say xx?”, I just say “ yeah yeah you are probably right” and nothing happens. It is a little bit embarrassing to admit really, but you just think that there was nothing you could have done anyway.” (Respondent 5)

It is underlined that the statement above only is valid when it concerns smaller disagreements or conflicts. Norwegians are, like the germans, not afraid of approaching conflicts when the scope of the misunderstanding or the conflict is considerable.

The notion of germans being more polite than norwegians in their way of approaching a conflict, might also be an indication of that they have a higher concern regarding the feelings of the other party. It can also be a sign of a fear of “stepping on someone’s toes”. In this

sense, the very direct conflict style of the norwegians can be seen as a style that has less respect for people's feelings.

When it comes to whether or not one views conflicts as something negative or positive, the findings indicate that the germans have a more positive attitude towards conflicts compared to the norwegians. Nevertheless, all the respondents communicate during the interviews that a certain level of conflicts is fundamental for the development of an organization, and that the best solutions often occur when there has been discussions on difficult topics. Small work related conflicts are seen as something good as it opens for good discussions and exchange of opinions:

"The air is better after a thunderstorm." (Respondent 2)

The findings in this section have shown that, overall, there is little difference in the approach to conflicts between the norwegians and germans. The small differences found are related to the degree to which one is direct, as well as where one draw the limit for entering a conflict.

4.1.2.2 Process

This chapter will deal with specific findings registered with regards to how the people from the two sides, Norsk Hydro and VAW, interacted during the integration process. This topic will be divided into two sections : 1) How they approached the work tasks and how they worked together with one another and 2) How they communicated with each other during the entire process.

Taskwork & teamwork

During the interviews we wanted to figure out how the two parties interacted with each other to solve the work tasks. To start a discussion revolving around this, all the respondents were asked to tell about the meeting activity between themselves and their new colleagues:

"We have a management meeting once a month, and then it lasts for a day.[...] that is the one time we actually see each other as a management team." (Respondent 5)

A lot of the interaction appear to have occurred outside of the management meetings, with alignment meetings and discussions related to alignment tasks being held separate from the management meetings:

“The really sit in their own vegetable garden. [...] Everybody rowes and it is mainly parallely, but you can say we are maybe more of a fleet than a boat.” (Respondent 5)

One of our respondents gave an example where she compared how workshops are run in respectively Germany and Norway. In Germany they have clearly defined targets, methods and a plan for who is invited. It is a much more structured process. After a day of discussion there are concluding remarks in the evening where the status of the discussion is wrapped up on a flip board. The next day’s discussion is then first started with a brief summary of yesterday. In contrast the norwegian style is explained as followed:

“The Norwegian style is that everybody is talking about everything, and sometimes you don’t know why some people are invited to the workshop, people drop out of a workshop for whatever reason and this is unthinkable in Germany.” (Respondent 2)

Through discussions about how the respondents approached and managed their work tasks, we found that there is a certain difference in how the norwegians and the germans work towards a goal. From the german point of view, the norwegians have a more ambiguous process with regards to decision- making:

“When you have been in a meeting with norwegians, you don’t actually know what has been decided afterwards [...] or if anything had been decided.” (Respondent 5)

The germans have a more structured decision-making process where there is a clear mandate and where one leader usually has the final word and makes a decision. An additional feature concerning decision- making that emerges, is the german notion that the norwegians involve too many people in the decision-making. As many of the people involved are seen as unnecessary participants by the germans this makes the process of working towards a goal confusing.

The different functional groups within former VAW did not consolidate each other directly as the different working groups had a clear mandate, with distinctive work paths regarding what area you were focusing on; controlling, HR, taxes or legal. This meant that there was a lot more parallel work in Germany, where decisions was made by a partner of the top management, but actually often came from lower levels of the organization. Our findings imply that there still is a lot of parallel work, but that decision-making has changed:

“So we were not the ones making the decisions in the working groups. The decisions were made in Norway.” (Respondent 2)

The organizational culture with regards to the rules for who are to make decisions thus appear to have been different in the two organizations, something that caused that problems related to this occurred during the integration process.

When the opportunity to make decisions by oneself suddenly is taken away, the decision-making becomes more unclear, which again can lead to confusion and frustration. Due to this sudden change in how decisions were made, it became important to generate a common understanding regarding the grounds for which decisions were made:

“The challenge is the agreement, that everybody is aligned about it [...] that you identify yourself more as well. Even on the issues that are not your core activities.” (Respondent 5)

Our findings indicate that too little was done in order to clarify and reduce the uncertainty regarding how different activities should be carried out and how different goals should be reached.

Further on, findings indicate that although there was an attempt to establish a common understanding to facilitate the cooperation between the parties in the beginning of the integration process, they did not manage to achieve a comprehensive understanding of the expectations that the two parties had:

“In the first meeting our former boss said we want to pick the best of both. [...]we really thought at that time they were looking for the best of both, but that did not happen.[...]And so, there were high expectations, but low fulfillment of this kind of stuff.” (Respondent 2)

The violation of the expectations had a great impact on both the future teamwork and taskwork, and especially for the Germans the result was that they felt distrusted and overrun by the Norwegians from Norsk Hydro. That this was an issue, and still is, is confirmed also from the Norwegian perspective:

“It has improved during the years, but there is still partially distrust. You can notice in parts of the organization too...” (Respondent 5)

There was a clear understanding throughout both organizations that a full integration was the overall goal, but the steps for how to achieve this, was more subtle. As the working styles in Germany and Norway were different, it was important to be honest and open and have discussions regarding the preferences and expectations of the two parties, so that future misunderstandings could be avoided. One of our respondents elaborates about how this played out in her working group:

“In my group our first goal was to understand each other, what we are doing and how we are handling things. Because for the first time if you get married, and you don't know each other before in detail, that might be a little bit difficult, and it was difficult.” (Respondent 2)

Summing up the findings, concerning the teamwork the main difference pointed out by our respondents has to do with decision-making. The two organizations, Norsk Hydro and VAW, appear to have had a different culture regarding how decisions are made. This entails both how the decision-making proceeds as well as who has the mandate to make final decisions. The cooperation between the two parties during the integration process seems to have been problematic. In the beginning there was an attempt to create a common understanding of the work that had to be done, as well as raising awareness of differences in culture, working styles and expectations. At times there appears to have been a lot of parallel work within the organization, where the different parties did not consult and discuss with each other.

Overall, the two parties seem to have had a good point of departure, but as expectations were violated as the integration process proceeded the cooperation was to a certain extent characterized by distrust between the two parties.

Communication

When Norwegians and Germans are put to work together, the language barrier is of course a central challenge with regards to the communication. In the top management team, they have tried to compromise the situation by dividing the amount of language almost equally:

“Everything takes place in german, but I write in english. We discuss in german, and the powerpoints and protocols are in english. So it is very dual. [...] we are concerned about this because you never know who comes in and has to understand the documents. It is important to have things in english to keep a hold of the little internationality that is there” (Respondent 5)

Our findings indicate that having many of the discussions in german, was experienced as challenging for some of the norwegians that went to work in Germany, and who had little knowledge of the language. An additional feature of language that further complicates the situation, is not being aware of different meanings of specific words and whether or not they were ranged on a positivity or negativity scale. This feature regarding communication and language has to do with intangible factors of culture that mainly only can be learned through interaction. It is pointed out that the extensive use of german is necessary due to the fact that many of the employees in the german division of Norsk Hydro have no experience with english. This especially applies for the blue-collar workers out on the different plants.

As a lot of the conversations and discussions take place in german, a relatively good knowledge of the german language is a vital factor to be able to survive in the organization:

“[...] those who came in had problems understanding what was going on, I don't think they could read the language. It happened that they came by and let out their hearty sighs. [...] It helps when you know what the sentences mean, if it is sarcastically etc.” (Respondent 5)

A lot of the communication problems that occurred between the people from Norsk Hydro and VAW seem to have been due to a lacking understanding of the different layers within a language, where it is often necessary to interpret phrases and different words to understand the true meaning. One of our respondents pointed out that sometimes when the norwegians did not listen enough or failed to interpret a message correctly, they reacted aggressively instead of asking what it actually meant:

“Sometimes you don’t know why somebody is angry. And there is a lot of room for misinterpretations and misunderstandings.” (Respondent 2)

When it comes to the communication style, the people from Norsk Hydro and former VAW seem to have a relatively similar style that favours the direct communication style. However, it is pointed out that:

“ [...] germans otherwise, and it is probably company-specific too, but when you move up in these slightly larger german organizations, a lot there is quite subtle and in nuanced words.” (Respondent 5)

The indirect way of communicating on the top level of the organization sometimes caused problems, as the communication in former VAW and thus also in the new division of Norsk Hydro tended to be top-down:

“ [...] on levels below, I see that protocols and emails etc. has arrived, and it dawns to me that others have not understood that when it is written like that, then it is a decision, and that if one does not agree you actually have to speak out. Thus one feels that “ the process is not even in progress”, and have not understood that the train is about to leave. And the train has left before one realizes it.” (Respondent 5)

To avoid that misunderstandings occurred due to wrong interpretation of written communication, actions were taken:

“We agreed to pick up the phone instead of writing long emails, and so on, so there was a way of communicating with each other, and it was very clear and I would say very easy. It worked well, the communication.” (Respondent 2)

Our findings related to the communication between the people from Norsk Hydro and the people from former VAW, show that the main challenge has to do with the language barrier. A good level of understanding of the German language is necessary to be able to communicate optimally with the German colleagues as well as achieving a full integration into the German division of Norsk Hydro. The two different sides both appear to have a relatively direct communication style, but a somewhat more indirect communication style, in combination with top-down communication, used in upper levels of the German division sometimes causes misunderstandings to occur. One of the actions taken in order to reduce these communication issues was to use the phone, instead of writing an email, when longer messages had to be given.

4.1.2.3 Output

This last section will elaborate on the outcome of the integration process with regards to the different topics discussed above. Worth noticing regarding the output-part of the integration process, is that all of the respondents emphasize that they still consider the process as an ongoing process, despite the fact that Norsk Hydro already in 2003 announced that the integration was complete. However, the first critical phase of the integration is nevertheless over, thus it is possible to point out findings about the outcome of the integration process already now.

Closing up the discussions with our respondents, all of them were asked questions in order to make them reflect on their thoughts, perceptions and feelings regarding the outcome of the integration process.

Our respondents clearly emphasize the enthusiasm that occurred from both companies:

“There was a lot of enthusiasm at the beginning [...] and then we started with the concrete work on topics, with a lot of misunderstandings, so it definitely went down in the negative zone.” (Respondent 2)

How the respondent felt that the integration process had progressed was further illustrated by a drawing:

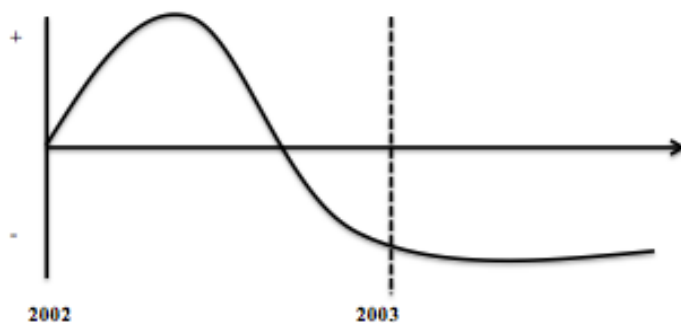


Figure 4.1. Illustrated progression of integration in VAW

From our findings there is evidence that Norsk Hydro and VAW were two very different organizations with different organizational culture. Many of the divisions situated at the different plants in Germany felt that Hydro’s values had nothing to do with their own values, and thus the situation became problematic when Norsk Hydro attempted to integrate with former VAW. Our findings indicate that Norsk Hydro and former VAW have not managed to achieve a common organizational culture. Instead of taking the best from the two organizations and creating a common organizational culture that both parties could relate to, Norsk Hydro appears to mainly have imposed their own organizational culture onto VAW. This has resulted in what appears to be different organizational subcultures within Norsk Hydro:

“If people think that with regard to culture the transition is done, its definitely wrong. [...] We are not a uniformed company like we would like to be.” (Respondent 2)

Also from the norwegian perspective this is pointed out:

“VAW speak about Hydro and that they feel like they are Hydro, but listening to different people I feel as they speak about two organizations and never have actually integrated. And they are not really Hydro.” (Respondent 5)

The “clash” of different organizational cultures, led to that disagreements and critical incidents occurred during the integration process. One factor that seems to have contributed to the complications that took place, was the fact that many of the Germans received a high level management position in the German division of Norsk Hydro, but also in the rolling business located in Norway. This was elaborated by the fact that many of the Norwegians lacked experience with working at bigger plants, but also because of the language barrier. This was not well received by all the Norwegians:

“It was partly perceived as reversed takeover. So you know, when you buy something and have the feeling that the other part bought you, that is bad.” (Respondent 2)

Regarding the relational aspects of the integration, the deep-rooted factors such as culture and different working styles appears to have had a negative impact on the relational outcome of the process. Many of the Norwegians that went to Germany, did not survive there for long:

“A person who came from the same area as me thought there was a lot of weird stuff going on, but had no problems in that way, but the two others that came from Norway in the management team have not survived. No.” (Respondent 5)

The high turnover of the Norwegians in the German division mainly seems to be connected to the language barrier between the two nationalities and problems with the communication. However, the findings imply that low satisfaction with regards to German culture, both national and organizational in former VAW, also contributed to their departure. Likewise, the German side also experienced that people from former VAW left the organization during the integration process because of dissatisfaction and conflicts that occurred:

“My boss had to leave Hydro.” (Respondent 2)

With regards to the viability of the relationships between the employees in the different work groups our respondents have a mixed view:

“If I got an offer to work there again, I would definitely taken that decision. [...] I have said that I actually find it enjoyable to work in such an environment.” (Respondent 5)

But not all agree to this:

“I hope Hydro won’t be bought by somebody else and we have to do the integration again. A clear no to working with them again. It was not easy to become a part of the norwegian HR community, but maybe it wasn’t easy for them either.” (Respondent 2)

When moving the discussion more in the direction of the outcome of the integration process with regards to the productivity and the quality of the task work, the respondents appear to have a positive perception:

“We did our job.” (Respondent 2)

One of the other respondents further elaborates:

“[...] it mostly comes out okay. Yes. I would say. To me the problem or the challenge is not the quality of what comes out, but is more the cohesion, that we all are aligned about it..” (Respondent 5)

The findings tell us that the productivity was not an issue, as the goals were reached at an appropriate level. The main issue that emerges during the interviews with our respondents, has to do with the relational aspects of the integration process, where there appears to have been a lack of cohesion, which again has had a negative effect on the viability of the work relationships.

There also appears to have been a low survival rate amongst the people from Norsk Hydro that went to work in the german division. It is suggested that this was caused especially due the language barrier and the different workings styles applied by the germans and the

norwegians. However, for the norwegians that managed to cope with the language barrier, the satisfaction with regards to the viability of their work group was, and still is good. They have enjoyed working with the germans. This last finding appears to be related to the duration of the stay; it is necessary to stay for some time in order to settle in and adjust to and reconcile with the surrounding environment.

The germans from former VAW also appears to be less satisfied with the relational aspects of the integration process. This can be seen in conjunction with a perception of being “overrun” by Norsk Hydro.

The fact that the german division of Norsk Hydro had, and still has, a majority of germans in the top management team as well as in other high-level positions is something that seems to have had a negative impact on the integration process. From Norsk Hydro there were three norwegians which had the necessary qualifications to move down and obtain such a position. Two of the managers did not survive mainly because they were a minority. One of the respondents elaborate on this:

" It has mostly been one other norwegian in addition to me. Currently, it is just me. [...] when there has been replacements and attempts with more norwegians, but it has not functioned."
(Respondent 5)

It is stressed out that one does not necessarily have to get more norwegians into the german division, but that one should strive to get a more multinational group. This is due to the fact that an uneven distribution with regards to nationalities in a group can have a negative impact on group dynamics and interaction. An additional element with regards to this which was pointed out during the interviews, was that it can be bad for the integration process if the acquiring organization is a minority in the new top management team.

Further, several learnings and take-aways for the future were pointed out:

“You need to let your self more loose in a way. From the traditional norwegian way if you are to survive.” (Respondent 5)

To adapt to the environment around you is considered as crucial in order to survive when working abroad, like the people from Norsk Hydro had to when they went to work in Germany. In order to succeed with this, it is also mentioned that it is very important to consider the timeframe of the integration process and how long one would have to be there to make things function. Taking too lightly on the integration process is often a problem, thinking it is progressing a lot more than it actually is.

Reflecting on the expectations one has prior to the acquisition and the coming integration process, as well as adapting them as the integration progresses, is also something our respondents consider as important:

“If you think of being in a partnership, you think the man is a hero, but come each evening he is not. You should think about the expectations. Otherwise you get crazy.” (Respondent 2)

4.2 Norsk Hydro and Vale

5.2.1 Pre- integration phase

When the deal with Vale was signed, Norsk Hydro established a project team from their side that was responsible for the planning and preparation of the integration process:

“When we signed the deal we established an integration project where the members had different workflows depending on their functional area. We had project meetings and reported to the corporate management. This way we ensured that we had a good progression so that we were ready to “hit the ground running” when the transaction was closed.” (Respondent 1).

Most of the members that participated in the integration project had taken part in acquisitions and integration processes before. In addition to the personal and professional experience the members brought with them, documents and templates used in conjunction with previous acquisitions was “recycled” and used again, and in this way eased the work. However, the

integration with the acquired part of Vale also required that specific factors, such as macro-environmental factors, valid in Brazil had to be taken into account. Macro-environmental factors refers to, for instance, the political, legal, economic and social factors valid in a country.

” We used a lot of time in the start and in the period before closing the transaction with regards to adjusting to Brazilian laws and rules so that we would be reconciled when we started.” (Respondent 1).

Also from Vale’s side, people were involved in the discussions and due diligences that needed to be done before the transaction could be closed.

The importance of doing “your homework” before the final takeover is emphasized by all the respondents in this study. Our findings indicate that the social aspects of the integration, thus the integration of the employees, was a main concern in the pre-integration phase:

“A lot of things happens between signing and closing...if you do your work you use enough time this period to work with future colleagues, to understand at least a lot of the cultural differences, the differences and similarities..and how to move forward.” (Respondent 1).

In addition to reflecting on and creating awareness for possible cultural differences that might play out and influence the integration process, Hydro quickly started to actively build bridges between their own employees and future colleagues in Brazil:

“We connected big networks and many relations before we officially were an organization” (Respondent 1).

The more one can manage to clarify and solve before the process begins, the better. Involving the right people and handling expectations that the affected parties have regarding what is going to happen, are some of the factors pointed out by our respondents as very important in the establishment phase.

The empirical findings related to the phase prior to closing the transaction with Vale, show

that Hydro took many measurements to ensure that the following integration process would go as smoothly as possible. However, it is stressed out that establishing a good foundation to work from does not mean that issues won't occur during the process, but that it is before the acquisition they have to be solved or should be solved. When telling about a challenging situation that occurred after the transaction was closed, one of our respondents reveals that not all issues were clarified in the pre-integration phase:

“[...] it happened late in the process, and it would have been much better if it had been earlier.” (Respondent 4).

4.2.2 Interaction in an intercultural context

4.2.2.1 Input

Culture

In the top management team selected for the Brazilian office, the composition with regards to nationality, norwegians versus brazilians, was approximately 50/50. The members where selected for the different positions based on where Norsk Hydro had competence and where the ones at the equivalent level in the acquired part of Vale had competence. One of the respondents elaborates:

“It is very natural that the one to lead the entire is Norwegian and from the acquiring company [...] and also the CFO with regard to compliance. [...] The task lines, thus the operational [...] were run by the Brazilians’ that had that experience already.” (Respondent 1).

An external company was used to evaluate the capabilities needed in the team and strengths and weaknesses the different candidates possessed for the different positions. This was done in order to align the needs of the “new” company with the people brought in. Another important aspect regarding the selection of the people that came from Norway, was that all of them had worked and lived abroad before, which was why they really just plunged into the work tasks that were waiting once they arrived in Brazil:

“We did not use that much time [...] to build cultural understanding for differences between Norway and Brazil. [...]” (Respondent 1).

Findings, however, indicate that more time should have been used to build a better understanding between the two nationalities when everybody was in place in Brazil, as some challenges related to different working styles emerged. These challenges were especially related to planning, structure and problem solving:

“ You have to make many plans and tactics with regards to how you plan to solve specific problems, and I don't believe you can plan enough” (Respondent 1).

The statement above describes, from a norwegian perspective, how problems should be approached and solved. The brazilians have a quite different perspective on this:

“We don't plan. Okay? Our planning is poor [...] But you plan to much. You plan too much and then you can't find the end. This is a kind of cultural difference.” (Respondent 3).

Clearly, the two perspectives contradict each other. This finding can be a cause of differences both in national culture and/or organizational culture. If it is a cause of national culture it entails that the difference originate from norwegians and brazilians, as different nationalities, being on different levels of cultural dimensions. If it is a cause of organizational culture, this would entail that Norsk Hydro and Vale had different culture within the organization, thus organizational culture, regarding how one should solve problems and plan work tasks. Whether or not the finding above is a matter of national culture, organizational culture or a mixture, it is something that has to be investigated further in order to establish the real cause.

From the interviews, another cultural difference brought up to the surface is the degree to which one expresses emotion. This is a difference pointed out and emphasized by all the respondents that were involved in the Vale acquisition, both from the Norwegian side and the Brazilian side. One of the Brazilians elaborates:

“They (norwegians) are not the kind of people who will give you a hug or welcome you warmly, but they don’t exclude you, on the contrary. They treat you with a lot of respect.” (Respondent 4).

Brazilians are thus perceived as more emotional expressive compared to the Norwegians. In addition to this, another difference is also brought to the surface:

“Brazilians wants to be with friends all the time [...] we are with someone all the time. Yeah. So that is Brazilian culture.” (Respondent 3).

It is also elaborated that it is very common in Brazil and seen as normal to invite colleagues to do social things besides work such as going to the beach or grabbing a beer. From the Norwegian perspective it is however, stressed out that they like to keep their private life from work.

“Friends you have one place, and colleagues another place.” (Respondent 1)

Further it is emphasized that this does not mean that one does not attend to dinners and social events with colleagues, but that having a close personal relationship with a colleague can be unwise and should be avoided because this could cause one to lose objectivity regarding the work tasks. This finding is most likely related to nationality and different perspective on how individuals should be integrated in a group, thus a cause of national culture.

Summing up this section, it is obvious that some cultural differences came to surface when the “Hydro- people” and the “Vale- people” were put to work together. Especially two main differences that can be linked to culture were pointed out by all of our respondents that were involved in the integration of Norsk Hydro and Vale. The first difference is related to how one plans and approaches work tasks as well as problem solving, where the people from Hydro had a more structured approach to this than the people from Vale. Further, this could be a result of both national culture and organizational culture or a mixture of it. This is something that will need further research in order to establish a certain cause.

The second difference brought up relates to which degree individuals express emotions and include others in social activities. Here, the Brazilians tend to be more emotional than their Norwegian colleagues as well more concerned about integrating with their colleagues on a more personal level. The latter could be an indicator that Brazil is a collective culture with a higher concern for looking after each other, whilst Norway has a national culture where individualism is favored. This second finding seems to be a matter of national culture. Finally, the last finding is the fact that for the Brazilian counterpart the differences noted above seem to have been more surprising and unexpected than for the Norwegians. This could be an indication that the Vale side had prepared themselves less on cultural differences that might occur when working with the people from Hydro prior to closing the transaction. The fact that not much time was used to establish an understanding of cultural differences once the Norwegians arrived in Brazil could also be an impacting factor on this finding.

Conflicts & Conflict styles

From the discussion revolving around conflict, differences in conflict styles and how conflicts are approached emerged:

“[...] there is also a very big difference between the Latin temperament and the North-European way to approach conflict/challenges. [...] we are seen as very direct. Direct to the uncomfortable in relation to the Brazilian culture. And this is probably partially also a Hydro-culture as well.” (Respondent 1).

The quote above represents the norwegian perspective on the topic. The brazilians support this point of view:

“There is one big difference between these two cultures. Brazilians are not polite, but more political. When they talk with others. Norwegians are more directly” (Respondent 3).

This is further elaborated:

“Feelings are a big part of conflicts. Brazilians have a very emotional culture” (Respondent 4).

There is thus a clear consensus that differences concerning to which extent one is emotional expressive/emotional restrained and have a direct/indirect approach to conflicts exists. The difference constitutes that the norwegians have a more direct approach to conflict than their brazilian colleagues who favor a more indirect approach, or “political” as specified by one of the brazilian respondents above. It is also pointed out that the direct approach taken by the norwegians partially is connected to how conflicts commonly are approached in Norsk Hydro, thus related to the organizational culture.

From the information collected in the interviews, evidence implies that the brazilians react with more emotions when incidents occur compared to the norwegians that came from Hydro. Being emotional is further connected the degree to which one react to incidents:

“ Brazilians, they are very reactive. For everything, for good or for bad. Okay? When someone says something that is funny they will laugh in high voice haha. So the reaction is big all the time, that’s what I mean.” (Respondent 3).

Having a big reaction when incidents occur combined with being an emotional culture apparently affects if conflicts are perceived as good or bad and whether or not they are perceived as personal conflicts or professional conflicts:

“ If you have some different opinion and if you don’t take care of what you say to a Brazilian [...] probably he will feel bad with the situation and take it personally. As a personal conflict and not a work conflict that is normal and happens every day.” (Respondent 3).

Although the findings indicate that the norwegians express less emotion when facing a challenging situation, they also perceive conflict as something personal:

“ Conflict to me involves more the personal or emotional level to me, and is not about professional disagreement. [...] Because from that, one probably will have good discussions and exchange of opinions.” (Respondent 1).

The respondents in this study closely associate conflicts with emotions. It is also a matter of experiencing an incident as something affecting the individual on a personal level. This type of conflict is perceived as a negative conflict and is something that should be avoided. Nevertheless, all respondents further elaborate that when they don't perceive the conflict as personal, conflict can be good in the sense that something good can come out of it in terms of good discussions and exchange of opinions. The norwegians and the brazilians respectively define this type of conflict as "professional disagreements" and "work conflicts". Such conflicts are seen as positive and something that, to a certain extent, is natural to have within an organization. However, it is worth noticing that because of the fact that brazilians have a more reactive and emotional behavior towards incidents that occur, the limit for what is perceived as a personal conflict might be lower than for the norwegians. It is therefore important to clarify whether or not an incident is experienced as something personal or something professional.

This section has shown that when it comes to conflicts and how critical incidents are approached norwegians and brazilians are different on the dimensions emotional expressiveness/ emotional restrained and direct/indirect approach. Again this finding could be due to cultural differences related to both national culture and organizational culture. It does not appear to concern much about individual characteristics, or at least this is not something the respondents point out as a cause. There is a general consensus that conflict is something that is perceived as negative when emotions are involved and the conflict is experienced as personal, and not work related. This type of conflict is something that should be avoided. Positive conflicts, or as the respondents call it, professional disagreements and work conflicts, are however perceived as positive to a certain extent and something that can be good to have for an organization.

4.2.2.2 Process

Taskwork and teamwork

An essential feature of teamwork and taskwork is how employees interacted with each other in order to solve work tasks. To start a discussion revolving around how the brazilians and norwegians interacted, all the respondents were asked to tell about the meeting activity between themselves and their new colleagues.

Findings show that meetings seem to have been held at a relatively low frequency, typically only once a month. As was the case in the German acquisition, a lot of the interaction that took place during the integration process appear to have occurred outside of the management meetings, with alignment meetings and discussions related to alignment tasks being held separate from the management meetings. When looking back on his first meeting with the new colleagues after the transaction was closed, one of the respondents reveal:

“The first meeting went well and the Norwegians were very polite” (Respondent 4).

Further the respondent elaborates that approximately 10 Norwegians attended the meeting, and that there were not only people from Norsk Hydro that were present, but also lawyers brought in from Norway. This was experienced as slightly overwhelming for the people that attended from the Vale side. The same event seen from the Norwegian perspective confirms this historical review of the first meeting:

“ [...] the ones from the acquiring organization takes a lot of room in the meetings and the ones from the acquired organization takes less room, precisely to just sit and listen to understand the dynamics.” (Respondent 1)

This corresponds to how one of the other respondents from the Brazilian side experienced the same meeting:

“ The first feeling of everybody was that “ who is Hydro?”. Okay ... But then we tried to understand Hydro better.” (Respondent 3).

Through discussions about how the respondents approached and managed their work tasks, one big difference in working styles emerged:

“Decision-making! [...] Brazilians are very simple and usually take decisions quickly. The Norwegians, they are much slower and like to have all details with big plans for small changes.” (Respondent 3)

It is further elaborated that the Brazilian decision-making also entails a less structured approach. The big gap between the two different processes, led to that the Brazilians experienced it was difficult to make decisions together with the Norwegians:

“This way of working was strange to me.” (Respondent 4)

There is a shared perception of what the main differences between the “Brazilian-way” and the “Norwegian-way” are. One of the Norwegians confirms this when describing the two different approaches:

“[...] it is very organized with clear timelines etc. In Brazil this thinking is way looser where one has a very good idea and are incredible creative, but the process up to the point where a decision is made is incredible unstructured and one can apparently be in a situation where nothing happens up to the day when the decision is made and then suddenly a lot happens. So it is a very, very different approach.” (Respondent 1).

One of our respondents drew this illustration below, based on an old Chinese saying she had heard, on a board when elaborating on her view on decision-making and how this can differ dependent on the nationality of the ones making the decision:

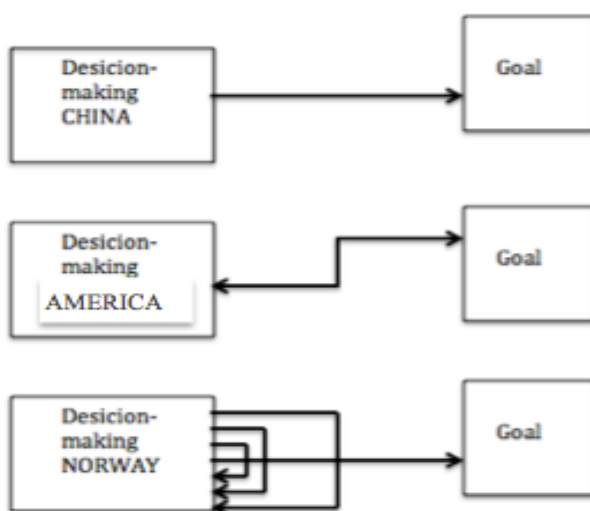


Figure 4.2. Decision-making in China, America and Norway

“ The chinese, they are here and they want to go here. And they go straight here. Directly in one step. Americans, they are here and they want to be here. They do something like this, one step at a time. [...] and the norwegians, they start one thing and then go ahead, go ahead, go ahead and come back, go ahead, go ahead and come back.” (Respondent 3).

The two different approaches pointed out by the respondents is also something that was observed by the authors of this thesis. During an HR-conference we attended at Norsk Hydro, the participants were given different assignments to solve in groups. In one of the groups that consisted of only brazilians, we noticed that that compared with the other groups, that all had mixed nationalities, the pure brazilian group had a less structured approach to solving the task.

Digging deeper into the notion of decision-making it is further emphasized that the decision process applied by the norwegians, is something that can be seen as very company-specific for Hydro. Especially when it comes to quantitative decisions:

“[...] it’s like that in Hydro that we have quite strict internal rules for how to make decisions for quantitative decisions like investments or organizational changes like up-sizing/down-sizing.” (Respondent 1)

As Hydro was the acquiring company, it was to a certain extent natural that their way of making decisions was applied in many situations:

“For every decision and negotiation that was made I had to speak to a lot of different people. This was very frustrating- I was like “ do you not trust me?” (Respondent 4).

From the findings it is clear that for the brazilians that came from Vale, not being able to make quick decisions on their own as much as they were used to, made them feel frustrated:

“ I felt we had lost some of our empowerment” (Respondent 4).

Another side effect pointed out regarding the new procedures for decision-making, was that the Brazilians perceived this new method as a sign of lack of trust, and thus as a personal matter. However, it is further underlined that as the integration process proceeded, a common understanding was established amongst the Brazilians that this was just the way people made decisions in Norsk Hydro and that it had nothing to do with them as individuals.

Moving away from the discussion regarding the meeting activity and decision making, the data material from the interviews indicate that cooperation also is an important element related to teamwork. All the respondents had a lot to tell about how the cooperation between the two parties played out during the integration, for better and for worse.

A common feature found regarding the cooperation between the people that went from Hydro and the people from Vale, is that all respondents claim that they approached their colleagues with an openness. However, problems related to cooperation soon emerged. These problems were connected to having different views and ideas on how things should be done. During the interviews both parties show a preference for doing things “the way we do it at...”, something that naturally complicated the cooperation. One of the respondents elaborates on an experience he had with two Norwegians that came to work with him:

“[...] One is a young guy and the other is a middle-age senior guy. [...] the youngest guy is a good engineer, but he could not listen to us. He could not understand that we have experience on that and he is a good engineer but needs to have experience to discuss that with us.”

(Respondent 3)

The situation became critical when this “young” guy confronted an external senior consultant with a very technical issue during a meeting. This was seen as unacceptable to both the Brazilians from Vale and especially for the consultant, who after this meeting refused to cooperate anymore with the Norwegians. This is a finding that indicates that the cooperation was harmed due to an attempt to apply the working style approved in Norsk Hydro to their new division in Brazil.

However, episodes where the cooperation was good are also pointed out:

“They brought in a Norwegian guy into the negotiations to help explain and ease the reactions from the customers. [...] it facilitated a lot for us. He is a very open guy and he accepted a lot of our suggestions.” (Respondent 4).

After responding to the questions where cooperation was brought up, it was pointed out several times that there were issues associated with the extent to which one had to cooperate with each other. For the Brazilians it came as a surprise that they suddenly had to involve a lot of people in discussions:

“The degree of involvement was much bigger in Hydro than in Vale. In Norway the sense of consensus is very strong and you consult with many people before taking a decision. [...] Cooperation was too much. It made the process a lot slower. There is a limit for cooperation.” (Respondent 4).

Another finding surfacing when discussing the first management meetings that were held, is about expectations. Apparently, the two sides had different expectations regarding results of the meetings. The Brazilians felt that the Norwegians from Norsk Hydro demanded more information than they could legally give. Likewise, the Norwegian side experienced that the parties had different perspectives with respect to what they wanted to achieve:

“[...] There were different expectations on both sides of the table with regards to what one is delivering, or wish to deliver.” (Respondent 1)

The expectations regarding what would happen the day Hydro took over, were quite big compared to what actually happened. Looking back, both sides admit that the expectations prior to the integration process was perhaps “talked up” and that this could be the reason why both sides experienced having their expectations violated.

Summing up this section we have found that both parties had positive feelings about their first meeting with their new colleagues. The people from Norsk Hydro were a majority during these meetings, but the Brazilians did not mind this, as they were focused on observing the dynamics of the group as well as getting an understanding of who Norsk Hydro was. Both parties approached their new colleagues with an openness when they first met. The

respondents have similar perceptions regarding if there are differences between the people from Norsk Hydro and the people from Vale when it comes to how one approaches and solve work tasks, and what these differences consist of. The main finding is that there is a quite big variation when it comes to decision-making. This was experienced as problematic for the ones involved in decision processes within the new division of Norsk Hydro in Brazil. However, this seems to have been a problem mainly in the starting phase of the integration process. As time has gone by, people seem to have adjusted somewhat to the “new way” of doing things, in addition to attempting to combine the best of the two different approaches:

“[...] to combine the “Hydro-stringent way” with less creativity, with the Brazilian creativity and put this together to be better than we currently are. (Respondent 1).

During the integration process the respondents points out different episodes where they experienced the cooperation between the two parties as good and episodes where they experienced cooperation as bad. Mainly, the cooperation seems to have been good. However, our findings indicate that the brazilians found the level of cooperation and involvement too much sometimes. Time to get comfortable with each other also seems to have been important with regards to how they worked together. All the respondents have a common understanding when it comes to the key about achieving a good working relationship: To see, learn, observe and an openness to participate in activities as well as the ability to adapt to new environments.

Communication

During the interviews a topic brought up several times in relation to the interaction between the norwegians and the brazilians, was indeed communication and how different perspectives and different backgrounds had implications for the communication:

“One of the main reasons for conflict and misunderstanding is the language barrier. [...] you have to be very clear and ask them to explain in a different way with simpler words. The language is also the main difference in communication I believe.” (Respondent 4).

With regards to communication, a very tangible difference that emerged when discussing communication, was of course related to language. As the people from Norsk Hydro and Vale

spoke distinct languages, respectively norwegian and portuguese, they had to speak english when communicating with each other. Findings implicate that for the brazilians this was seen as challenge:

“In Brazil most of the people don’t speak English. This is a big barrier. [...] They don’t want, they don’t care, they don’t want to listen to English; they want to speak Portuguese there.
(Respondent 3).

One of the other respondents elaborates:

“[...] Basically we needed people who spoke Portuguese to handle the business in Brazil.
(Respondent 4).

Especially for the norwegians that went to work out on the plants, the language barrier seems to have been challenging. Working at the headquarters, the language barrier was less obvious, although as stated above, they sometimes had to ask the norwegians to explain things in an easier manner.

Language is an aspect regarding communication that can be observed directly. However, communication is not only about the observable factors, such as national language, dialect and vocabulary. It is also about what is not being said during an interaction, thus the more indirect aspects concerning communication:

“If I ask you if you can do an analysis and make a report, and then you ask me when I want it and I say “ Nice if I could have it by Friday at 12”. Then I expect to get it by Friday at 12. [...] but then you get nothing. [...] so the Norwegian soft approach “It would be nice if..” is direct in a way, but regarding to our expectation of when to receive things, we are, however, very indirect in our statement. It is quite extraordinary sometimes. They don’t understand this in Brazil, which is a very hierarchal system where one is used to top-down communication.”
(Respondent 1).

From the brazilian side it is confirmed that when it came to the use of this type of indirect communication there were some issues:

“ I handed a deal plan to my Norwegian boss and he says it’s good. This mean it’s bad. For the plan to be good he has to say that it is excellent, and this took some time to get used to. “It’s good but you should..” was a response I was not used to.” (Respondent 4).

The misunderstandings due to this “soft approach” the norwegians sometimes used might have been caused due to that fact that the norwegians, in other situations, had a very direct communication style compared to the brazilians:

“In a busy workday, it is my opinion that sometimes you just have to cut through and say what you mean and then discuss it from there. In the Brazilian culture it more that one does not say directly what one means, but rather give a long story, and then you have to interpret to find out what they actually mean. That is two very different ways to communicate.” (Respondent 1).

The norwegian’s mixed use of both a direct communication style and an indirect communication style, is an interesting discovery. Further, as both the brazilians and the norwegians refer to the brazilian communication style as more indirect, it is also interesting that the communication issues that occurred were related to the use of indirect communication. One of the norwegian respondents also referred to the brazilian communication style as a “beat-around-the-bush-communication” which is quite interesting since she herself admit to often use “ a soft approach” when giving messages. However, as it appears in the above statement, the brazilian way of communicating was experienced as so indirect that the norwegians often had to interpret in order to understand the real meaning behind the message communicated. This seem to have been an issue especially when the communication was oral:

“[...] again, there are banal things one discovers. That one places a totally different meaning in the exact same word. We had many meetings in the pre-closing phase where we sat for a half day and discussed and thought we were speaking about the same things, because we used the same words. But we were talking about totally different things. We almost tore our hair out because we did not understand what they meant, and they did not understand what we meant, until we started to take two steps back and started talking about what meaning we placed in a word, a term or a concept.” (Respondent 1).

To sum up this section, the specific findings related to the communication show that there have been issues related to the language barrier, the use of direct communication versus indirect communication and a need to sometimes translate oral communication word for word in order to understand the real meaning behind a conversation.

4.2.2.3 Output

In this section findings related to the output of the integration process will be presented. From the discussions regarding this topic, it becomes clear that all of the respondents have the perception that the integration process is still in progress, and that there still are issues that have to be solved. However, the critical first phase of the integration process has ended, and for some of the respondents their work specifically related to the integration process has ended or has less focus.

Our findings show that during the integration process there does not seem to have been any big conflicts that could not be solved within the organization. Further, this seem to be connected to the achievement of a successful combination of two different organizational cultures:

“We have implemented big parts of what we find most important from Hydro’s culture and Hydro’s values without running over the Brazilian background that most of the people here have, with a different kind of culture and values. So I feel we have been able to adjust the organizational culture quite well.” (Respondent 1).

Findings indicate overall that the respondents who were involved in the first phase of the integration have positive feelings with regards to the relational aspects of the integration, thus their experience working with each other:

“In general, I enjoyed working with them.” (Respondent 4).

The statement above is a shared perception that all of the respondents points out. It is further elaborated:

“The team I left, I would never have a problem working with them again, but then we have had some replacements that I meant were essential to get the team to function.” (Respondent 1).

The replacements that were done are also brought up by one of the other respondents that explain that he had some issues with some of the people that came from Norsk Hydro to work in Brazil, but that after replacing some of these people things went a lot better and that today both her and her colleagues are satisfied with the interaction and cooperation between the norwegians and the brazilians.

When discussing the outcome with regards to the more task related aspects regarding the integration process, the findings indicate that the parties have a more negative experience:

“When it comes to goals for productivity, thus products and what we produced, I think that is a more mixed history on parts of the portfolio” (Respondent 1)

This coincides with the perception of one of the other respondents:

“In fact we are less productive because we have to involve more people and get their opinions to make decisions, but on the other hand, since we know that it’s the way we have to do things, we will never, that is a strong word, we will avoid misunderstandings in the end. The process is slower, but it’s correct of the point of view from Hydro.” (Respondent 4)

One of the task related problems especially pointed out are related to the IT-systems:

“ The integration took a lot of time, especially the IT-systems. [...] it has been almost 3 years, but it is only now that the people at xxx(plant) have intranet. So you know, 3 years. Intranet is an important tool for people to know what’s going on in Hydro. (Respondent 4).

In general, the findings with regards to both the relational aspect and the more work related aspects indicate that there seem to be a common understanding of combining the two cultures and the different work methods went both good and bad:

“ *We succeeded with this sometimes, and sometimes not.* ” (Respondent 1).

The final findings that are emphasized and elaborated on are that the integration process was seen as an educational exercise:

“ *In the end, what happened was that I learned the lesson. [...] I think that we did learn something in the end.* ” (Respondent 4).

The fact that the Rio-office was, and still has, a very mixed composition of nationalities is something the respondents consider as a very good solution. Having Norwegian people from Norsk Hydro directly placed in Brazil seemed to have eased the integration process:

“ *[...] it is good because we speak English all the time. If we have questions about who to speak to and what names in Hydro to contact, X can find people. [...] so the Rio-office is very mixed and I think that it's very good. They get integrated to us.* ” (about having Norwegians in Brazil) (Respondent 4)

Further, several take-aways for the future are pointed out with regards to what the success criteria for achieving a smooth integration process in an intercultural context are:

“ *I think the establishment phase is the key. If you manage to start correct, you can do mistakes one month longer down the road, and it will be much easier to manage than if you start on the wrong foot.* ” (Respondent 1).

Using enough time between signing and closing is considered as crucial. For the establishment phase, looking back on the acquisition of Vale and the proceeding integration process, it appears to have been a success factor that so many Norwegians went to work in the new top management team. However, as a lot of the work that had to be done took place outside of the scope of the top management, it is reflected on if there should have been sent a broader delegation to also cover more positions out on the different plants. A company is just an empty asset without the people, something that might explain why the topic that receives the most attention when discussing success factors is indeed about the people:

“[...] but the most, most important is openness, thus mentally and emotionally, you just have to be open to the fact that people are different. It can be age, it can be sex, it can be faith and it can be cultural background. To me this is the “passport” and where you grew up in this world, yes it’s a part of it, but it is a quite small part about it that is about diversity and cultural differences..” (Respondent 1).

Even though the respondents felt frustrated sometimes, all of them tried to be open and also had an understanding that differences existed due to both different industrial backgrounds and cultural background. This made them better equipped to manage frustrating situations. One of our respondents also point out that the opportunity to give and receive feedback was good for the integration process:

“ We could give some feedback for Hydro, and especially in Brazil. When the integration was occurring at that time we could say “ look, this is wrong, you are failing here and you are good here..blablabla” so we could give feedback” (Respondent 3).

To sum up this last section, we have found that the relational outcome seems to have been better than the task outcome. Although there were some issues related to the interaction and relationships between the two parties, there is a general consensus of satisfaction towards the relational aspects of the integration process and both parties agree that they have managed to integrate the two organizational and national cultures quite well. The ability to adjust to different areas according to the environment one work in, is pointed out as the key to “survive” and succeed with a social integration of two different organizations.

Finally, with regards to the task outcome, the findings indicate that this is a more mixed story. Some of the goals has been achieved, but at the same time, lower productivity and problems with the implementation of IT-systems had had a negative effect on the task outcome. Still, with the right people involved, these are problems that can be solved over time.

5.0 Discussion

There has been little research on the social aspects of integration processes. As previous research has shown that acquisitions and integration processes conducted across borders often fail to achieve their goals (Jemison & Haspeslagh, 1991), the purpose of this study has been to investigate and explore, from an intercultural perspective, what the key factors that facilitates for a successful integration process are. The context for this study has been two separate cases within Norsk Hydro. Through observation at a conference at Norsk Hydro, conversations with our company contact and five in-depth interviews with different employees from Norway, Germany and Brazil, who all took an active part in one of the two cases, we have tried to shed a light on the research question:

“Which key factors facilitate for successful integration of employees?”

Based on the empirical findings presented in the previous chapter, the background model presented earlier has been extended to include a new element, which represents the phase prior to the actual integration process. As the empirical findings clearly indicated, our background model was too simplistic and failed to take into consideration that the integration process is strongly influenced by a *pre-integration phase*, it has been necessary to include this phase in the model. Further, the model has been revised to include the topics that were linked to the different parts of the model in the theoretical overview. In that sense, nothing “new” has been added here, as the topics brought up by the respondents in this study fits well within the ones already selected in the theoretical background. However, within the different topics, our study has tried to see the findings in light of the theoretical background, which can give further insight into factors that should be taken into account in order to succeed with an intercultural integration process. Below each of the topics in the revised model, the key factors that is found to facilitate for a successful integration process is presented.

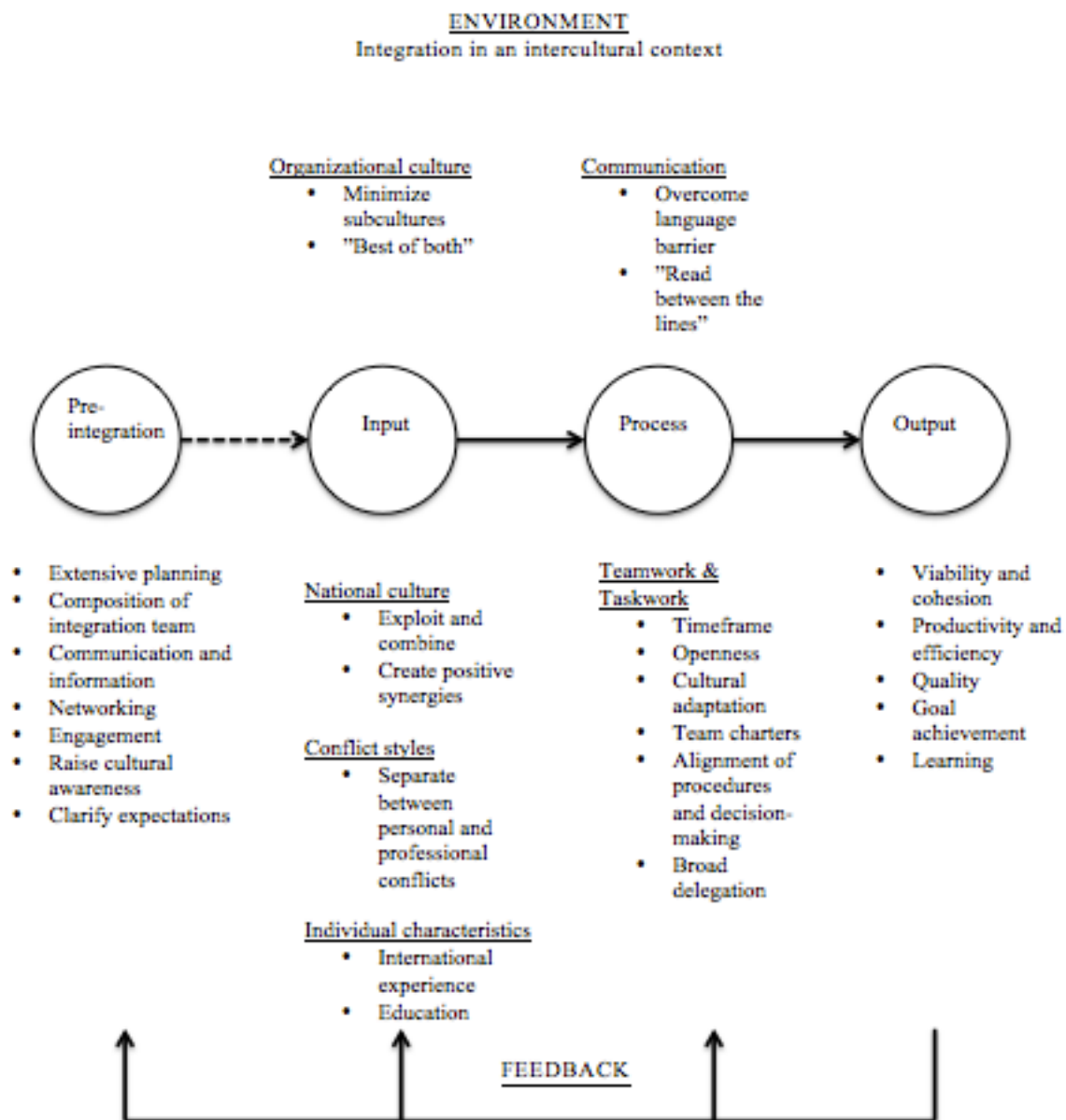


Figure 5.1 Extended model with presentation of findings

The model above is a summary of the empirical findings of this study and shows the factors that we believe facilitate for a successful integration when managed correctly. In the following sections, we will elaborate and discuss these findings and compare each of the two cases to see if there are differences in how these factors were managed and the degree to

which they were fulfilled and finally how this affected the outcome and the degree of “successfulness” of the integration process.

5.1 The outcome of the two integrations

Before discussing the outcome of the two integration processes, we would like to emphasize that almost all of our respondents are in the opinion that both of the integration processes are still ongoing processes. However, all of them view the first critical phase of the integration process as over and it is therefore possible to discuss the output part of our model already now.

When evaluating the outcome of each of the two integration processes, we have separated between task outcome and relational outcome, which is in line with what Guzzo & Shea (1992) propose. This evaluation has been done in conjunction with the measures of team performance presented in the theoretical background. Thus, the measurements have been separated according to if they are related to task activities or to team activities. Cohesion, viability and learning are measurements that are related to how members of a work group interact with each other and can be seen as relational outcomes. Productivity and efficiency, quality and goal achievement, on the other hand, are related to how a work group solves tasks and can be seen as task outcomes.

Based on the empirical findings and the theoretical background, we have identified five factors that has importance for whether or not an integration process can be defined as successful; 1) there has to be *cohesion* between the organizational members, 2) the organizational members has to be satisfied with their relationship to the other organizational members, thus there has to be team *viability*, 3) the overall *goals are achieved*, 4) the *productivity and efficiency* has been good and 5) the organizational members and the organization has *learned* something from the integration process.

When comparing the outcome of the two integration process against the measures of team performance presented in the theoretical background, it appears as the integration process in the Vale-case has been more “successful” than the integration process in the VAW-case.

In the Vale-case the empirical findings indicate that the organizational members have a positive perception of cohesion between the organizational members, a positive perception of the viability and also that they both as individuals and as an entire organization have learned a lot from it. On the other hand, the findings at the same time imply that the task outcome is not perceived as satisfactory, particularly because all the goals were not achieved. In addition to this it has been pointed out that Norsk Hydro's division in Brazil has been less productive after changing owners due to the change of procedures.

In the VAW-case, the opposite is found, where the task outcome appears to be better than the relational outcome. The empirical findings show that there is ambiguity amongst the respondents when asked to evaluate the outcome in terms of cohesion and viability. With regards to the viability of the relationships between the norwegians and the germans, the empirical findings show that the respondents had opposite perceptions of whether or not the viability was good. When it comes to the cohesion, there is a general consensus that this has not been very good. However, in the VAW-case the empirical findings indicate that the task outcome was good, as most of the goals were achieved and that the productivity and quality of the tasks were on satisfactory level. Here again, it is pointed out that the challenge has not been the productivity, but rather the cohesion between the organizational members when performing the tasks.

From the discussion above, it is interesting to see that the relational outcome appears to be better in the Vale-case, while the task outcome appears to be better in the VAW-case. Further, viability, cohesion and learning are factors all the respondents emphasized as very important, thus they appear to have a bigger impact on how the different organizational members evaluate the total outcome of an integration. Although productivity and efficiency, quality and goal achievement are important factors an organization is dependent on in order to succeed and profit from an integration, the perception of the relational aspects in these two cases seems to have a greater impact on the long term evaluation of the integration. Due to the fact that the relational outcome of the Vale-case is perceived as much better than in the VAW-case, we assess the total outcome as more successful in the Vale-case.

To be able to uncover the underlying causes that have contributed to the perceived "successful" and "less successful" integration of respectively the Vale-case and the VAW-

case, it is necessary to go back and look at the earlier phases of the two integration processes. In the revised background model, factors that have a positive effect on the integration process and its outcome if managed properly have been presented. In the next sections, we will therefore look back at the earlier phases of the two integration processes to open up for the opportunity to see if they have been managed differently in the two cases, and if this can provide a valid explanation as to why the Vale-case appears to have had a more successful outcome.

We will first compare and discuss the two pre-integration phases and then the actual integration process with emphasis on the important factors presented in our revised background model (Figure 5.1).

5.2 The pre-integration phase

This study has shown that the pre-integration phase is of great importance and can facilitate for how the following integration process plays out. The empirical findings imply that it is vital that an integration project team is established prior to the actual integration and that the composition of the project members are carefully selected based on, for instance, their expertise and previous experience. The revised background model further suggests some factors that can facilitate for the future integration process: extensive planning, good communication and information flow, networking, engagement, raising cultural awareness and clarifying expectations.

It is necessary to develop *extensive plans* for how one plans to achieve both the smaller goals and the overall goal of the acquisition and the following integration. Further, it is crucial that these plans are *communicated* to all the organizational members, both old and new, in an effective way. It is important to keep the members of the organization *informed* about what is going to happen, as this will reduce any uncertainties they might have and this way reduce possible resistance to change. In addition, the information given has to be well-accounted for. To be able to distribute the information, *networking* is important. Networking, and getting to know future colleagues will also *raise the cultural awareness*, which is another factor identified in the empirical findings. Prior to the actual integration process, it is also important

to get an overview of the *expectations* that the different parties have and clarify these. Finally, if the organizational members are enthusiastic and *engaged* about what is going to happen, this will ease the work during the integration process.

The pre-integration phase in the Vale-case was highlighted as a well- planned process by the respondents in this study. In the VAW-case the empirical findings show that also here a lot of work and planning was done to ease the following integration. However, in the VAW-case, when looking back at this phase in retrospect it is pointed out that many felt a little “left alone” once the actual integration started and that although a good foundation was laid in the pre-integration phase, it was not enough.

In both of the two cases, integration project teams responsible for planning the integration were established, where most of the members had experience with previous acquisitions. In the VAW-case, the findings indicate that although an attempt was made to raise awareness for cultural differences and give the employees a chance to get to know each other before becoming colleagues, it was not sufficient. The integration project team laid a good foundation for the future integration process, but it appears as Norsk Hydro did not follow it up this as much as they should have, with the result that many of the affected employees felt a little “left alone” when the actual integration started and later had to deal with challenges that occurred due to cultural differences and different working styles they did not understand.

In the Vale-case it appears as the planning and work done in the integration project team had a more sustainable effect on the integration process compared to what can be seen in the VAW-case. There is good reason to believe that this can be linked to the timespan between the two acquisitions. Prior to the integration with Vale, Norsk Hydro had an advantage as documents and templates developed for previous acquisitions, including the acquisition of VAW, could be “recycled” and used again. In addition to this, the members in this integration project team all had experience with previous acquisitions and more specifically, some had been directly involved in the VAW-acquisition. Norsk Hydro also had the opportunity to look back at the integration with VAW and make improvements on elements that could have been planned and organized better in this phase, as it was possible to observe the effect this phase has had on the integration process with VAW. There is thus good reason

to believe that learning is a factor that has had a great impact on what appears to be an improvement in the Vale-case when comparing the two cases.

The fact that many of the organizational members in former VAW felt a little left alone when the actual integration process started, could also be evidence of that the communication and the flow information from the integration project team to the rest of the organization was not sufficient. In the Vale-case this appears to have been better. Further, the empirical findings indicate that the employees from Vale took a more active part in the pre-integration phase, which also could have had a positive impact on the communication.

It is also pointed out that during this pre-integration process, getting to know future colleagues and connecting big networks and relations was something that received much attention, as this would create an understanding of the cultural differences that existed and this way ease the integration process. In the VAW-case, it was also focused on getting the future colleagues in terms of different kinds of meetings and bonding events. However, from the empirical findings it looks like there was a higher degree of “networking” in the Vale-case.

Finally, in both cases it has been found that prior to the integration both sides were enthusiastic, but that the two parties had different expectations with regards to what would happen next. In the revised background model it is pointed out that it is important to clarify the expectations each party has prior to the integration process, as a violation of expectations can have a negative effect on the integration process. Although there seems to have been a common awareness of the fact that the parties had different expectations, the empirical findings indicate that these were not clarified at a satisfactory level, which caused misunderstandings and problems to occur later in the process. However, in the Vale-case, there is evidence that good communication to some extent outweighed the need for clarification. The violation of expectations, and the effect this had on the process, will be discussed in the next section.

When comparing the two cases against the factors associated to the pre-integration phase that can facilitate for the integration process when managed correctly, it looks like there was a

“higher fulfilment” of these in the Vale- case, which supports our claim that the integration with Vale has been more successful.

Below a discussion of the actual integration process will be given.

5.3 The integration process

In this section we will discuss how the actual integration process played out in the two cases and look at how the various input factors, presented in the background model, affected communication and teamwork & taskwork and finally how this could have affected the perceived difference with regards to the “successfulness” of the outcomes. As the empirical findings have shown, input factors such as organizational culture, national culture, conflict resolution styles and individual characteristics have had a significant effect on the actual process it makes sense to do it like this. Based on the empirical findings and the theoretical background, the revised background model suggests 6 factors related to the process that have to be fulfilled in order to succeed with the integration process.

First, the *timeframe* that the organizational members have with regards to how long the integration process is going to last is important. Especially important is it that the employees from the acquired organization that go abroad to work in the acquired organization have a realistic perspective on how long they have to stay there in order to create sustainable results. The longer one stays, the higher the chance of succeeding with the integration. Further, it is important that the organizational members involved in the integration process are *open* and have the *ability to adjust to a different culture*. Development of *team charters*, thus plans for how the members of a group should operate together, can also facilitate the interaction process between the organizational members. In addition to the development of team charters, the *alignment of procedures and decision-making* are crucial in order to be able to make plans and decisions together during the integration process. An important factor identified in relation to this, is that in order to achieve this alignment it is necessary that a *broad delegation* of employees from the acquiring organization is sent to the acquired organization. Further, having a broad delegation of “originals” in place at different levels of the acquired organization will ease the process of creating an understanding of the new procedures and

structures, and will drive the integration process forward. It also has a positive effect on the flow of information, as this will open up for the use of more direct communication channels.

The 6 factors presented above will now be discussed more thoroughly in relation to the VAW-case and the Vale-case. Further, this will be done in conjunction with the various topics related to the input part of the background model and the factors associated to these that should be taken into account in order to facilitate for a successful outcome.

Timeframe

According to Mathieu & Rapp (2009), the performance of a group increases the longer it works together. In the empirical findings it was found that in the VAW-case, the length of the stay has been relatively short for most of the norwegians that were sent to work in Germany. It is thus something that could have affected the performance, especially the relational outcome for the integration process there. As the integration process in the Vale-case is still relatively “young” compared to the integration process in VAW, no effects related to the timeframe have been found in the empirical findings. However, the empirical findings indicate that the employees sent from Norsk Hydro to Brazil have had a higher survival rate compared to the ones that went to Germany, which could have affected the outcome of the integration process.

Openness

Being open, both mentally and emotionally, to the fact that people are different is emphasized by all of the respondents in this study as a crucial factor that has to be present in order to succeed with an integration, especially in intercultural contexts. The empirical findings indicate that individual characteristics, such as education and international experience, that organizational members bring into the integration process affect their degree of openness towards the other members of the organization. Especially international experience seem to be a factor that facilitates for a more open mind towards cultural differences. Organizational members with international experience are often aware of the fact that there are indeed differences in culture and that such differences can be hard to change. This can ease the integration as this provides an understanding as to why it is important to adjust to cultural differences, instead of trying to change them.

Cultural adaption

This study has shown that it is important that the organizational members, as individuals, are able to adjust and adapt their own national culture to the national culture of other organizational members. If differences in national culture are managed in a good way, it is possible to exploit and combine these differences so that positive synergies can be created. In addition, it is also necessary that the organization as an entity has the ability to adjust and adapt their organizational culture to another organizational culture, and combine the “best of both” so that all the organizational members can familiarize themselves with the culture. In order to create a shared organizational culture it is also important that the existence of subcultures are minimized as this is a hinder to achieving a unified culture.

An organization that has employees with different cultural backgrounds should see the differences in national culture as an excellent opportunity to use the different values in order to become even better than what they currently are, instead of focusing only on how to manage the problems that these differences might cause, although this also is important.

The empirical findings in the Vale-case and VAW-case have found that there were some differences in national culture that emerged during the integration process, which caused challenging situations and misunderstandings to occur. The empirical findings have identified two main differences in national culture that could have had an impact on the integration process.

First, the findings indicate that the distance between a leader and his subordinates in former VAW and former Vale was bigger than in Norsk Hydro. For instance, one of the brazilian respondents said that she felt “attacked” when a younger norwegian colleague came in and pointed out something she meant was wrong. This can be seen as an indication of a perception that seniority and the organizational hierarchy should be respected, something that is in line with a high power distance. As the norwegians appear to have a smaller power distance, this caused some problems as the brazilians were very offended of what they perceived as unheard behavior from their norwegian colleagues. From the VAW-case, this finding is emphasized through the fact that the german employees of VAW are more polite in addressing other members of the organization and also that a leader has more authority, for

instance with a permanent seat at the end of the table during meetings.

The other main difference found when comparing the VAW-case and the Vale-case, is that the national culture of the brazilians in the Vale-case indicate a less preference of favoring traditions and specific procedures to the same extent as the german culture in the VAW-case do. Thus, the brazilians more easily adapt to change, which could provide a valid explanation as to why the integration process went more smoothly in the Vale-case.

The study has shown that challenges occurred when Norsk Hydro, and respectively VAW and Vale, suddenly was going to become one organization. Many of these challenges seem to have emerged as a result of having different organizational cultures. The empirical findings indicate that different organizational cultures existed and still exists in Norsk Hydro, former VAW and former Vale. It is pointed out in the empirical findings that the local organizational culture in an acquired division abroad always will have a self-reinforcing effect, which could provide a valid explanation of the different organizational cultures that have been observed within Norsk Hydro and their their acquired divisions. In the Vale-case, the findings indicate that Norsk Hydro tried to combine the differences in organizational culture and the different working styles, that prevailed as a result of two distinctive organizational cultures. By taking advantage of the creativity in the brazilian working style and adding it to the more strict and rule-based organizational culture in Norsk Hydro, they combined the “best of both” organizational cultures to become better than what they currently were.

In the VAW-case the findings indicate that Norsk Hydro, instead of taking the best from both organizational cultures like they promised prior to the integration, mainly attempted to implement their own organizational culture. This seems to have had the “opposite” effect than what was intended as the findings further imply that there is clearly not one unionized organizational culture in the german division today.

Creating an uniform organizational culture and make it “flourish” can be hard if subcultures exist within an organization. From the empirical findings there is evidence that subcultures existed and still exist in both former VAW and former Vale. Especially at the plants, in respectively Germany and Brazil, there appears to still be a very strong german culture and a very strong brazilian culture. In Germany this could, for instance, be a consequence of the fact that several of these plants were bought by VAW from another company before the

acquisition with Norsk Hydro. However, the main underlying reason behind the existence of these subcultures appears to be due to a language barrier between Norsk Hydro and the acquired organizations. In the Vale-case it was not pointed out directly by the respondents that subcultures exist in the Brazilian division of Norsk Hydro. Nevertheless, it is pointed out that the organization is very localized with plants spread across the country where the language barrier is a big problem, which is in line with the explanation given in the VAW-case as to why there are different subcultures. It is not known if this is the case with Norsk Hydro in Norway, as this is not something that was elaborated on by our respondents, but it is likely that subcultures exist here as well due to the localized organizational structure with plants spread across the country.

Team charters

Research has shown that team charters, a plan for how the members of a group should operate together, can facilitate the interaction process between the members (Mathieu & Rapp, 2009). Through the use of team charters, expectations and rules for conflicts are clarified, which can have a positive effect on the interaction process between the organizational member, that in return can have a positive effect on the outcome of the integration.

Organizational members with different cultural backgrounds often have different perspectives and approaches to conflict. It is important to be aware of what these differences consist of so that future conflicts can be resolved in a good way.

With regards to conflicts, the ability to *separate between personal and professional conflicts* seem to be an especially important factor that has great impact on whether or not something good comes out of the conflict. In the Vale-case, the findings emphasize that separating between personal and professional conflicts was important for the relational aspect of the integration process, but as this was only an issue during the early parts of the integration the effect on the outcome was therefore very limited. The findings also indicate that this also was the case in the VAW-case, where the outcome of the integration was not affected by how conflicts were perceived.

The findings done in this study imply that the norwegians and germans have a relatively similar approach to conflict. When the conflict is perceived as a professional, work related conflict, there is a clear preference for a direct verbal style where emotions are kept restrained. This conflict resolution style is what Hammer (2005) refers to as the discussion style in his framework which was presented in the theoretical background of this study. However, when the conflict is perceived as a personal conflict, they still have a direct verbal style, but are now emotionally expressive. Hammer (2005) refers to this style as the engagement style. However, the findings suggest that the germans are less shy of conflicts than the norwegians, while the norwegians are more direct than the germans when they first do approach a conflict.

The brazilians have a conflict style that is clearly different from the norwegians and the germans, with preference for an indirect verbal style and expression of emotions. Hammer (2005) refers to this conflict resolution style as the dynamic style. Due to the fact that the brazilians are emotional both when the conflict is personal and professional, the findings indicate that they sometimes took professional, work conflicts very personal, which created some problems in the early stages of the integration process before they understood that it was not meant personal.

Overall, the findings show that although there are some differences in how conflicts are approached and resolved, the parties seem to be aware of the different styles, which is why it appears that only minor incidents occurred due to these differences.

Further, when it comes to expectations, the empirical findings suggest that Norsk Hydro attempted to facilitate for the expectations that the germans from VAW had, but that these expectations were violated later on as Hydro did not manage to follow up, for instance, their promise of taking the best from both sides. As this did not happen, the teamwork was affected in a negative way, which is consistent with what the theory predicts will be the consequence of violated expectations (Fisher, et. al, 1995). With regards to the acquisition of Vale, no evidence is found in this study that one attempted to establish team charters. Nevertheless, it is mentioned that the two parties had different expectations as to what was going to happen and how task would be performed. It it further elaborated that some of these expectations were violated. However, this does not appear to have impacted the teamwork negatively, as a

good flow of information between the two parties accounted for why expectations could not be fulfilled and this way eased the reactions of the violations.

Alignment of procedures and decision- making

Decision-making was a topic that was strongly emphasized by all of the respondents in this study when reflecting on differences between the two parties in each of the two cases. This topic can be associated to the planning of goals, but is linked to teamwork and how the organizational members worked together to develop these plans. Comparing the empirical findings there is evidence that major differences existed between Norsk Hydro, former VAW and former Vale when it came to the procedures for decision-making.

In both of the acquisitions Norsk Hydro had a similar approach to the procedures for planning and decision-making, where the “Hydro-way” of doing this was introduced and implemented to their newly acquired divisions. It was pointed out in the empirical findings that Norsk Hydro has quite strict internal rules for how to make decisions, and especially for quantitative decisions. It is thus natural that as the acquiring organization apply their procedure for decision-making onto the acquired organization. It is thus a topic that is not open for negotiation and adaptation, which entails that the employees in the acquired organization just have to adjust to this and accept that this is how it will be done from now. In the VAW-case, the “Hydro-way” of making decisions caused problems primarily because it was different from the procedures that already were established by VAW, but also because Norsk Hydro appears to have failed with creating a common understanding as to why they had a different procedure, and why this procedure was better. In the Vale-case, an already established organizational culture with regards to procedures for decision-making also created problems, but it appears as Norsk Hydro managed to successfully create a common understanding as to why their procedures was better. However, this might also be related to culture, as we have found evidence that the brazilians more easily adapt to change than what the germans do.

From the empirical findings it is also interesting to see that both the brazilians and the germans had problems with Norsk Hydro’s procedures for planning and decision-making, but in opposite directions. From the brazilian perspective there was too much planning of activities and goals, and too much cooperation and involvement of different people in the

decision-making. The Germans had the opposite perspective on this as they found the planning not sufficient and also felt that there was too little cooperation between them and their colleagues when decisions were made. However, although the level of cooperation was seen as not satisfactory, it is pointed out that at times people were involved in the planning and decision-making without it being an obvious reason. Thus, like the Brazilians they also found the level of involvement to be high.

Broad delegation

In both the Vale-case and the VAW-case, there is a common perception that a broader delegation of people from Norsk Hydro should have been sent to the acquired organizations in respectively Germany and Brazil, as this would have made the integration process easier. By sending a broad delegation of employees from Norsk Hydro to both higher and lower levels of the Brazilian division and the German division, misunderstandings and reluctance against change can be minimized, as direct presence allows for better explanations and makes it easier to drive change.

Comparing the two cases, the Vale-case had a broader delegation of Norwegians in the top management during the integration. In the VAW-case, the findings indicate that this was an issue mainly due to the fact that employees from Norsk Hydro lacked the experience and knowledge to be able to move to Germany and take a management position here.

Language barrier

The language barrier is an obvious central challenge when acquiring organizations abroad. Due to the different nationalities of the organizational members involved in the two integration processes, from respectively Norway, Germany and Brazil, the communication in the two integration processes has been characterized by the use of different languages.

In both cases it is pointed out that especially out on the plants the language barrier is a problem, as many of the employees here are blue collar workers that do not have a good English knowledge, and thus only speak their own national language. This is a hinder to the internal communication, as information from the Norwegian headquarter due to the language barrier does not reach out to all parts of the organization. At the headquarters in respectively

Germany and Brazil, they have attempted to reduce the language barrier by using English as the common work language. However, at the German headquarter the use of work language appears to be very dual, meaning that most of the oral communication takes place in German, while most of the written communication takes place in English. This was a challenge for several of the Norwegians that went from Norsk Hydro to work in the German division, as their German skills were not sufficient to properly communicate with their German colleagues. At the Brazilian headquarters there appears to have been less problems with this part of the communication as all communication mainly takes place in English, both orally and written.

To overcome this barrier it is important to either send organizational members that can speak the language of the acquired organization or to try to compromise by using a common work language such as English. Comparing the empirical findings of the Vale-case and the VAW-case, it is indicated that this factor was handled better in Brazil, due to the fact that there was a common work language.

“Read between the lines”

As a big part of communication is nonverbal, an ability to read between the lines is necessary in order to interpret messages correctly. The empirical findings show that the respondents from both the Vale-case and the VAW-case often had to “read between the lines” when communicating with the other party due to the nonverbal aspects of communication.

In the empirical findings it was found that in both cases problems and misunderstandings related to nonverbal communication occurred. The Norwegians, Brazilians and Germans often interpreted the meaning of words differently, and thus had different perceptions with regards to what messages really meant. Sometimes it became necessary to sit down and actually discuss a message word for word to ensure that both parties had the same perception of what had been discussed. It was also a challenge that some words lost their real meaning or charge when it was translated into a different language.

It is indicated that in the VAW-case problems with the communication became critical because several of the Norwegians that went to work in former VAW did not make a big enough effort to understand messages that were unclear to them. This is an interesting finding

as the organizational members from Norsk Hydro and VAW seem to have a relatively similar communication style with a preference for a direct style.

The norwegian communication style is characterized by verbally direct and informal communication, which coincides with the description of low-context communication presented in the theoretical background. The germans also appear to be low-context communicators with a preference for direct and informal communication. At the same time the empirical findings show that there is ambiguity with regards to the dimension formal versus informal communication, where the germans sometimes show a tendency towards a more formal communication style compared to the norwegians. It is pointed out that when moving up in larger organizations, a lot of the communication in german organizations is indirect and characterized by subtle and nuanced words. This could be a reason to why some of the norwegians sometimes had trouble interpreting messages from their germans colleagues correctly.

The empirical findings clearly show that brazilians are high-context communicators, with a strong preference for indirect and formal communication. The differences in communication styles between the norwegians and the brazilians were definitely a source to some of the problems and misunderstandings that occurred during the integration process. In our findings, both from the norwegian and brazilian perspective, it is confirmed that the norwegians sometimes are perceived as direct almost to the uncomfortable by their brazilian colleagues. An interesting finding that was done in relation to misunderstandings that occurred due to differences in communication styles, is quite surprising as it in a way contradicts the finding that claims that the norwegians have a direct communication style. More specifically, it turns out that some of the misunderstandings that occurred was related to the norwegians using an indirect, soft approach when giving orders and feedback to their colleagues, with the use of phrases such as "it would be nice if you.." and "this is good, but you should..". For the brazilians this was confusing because the norwegians otherwise had such a direct communication style, and it took some time before they understood the actual meaning behind messages that was phrased like this.

6.0 Conclusion

The purpose of this study has been to explore and gain insight into how one can facilitate for a successful integration of employees after a cross-border acquisition has been signed and closed. Through five interviews with respondents that were involved in the two acquisitions, through observation at a conference at Norsk Hydro and through information received from our contact person in Norsk Hydro, we have attempted to answer the research question:

“Which key factors facilitate for successful integration of employees?”

As the two integration processes we have investigated, have involved an integration of employees with different national origin, the research question has been approached from an intercultural perspective, where we have attempted to identify factors that are important to take into consideration to succeed with such integrations. Based on a background model that divided the integration process into separate phases, the integration process was split up according to the model and analysed step-by-step. This made it possible to identify important factors in each of the phases that later could be connected to each other to better explain the observed outcome in each of the two integrations.

To sum up, this study has identified several factors that have impact on the “successfulness” of the integration of employees in an intercultural context. Further, the background model used as a framework throughout the study has made it possible to see how these factors are linked to each other and how they together can facilitate for a successful integration of employees after a cross-border acquisition, if managed properly.

From the empirical findings, it became clear that it was necessary to extend the background model, so that it included a pre-integration phase. Based on the discussion of the empirical findings in the four different phases of an integration process, *pre-integration*, *input*, *process* and *output*, we suggest four key factors that have significant impact on the integration process, that can facilitate for a successful outcome when managed properly: *integration project team*, *openness*, *cultural adaptation* and *timeframe*.

The first key factor is related to the pre-integration phase and the importance of involving the right people in this phase. Further, the involvement should happen in terms of establishing an *integration project team* where extensive plans are developed and then communicated to the rest of the organization. It is also important that the employees have an *open mind* towards the integration itself and toward each other, both mentally and emotionally, during the integration process as this will ease the integration. International experience and education are factors that seem to have a positive effect on the degree of openness, and should thus be taken into account especially when selecting employees from both sides for positions that will play an active role during the integration.

Previous research implies that the main reason for the failure of cross-border acquisitions is due to differences in organizational and national culture (Søderberg & Vaara, 2003). This study has found that a key factor for succeeding with the integration of employees after a cross-border acquisition is *cultural adaptation*. In order to succeed with the integration it is necessary to adjust to differences in organizational culture and national culture. This entails that the acquiring organization should strive to adapt their organizational culture to the organizational culture of the acquired organizations by taking the “best of both”, so that all the employees can familiarize themselves with the culture. Further it is important to be aware of differences in national culture, and then exploit and combine these differences so that positive synergies are created.

The last key factor found is related to the *timeframe* of the integration, where it is necessary that both the acquiring organization and acquired organization have a realistic perspective on how much time is required before the integration is complete. The perspective, that the organizational members sent from the acquiring organization have, with regards to how long they have to stay in order to create sustainable results is also essential. Leaving too soon can have a negative effect on the progress of the integration process. This study has also found that sending a broad delegation from the acquiring organization can both speed up the progress of the process as well as facilitate for a smoother process.

6.1 Implications

The results from this study can help explaining how different factors that influence an integration process can have a positive effect on the outcome of an integration after cross-border acquisitions. There have been previous studies on how the planning both pre acquisition and post-acquisition affect the “successfulness” of an acquisition and the following integration. However, there is less research on how the different factors are connected to each other and how they together can facilitate for successful integration of employees when managed correctly.

This study has provided a deep insight into the social aspects of two integrations within Norsk Hydro. As this is a case study of Norsk Hydro, generalizability has not been an requirement or goal for the findings and results, but we believe that the results can be transmitted and be useful for other organization that undergoes acquisitions in a similar context. Through this study Norsk Hydro, and other organization, can increase their understanding of how to lay foundations for a successful integration, and use the results of this study to facilitate for a better integration of their employees.

The study provides a good basis for further research on key factors that facilitates for a successful integration. With regards to future research, it would be interesting to conduct similar studies on other organizations, to see if the key factors pointed out in this study is valid also in other organizations.

As most of the data collected in this study is based on interviews with employees from the higher level of the organization, it would also be interesting to conduct a study with a greater emphasis on the lower levels of the organization, to see if the information collected there will yield the same findings and results.

Further, as this is a qualitative study, a good supplement from future research would be to conduct a quantitative study to test our findings. In a quantitative study the sample size is bigger than in a qualitative study, and therefore provides a better basis for generalizing the findings. A quantitative study on our research topic could for instance be done through an

electronic survey sent out to employees in different organizations that have taken part in an integration process.

6.2 Limitations

The largest limitation of this study is related to the sample size. The fact that we only have conducted five interviews within one specific organization, means that we have to be careful with generalizing our findings. As the research question has been approached through a case study of two specific events within the boundaries of a specific organization, the findings may therefore not be applicable to other organizations and contexts. Nevertheless, the findings from our study can be interesting for other organization as we have looked into a topic that is highly relevant for international organizations.

The respondents that we have interviewed, have all taken a central and active part in the integration process and have contributed with a lot of information, and this way increased the amount of data that our findings and conclusions have been drawn from. We have also interviewed respondents that have represented both sides of the two acquisitions, which has enabled us to see each of the two integrations from the perspectives of both sides. Further, the findings showed that the perspectives of the respondents were consistent with each other, meaning that the respondents all told a similar story, but from different perspectives. In this sense, the saturation of our sample size is good as more respondents not necessarily would have provided us with a different story. Our attendance at an HR-conference organized by Norsk Hydro, also enabled us to observe how the norwegians, the germans and the brazilians interacted with each other, where we did observations that coincided with what our respondents told during the interviews. With regards to the interviews, we attempted to create a safe, informal atmosphere before questioning our respondents to avoid that they gave “politically correct” responses to our questions. However, as we have interviewed fewer respondents than what we hoped for there is still an issue with the viability and reliability of our findings as our data selection is relatively small .

The timeframe between the two acquisitions is also a limitation in this study. The fact that the acquisition of VAW was conducted 11 years ago made it challenging to find appropriate

respondents to interview. It is also a risk that some of the answers given by the respondents from the VAW-case, might be biased as some details could have been forgotten or was remembered unprecisely.

Finally, as parts of this study have touched upon “sensitive” topics, some information has been difficult to get access to due to confidentiality and secrecy within the organization, which has limited our data selection somewhat.

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8.0 Appendix

8.1 Project description

Project description

Thesis at the Norwegian School of Economics - autumn 2013

The Global Business Team: Group dynamics in intercultural teams. A case study of Norsk Hydro.

Purpose

Group interaction is prevalent in many organizations and teams and groups has become an increasingly common way of organizing work in organizations.

There has been an extensive research of teams, team leadership and team efficiency through the recent years, but there is still missing information on group dynamics in intercultural teams. Research indicates that teams composed of ethnically and culturally diverse members, most likely will experience more challenges and conflicts than teams composed of culturally homogenous members.

This project will investigate and explore group dynamics in intercultural teams. We will have closer look at how different input factors, such as diversity, norms and conflict styles influences the interaction process and the output of the team. Areas of particular interest are the establishment phase of the team and how challenging situations and conflicts are managed and resolved.

In this project a case study of Norsk Hydro will be carried out. This will be done in perspective of two big events in Norsk Hydro's history: the acquisition of German- owned company VAW in 2002 and of Brazil- owned VALE in 2010.

Background information:

Globalization has made the world smaller. FDIs, joint ventures, mergers and acquisitions have enabled the internationalization of operations, and many businesses are facing the challenge of how to manage a diverse and international workforce. The internationalization of business has resulted in global business teams composed of members from multiple countries and companies. These teams can be defined as intercultural teams.

Managing the interaction process in global business teams in an efficient way to ensure successful performance and outcome is an important and often a difficult task.

Knowledge and awareness of how to facilitate for a successful interaction process and how to manage challenging situations will be crucial in order to make teams like this function.

Methodology

In our thesis we will have a closer look at the following:

- The establishment phase of the team- how to facilitate for successful group interaction.
- How different input factors influence the interaction process and performance of the team.

-
- How misunderstandings and challenges that occur between team members in the process are managed and resolved.
 - The output of the team in terms of productivity, cohesion, learning and integration.
 - What can be learned from the different experiences.

We will perform several in-depth interviews with employees at Norsk Hydro. This includes employees from Norway, Brazil and Germany. The interviews will mainly cover how the employee behaved as a team member and how he/she experienced the interaction process of the team in terms of the establishment phase, the cooperation and communication between team members in the process itself, as well as an evaluation of the performance of the team.

To support the interviews we will use different theorems from topics such team & team performance, cultural differences, conflict management etc.

Theory will be connected to the results of the interviews to better explain the establishment phase and the interaction process of the team. Finally we will see if there are contexts and effects that can be taken into account in the future.

Deliverance

The information from the interviews will result in a thesis at Norwegian School of Economics, and will be finished by the end of December 2013.

Appraisal

Because of the paper's extent and time restrictions there will be specific limitations. We will therefore focus on a smaller group of eligible interviewees who will be represented by the two acquisitions. There will not be carried out a time study of the different teams within Norsk Hydro.

Authors

Harriet Wright

Harriet Wright is a master student at the Norwegian School of Economics, specializing in strategy and management. She has been very active in the student organization with a variety of extracurricular activities, including being Head of Cultural Affairs at Bergen Challenge 2011. She also has work experience from Hallvard Lerøy. Her last semester is to be taken at the University of Sydney, Australia.

Elisabeth Winsjansen

Elisabeth Winsjansen is a master student at the Norwegian School of Economics, specializing in strategy and management. She has a double degree from CEMS Masters in Management, and has spent two semesters abroad on exchange in Austria and Belgium. As well as activities within the student organization, she has different forms of work experience, especially from banking and insurance.

Advisors

Vidar Schei

Vidar Svei is a doctor of economics from the Norwegian School of Economics, and is now a professor at the Institute of Strategy and Management. His interests range from conflict resolutions, teams and negotiations. He has received an award for the best Ph.D. from the International Association for Conflict Management.

Therese Sverdrup

Therese Sverdrup has a major in psychology from Norwegian University of Science and Technology and has several years of work experience from the University of Bergen and Hedmark University College. Today she is a post doc at the Institute of Strategy and Management at the Norwegian School of Economics where she amongst other things researches team and team leadership.

8.2 Information sheet

Information sheet

Responsible: Elisabeth Winsjansen and Harriet Wright

Information:

We are two students from the Norwegian School of Economics (NSE) who are writing our thesis about global business teams in collaboration with the research program FOCUS at NSE. We wish to explore and gain insight into group dynamics in intercultural teams.

In this study we will do a case study of Norsk Hydro and their acquisition of German- owned VAW in 2002 and Brazil-owned Vale in 2010. More info can be found in the attached project description.

We are planning on conducting qualitative interviews where we will interview 6 or more people who participated in one of these two acquisitions about their involvement in the process and how they experienced working in an intercultural team. The interviews will be semi-structured, thus an interview guide with topics we wish to discuss has been prepared in advance. The purpose of this is to get an insight into how the interviewee behaved as a team member and what thoughts and reflections they have about group dynamics in intercultural teams.

The expected duration of the interview is 45-60 minutes and the interview will be recorded and afterwards transcribed. We therefore ask you to give your written consent for this (please see attached consent form). The deadline for the paper is 20th of December, 2013. By the end of January 2014 you will receive an update on the results of the thesis as an appreciation of your contribution in the research.

If you have any questions regarding the interview, please don't hesitate to contact one of us by phone or e-mail.

Thank you in advance!

Best regards

Elisabeth Winsjansen & Harriet Wright

8.3 Interview guide

Interview guide

Interviewers: Elisabeth Winsjansen and Harriet Wright

1. Introduction

- a. About us
- b. About the project -project description and information sheet has been sent previously
- c. Feedback about the result of our study
- d. Will send our paper when it is finished
- e. Respondents are guaranteed anonymity and the right to cancel the interview and not respond to questions if one wishes so
- f. Inform them that there are no “wrong answers” and to be themselves!
- g. Approximated time for interview is 45-60 minutes.

2. Soft start

- a. Tell us a little bit about
 - I. Background
 - II. Education
 - III. Work before and at Hydro

3. Input - establishment of the team

- a. What was the size and composition of members in the team?
 - I. Gender, nationality
- b. How did you start up the team?
 - I. How were team members selected
 - II. What happened after the team selection
 - III. Think about the first meeting
 - IV. Is the same approach used when new members join the team?
 - V. Typical activities, meetings, timeframe, follow-up, communication
- c. Did you have any expectations towards the team?
 - I. How did they play out? Better or worse?
- d. Due to the acquisition process, did you receive an integration document?
 - I. Did you receive plans, or did you make them yourself?
- e. To what degree do you set your goals, define success factors, and plan or make tactics for how the problems should be solved?
 - I. Goal, mission and objectives
 - II. Success criteria
 - III. Prioritizing goals
 - IV. Tactics for reaching goals
 - V. Did you develop a way to do things interacted(together)?

-
- f. How did you discuss personal properties, preferences and define roles and responsibilities?
 - I. Roles - fixed or floating depending on task
 - II. Responsibility - individual or mutual accountability
 - g. How did norms, decision rules and rules for conflict develop during the startup phase?
 - I. Norms - tight or loose
 - II. How are the decision rules?
 - III. Do you have rules for conflict?

4. Process

- a. How did you work together as a team?
 - I. Plans in advance
 - II. Communication
 - III. Cooperation
- b. How do you approach a conflict?
 - I. Concern for self vs. concern for others
 - II. Direct vs. indirect
 - III. Emotional restraint vs emotional expressiveness
- c. Tell us one time you experienced a challenging situation within your team
 - I. Approximately when in the process did the incident occur?
 - 1. Ask them to draw on an arrow
 - II. How did the situation proceed?
 - 1. Timeframe, number of ups and downs
 - III. What caused the situation?
 - 1. Disagreement to content, relationship or procedure?
 - IV. How did it make you feel?
 - V. How did you handle it?
 - VI. How did others manage it? Steps taken during the process
 - VII. How was the incident finally resolved?
 - VIII. What was the outcome?
 - IX. Were there changes in the behavior in yourself? Other team members?
- d. What do you think was the triggering factor in most misunderstandings?

5. Output

- a. In general, how was the satisfaction with your team?
 - I. Would you like to work with them again or not?
 - 1. Explain why
- b. Did you learn anything from the misunderstanding?
 - I. Individually or commonly?
 - II. Did you take the experience with you?
 - III. How have you implemented the learnings in the future?
- c. How was the productivity of the team?
 - I. Did you reach all your initial goals?
- d. How was the cohesion of the team?
 - I. Did you become friends?
 - II. Do you still stay in touch?
 - 1. Why?

III. How was the integration with the rest of the organization?

- e. How would you define and explain the word “conflict?”

6. Closure

- a. Short summary of discussion
- b. Something we have not discussed related to challenges facing the global business team you find relevant further along the road?
- I. Something we have forgotten to discuss that you find important for yourself/company?

Thank you! ☺

8.4 Consent form for interview

Consent form for interview

Responsible: Elisabeth Winsjansen and Harriet Wright

Advisors: Vidar Schei and Therese Sverdrup

Consent:

I,, hereby confirm that I have read the

“ Information sheet for interviewees” and the attached “ Project description” from Elisabeth Winsjansen and Harriet Wright regarding their research project.

With regards to their thesis at the Norwegian School of Economics, I hereby give my consent to the following:

- Participation in interview with Elisabeth Winsjansen and Harriet Wright according to the project description
- Recording of interview on Dictaphone
- Transcription of the entire interview
- Both project responsible and advisors have access to the entire transcribed interview post interview.
- To anonymously be quoted from the interview.

We would like to make you aware that you have the right to resign from the interview, up until the point of the interview, without giving an explanation. All collected data will be made anonymous by 19th of December 2013.

.....

Place and Date

.....

Signature interviewee