

RISTO SÄNTTI

How Cultures Interact in an International Merger

case MeritaNordbanken



ACADEMIC DISSERTATION

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ABSTRACT

Risto Sääntti

How Cultures Interact in an International Merger – Case MeritaNordbanken

The purpose of this research is to reveal how cultures meet and interact in an international merger by examining the specific example of the formation of MeritaNordbanken (MNB), evaluating corporate culture development activities in light of theory, and suggesting possible alternative courses of action or theoretical perspectives where necessary.

In this study it is assumed that social reality is constructed through interpretations made by individual actors within social groups. Culture is a product of interaction and interpretation processes that are partly rational, but largely non-rational and sub-conscious. Nonetheless, it is assumed that cultures can be revealed and understood through materials produced by the actors involved, such as spoken or written speech, lists of development needs, policies, videos and other artifacts. Several discourses within the MeritaNordbanken organization have been studied through an examination of such materials, with a focus on corporate culture. The main parties in these discourses were the senior management of the organization and the employees who participated in a series of culture seminars.

The considerable changes that have taken place in the banking and financial sectors in the last one and a half decades form the background to this research. They can be expected to have had a significant effect on how social realities are constructed within banking organizations, and through these processes to have had profound effects on banking culture and values. The merger of Finnish Merita Bank and Swedish Nordbanken in 1997 was the first international merger in the history of these two organizations and one of the first financial sector mergers in Europe that crosses national borders.

Data analysis was focussed on answering six specific questions concerning the corporate culture practices of MNB. Based on this analysis, the study then considers cultural challenges in international mergers in general, and the theoretical structures for understanding cultural issues.

Culture and corporate culture may be approached from several theoretical traditions. The approaches selected for this research are (1) the philosophical approach, which is suitable for exploring the basic nature of culture and helping to create a broad picture of culture and cultural phenomenon. (2) Organizational theories, for their part, offer a variety of conceptualizations of cultural phenomenon. The special features of cultural phenomenon in organizational and corporate contexts can be best understood with the help of approaches from this tradition. These two theoretical approaches are nicely complemented by a consideration of (3) learning theories. Cultural change takes place through individual and organizational learning, and the explanatory power of learning theories is imperative to reach a deep understanding of cultural and value change, and the limits to external influence on those changes.

This research examines culture-focused discourses conducted within the case organization of MeritaNordbanken. The approach to discourse analysis in this research is constructivist. The aim of this is to reveal the social context of the discourse, how it constructs social reality, how it creates meanings, and what kind of effects it has. In this research, speech acts are considered to include various kinds of individual and collective statements by the senior management and other actors in the corporate setting of MNB. They take many different forms, such as speeches, texts, comments within seminars, reports, statistics, internal and external newspaper articles, and so on.

Two separate meta-narratives can be seen to emerge from the current theories considered. The managerialist approach focuses on the control aspects of culture and intends to monitor and manage organizational cultures so that they support the achievement of corporate goals. In this

meta-narrative culture is a “tool” or a “part of the machinery” to be used to direct the corporation towards strategic and practical targets. The alternative theoretical meta-narrative focuses on the social constructivist nature of our interpretation of culture. According to this view, cultures are constructed in our minds. Organizational culture is seen to be more of a metaphor helping to shape our understanding of social realities within the organization than something real and “factual” that could be monitored, manipulated and changed.

The challenges encountered when analyzing corporate practices that are intended to address organizational culture are seen to be more complex than what many managerialist corporate culture approaches would suggest. Managed cultural change is possible, but difficult, requiring sophisticated skills and considerable investment. Cultural change is not a senior management act, although the activity of this group is critical to initiating, conducting and consolidating such activities. Successful cultural change must involve a critical mass of the personnel, and it must be connected to overarching organizational processes and goals rather than conducted in isolation. Building a new corporate culture requires a considerable degree of interaction between representatives of the parent cultures. Different forums for cultural interaction are needed, and have to be actively organized to facilitate culture focused discussions within the organization.

Important issues to be considered in cultural change processes are the following. (1) Corporate cultures are not monolithic, but show variation within “one culture” and actually represent a mixture of different cultures. (2) Corporate cultures are very difficult to measure. (3) Corporate cultures are by nature not manageable, or are at least very difficult to manage. Cultures can, however, be influenced and may change through shared discussion and reflection. In order for these discussions to be effective, a critical mass of the population has to participate “deeply” and “authentically.” Culture development is not a top-down project, nor purely a bottom-up one, but a dialogue based on interpretation and construction of new meanings in varied settings. (4) Values and basic assumptions are very difficult, perhaps impossible, to change deliberately. Valuations (i.e., those things consciously considered important to some person or some group) can be agreed upon and changed somewhat more easily. Values may, and do, change through processes that extend over long periods of time, or within crisis situations. (5) Cultural change occurs as a result of learning. This learning is primarily derived incidentally from experiences, rather than being intentionally planned. Since many aspects of culture involve the affective domain, it is often difficult to change even through deliberately focused learning. (6) The end results of cultural change processes may in practice turn out to be something else than what was intended.

This research is a part of the international Growth Needs Project led by Professor Pekka Ruohotie. The purpose of this project is to study the problems and prerequisites of professional revival and continuous growth in different work environments through constructive change.

Key words: corporate culture, culture, financial organizations, learning, managerialism, social constructivism, transformative learning, values.

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1 INTRODUCTION

My purpose in this research is to reveal how cultures meet and interact in an international merger by examining the specific example of the formation of MeritaNordbanken (MNB), evaluating corporate culture development activities in light of theories, and where necessary suggesting possible alternative courses of action. The concept of culture will be considered in a broad sense, including national cultures, corporate cultures, corporate subcultures, professional cultures and others. The study will identify the kinds of issues that were noticed, discussed, and considered problematic or worth addressing in the merger process. Issues that were not overtly recognized, but were nonetheless evident in the practical actions of the corporation are also of interest. In addition to this, I will consider what this empirical case reveals about cultural challenges in international mergers, and about the theoretical structure for understanding cultural issues in general.

I have had several roles in relation to corporate culture development in the formation of MeritaNordbanken. My employee role focused on planning and implementing the MNB corporate culture development project. Besides this practical corporate task, I have taken on the research task of studying the interaction of the two cultures in the merger. Being an employee within the organization which I am studying raises several important questions. The reader may, with good reason, ask whether my roles as an employee and as a researcher conflict. As Mezirow (1995, 27) states, we are all prisoners of our own meaning perspectives and can best approach, if never fully attain, objectivity through rational and reflective discussion. My intention is (1) to describe and analyze issues and processes taking place within the organization, (2) reflect them by comparison with cultural theories, and (3) suggest alternative courses of action. The researcher role is predominant in this task, and thus I must above all treat the issues I study with faithfulness to theory and to the research data. My personal interest, as well as my interest as an internal consultant, is to present my findings in a constructive way. Therefore, I will attempt to present them not only with theoretical and intellectual integrity, but also in a manner which permits them to be applied to practical issues of culture development in organizational life.

Inside information, experience and interpretations have been available to me throughout the research. This knowledge cannot be separated or removed from the interpretation process. It may have helped to deepen my understanding of the phenomenon analyzed, but it may also have blinded me to certain perspectives and introduced subjective interpretations or prejudices. I have tried to maximize the benefits of this situation and to minimize the risks by keeping it foremost in my mind throughout the research, and by making it visible to the reader in this dissertation.

Importance factors affecting my role as a researcher include the following. (1) My national background and frame of reference is Finnish. This personal interpretative angle cannot be neutralized. (2) My most recent corporate involvement has been with Merita Bank. However, I began my career with the Saving Bank Group, before moving to the Union Bank of Finland, and finally to Merita. I believe that having experienced several different bank cultures has helped me to interpret the practices of Merita and Nordbanken evenhandedly. (3) I have had several employee roles worth noting in relation to this research. I was responsible for planning the corporate culture development project on behalf of the senior management of MeritaNordbanken. The planning and conduct of culture development seminars along with several other employees was my main work-related activity during the period of the merger. During and after this project I was responsible for reporting to senior management on its progress. In my role as project leader I have authorized two Master's Thesis

works related to the corporate culture development process. One of these has been completed at the time of writing this text.

There is a lot more to study in this process than can possibly be considered within a single dissertation. I have attempted to carefully define what is included in this research and what is intentionally excluded. Two important areas which have been intentionally excluded are worth mentioning here. The first is the planning and implementation of the MNB corporate culture development project, and the second is the continuation of this process in the participants' home units. These issues are being studied in the two separate theses referred to above.

This dissertation is structured as follows. This *Introduction* constitutes the first chapter. The second chapter, *The cultural history of MeritaNordbanken*, focuses on the changes that have taken place in the financial sector in general, the overall history of the parent organizations, and the history of corporate culture development in particular. Cultural development history includes an organization-wide initiative in Merita Bank and a targeted corporate culture development project in MeritaNordbanken. The latter is the main material source of this dissertation.

The third chapter, *Theoretical background*, focuses on those theoretical approaches that I have found to be relevant and of interest to this research. Corporate culture studies are considered to be one of the main domains of organizational research today (e.g., Brown 1998, 3; Alvesson and Berg 1992, 3-20). There is an abundance of theoretical approaches to culture in this field as well as in anthropology, sociology, psychology, philosophy, political science, comparative religion and vocational education. In this chapter I will present cultural theories from philosophy, organizational science and learning theory, and identify the frameworks and approaches to cultural issues that I consider to be of importance to the analysis. The theory chapter is quite extensive because there are several significant theoretical approaches to culture which need to be included in the analysis, and because the overall purpose of the research includes a desire to contribute to the understanding of culture in organizations through the experience of the organizations in this study. The main research concepts and the research problems will be presented at the end of this chapter.

The fourth chapter, *Methodological choices and research implementation*, presents the methodology selected and discusses the strengths and limitations of this approach. Other issues addressed are the research data and the way the research has been conducted. Within this chapter my different roles and my personal orientation as a researcher are defined.

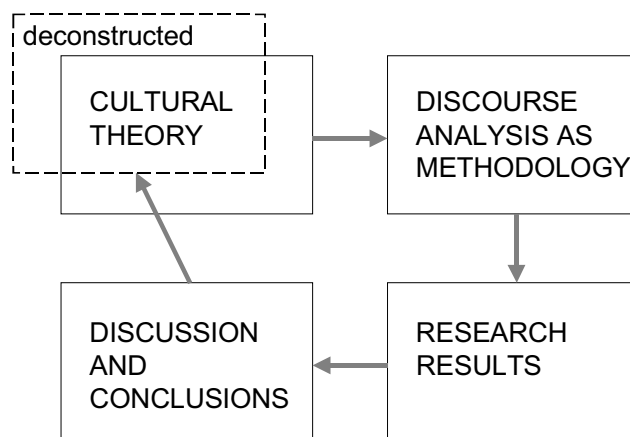
The answers to specific research questions 1-6 outlined in chapter three are given in chapter five, *Data analysis*. Voices of actors from various levels of the organization are analyzed. In this chapter, the focus is on the specific task of understanding in light of cultural theory the corporate practices intended to address organizational culture in the merger of Merita and Nordbanken.

Chapter six, *Implications*, examines the guiding question of this research from the broader perspective of what empirical analysis reveals about cultural challenges in international mergers, and about the theoretical structure for understanding cultural issues in general. This analysis is based on the various results presented in chapter five, but I attempt to reach even further in this chapter by building general hypotheses and conclusions on the basis of my analysis of the data. Possible areas of further study are identified.

My general research approach may be understood metaphorically by considering a beautiful postmodern song-poem Anthem by Leonard Cohen, one line of which says, “There is a crack in everything and that’s how the light gets in.” Jacques Derrida might express the same idea by saying that the hidden multiple meanings, internal contradictions, and inconsistencies to be found within any text can reveal deeper interpretations of what it says on the surface. In this way, for example, subconscious belief systems may be revealed. These issues are discussed in detail in chapter three.

An overall picture of the process of this research is presented graphically below.

Figure 1. The research process.



My ontological starting point in this research is that social reality is constructed through the interaction of interpretations made by individual actors. These actors have different perspectives and different power to influence the social reality that their interpretations collectively create. Culture is a product of interaction and interpretation processes which are partly rational, but largely non-rational and sub-conscious. Epistemologically, I begin with the assumption that cultures can be revealed and understood through materials produced by the actors involved, such as spoken or written speech, lists of development needs, policies, videos and other artifacts.

Understanding of ‘culture’ and ‘values’ is enhanced by treating them metaphorically at points in the analysis. The words ‘culture’ and ‘values’ refer to socially constructed realities within organizations and other social groups. Specific structural models of culture, while useful, are never complete and should not be reified. Consequently, I look at these concepts from several angles in the dissertation in order to grasp as much as possible of their elusive, often subjective, nature. Inclusion of a metaphorical approach does not imply that the research is itself metaphoric. I use a metaphoric understanding of culture only as a general framework, from which I proceed to interpret what happens when cultures interact, and how new social realities are formed.

My aim in this research is to study different discourses recognized within the MeritaNordbanken organization focused on corporate culture. The main parties in these discourses are the senior management of the organization and the participants in a series of culture seminars that were arranged within the organization. In addition to these data, I will also analyze discourses focused on organizational values that were conducted within the previous Merita

Introduction

and Nordbanken organizations. On the basis of this empirical analysis of activities within the specific organization, I will shift my attention to the more general relationship between corporate practice and cultural theory. In this phase of the research I will analyze corporate practices intended to address organizational culture in the merger of Merita and Nordbanken for the purpose of better understanding the cultural issues that are liable to arise in international mergers, and also how cultural theory might better represent these issues.

Thus, this research begins in practice and proceeds to theory in three stages as it considers cultural issues in the merger of Merita and Nordbanken, cultural issues in international mergers in general, and finally the theoretical framework that describes culture.

2 THE CULTURAL HISTORY OF MERITA-NORDBANKEN

In chapter two I will describe the recent history of the financial sector (2.1) and the particular history of Finnish Merita Bank and Swedish Nordbanken (2.2). The focus is on the last one and one-half decades, which is the period during which the “deregulation” of the industry has occurred. Basic information about the target organizations is also given here, and I present some commonly held opinions and more scientifically based conclusions about the national cultures of Finland and Sweden (2.3). Both populist and scientific viewpoints are important to the understanding of “own” and “other” cultures. The conventional wisdom and scientific conclusions presented both help to construct shared understandings of the cultures in question. The chapter concludes with a description of corporate culture development activities that have been carried out in Merita Bank, Nordbanken and MeritaNordbanken (2.4).

2.1 Major changes in the financial business

My aim in this chapter is to provide an overview of the considerable changes that have taken place in the banking and financial sector within the last one and one-half decades. It is possible that not all of the effects of these changes can be completely seen or understood yet, but they can be expected to have a strong effect on how social realities are constructed within banking organizations and through these processes to have profound effects on banking culture and values. A wave of mergers and acquisitions has hit a number of industries, the financial sector being one of those. These mergers and acquisitions have had an effect on cross-national as well as national organizational structures. As the cultures of the organizations are transformed, the identities of people working within these organizations or connected to them are reshaped in numerous ways.

The financial sector is considered to be particularly appropriate for a study of organizational change (e.g., Morgan and Sturdy 2000, 34-38; Peltonen 1998, 57-61). The main trends to be noted in the financial sector are the following. (1) New entrants—that is, “invaders”—are entering the field and new forms of business relationship are emerging. In the Scandinavian context, the emergence of banking functions within commercial chains is a clearly evident trend. The development of IT business has the potential to affect banking in ways which are not yet fully known, to the extent that doubt the continued existence of banks in their present form in 2010 (Peltonen, *ibid.*). Total automation of payment transfers is one change sufficient to challenge present banking concepts and structures. (2) The rapidity of change within the sector is caused mainly by the “deregulation” of substantial parts of a field previously sheltered from competition by government and industry action. This partly uncontrolled deregulation has had an impact on the banking crisis in Finland and Sweden. (3) Trends like individualism and consumerism—that is, changes in customer behaviour/culture—have also had an affect on the sector. New ways have emerged for senior management to understand the organization, its context and role. For example, new “enterprising actors” have emerged and shareholders have become more actively engaged, which has made banking more commercially driven. Kyrö (1998, 115-119, 132-139) recognizes three enterprising roles within emerging postmodern business context (external entrepreneur, internal “intrapreneur” and “spontaneous” entrepreneur). The latter two roles can be seen to be expanding. New discourses concerned with “strategy”, “marketing”, “quality service” and “customer care” have emerged and changed the identity of the players involved. These discourses are brought to the field mainly from the outside by management consultants, government legislation, consumer groups and so on. (4) The EU has the po-

tential to have a significant influence on the financial sector, but the effects of an European single market has been only minor to date. In total these processes have had considerable effect on the identities of the banking organizations and on the ways of working within those organizations.

Changes in the social and political climate—for example, individualism and consumerism, new credit opportunities, an increasingly active stock exchange, and a wider variety of risk positions open to more and more individuals creating the potential for quick gains and greater risks—have all had an impact on the business environment for financial organizations. Similar effects have resulted from processes within organizations such as how roles are interpreted, the emergence of an “enterprising” actor, job losses and painful personal adjustments, and reshaped social identities resulting from new knowledge. The internationalization of Western banks, mainly within the EU, is still an emerging process, with financial businesses staying mainly at the national level to date. (Morgan and Sturdy 2000, 34-38)

The general trends that are evident in the change from an industrial to an information society (Castells 1997, 309-312) include the change from physical efficiency to thought efficiency, from hierarchy and bureaucracy to interaction and networks, and from customers using the products to customers making the products (Kevätsalo 2000). These trends have had a strong effect within the financial sector. Beyond this, as Juuti and Lindström (1995, 1-5) say, rapid changes in the corporate environment and the complexity of problems faced by corporations has created qualitatively higher levels of challenge.

It has been said that the first international wave of mergers and acquisitions started in 1995 and is still ongoing. Three characteristic features have been recognized in the current global wave of mergers and acquisitions. Mergers and acquisitions (1) focus on companies operating in similar businesses and that are directly competing with each other, and (2) concern larger and larger organizations. In addition to this, (3) cross-border mergers and acquisitions have become more and more common (Vaara 2000, 1). Several reasons have been given for this rash of mergers, including long periods of continuous growth, globalization, the development of the internet, and less market regulation (Lähteenmäki 2000, C 3; Fischer and Steffens-Duch 2000, 674-678). Shareholders have also forced some organizations to merge by demanding an increased return on their investment, and many of these cases have occurred in the banking sector. It has been estimated that in the year 2000 the value of mergers and acquisitions will for the first time be greater in Europe than in the USA. Merger booms always end, and any hint of recession can be expected to decrease the enthusiasm for mergers and acquisitions. For the time being, however, huge multinational conglomerates are believed to offer the greatest benefits for corporate interest groups, the main one being the owners. The role of owners has intensified because of the massive amounts of capital needed to carry out mergers, which can exceed that of sovereign nations in some cases. The “Americanization” of the focus of ownership—that is, expectations of considerable revenues on short time margins—is another trend worth noting.

Globalization is not only a recent phenomenon. The first phase of globalization started in the second half of the 19th century, and ended in the 1920's. This phase was, in relative economic terms at least, similar in size to the present globalization trend. The current phase of globalization is, however, considered to be different in quality. The difference can be found in the possibilities offered by modern technology, making both organizational and individual realities global in every day life in a way never seen before. (Friedman 2000, 17-24)

The crisis in the banking sector is a primary cause of the considerable reorganization in the Finnish and Swedish banking sector. It is worth noting that banking crises are a phenome-

non that has been experienced several times previously at both the local and global level (e.g., Kindleberger 1978). Several national level mergers have occurred in Finland and Sweden over the past few years, resulting in fewer branch offices and decreased numbers of personnel. Competition has increased within the financial sector and from invaders from other fields of business (e.g., information technology and retailing). The combined effect of internationalization of the financial sector and new computer technology will inevitably be to make the business global. Particularly competitive areas are investment banking, private banking, corporate business and treasury. Traditional boundaries between banking, funds and insurance are being eliminated (e.g., Anon. 1998, 8-11).

What makes the merger forming MeritaNordbanken particularly interesting is the increasing interest in cross-national mergers within the European context. The merger of MeritaNordbanken was one of first significant cross-national banking mergers in Europe (aside from some German acquisitions in the 1980's and 1990's) but it will certainly not be the last. In 1999 Deutsche Bank acquired Bankers Trust, which had 20.000 employees. The first major European banking merger took place in April 2000, when British HSBC bought French Cr dit Commercial de France. Of special interest to the MeritaNordbanken case and to similar mergers in the future is the fact that Central European banking mergers are complicated by the different languages and national cultures involved (Baer 2000, D2; Fischer and Steffens-Duch 2000, 674-678).

The focus of this research is on the Scandinavian setting; that is, changes within the context of the Nordic countries; particularly Finland and Sweden. These changes have, however, not taken place independent of changes in larger European and International settings. The development of the European Union, the European Monetary Union, and the globalization of the financial business are the main trends that have affected the financial sector in Finland and Sweden. Developments in information technology is another factor which is considered to be a particularly important cause of globalization in this sector. (Anon. 1998e, 8-11). For example, the first entirely internet based—that is, with no branch offices—European bank (EuropeLoan Bank) entered the Swedish market in the year 2000 and planned to enter the Finnish market the next year with ambitious intentions to conquer 10% of the mortgage market. The bank comments, however, that a mere 0,7% market share is enough to keep it alive. (Isotalus 2000, D3; Vaalisto 2001, 8).

The effects of technical development, and the possibilities created by the internet externally and intranet internally, are heavily debated. There is a considerable difference in views concerning, for example, the effects of internet banking. Lema tre (2000) reports a study made by C.F.P.B., according to which most banks in Europe considered electronic banking to offer a new distribution channel along with other existing channels (i.e., specially the branch network). Only the Nordic countries have adopted a strategy in which electronic banking replaces branch networks; that is, customers move from branch service to internet services on a considerable scale. The Nordic model is consistent with expected modes of real structural and business changes occurring across the financial sector. From this perspective, what is now happening in Nordic countries is liable to occur in the larger European setting in the future. An important aspect of this is the considerable savings to be expected if service networks can be significantly diminished.

The 1990s was a turbulent time for banks in both Finland and Sweden. Both national economies faced considerable difficulties and these hit the banking sector hard. Customer difficulties became a financial problem for the banks as well, the majority of which faced severe challenges to their very survival as a result. A variety of very possible disasters loomed for the banks, among them a metaphorical disappearance into a “black hole;” that is, loss of

independence as a result of their considerable economic problems. (Säntti 1990, 5-6, 12-13) Several banks in both Finland and Sweden faced this prospect in the 1990's.

It has been said (Lehtiö 2000, 237-242; Kulha 2000, 281-286) that the main external cause of the banking crisis was the liberalization of financial and currency markets. Deregulation created the potential for great difficulty in the 1990's. The financial crisis was finally triggered by the general economic crisis in the beginning of the decade. Credit losses were mainly caused by customers' solvency problems. The collapse of the real estate market made the crisis even deeper. Within banking organizations, the crisis was caused by excessive increases in the amount of lending, which resulted from shortsighted policies that focused on short-term results and maximizing market share. These were achieved at the cost of long-term stability. Voutilainen (e.g., 2000) considers the main reason for the financial crisis in Finland to be the collapse of the economy. The problems of their customers drove the banks into difficulty. From this perspective, the banking crisis was an end result, not the cause of broader financial problems (see also Kulha, *ibid.*).

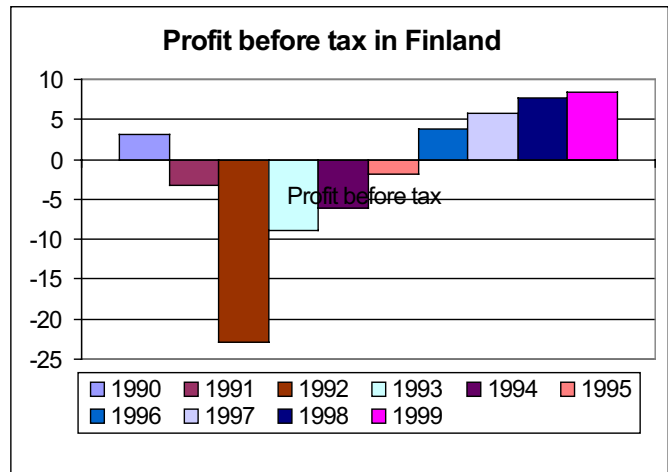
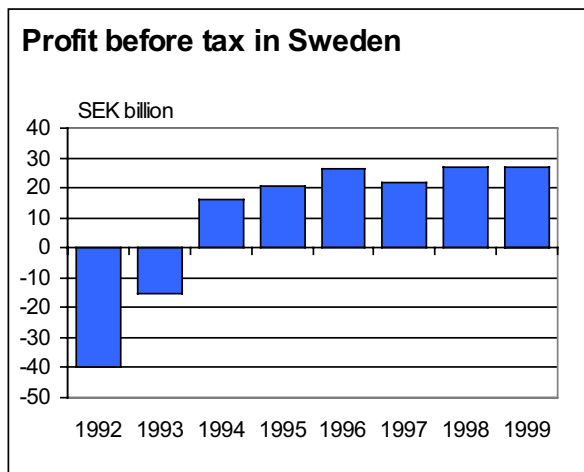
The banking system and the financial markets were regulated in most Western countries until the 1980's. The regulatory mechanisms were based on legislation governing financial institutions and on the strong role of the central bank and its policies. In Finland and in Sweden regulation was decreased in the late 1980's. The main mechanism causing problems for the banking sector was the liberalization of the financial market. This made it possible to increase lending excessively. In Sweden the amount of bank lending rose most in corporate and real estate sectors. Banks credit losses started to rise in 1990 and the worst year in Sweden was 1992. Nordbanken experienced the biggest credit losses, rising as high as 17,1 billion SEK. Also, in Finland the real estate market "over heated" causing real estate values to rise to an unsustainable level. Moreover, the Finnish situation was made worse by the general instability of the country's finances. (Lehtiö 2000, 9-12, 129-131)

The international banking crisis was one important cause of national merger processes in Finland and in Sweden. The most difficult years were 1991–1994. The whole national economy was in deep crisis in Finland. One important factor was strongly diminished trade with the old Soviet Union. As a consequence of customers' financial problems, the whole banking sector was in trouble. Mergers and rationalization were the means used to solve these problems. The depression in Sweden was milder and related primarily to problems with the value of real estate (e.g., Voutilainen 1998).

The financial crisis ended sooner in Sweden than in Finland, 1994 being the first profitable year in Sweden while Finland did not reach that plateau until 1996. (Source: The Finnish Bankers' Association 2000)

Figure 2. Profit before tax in Sweden 1992-1999 (Anon. 2000g).

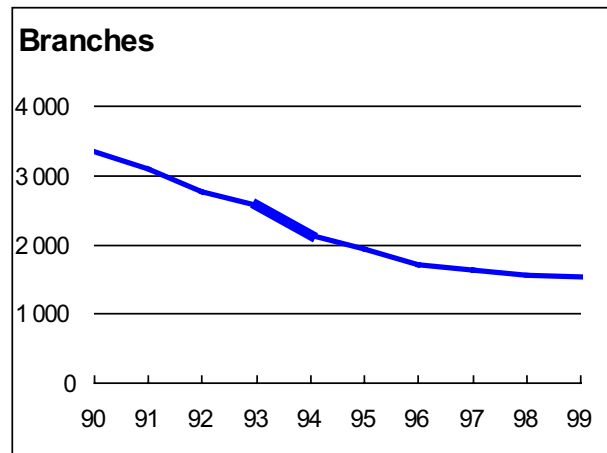
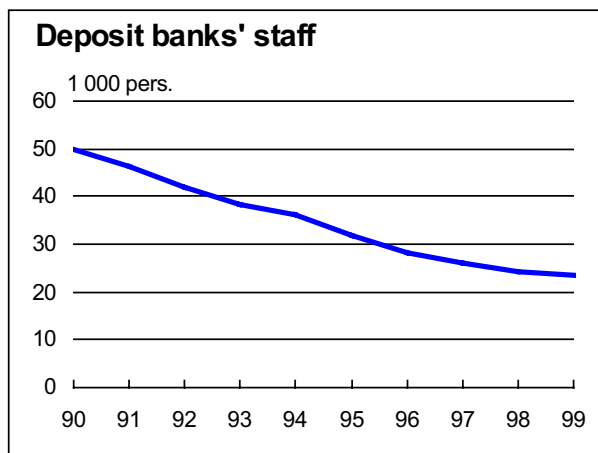
Figure 3. Profit before tax in Finland 1990-1999 (Anon. 2000g).



The deposit banks' staff as well as the number of branch offices had been reduced considerably in Finland in the 1990's. The number of employees was reduced by half (from 50.000 to 25.000) and similarly the number of branch offices was reduced by half (from over 3000 to under 2000).

Figure 4. Deposit banks' staff in Finland 1990-1999 (Anon. 2000g).

Figure 5. Branch offices in Finland 1990-1999 (Anon. 2000g).



The banking crisis in Finland resulted in considerable reorganization of the sector. The main national level change was the selling of the "healthy business" of the Finnish Savings Bank to four competing banks. Two of these were the banks that were later to be united as Merita Bank. This merger was another considerable restructuring of the Finnish banking sector caused by the banking crisis. The merger between Merita and Nordbanken has also been seen as a continuation of changes caused by the Finnish and Swedish banking crises (Lehtiö 2000, 235-236). It has been estimated that further reductions in the service structure as well as in the number of personnel will take place in the coming years (Raehalme 1999, 71). Rifkin (1997, 153-154) comments, that the possibilities offered through new electronic solutions and the outsourcing of services will radically reduce the number of personnel in financial services. According to a recent Central Europe focused Coopers & Lybrand study, the consequences of electronic banking alone may cause a redundancy of bank employees between 35 and 44 percent (Tissen, Andriessen and Deprez 1998, 59).

Several scenarios have been proposed for coming trends within the financial sector. Finnish bank employers and clerical workers associations produced a report of five trends (Anon. 1998a). (1) Changes in customer behaviour will affect banking strongly in the future, causing the number of personnel to decrease. (2) Competition between banks and insurance companies will increase, resulting in new types of business entering the financial market. (3) Because banking organizations will be flatter, leadership and motivation will be more important concerns of management. (4) The emergence of Euro currency will affect the business strongly. (5) Payment transactions will be automated and consequently the number of self-service and computer based service will increase. It is expected (e.g., Voutilainen 2000) that the reorganizations anticipated in the central European financial sector will be seen within a few years. For example, the German bank market will be completely reorganized shortly.

A work group representing the major Finnish banks has produced another scenario (Anon. 1998b, reported also by Raehalme 1999, 72–73 and Raehalme 2000, 67-77). Two strong trends that it recognized were polarization and globalization. Although huge corporations are being created, at the same time they are assigning certain highly specialized services to small units and thus the rest of the corporation does not possess that capacity. In a similar way, the demand for professional skills is also polarized. While more and more employees need specialized skills, a certain portion of them require only a fairly low level of competence. The second trend, globalization, is to be seen in the considerable threat to traditional banks from invaders; that is, emerging competitors from other fields of business. Retail business can be expected to take over a portion of traditional banking services in coming years, with the result that there will be a considerable reduction in banking personnel. In this estimate the number of personnel needed in the Finnish banking sector has been estimated to be 10.000 in the year 2003 compared to 28.000 at the time the projection was made. The fact that the competencies of existing employees and the needs of future banking do not always meet creates a structural problem. In such a situation, simultaneous long-term personnel reduction and recruitment needs may emerge. Routine jobs disappear and different new specialist and managerial tasks emerge.

Basic trends, many of which can be recognized within bank organizations in Finland and Sweden, include a diminishing work load in branch offices because of changes in customer behaviour, continuous reorganization resulting from merger processes and the ongoing re-design of work procedures, growing personnel competence needs, competition for qualified employees, and employee age demographics that are causing considerable turnover in personnel (e.g. Anon. 2000e; Mäntymäki 2000, 47). The development of information technology is also expected to have a considerable effect on various areas of activity. For example, management, leadership, product development, service processes and customer behaviour are likely to be affected. Future learning needs of the Merita personnel have been reported (Raehalme 2000, 46-49) to include the ability to learn and forget, to interpret chaos, to understand and tolerate differences, to work in a virtual environment, to communicate, to judge (including values, critical approach, feeling of self), and to provide added value through specialized skills. The so-called meta-skills are seen to be of special importance.

Peltonen (1998, 57–61) envisions that banks will no longer exist in their present form by 2010. Payment transactions will be automated. Productivity will be raised by all means available. Investment counseling will be one of the main forms of service. The products offered by banks are seen to be person-to-person services in which the basic component comes from the human element (CEO Eckhart von Hooven, Deutsche Bank). This observation suggests a direction in which the human contribution is in many cases related to selecting the personalized form of services most suitable to each individual customer. The “share

of wallet” concept advocates a long-term partnership with the customer’s entire financial picture and providing flexible solutions to enhance that picture. A culture which values customer relations is seen to be needed for such an approach, which requires a deep understanding of customer needs on a life-time view and continuous dialogue between the customer and the bank.

Jensen (1999, 30-32, 102-103) recognizes three scenarios for a bank of the future. (1) The systematic bank scenario focuses on price conscious customer behaviour. A minimal number of employees and automated data processing ensures competitive low-cost services. Economies of scale are emphasized, and a few large banks will dominate the market. (2) The segmented bank scenario focuses on different tailored services made fit to 8-10 customer segments. The bank most skillful at segmentation will be the winner. (3) The customer’s bank scenario focuses on attention, advice, and personal service demanded by the customers. This scenario assumes that people are willing to pay for advice. Individual customer service, personal relations and counseling are emphasized. Jensen comments that most banks in Europe are moving in the same direction. They are pursuing a strategy equivalent to scenario (1), and moving away from scenario (3). In addition, several banks are seen to be working on scenario (2). Jensen speaks for the third scenario, but does not recognize, that this approach can well be applied within the higher productivity customer groups of the segmented bank scenario (2).

Cross-national mergers that create huge conglomerates are at present an international business trend. There is a tendency to form large multinational financial institutes. Several authors have commented on the success of mergers and cross-national mergers. Thomson (1999, 402) comments that only 30 percent of corporate mergers in the U.S. resulted in synergies two years after the change. Reports on cross-border mergers indicate that nearly half of them are disappointments or outright failures (Söderberg, Gertsen and Vaara 2000, 1; Fischer and Steffens-Duch 2000, 674-678). Some sources claim that 85% of all mergers do not achieve the intended benefits (Anon. 1997a), although they do not indicate exactly how the intended benefits have been defined or how large is the gap between targets and results. According to a study by A.T. Kearney consultancy (Hänninen 2000, 22-23), the cross-national merger success rate is lower in the Nordic countries than elsewhere in the world. Cultural differences are recognized as one reason for this. In any case, all available data concerning merger success and failure indicates that there are complexities worth noting.

In a recent study of Non-Financial Performance Measurement (NFPM), the role and importance of corporate culture has been studied as one factor in a Finnish and Swedish (and Japanese) financial organization setting. The factors analyzed were economic conditions, competition, technological advancement, special characteristics and the nature of the institution, external controls and regulation, socio-economic and political pressures, management competence, corporate or top-management culture, measurement practices, and standards. In this study, corporate or management culture was placed at the end of a long list of factors of importance to the business institutions in both countries. A diminishing focus on national and local cultures is reported in both Finnish and Swedish business institutions. A special focus on maximizing shareholder value is reported in Swedish banking and there are huge pressures on management to improve financial performance in order to demonstrate its competence and enhance its credibility. (Hussain 2000, 11-15, 196-211, 218-229)

Vaara (1995, 7–11, 123-129) takes a critical stance towards the definition of success and failure, contending that simple categorization of mergers as successes or failures may be misleading. Mergers of large multi-national companies are complex processes in which the

definition of success or failure is a role-bound subjective process. To obtain a reliable overall view would require responses from all the key actors over a period of several years.

The trends and changes described above had a significant effect on the target organization of this research. They were very much present in the discussions conducted within the culture seminar process, were mentioned in different internal and external articles written by the senior management and experts of the organization, and were recognized in the strategy materials of the organization. The success of the merger and the preconditions of success were quite naturally a strong theme within all culture seminar discussions conducted. The phenomenon of change presented above were in this way very much part of the discourse, and therefore worth noting.

2.2 The target organization

In this section I will provide basic information about the target organization that is necessary to understand the setting of the research. First the cultural history of the organizations and their predecessors is described and then more current information is provided about the organizations. MeritaNordbanken is the product of over one hundred years of development amplified by mergers and acquisitions. Several considerable mergers took place on the national level in the 1990's. The figures below present the merger history of both Merita Bank and Nordbanken.

In 1995 a major merger of the two largest commercial banks in Finland, Union Bank of Finland and Kansallispankki, created Merita Bank. Before this merger, in 1993, The Savings Bank of Finland (Suomen Säästöpankki) was sold to four other Finnish banks. Union Bank of Finland and Kansallispankki both bought one quarter of the Savings Bank of Finland. Thus, Merita Bank includes one half of this previous organization. In 1992 Kansallispankki bought Suomen Työväen Säästöpankki (the Finnish Workers Savings Bank), and in 1986 the Union Bank of Finland bought Helsingin Osakepankki. These are the most important mergers in the recent history of Merita Bank. The merger of Kansallispankki and the Union Bank of Finland united two of the largest and most influential commercial banks in Finland and the two most important economic powers. The name Merita Bank was launched some three months later.

Figure 6. The merger history of Merita Bank (Anon. 1999d).

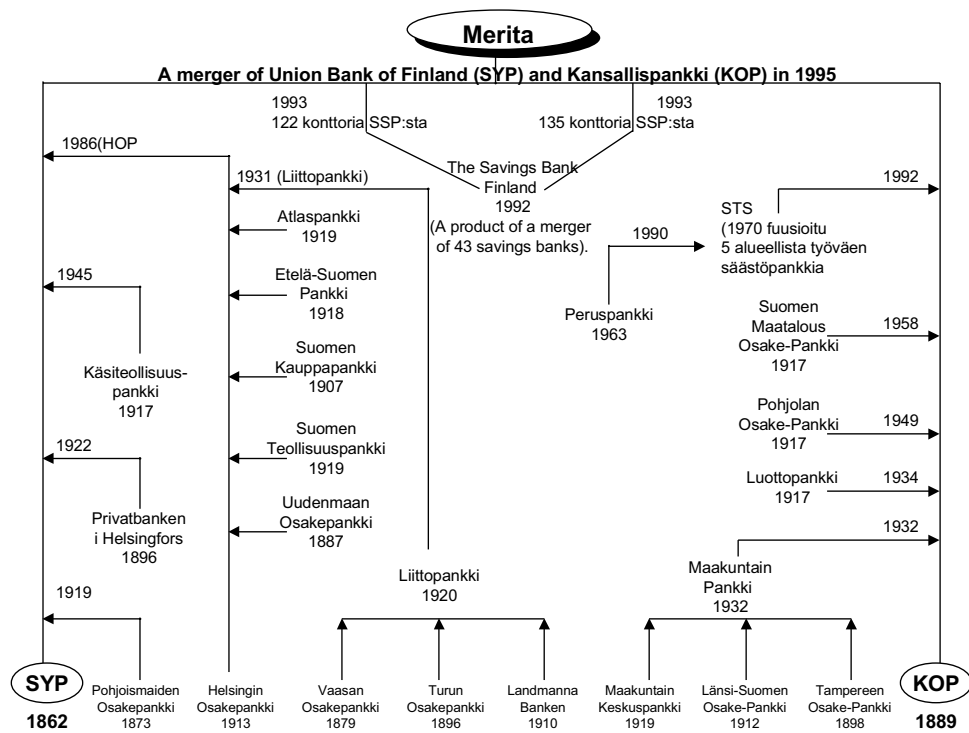
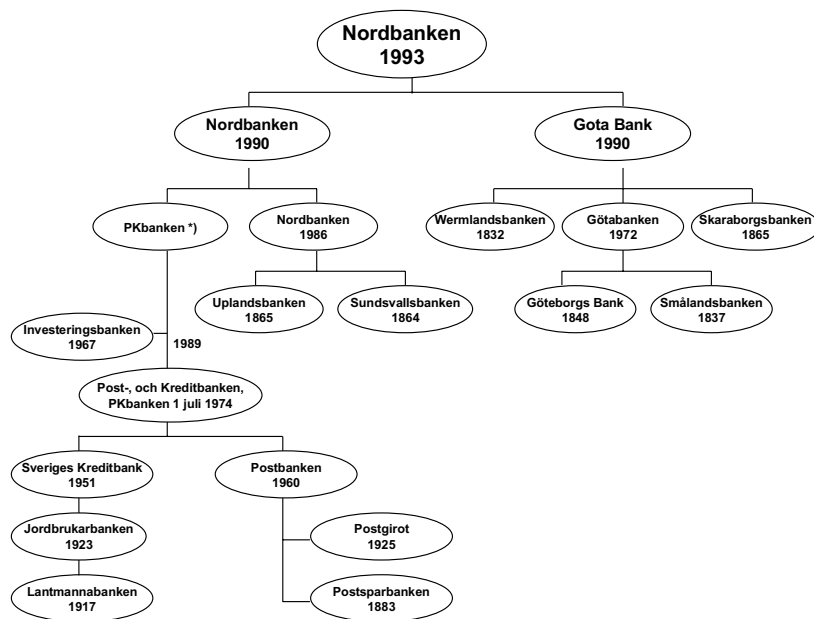


Figure 7. The merger history of Nordbanken (Anon. 1999d).



The history of Nordbanken involves less merger activity in the 1990's than does the history of Merita Bank. Nordbanken originated in PKbanken (i.e., Post- och Kreditbanken). The reason for establishing PKbanken in 1974 was to create a state-owned commercial bank with enough resources to compete with private commercial banks. PKbanken acquired a bank then called Nordbanken in 1990 and decided to use the name of the latter; an easy decision to understand considering the two names. The aim of this acquisition was to increase and develop the bank's local branches and add business with small and medium sized companies. Nordbanken had branch activity in the central and northern Sweden (e.g.,

Tienari, Vaara and Sääntti 2000). The last national level merger took place in 1993 between Nordbanken and Gota Bank, creating the present Nordbanken.

The merger between Finnish Merita Bank and Swedish Nordbanken was announced in October of 1997. This was the first merger in the history of these organizations to cross national borders. It can also be considered to be one of the first financial sector mergers in Europe that crossed national borders. The profiles of the merging partners were different. Nordbanken was clearly a retail bank, whereas Merita was also the main commercial bank in Finland. Putting these profiles together was expected to cause problems in the area of corporate culture (e.g., Voutilainen 1998).

The goal of MeritaNordbanken is to be active in the Nordic countries (Denmark, Finland, Norway, and Sweden), in the Baltic states (Estonia, Latvia, and Lithuania), and in Poland. In addition to the four Nordic countries, Western Russia and the countries around the Baltic are seen to be a European growth area of interest to MeritaNordbanken (Anon. 1998e, 8-11). "Northeastern Europe" was initially identified as the new home market for MeritaNordbanken; a name that was revised within a year after the merger because it created the wrong kind of image (although the underlying concept remained unchanged).

Historical analogies have been suggested between the Swedish empire at its greatest extent and the previous strategic positioning of MeritaNordbanken (e.g., Lundgren 2000, 13-21; Hautamäki, Nordgren, Selén and Stenius 1995, 12). The two largest Swedish cities of that time were Riga in the East and Karlskrona in Southwest. The evolution of new Baltic Sea states towards the model of rich democratic countries with free market economies enhances the geo-economic position of Finland and Sweden considerably. The strategic focus of MeritaNordbanken is to be established and active in this area during the considerable economic growth that is anticipated. Social networks crossing national borders are considered necessary to establish a solid basis of economic unification and political trust between North and South in the Baltic Sea context. The operational target area of MeritaNordbanken is very close to the area of the Kingdom of Sweden in the 1660's.

The organizational structures of the merging organizations are not identical. Both organizations consist of regional banks. There were five regional banks in Sweden; a number reduced to four in spring, 2000. In Finland there are three regional banks. The organizational structures of these regional banks differ between the national organizations. The Swedish version is much more heavily occupied than its Finnish counterpart. The direction of the evolution of the regional bank structure seems to be towards the leaner Finnish version.

The median employee age (31.12.1999) in Merita was 44.2 years and in Nordbanken 42.6 years. These numbers can be considered to be 'high,' compared, for example, to the information technology sector. The average age within the organization is also rising rapidly. The employee age in Merita is concentrated in the range of 44-55 years. This will lead to a considerable number of retirements within a few years. The problems caused by the age structure are considered to be greater in Finland (Voutilainen 2000). The need to re-train aging staff creates considerable demands on the organization. Academic education has been acquired by 11.5% in Finland and 22.6% in Sweden. (Note: The higher number in Sweden is partly explained by a different interpretation of the term "academic.") The proportions of employees with a high school education (gymnasial) are 62% and 54.9%, and with only pre-high school education are 26.4% and 22.5% (e.g. Anon. 2000d)

The goal of MeritaNordbanken is to achieve the highest customer satisfaction among prioritized customers, to maximize value for shareholders and to be the most attractive employer

in the region (Anon. 1999b, 12). The development of a bank's business concept can be analyzed through the example of the Union Bank of Finland (UBF) (Vihola 2000, 64-69). Historically, the main goal of American commercial banks has been to be profitable and to produce maximal revenues for the owners, but in small Nordic countries banks also have to act as an intermediary and take into consideration not only their own economic interests but also customer goals and societal goals. UBF established a committee in 1964 to plan the bank's transfer to budgeting and management by results, which, together with strategic planning, are the key directive mechanisms in most banking organizations. An interesting counter-example is the decision of Handelsbanken in Sweden to give up budgeting in 1970 because it was considered to be both a waste of time and effort and also dangerous (Wallerander 1998, 180-187). The UBF's business plan in the 1960's, on the other hand, was moving in the opposite direction, towards a budgeting system that included significant 'targeted funds.' Thus, the aim of maximizing profit was balanced with a goal of financing industrial investments and supporting employment. The idea behind this approach was to secure the bank's investments by keeping its customers and thus maintaining its market position. The business plan for UBF was formulated in 1966 as "on the basis of mutual trust and the ability to make assets placed in its custody earn interest." This business idea was valid as long as UBF acted under its original name.

2.3 Swedish and Finnish cultures

In this section I will present research findings focused on Finnish and Swedish national cultures. I shall also present some commonly held opinions about these cultures that represent conventional wisdoms rather than scientific conclusions. Although not based in rational analysis and not representing scientific 'fact,' these vernacular views were strongly present in the discussions conducted within the MeritaNordbanken culture seminars. I consider both scientific research and public opinion to be important sources for people's construction of their understandings of national cultural issues because the general public does not distinguish clearly between them. I have, however, tried to distinguish in the discussion that follows which observations are based on commonly-held public opinion and which are based on a specific scientific analysis of factual data.

National cultures have traditionally been considered (1) to be something intrinsically special and unique, and (2) to differentiate the country more or less from other national cultures. It has been said that nationalism is the most important collective force today. People direct their basic feelings towards their own cultural, language or political group; that is, their own nation or country. National groups have a life of their own, separate from the lives of individuals forming this nation. Nations form "national actors" in the international forum. (Berke, 328-346) This emphasis on nationality may be seen to be giving way to new more fragmented postmodern interests. It can be said that through national and international discourses new national roles are being constructed and reformulated.

The national cultures of Finland and Sweden are considered to be quite similar in most comparisons. Schneider and Barsoux (48 -56) present a typology of country clusters in which Finland, Sweden, Norway and Denmark belong to the same Nordic cluster. Other clusters include Anglo, Germanic, Latin European, Latin American, Near Eastern and so on. In some typologies (e.g. Anon. 2000a) Finland and Sweden are set in different cultural categories; for example, Sweden within Scandinavian culture group together with Denmark and Norway, and Finland identified within a Finno-Ugrian cultural group together with Estonia.

Cultural ethnographers like Daun (1998, 14-16, 173-177, 223-224; see also Laine-Sveiby 1987 16-18; Mikluha 1998, 135) have reported that after the Second World War it became

taboo in Swedish culture to talk about national cultural characteristics. Sweden is considered by others, however, to be a modern country, characterized by rationality, justice and economic success, and Swedes themselves consider modernity to be one of the most important characteristics of Swedish culture. From this perspective, differences between countries are mainly associated with differing levels of economic development, and not so much with differences in culture. Daun postulates that such an approach has caused some to claim that there is no special culture in Sweden. Other countries are still understood to have their more or less colorful national habits, but these are of no special importance. From the Swedish point of view, the most interesting cultural comparison between national cultures has been the level of economic, political and social development. Swedes are considered to be self-satisfied in their belief that their way to act is the best one. The present Swedish reality is presented as the ultimate goal, but it is seen as the best you can reach through rational and planned development processes. Critique of this opinion by an outsider may be considered a personal challenge.

Daun (1998, 30–32, 46-128) lists cultural features considered to be distinctively Swedish as including punctuality, quietness or shyness, independence, conflict avoidance, honesty, collectivity, modesty and self-satisfaction. Laine-Sveiby (1987, 8) lists the following attributes of Swedish culture: confidence on one's abilities, a healthy skepticism, the ability to negotiate, a belief that Swedishness has something to offer, analytical attitude, ability to handle conflict situations, quietness as a tactic, and use of an iron fist in a silk glove.

Small social discussions with little substantive content are seen to be a social duty in Sweden, whereas small talk is seen to be empty, superficial and dishonest in Finland. However, empty speaking, "kallprata," is not valued in Sweden, and good communications are seen to be detailed, complete and democratic (Mikluha 1998, 132-137, 146-150). Swedes prefer long discussions in which all participants bring forth their opinions. The problems in communications between Finns and Swedes do not result so much from what is said, but how it is said. Swedes are more competent in different forms of social communications. Finns are more straightforward, value time, and prefer to go straight to the heart of the matter without wasting time on trivialities. Swedes take this to be a symptom of an impolite desire to maintain social distance. Swedes prefer not to use the word "No." Consequently, they often start their answers with the word "ja," meaning literally "yes," but often meaning in the context simply that they acknowledge what has been said but do not necessarily agree with it. A non-Swedish may totally misunderstand the fact that occasional expressions of "ja" may merely mean that the Swede is listening and is interested in the matter being discussed.

Finns often do not give either verbal or non-verbal feedback within discussions, and when speaking in non-native languages they may diminish even further the non-verbal aspects of their communication. This may make it appear that the Finn has not understood what was said even though this is not the case (Mikluha 1998, 146-150). Finns are often taciturn and speak only when they have something significant to say. This is unfamiliar behavior for Swedes, who consider social talk to be a necessity. As one Finnish bank manager jokingly said, you can make Swedes anxious by just remaining quiet over lunch, something not particularly difficult for a Finn.

The principle of Jantelagen (the Jante Law, defined by Norwegian novelist Aksel Sandemose in "En flykting korsar sitt spår") is generally considered to be in force in Sweden. This principle says that you should not think that you are exceptional, especially not better than others. "Lagom" is a term describing not being better or worse than others. The word "lagom" (moderation) is sometimes seen as a key to Swedish mentality, emphasizing consensus, compromise and emotional control. In contrast to this, individualism and personal

achievements are permitted in Finland and it is socially acceptable to differ from others. Being humble or modest is not stressed as much in Finland as it is in Sweden (Anon. 2000b; Verkasalo, Daun and Niit 1996,115).

An envy-related phenomenon called “Gemeingeist” by Freud describes group behaviour in which no one is allowed to be placed ahead of others. Everybody has to be treated the same and they may only have the same amount of possessions. It is not right to demand something others do not have. When everyone agrees to give up personal demands, they all receive fair play and even handling. Such phenomenon is seen to be very strong in Sweden. There exists a term “royal Swedish envy” describing feelings towards others’ success. For example, excessive educational competence may be the target of envy-based processes which would prefer to make everything as even as possible. In line with Huxley’s “1984,” you are not allowed to have anything that makes others envious. (Berke 1991, 266-272, 279-282, 287-294)

Cultural comparisons between Finland and Sweden are fairly popular. One such comparison is presented below.

Table 1. A comparison of Swedish and Finnish cultures.
(Ekwall and Karlsson 199, 178).

The corporate culture in	
Sweden	Finland
is seen to be characterized by	
Planning/participation	Spontaneity/ action
Organizing/anticipating	Flexibility/readiness to change
Informality	Formality
Divided responsibility	Individual responsibility
Companion to the manager	Authoritarian view
Compromise	Impatience
Negotiation	Activity, action
Conflict avoidance	Takes conflict
Consensus	Manager makes decisions!
Protocol, agenda	Spoken agreements, no papers
Realization orientated	Visionary, design orientated
Wants to be like others	Wants to be individual
Security	Duty
Honest	Super honest
Long time = quality	Short time = efficiency
Insecure in Sweden	Secure in Finland
Secure abroad	Insecure abroad

Tables like the one above are fairly common and can contribute to an understanding of the two cultures, but they may also make the cultures look like polar opposites of each other. This is misleading and should be avoided. Finnish and Swedish cultures are, in fact, “close” cultures (e.g. Hofstede 1992; Schneider and Barsoux 1997, 51, 80) and this understanding may be lost when they are contrasted with each other in simplified table form. Such reductions may also obscure a more complex reality, as shown, for example, by the comment on Finnish managerial decision making that is marked with an exclamation mark in the table above, which is challenged by a recent survey (Anon. 2000b) indicating that Finns prefer to exert influence in ways other than by giving orders.

The thinking behind the polarized descriptions presented by Ekwall and Karlsson is sometimes referred to as the “two billiard ball” understanding of cultural interaction. This approach treats the two national cultures as monolithic entities (i.e., billiard balls) that either

collide with each other or miss each other. Such thinking is liable to lead to considerable difficulty in a merger, if not outright failure. A superior alternative to the billiard ball understanding of culture is the social constructivist approach to organizational cultures (Wolf 1982, 3-19, 385-391; Brannen and Salk 2000, 451-487). National cultural traits are taken to be elements that can, over time, be recombined or modified through ongoing interactions and negotiations between the actors involved. From the social constructivist perspective, culture is seen as a series of processes that construct, reconstruct, and dismantle cultural materials. Cultural sets are constantly being assembled, dismantled and reassembled. In this approach, cultures are to exist only in moments of time, and to be constantly changing, metamorphosing into something else all the time in the minds of the cultural actors (Anna-Leena Siikala 1997, 46-47, 65-67).

The views of Richard Lewis are commonly referred to in popular cultural discussions. He comments (1996, 278) that Finnish collective socialization includes shyness, extreme honesty, stamina, hidden feelings, an inferiority complex at times, insecurity with foreigners, the need to be alone, introversion, suspicion of too many words, independence, pessimism, quietness, work morale, a feeling of know-how, and self-confidence.

Lewis (1993) reports the views of Finns and Swedes about themselves and each other as follows.

Table 2. Views of Finns and Swedes (collected from Lewis 1993, 148-158).		
Adjectives		
Finns consider to be descriptive of Finns	Finns consider to be descriptive of Swedes	Swedes consider to be descriptive of Swedes
Honest	Vain	Honest
Slow	Having a weak will	Punctual
Reliable	Care taking	Effective
Trustworthy	Boring	Does not take risks
Shy	Grave	Socially insecure
Blunt	Collective	Grave
Restrained	Social	Technically competent
Punctual	Polite	Polite

Lewis (1999, 30–31, 62–63, 66-67) comments that the Finnish business group communication style is to be very patient in listening and give no feedback. Swedes, on the other hand, are seen to be co-operative listeners who give whispered feedback during the presentation. They are nervous about other listeners’ opinions and feel a strong need to consult colleagues. The Swedish management style is seen to be the least autocratic in the world. Swedish managers wield power by appearing non-powerful. The style is pervasive in Sweden and makes rapid decision making difficult. The Finnish management style, on the other hand, is normally somewhat more distant and formal, but in crisis situations Finnish managers and subordinates come together strongly in order to find a solution.

Swedes are considered to value formal organization and to follow organizational plans more rigidly than Finns. Highly structured social activities are valued in Sweden. Swedes are seen to be more collective minded, whereas Finns are very individualistic. The Swedish tendency to value discussion is prevalent to the extent that it becomes irritating for many Finns. Cultural analyses also point out a “Big brother” and “Little brother” dimension in the relation between Finns and Swedes. The latter consider themselves to be a more mature nation and the Finns to be relatively less advanced. An orientation of Swedes to the West and of Finns to the East is sometimes attached to this interpretation. An element of envy by

Finns towards the Swedes is also mentioned. (Daun 1996; Laine-Sveiby 1991; Lewis 1996; Mikluha 1998, 132-136; Risberg, Tienari and Vaara 2000; Tienari, Vaara and Sääntti 2000).

Swedish companies are seen to have relatively flat and anti-hierarchical organizations and Swedish managers are expected to play down their power position. Power symbols are dismissed and equality, informality, discussion and cooperation are valued. Social hierarchies are seen to be more strict in Finland. Titles are more frequently used and less cooperation is expected. (Verkasalo, Daun and Niit 1996, 112-113)

A Cranfield School of Management report comments that Finnish managers working in multinational corporations often need to be more flexible and innovative. On the other hand, Finnish executives' capacity to manage differences, sensitivities and different contingencies is considered to be high, whereas Swedish managers are often seen to be totally inflexible, though patient, in negotiations; their mind having been made up in advance. (Hill and Hawthorth 1995, 105, 154-155) Czarniawska-Joerges (1991, 8-18) comments that the Swedish management style is pragmatic, and change is considered to be an unavoidable reality. The belief that all things can be managed is considered to be very strong in Sweden and management training practices are highly congruent with present academic thinking.

Daun (1998, 173-177) comments that the value of modernity is very strong in the Swedish society. In fact, it is the heart of the national identity. Sweden considers itself to be an advanced, highly developed, rationally organized modern society, and considers most other countries to be less modern, although they too are expected to approach this highest level of modernity through the inevitable course of rational historical development. The distance of other countries' present level of development from the Swedish ideal is the only real thing of interest about their cultures to the Swedes.

Guillet de Monthoux (1991, 27-40) comments that the Swedish model of management education and managerial thinking is very strong and pervasive not only in the business world, but also throughout the entire Swedish society. In business economics, for example, the Swedish preference is for practice orientated approaches rather than theory, new concepts and the abstract models. Swedish business economics consists of layers of practical solutions deposited like sediments on the bottom of the sea. The result of this is non-theoretical and non-historical management thinking. "Thought-Tayloristic" Swedish thinking is said to focus on efficiency and functionalistic thinking. Social questions are defined as managerial problems. Planning and technical training are the best way to solve those problems. According to Guillet de Monthoux the Swedish model is, from the perspective of postmodern management, an archetype of outmoded modern managerialism.

Finnish management thinking is considered to have willingly and flexibly attempted to adopt new leadership styles. Scientific management (Taylorism) was the dominant theory in the 1950s, need theories (such as Grid and Likert) in the 1960s, management by objectives in the 1970s, motivational factors in the 1980s, and didactic theories in the 1990s. Social constructionism and a practical focus on situated understandings seem to be the emerging forces in this decade. (Peltonen 1998, 30-38) According to Juuti (1998, 48-50), these theoretical leadership approaches have not been realized in their pure form in actual organizational practices. Their practical influence has been felt through various management systems, but these systems have also included contradictory views on human action. The primary alternative approaches to note are efficiency oriented (i.e., management by objectives) and human relations oriented (i.e., participative leadership) management systems. Some examples of Finnish management culture have been described as Byzantine; that is, a tightly hierarchic rule-bound culture characterized by calculated subservience and flattery of

superiors (Junkkari 2000, E1). Korhonen comments that this limits the ability of Finnish organizations to implement changes and introduce new leadership styles quickly. The major management styles recognized to actually exist in practice at this time are zero leadership (i.e., practically no leadership, no advice and no feedback), absent leadership (i.e., the leader is distant, not available, information is filtered through a few gatekeepers, written information is preferred), and manic resoluteness (i.e., management taken as a zero sum game, excessively rapid decision making, 'facts' preferred over opinions, logic preferred over understanding). (Korhonen 1989, 84–108)

Traditional Finnish management is said to be based more on systems than on people. Influence derived exclusively from one's position in the organization, a manager's right to suppress subordinates, a one-sided focus on financial results, a competitive climate based on envy and greed, the utilization of the weak, and the idealization of power have all been cited as symptoms of this model. Power-hungry managers who are unable and unwilling to change have, as a result, unwilling and apathetic subordinates. Such models have been reported to continue as long as customers and employees have no better alternatives from which to choose. (Peltola, 6-7)

The Finnish management culture has been described as straightforward, goal orientated and sometimes blunt. It has sometimes been termed "Management by Perkele," the latter being a strong swear word in the Finnish language. Management by Perkele is a distortion of terms like Management by Objectives and Management by Walking Around, both of which have been found to be valuable to a business organization. A study of the values of Merita Bank (Anon. 1995b) made an interesting finding concerning the symbolic practice of swearing which prevailed in Kansallispankki, but was not found in the Union Bank of Finland.

The preceding perspectives on Finnish and Swedish national and business cultures have been presented to draw a picture of the public discussions taking place about and within these cultures. Many of the attributes described were found to be familiar to participants in the corporate culture development seminars that were conducted after the merger of Merita Bank and Nordbanken.

2.4 Corporate culture development activities

2.4.1 Corporate culture development before MeritaNordbanken

The corporate culture and corporate values related processes within the Union Bank of Finland can be taken as a representative example of culture related thinking in Finnish and Nordic banks. Corporate culture is reported to have been a topic of senior management discussion as early as the 1960's (Vihola 2000, 69-73). In 1975, a redefinition of the UBF business plan was undertaken, and in 1979 the new principles of the Union Bank of Finland were distributed to the highest management levels of the organization. Of interest is the fact that only the senior management was informed of these principles. Research on the corporate culture of the UBF was conducted in 1979-1980. Corporate culture was recognized as an important issue in other Finnish banks in the 1980's too (E.g. Anon. 1989, 57-60). Also, the Finnish Savings Bank Group had processes for defining corporate values, and in this sense culture and value related thinking was familiar to the large numbers of Finnish Savings Bank's employees who ended up in the Merita organization.

The "re-writing" of the UBF corporate culture involved reconsideration of cultural norms dating back to the 1960's. By the middle of the 1980's the senior management was ready to disseminate the corner stones of the new corporate culture and the values of the bank to the

organization. Five basic values and success factors were defined, and these values were given to the personnel in the form of a physical success factor card. The most important of these was “mutual trust.” The next two values, “profitability” and “growth,” had been among the bank’s values since the middle of the 1960’s. Two new values were “focus on customer” and “focus on people.” These can be seen to introduce a more abstract and “softer” layer in the bank’s value schema. From this time onwards, value related thinking was brought closer to all in the organization. In 1988, the two values of “growth” and “profitability” were combined into “profitable growth.” (Vihola 2000, 69-73)

Using the social constructionist perspective, I suggest a tighter definition of what corporate culture development is about. Corporate culture cannot be the property of some specific personnel group of the organization only, such as the senior management. At a minimum, corporate culture related organizational work should include the following. (1) Corporate culture development is a mutual process in which all groups are directly involved or at least represented. (2) Corporate culture development aims at building a common understanding of the features of the culture, such as core values and their practical meaning for the employees, their units and the whole organization.

From this point of view, the development of corporate culture may have started around 1985, when culture and values were first “communicated” to the whole organization. Before this the culture existed, but was kept “secret” and not considered a subject for common analysis and discussion. It is outside the scope of this research, but as a hypothesis it may have been that the communication of culture and values did not suggest and expect common interpretations and discussions concerning them. In this sense, the second dimension of the proposed definition may not have been satisfied. However, it is clear that within the Merita corporate culture development project both of these minimum demands for real culture development processes were satisfied.

Within the history of Nordbanken, corporate culture related activities can be recognized from 1991, when work with “den Gula Pärmen” (Yellow Folder) began. Den Gula Pärmen was a handbook intended to support a corporate culture by “gluing” regions together under a similar work frame with common reporting and information channels. It was imagined that this approach would create a culture so strong and self evident that a huge pile of Gula Pärmen could eventually be symbolically burned to indicate that the objective had been achieved. (Reinius 1999,154-158)

The dramatic metaphoric ritual of the burning of piles of instruction manuals, which was set as a goal in the culture development project just cited, suggests multiple interpretations. One very tempting one is that the organization was sending a message that it wanted employees to absorb the rules and culture defined in Den Gula Pärmen quickly and efficiently without personal interpretation or even thought. This, of course, does not fulfil the minimum requirements I have proposed for real corporate culture development. The setting was such that the old PKbanken, which was the major actor within the new Norbanken, was seen to be an order-giving bank. Nothing happened without instructions from the top. (Reinius 1999,154-158) Similarly, available information suggests that this corporate culture development activity was mainly top-down directed.

The Union Bank of Finland (UBF) bought Helsingfors Aktiebank (HOP) in 1986. In the spring of 1986 a series of HOP days were arranged under the theme “Forward Together.” The topics discussed on those days included such things as UBF today, “the success factors of UBF,” and “UBF as a pioneer.” Deficiencies and development needs in corporate culture were, however, not discussed. In an “extension course” the topics addressed in-

cluded practical business and customer service issues. The possible value of things previously learned within the HOP organization was not considered. (Anon. 1986) The process can be interpreted as an indoctrination course for new employees coming from the acquired partner.

Given the preceding interpretation, I must conclude that no genuine corporate culture development activities actually took place after the mergers of the Union Bank of Finland and Helsingin Osakepankki with the Savings Bank of Finland, Kansallispankki and Suomen Työväen Säästöpankki with the Savings Bank of Finland, or Nordbanken with Gota Bank. These acquisitions were followed by activities aimed at one-sided indoctrination of the acquired party into the systems and processes of the acquiring organization.

In the autumn of 1993, the Finnish Savings Bank found itself in deep economic difficulties. As a consequence, the healthy parts of it were sold off in four equal size pieces to other Finnish banks. Within Kansallispankki and the Union Bank of Finland this acquisition was followed by a training process, the goal of which was to teach the culture and practices of the acquiring organization to the newcomers. Thus, this was a simple acquisition process, in which the culture of the target organization was of no particular interest. Within the Union Bank of Finland, the “acquaintance process” conducted after the acquisition focused on securing an effective understanding of UBF goals, processes, products and services. Cultural issues were not included in the official process. Training was the exclusive focus. For example, it was assumed that the process would succeed in making the savings bank personnel into real Union Bank employees immediately and if it did not then it had dragged on for too long a time (half a year). Some warnings about arrogant attitudes on the part of the acquiring organization were included in the trainer materials (Anon. 1994y), but this was incidental to the main theme of expeditious assimilation. The practical training given to the managers from the acquired part of the Finnish Savings Bank focused on such things as the prevailing management system on the Union Bank of Finland (Pasanen 2000, 91). It can be asked why cultural issues were not seen to be important in this instance. Perhaps because the personnel of the acquired organization were in a sense “saved” and could keep their jobs as a result of the acquisition, this was considered to be sufficient motivation for them to be committed to the new organization and thus there was no further need to address culture development issues.

The reasons that corporate culture development occurs after some mergers or acquisitions but not in others is worth exploring. The differences between the nature of individual mergers and acquisitions is one explanatory factor. When a stronger organization acquires a weaker one it may be felt that corporate culture development activities are not necessary. Teaching the newcomers the manners of the house may be considered to be sufficient.

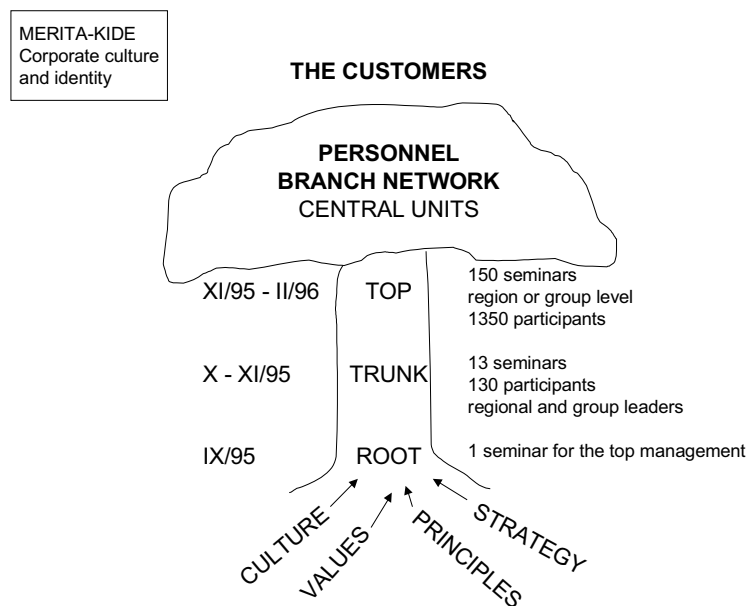
The two mergers in the preceding history during which genuine corporate culture development activities (in keeping with the proposed definition) took place are described in the table below.

Table 3. Comparison of two mergers.	
The merger forming Merita Bank	The merger forming MeritaNordbanken
<ul style="list-style-type: none"> • was a merger of two big commercial banks in the Finnish market • the organizations of the merging partners overlapped in most areas • it was a short time since previous 	<ul style="list-style-type: none"> • was a merger crossing national borders • the majority of the organizations were not overlapping • the overlaps were in the manage-

mergers had taken place <ul style="list-style-type: none"> the merger of Merita Bank combined also two quarters of previously split Savings Bank of Finland 	ment and service functions <ul style="list-style-type: none"> the business orientations of the merging banks were different (commercial and private banking versus private banking)
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The first example, the merger forming Merita Bank, involved the amalgamation of Kansallispankki and the Union Bank of Finland. This culture development process, which was named KIDE, included an extensive set of activities involving all employees within the organization. The picture below represents the structure of the KIDE process.

Figure 8. Merita corporate culture and identity development process.



The name KIDE comes from the Finnish words for corporate culture and identity. This process was initiated soon after the KOP-SYP merger, which involved a considerable downsizing of personnel. The KIDE process was designed to occur at each organizational level after the downsizing decisions and measures had been made.

The goals of the KIDE process were: (1) to communicate the values and the character of the bank to the personnel, (2) to unify the styles and processes of the management, and (3) to analyze the past and differentiate it from the present (Anon. 1995a, Anon 1995b). The KIDE process began in the autumn of 1995 and continued into 1996. The process within the first three levels (root, trunk, and top) was supported by the Personnel development department, which had trained internal facilitators to lead it. The topmost level, which included majority of the personnel, was left to individual managers who had themselves participated in earlier stages of the process. They were given guidelines and material on how to manage the corporate culture discussions within their organizations. The KIDE process was still ongoing in some parts of the organization when the subsequent merger with Nordbanken took place. In fact, traces of the KIDE process were still to be found within individual units in 1999.

The root seminar initiated the KIDE process. Within it the top management had their own corporate culture process and established guidelines for the subsequent phases. A suggested set of corporate “values” was developed: (1) satisfied customers, (2) trust, (3) mutual respect, (4) profitability, and (5) readiness for change. (Although one might prefer to describe satisfied customers and profitability as goals rather than values, in the KIDE process

the term “values” was used and the process materials indicate that the five “values” were to be committed so strongly to memory by employees that they would be “remembered in the middle of the night as values if you are wakened then.” (I will discuss the differences between “goals” and “values” in section 5.6.) These proposed values were discussed within the subsequent trunk level and suggestions were invited for possible changes in them. After the trunk phase, the values were confirmed as (1) satisfied customers, (2) trust, (3) partnership, (4) know-how, and (5) profitability. Two values were changed or re-defined during the process. During the later stages of the process the organizational values were interpreted and applied to individual settings but were not modified further.

A system of questions and answers was built into the KIDE process. Merita employees were offered an opportunity to direct questions to the senior management or to managers responsible for any specific business area. The questions were answered individually or collectively by connecting related questions together. A considerable number of questions concerned culture and values related viewpoints. Another sizeable group concerned the business focus and practical matters such as the division of senior management positions according to previous organizational affiliation. The meaning, and perhaps the integrity, of the value discussions was also questioned. Participants asked what it means to say that values are open to discussion when at the same time they are clearly identified and expected to be implemented. New or modified forms of the values were suggested by some. Others offered interpretations of the cultures of the founding organizations. Many questions were answered personally by vice CEO Pertti Voutilainen. This question and answer process continued through 1996 and into the summer of 1997. The large response from employees suggests that there was a definite need for such a process. (Anon. 1997b)

A representative of Merita senior management commented on the KIDE process by saying that culture is naturally a part of strategy and that the KIDE culture development process had progressed fairly well. Senior management’s suggestions were discussed within the process and changes were made before corporate goals and values were finalized. This dialogue was seen to be a kind of debriefing which would help to put the past behind the organization and allow it to focus on the future. (Kettunen 1997, 199-200) At this stage, corporate culture dialogue was seen to be a continuous process in which new discussion rounds would follow the initial ones.

What is worth noticing in the Merita value definition process is the involvement of a considerable number of members of the organization who had the opportunity to revise and consider implications of the proposed values. Later in the process they were given the task of defining the meaning and application of the values in the context of their own work. This made it possible to approach the values in a flexible way and to avoid their decontextualized imposition.

It has been reported (Tienari and Tuunainen 1998, 471) that the introduction of the culture development process in Merita so near the time of radical downsizing and reorganization was problematic. Tienari (1999, 119) has also reported, that the KIDE seminars were generally viewed as theoretical by the participants and not closely related to actual organizational practices. However, comments that the top management in Merita forcefully advocated a new monolithic culture (ibid. 180) seem to be an exaggeration. The motivation behind the KIDE process can be better understood as an attempt to avoid a head-on collision between two strong competing corporate cultures by building a new, common corporate identity (Anon. 1995). The process was intended to establish common values and uniform courses of action, but also to be interpreted by responsible actors in a way most suitable for the customer service needs of the business unit in question.

Interviews of those within the Merita organization (e.g. Hietalahti 1999, 77-82) show that aspects of previous organizational cultures and memories of the merger process continued to come to the surface now and then for several years after it appeared to be concluded. This included feelings of superiority and inferiority among the parties involved. It is plausible to expect that previous organizational cultures still existed within the new organizations—seen for example in a branch office that is manned with personnel from one previous organization only—a long time after the mergers or acquisitions had taken place.

2.4.2 Corporate culture development within MeritaNordbanken

An analysis of corporate cultures in Nordbanken and Merita was made right after the merger took place was conducted and published by an outside consultant in early 1998. It commented that the Finnish side generally knew more about the Swedish than the reverse. This might be expected since Merita and the previous SYP were more internationally oriented than Nordbanken. The consultant's report suggested the following actions to develop a new common culture. (1) Since no significant differences were seen between the two corporate cultures, any prejudices found should be treated seriously; that is, unwarranted negative attitudes and behaviour should be neutralized ("att man tar djuren vid hornen"). (2) Prejudices should be handled using knowledge and humour as tools. (3) No one criticized the decision to use Swedish as the corporate language during the merger. Consequently, this should be sustained and reinforced. (4) New common business development projects should be started. (5) There should be a focus on innovation and creative surroundings. "Every day creativity" is to be distinguished from "structural development creativity." (Anon. 1998d)

In internal discussions concerning the development of corporate culture after the merger of MeritaNordbanken, it was emphasized that Merita was the more experienced partner in corporate culture development and that Nordbanken had limited experience in this regard. This view was shared by those involved in the corporate culture development project. The Swedes clearly indicated that they did not have the competencies or experience needed to build or run corporate culture development activities. This interpretation, and possible unwillingness by the Swedes to engage, left practical responsibility for corporate culture development more in the hands of the Finns.

It is important to emphasize here that I was personally responsible as project leader for this MeritaNordbanken corporate culture development project. The project itself, however, is not the object of this research. That is, I am not evaluating my own success in running this project. The focus of my research is on understandings of the nature and dynamics of the process based on the materials produced by seminar participants within the process and in other culture-related corporate activities.

The corporate culture development project within MeritaNordbanken took the form of 20 corporate culture development seminars conducted between November of 1998 and January of 2000. The 349 participants in these seminars came both from the previous Merita and Nordbanken organizations, and represented mainly middle management functions. The first seminar, held in November of 1998, was a "pilot" seminar. The main bulk of the seminars took place in the spring and autumn of 1999. An additional corporate culture seminar for shop stewards was held in January of 2000. The participants in this seminar came from those units involved in continuous cooperation "over the Gulf of Bothnia." An attempt was made to call four participants from four different business areas to each seminar. This goal was never totally achieved, but there was in most cases a good balance between Finnish and Swedish participants, and several business areas were represented.

The goal of the pilot seminar was to test the idea of corporate culture seminars. In this regard, Swedish doubts about corporate culture development have been reported (Koistinen 2000, 14-15, 23-24). The goal for the project was defined as follows.

The basic idea behind the culture project is that 'Effective co-operation ensures profitable business.'

The goals of MNB culture seminars are:

- to create possibilities for successful co-operation within MeritaNordbanken
- to survey the most important development areas within Finnish-Swedish co-operation
- to find and neutralize factors which may block favorable co-operation
- to build co-operative networks within the bank
- to participate in the definition of values and the building of MNB corporate culture
- to make decisions concerning individual and unit development within the culture being built

These goals may be seen as somewhat overly ambitious. In practice, what took place within the seminars was a definition of the most important corporate culture areas, and discussions of corporate culture in relation to strategy and policies.

Seminar participants were asked to review the corporate strategy in preparation for the seminar and make a preliminary identification of value statements within that strategy. The use of the strategy material was difficult for two reasons (Koistinen 2000, 23-25). (1) It was hard to absorb and seminar participants seemed not to have fully understood the contents of it. (2) The value interpretations which participants made on the basis of the existing strategy statements were difficult to authenticate since the "official" corporate values were not explicitly stated, though several value related comments were easily recognized within the strategy material. I analyzed these for use as preliminary material for the first culture seminar and was able to identify 14 different value statements that could have been used as a starting point for developing the final values.

It is reported that the Swedish representatives in MNB senior management were not familiar with the idea of corporate culture seminars suggested to them by the Finnish side of the management (Koistinen 2000, 19). The Finnish representatives were enthusiastic about a corporate culture development project but the Swedish representatives were less comfortable with the idea, who were dubious about the value of corporate culture seminars within a business organization and somewhat concerned that the Finns had all the expertise with this activity. At their request the process was begun with a pilot seminar.

Contrary to the concerns of Swedish participants about having limited experience of corporate culture development, Nordbanken is reported to have had a continuous strategic interest and an active senior management approach on these issues. (1) Several features of the previous branch culture were recognized by senior management, including, for example, little competition, a regulated oligopoly where it is easy to copy solutions of others, and limited crisis consciousness needed to produce dramatic changes. (2) One of the main challenges of the new Nordbanken CEO Hans Dalborg in 1991 was reported to be the unification of corporate cultures of the merged PKbanken and Nordbanken. (3) The 1992 budget planning was governed by "the catechism of Dalborg," which consisted of "ten basic

thoughts concerning profitability.” Number seven of these states that these basic thoughts are to be taken as examples of corporate values to be adopted by all Nordbanken employees. The other nine have to do with good administration, good ethics, serious customer service, service according to customer needs, motivation and competence, willingness to change, decentralized organization, healthy leadership and an emphasis on bank unity. A special task force was established to assist in the development of consistent value principles throughout the organization. (4) With consultant help, work on “den Gula Pärmen” (the Yellow Book) was started. This handbook was intended to strengthen a corporate culture that would “glue” together the bank’s regions within a common working framework with consistent report and information channels. There was a belief that the Yellow Book would create a culture in which policies and values would be so strong and self evident that eventually a great pile of these books could be symbolically burned to signify the success of the process and the consequent internalization of the espoused values within the walls of the organization and the minds of the employees. (Reinius 1996, 53-55, 64-67, 142-144, 154-158)

It would appear from this that the understanding of corporate culture development within the organization did not include all possible information available from previous activities in this field. I have investigated why Nordbanken was said to have limited experience in corporate culture development and yet worked actively on developing a “suitable” corporate culture for the organization. One explanation is that in Nordbanken’s case practical corporate culture development experience may have been mainly external; that is, “owned” by external consultants (see the active use of external consultants; e.g., Reinius 1996, 55-56, 157). In the case of Merita, on the other hand, external consultants had been used as one resource to build an internal corporate culture competence “reserve” within the organization, specifically within the Personnel development department. In total, it is demanding to build a common definition of corporate culture. What is specially interesting is that there can be several understandings concerning experience from previous activities in the field of corporate culture—whether such activities have taken place or not.

2.5 Summary

In chapter 2 I have described major changes taking place in the field of financial business, the target organization of this research, scientific and popular views of Finnish and Swedish national cultures, and corporate culture development activities before and after the merger forming MeritaNordbanken.

The major changes taking place in the financial sector (section 2.1) were of importance to the discussions conducted within the target organization. They shed light on the organizational setting, and specifically on the background of discussions within the culture seminars. Realities within the field of business affected the organizational strategy that formed part of the material for culture seminars. Changes in the business field were referred to in articles written by the senior management, which are analyzed in the empirical part of this research.

The description of the target organization (section 2.2) provides an understanding of the organizational realities involved when constructing the new culture. The history and the features of the target organization—at that time actively and openly aiming at new mergers and acquisitions specially in Denmark and Norway—were naturally an important part of the internal discussions which will be analyzed in this research.

National Swedish and Finnish cultures (section 2.3) are the foundation for the construction of a new organizational culture for MeritaNordbanken. In this part of this research I have

considered it necessary to shed light on common cultural discussions within the organization and within the societies involved. The construction of personal and cultural understandings of 'own' and 'other' cultures is independent of the scientific status of materials brought to these discussions. What is important are the materials discussed, and these influence the understandings constructed by individuals and groups.

I have described previous and present corporate culture development activities (section 2.4.) in the history of MeritaNordbanken to contribute to an understanding of the cultural discussions conducted, the cultural understandings involved, and the setting in which the empirical research materials were collected. Corporate culture was not a new concept for either of the organizations involved, and previous work on these issues had been done. The approaches of the two organizations were however different, and these differences will be analyzed in the empirical part as well as discussed in the conclusions.

3 THEORETICAL BACKGROUND

3.1 Introduction

Culture, corporate culture and culture-related issues may be approached from several theoretical traditions. In this chapter I will define and describe different theoretical approaches that are relevant to the study of culture. The approaches available being numerous, I have made groupings and selections based on the needs of this study. In this chapter I will approach culture and cultural issues from three angles. (1) The philosophical approach is suitable to locate culture in relation to the ‘mental’—that is, the individual and collective psyche—and the ‘external’—that is, the ‘real’ world. The philosophical approach also explores the question of what culture basically is and how it can be studied. This perspective helps to create a broad picture of culture and cultural phenomenon. Within this approach, corporate culture is one sub-level phenomenon. (2) Organizational theories, for their part, offer a variety of conceptualizations of cultural phenomenon. The special features of cultural phenomenon in organizational and corporate contexts can be best understood with the help of approaches from this tradition. The philosophical and organizational theoretical approaches are nicely complemented by a consideration of (3) learning theories. Cultural change takes place through individual and organizational learning. Therefore, the explanatory power of learning theories is imperative to reach a deep understanding of cultural and value change, and the limits to external influence on those changes.

Table 4. Theoretical approaches relevant to the study of culture.	
Theoretical approach	Cultural phenomenon revealed through this approach
Philosophical approach	<ul style="list-style-type: none"> • The phenomenon of ‘culture’ broadly seen. • The relation between language and culture. • Visible and hidden aspects of culture. • Value systems and human values.
Organization theory approach	<ul style="list-style-type: none"> • The concept of culture in organizational contexts. • The interrelation of culture and organizational systems and processes. • Organizational values.
Learning theory approach	<ul style="list-style-type: none"> • Determinants of cultural change. • Relationship between tacit knowledge (including values partly and basic assumptions totally) and explicit knowledge. • Organizational and individual learning.

The philosophical approach to culture (section 3.2) attempts to provide a deep and broad understanding of cultural issues. A consideration of scientific paradigms is important to an understanding of this perspective. In this regard, I will focus on questions concerning science and scientific truths in general, structuralism, post-structuralism and postmodernism. The latter two approaches have brought fresh insights to the understanding of discourse. Even science itself can be considered to be a part of presently dominant, but by no means value free, discourse. I will concentrate particularly on the development of ‘post-theories’ and their implications for the study of culture, although I will also consider critiques of post-structuralism and post-modernism, and the connections between culture and language. Here the concepts of discourse analysis, différence and deconstruction are of special interest. I will return to discourse analysis in the methodology chapter (section 4.2) from a more practical perspective.

Since the focus of this study is a multi-national business organization, organizational theory approaches to cultural phenomenon are of interest. These are discussed in section 3.3.

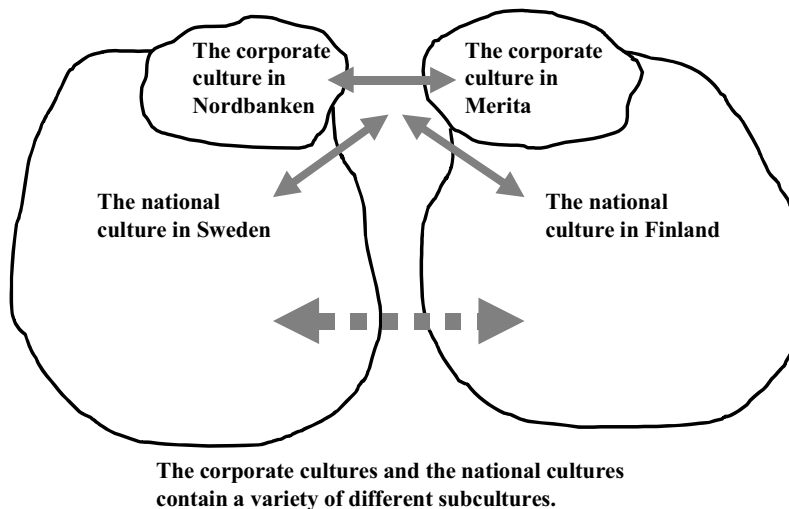
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Within organizational theories, the postmodern view is of particular interest (Hassard 1996, 45-48), and the dominant paradigm is presently cultural. This approach offers an abundance of different theories to study culture in organizational contexts. These theories are not necessarily compatible, but a common element that is central to most of them is an emphasis on corporate values; that is, values are seen to be the heart of corporate culture. The effect of national cultures on corporate cultures has been studied, but mainly in the sense of categorizing different national cultures and analyzing the effects of different national cultures on corporate culture in multinationals. My interest goes beyond this to consider the relationship between national and corporate culture. My starting assumption is that national culture is a deep phenomenon that is the foundation for the formation of more superficial corporate cultures, and that this is important to remember in cases where two or more national cultures are combined during an organizational change.

The influence of national culture, although subtle, can complicate the dynamics of the organizational cultures significantly in cross-national mergers, which makes them particularly interesting cases to investigate. (Very, Lubatkin, Calori and Veiga 1997, 597-598) They bring together two companies that have different organizational cultures, which are themselves nested within different national cultures. The relationship of corporate and national cultures in the case of MeritaNordbanken is represented in the picture below.

Figure 9. The relationship of corporate and national cultures in MeritaNordbanken (Säntti 1999).

The cultural interaction within the MeritaNordbanken merger



The learning theory approach to cultural issues, which is discussed in section 3.4, complements the two previously presented approaches. My starting assumption for this perspective is that culture resides primarily in individuals and only secondarily in organizations. Thus, the only means for a culture to develop or change is through individuals. As Bauman (1999, xxxi) puts it, the development of social identity—that is the development of a culture—can be seen to require educating, training and teaching. Social worlds are constructed through learning in interaction. The process of cultural change takes place through reflective deep-level learning by individuals. Theories focused on individual and organizational learning, and on vocational adult learning, provide the means to understand how these culture-related learning processes work and what are their limits. There are conscious and subconscious elements and affective, conative and cognitive

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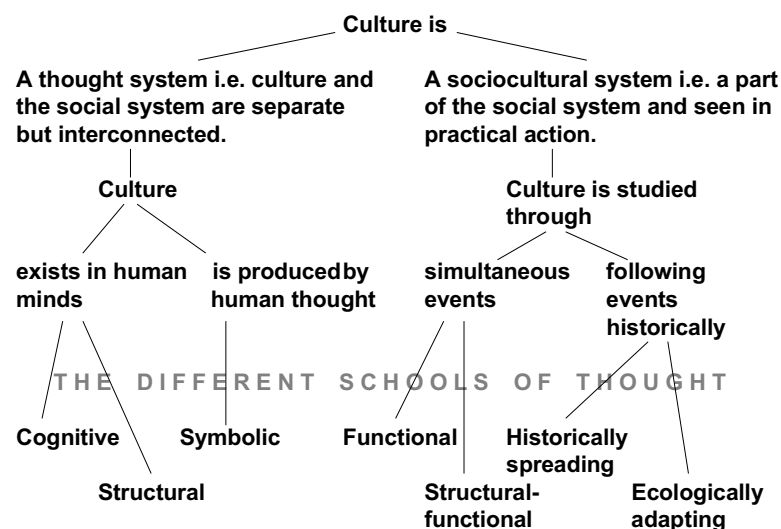
structures involved in these processes. Learning is always context and situation related; that is, dependent on various interrelated contextual and situational factors.

Several themes are common to all three approaches, that is, the philosophical, organization theoretical, and learning theoretical. These include an emphasis on the social constructivist nature of reality, the deep nature of cultural phenomenon, the involvement of paradigmatic change in cultural processes, and the central role of values.

The concept of culture has been transformed through the use of a wide variety of conceptual lenses (Alvesson and Berg 1992, 16-18). According to authors in the field, corporate culture is today a truly interdisciplinary field of research borrowing concepts, perspectives, models and methods from a wide variety of disciplines represented in the figure below.

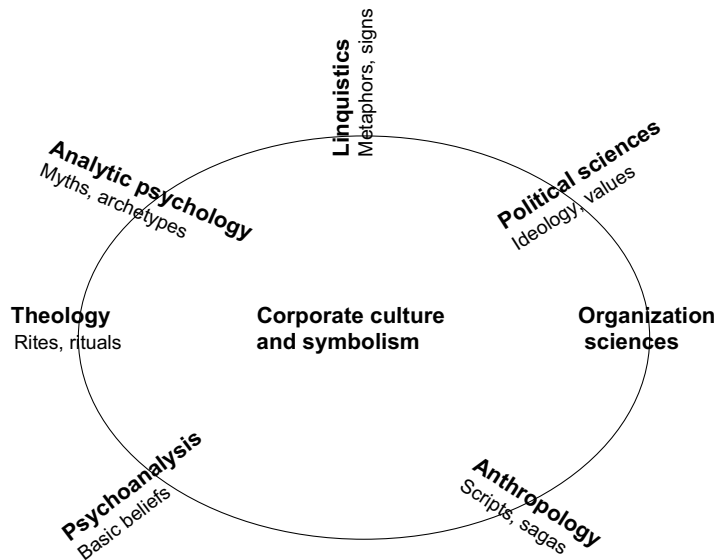
Allaire and Firsirotu (Juuti 1994, 19-21) classify cultural theories in the following way.

Figure 10. Classification of cultural theories (Juuti 1994, 19).



Kyrö (1998, 21-27) recognizes the following research traditions within cultural studies. These traditions followed each other during different historical epochs. (1) The cultural-historical tradition focuses on evolutionism, and considers that culture develops towards one common direction. This point of view was reported in chapter 2 to be prevalent in contemporary Swedish thinking. Multi-linearity considers the cultural process to be dependent on several factors, but still containing certain common factors. (2) The historical-critical tradition focuses on the specific internal development of a society. (3) The structural-functional approach focuses on structures, systems and action. (4) Intra- and transcultural approaches focus on the individual as a product of the prevailing culture.

Figure 11. The scientific field of the research of culture
(Alvesson and Berg 1992, 17).



To my way of thinking, something very important has been left out of this model—the learning theoretical approach to cultural issues. Learning theory can be seen to have influenced some of the approaches identified, such as Anthropology and Organization sciences, but this is not sufficient. The perspectives, concepts and insights of Learning Theory are, in my opinion, essential to a full understanding of corporate culture, particularly with respect to understanding what happens when a culture or values are learned and what are the limits to that learning.

As presented above, there are several scientific traditions of relevance to cultural studies. Some approaches are adopted from scientific fields such as linguistic studies, anthropology, psychology, sociology, and even, to some extent, comparative religion. All these, and several others, have had an influence on the interdisciplinary field of cultural studies. However, I have chosen to focus on those aspects of philosophical, organizational and learning theories that pertain to cultural studies. Although it has been necessary to limit the range of theoretical considerations for practical reasons, I believe that the choices made provide a good overview of a very diverse field of study in a cross-national organizational setting.

Corporate culture studies are but one narrow segment in the broader field of cultural studies. There are a variety of different types of culture and there is a long history of cultural research (Näsi and Giallourakis, 9). On the other hand, it has been argued that “organizational culture” can be used as an umbrella concept under which almost all (organizational) studies can be included. (Czarniawska-Joerges 1992b, 159-160).

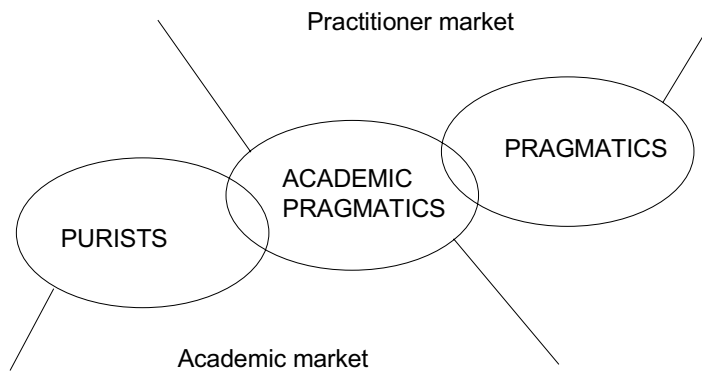
Brown (1995, 7-9) classifies the definitions of organizational culture as (1) metaphor definitions and (2) objective entity definitions. Within the latter category, organizational culture can be seen in terms of (2a) the organization as a whole or (2b) a set of behavioural and/or cognitive characteristics. One approach offered by Morgan (1997, 119-152) takes

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culture to be a metaphor describing organizations. In this research I take corporate culture to be a metaphor describing socially constructed organizational reality in its entirety.

There is an extremely wide array of approaches towards the analysis of corporate culture in the literature. Alvesson and Berg (1992, 32-34) have organized them as follows.

Figure 12. Orientations in organizational culture studies
(Alvesson and Berg 1992, 33).



This research being an academic study, one might think that the most important approaches lie in the purist and academic pragmatics domains. However, it is common practice to include theories from all three fields in the discussion of corporate culture, even in academic research. It seems to me that pragmatist interpretations of corporate culture and national culture have a strong practical impact in everyday understanding of these issues. In the discussion of these domains I will refer to the pragmatic approach as the managerialist approach since this term is also generally used in the literature and seems more appropriate in this context. The bulk of managerialist theories lie within the group of organization theories the philosophical-organizational-learning taxonomy described previously.

Cultural studies have been described as the critical study of Modernism; that is, of the study of new social experiences and discourses concerning these experiences related to the problems the modern world faces (Lehtonen 1994, 12-19). Cultural studies view culture as an entity as well as symbolic action taking place in everyday societal reality. They lie on the boundary between academic and as non-academic worlds, and span different academic disciplines. Cultural researchers need to remember that their viewpoints are always constrained and conditioned by the perspective which they decide to use, but there is no escape from the fact that each of the alternative perspectives brings with it both unique insights and limitations. This makes it important to utilize multiple perspectives in an attempt to gain a fuller understanding of cultural issues

3.2 Philosophical approach to culture

In this section I will concentrate on the phenomenon of culture; that is, on what culture basically is and how it can be studied. This philosophical outline will be related in the following chapters to the explanations of culture offered by organizational and learning

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theories. A broad and deep understanding of culture is attempted through the philosophical approach to culture.

I will concentrate on the theoretical paradigm change from structuralism to post-structuralism within the philosophical approach to culture. Both postmodern thought and the critiques of it will be discussed. Realist and constructivist views of culture will be presented. Since values are a central concept when approaching culture, I will also present some philosophical approaches to values.

3.2.1 The rise and decline of Modernism

Modernity refers to a recent period of some 200 years within the known human cultural history of over 10,000 years. The dawn of Modernity is generally considered to be symbolized by the French revolution (1789), the declaration of independence in the USA (1776), the industrial revolution in England, and the philosophy of Immanuel Kant (1724-1804). The dawn of Modernity has also been associated with Gutenberg's development of movable type (1436) and Luther's revolt against the Catholic Church (1520). Modernity is very much a Western phenomenon. Characteristics of Modernity include (1) industrialization, (2) the separation of economics and politics, (3) a market-oriented economy, (4) the rule of law, (5) bureaucratic state monopolies, (6) structural changes in communications, (7) nation states, (8) developing democracy, (9) atomistic self-identification, and (10) secularization. (Heiskala 1994, 9-36; Toulmin 1998, 31)

The goal of the Enlightenment project was to search for the true nature of reality through the use of reason and rationality. (Burr 1995, 12-14; Juuti and Lindstrom 1995, 7-10; Jokinen 1999, 39) Science was born in the Enlightenment period. Modernism changed our view of the world from mystical to rational. The worldview that emerged was mechanistic, and physics became the model of 'objective' science. Logical positivism promised value-free science. Values and facts were to be kept separate.

It has been said that the thinking of Descartes over 350 years ago has been decisive for Western philosophy and science ever since (Yrjönsuuri 1996, 55-58). Descartes described his view of human knowledge metaphorically as a tree. Metaphysics formed the roots, physics the trunk, and ethics the fruits. A metaphysical basis was essential in order for the tree to be able to bear the entire new age of science. Rationalistic thinking was to be the means. Descartes believed that reason-based inquiry would be able to reveal what the world was all about. The new scientific reason established by Descartes is above all methodology, a line of logical steps taken to reach the truth. The rules of Descartes' thinking were the following. (Nordin 1999, 231-232, 242-243) (1) Only clear and distinct things are to be accepted as truths. (2) Problems studied are to be divided into as many parts as possible and necessary to be able to best solve them. (3) Research is to originate from the simplest and most easily understood problems. (4) Matters are to be described in the most general and complete terms possible so that everything is noticed.

According to Kant's philosophy (Kant 1997, 111-112, 185; Sim 1998, 292-293; Oittinen 1999, 76-78; Saarinen 1985, 227-254), human thinking and understanding is based on principles that reach beyond experience through a reason-based analysis of observations. In this framework there can be no understanding without concepts, and concepts are limited to experience which they cannot surpass. Kant attempted to establish limits, and also a foundation, for a particular domain of human knowledge. These hopes for identifying a 'foundation' for objective knowledge have been brought into question by an analysis of the use of language. The task of the senses is to observe and the task of the mind is to think.

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Thinking means connection of mental images in the mind. Experience means interconnection of observations in the same mind. Within this thinking there are no limits to sense-based understanding of reality. Accumulating experience fuels the unending discovery of new properties of nature, new forces and laws. According to Kant, when our mind tries to say something about the world as an entity, it always ends up in contradiction with itself. The problem lies in drawing conclusions about reality itself, since man can only attain information about the world of phenomenon. The use of sense has its limits, which cannot be overcome. It is absurd, therefore, to hope that we can sense more of some thing than what is included in possible experience concerning it. It is even more absurd to claim that our experience is the only possible experience of reality and our own discursive understanding is the model of every possible understanding of reality. (Nordin 1999, 321-333; Kant 1997, 182-185)

Postmodernism describes the social situation that has evolved during the 20th century in Western countries. Certain important characteristics of Modern society have been abandoned in this era (Bauman 1996c, 191-215; Burr 12-14) and thus the present societal situation can no longer be described as Modern. Postmodernity can be interpreted as completely evolved Modernity that has arrived at the logical endpoint of its foundations and procedures. Our present society seems more and more to conform to the characteristics of postmodernity—institutionalized pluralism, manifoldness, contingency and ambivalence—in contrast to the universality, uniformity, monotonousness and clarity which are essential distinguishing characteristics of modernity. Postmodernity is not a temporary deviation in the Modern process, but a logically self-sufficient social state with features of its own. Bauman suggests that postmodern theory rejects the metaphor of progress, which all competing Modern theories have utilized. Postmodern movement is continuous, but without clear or consistent direction. The postmodern state of being is undefined and non-directive. The terms “system” and “society” take on new meanings and postmodernism rejects the idea of an ultimate truth, as well as the idea that the world as we see it is based on hidden structures.

Postmodern interpretations are generally considered to have originated in the USA in the 1960's, primarily with reference to architecture and literature. However, the basis of current postmodernism is to be found in French thinking. (Puolimatka 1995, 72-85) Postmodernism focuses on ‘the other,’ that is, that which is not explicit or commonly noticed in present interpretations. It is skeptical towards ‘grand narratives’ about human liberation or the development of reason. It opposes totalitarian views in different spheres of human existence. For example, normal discussion is seen to require an accompanying ‘abnormal’ discussion that challenges the stories and narratives implied within the normal discussion. Postmodern knowledge is expected to arouse sensitivity to differences, to create the ability to see, and appreciate the value of, other possible interpretations. The goal is not to eliminate contradictions, but to open new interpretative perspectives through them.

In his analysis of knowledge, Lyotard focuses on the end of grand narratives and the emergence of a postmodern state (e.g. Heiskala 1996, 146-151). A narrative nature is seen to be central to cultural identity. In the first stage, cultural identity and the interpretation of social reality is built around small local narratives. During the second stage of modernization, mega-narratives or grand narratives are born. These narratives focus particularly on science and progress. A special feature of these grand narratives is the attempt to hide their narrative nature. Instead, grand narratives claim to be absolute or literal truths. This illusion hides the narrative nature of cultural identity construction. The third stage is associated with a postmodern space, in which grand narratives start to deteriorate from inside. Metaphysical truth is replaced by practical applicability as the

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primary criterion for evaluating the value of scientific theories. In the postmodern state all cultural separations become relative.

Kuhn defines a paradigm as the general informing laws, theoretical models and methods shared by a given scientific community. Normal science is science that follows the rules of the prevailing paradigm. The focus of science—that is, what is considered to be a scientific problem and what not—is defined by the paradigm. Paradigms may be difficult to recognize and define because they are so pervasive that they seem like ‘common sense’ rather than a theoretical posture that could change. Paradigm shifts occur when new paradigms emerge and replace old ones in order to resolve a crisis created by scientific experimentation that generates anomalous results that cannot be explained by current theories. The rejection of one paradigm always leads simultaneously to the adaptation of another. The new paradigm is usually incommensurate with the old. Paradigm change opens a new world to the researcher and can be compared to religious conversion. Paradigm change is a deep-structure phenomenon affecting the way experiences are conceptualized. Scientists who are socialized in one paradigm are generally unable to reconstruct it. The change must be made by scientists who are operating outside the prevailing paradigm. (Kuhn 1970, viii-ix, 10-11, 35-39, 43-51, 90-91; Brooker 1999, 158; Sim 1998, 333; Nordin 1999, 475-477; Juuti and Lindström 1995, 10-13; Ravn et al. 156-158)

Kuhn is credited with initiating a new epoch the understanding of science in the beginning of 1960’s when he introduced the concept of a paradigm and the term “normal science” to describe science that follows the rules of the prevailing paradigm. Scientists work as puzzle-solvers within an established worldview. This worldview, or paradigm, is based on fundamental assumptions about the nature of the world and the nature of knowledge which shape the perception and interpretation of events (e.g. Sadar 2000, 20-33; Juuti and Lindström 1995, 10-13). Just as shared scientific paradigms are difficult to change, so too are individual worldviews. Despite science’s claim to objective rationality, scientists are no less susceptible to defensiveness and denial in the face of contrary evidence than other human beings. They can cling, perhaps subconsciously, to cherished beliefs and these beliefs may direct their thinking more than the rationality they proclaim. However, when cognitive dissonance accumulates to a sufficient level, beliefs can change and new mental models emerge. This is often a traumatic experience.

Scientific paradigms are the shared assumptions, beliefs, dogmas, conventions, theories and methods—that is, worldviews—of the individuals in the scientific community. (Sadar 2000, 73) They are the collection of those elements of our inner interpretation systems that we take as self-evident (Aaltonen and Junkkari 1999, 37), including mental models and basic explanations of the realities of the world that we do not question. Because they underlie and circumscribe our thinking, paradigms determine what is considered ‘real’ research and ‘right’ results.

Abandoning one paradigm requires the adoption of another. Paradigm change may be a fairly sudden process when it occurs, but it is often preceded by a long process of developing new concepts that struggle unsuccessfully for general acceptance until the dam breaks, at which time they are suddenly embraced by the community. Frame theories that underlie individual beliefs can be considered to be a type of paradigm. Conceptual change is, therefore, considered to be paradigm change at the individual level. Determinants of conceptual change include the following. (1) There must be dissatisfaction with present concepts. (2) The new concept must be understandable. (3) The new concept must seem to be sensible of the face of it. (4) The new concept must present possibilities for a fruitful research program. (Hakkarainen, Lonka and Lipponen 1999, 110-112, 273) Kuhn claims

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(ibid.) that those persons able to formulate a new paradigm must be either young or new to the field whose paradigm they change. This is because they are less committed to the traditional rules prevailing in this field and thus more easily able to imagine alternatives.

Kuhn's analysis of scientific thinking in terms of paradigms changed several basic assumptions prevailing within the scientific world. (e.g., Sardar 2000, 33-34) Science was no longer seen as an objective process of discovering truths about a pre-existent reality. The subjective and interpretive aspects of scientific thinking were revealed for the first time since Descartes and Kant launched the scientific era with the intention of establishing truth through pure rationality. The distinction between scientific theories and other kinds of belief systems was no longer clear.

Kuhn's view that science does not proceed towards truth through cumulative acts of objective rational analysis is, however, not accepted by everyone. (e.g., Weinberg 1999, 178) It causes great discomfort for many because it suggests that the prevailing paradigm may have to change some day, certainly in part and perhaps in fundamental ways. This means that widely held scientific beliefs about the world may not be 'true' and that science may not, as some assume, be approaching a mature and final understanding of nature and reality by building on centuries of research and theorizing.

Kuhn's concept of paradigms can, however, be considered to be commonly accepted and it has been used to develop new models of scientific thinking as well as broader interpretations of change in institutions, culture and belief systems. (Brooker 1999, 158; Sim 1998, 333) In particular, the concept of cultural paradigm shifts is widely accepted. On a broader front, the overall transition from modernity to postmodernity may even be seen as a paradigm shift. Postmodernism is, however, considered to challenge the authoritarianism represented by any paradigm and to seek an end to paradigms, thus creating what has been described figuratively as "the post-paradigmatic diaspora" (a term used by John Caputo according to Lather 1991, 7, 108). In this sense, postmodern thinkers contest the validity of grand frameworks of thought and advocate a pluralistic system of partial truths, or insights, which must be used together in order to obtain deeper, but still tentative and partial, understandings of nature and reality. The "post-paradigmatic diaspora" is seen to escape, exceed and complicate Kuhnian structures of paradigms. The classification of research into paradigms—useful as conceptual frames of understanding—“does not reflect the untidy realities of real scholars.” (Lather 1991, 108)

A paradigm related concept proposed by Foucault is a system of thought structures. (*épistèmes*) (Brooker 1999, 74; Husa 1995, 44; Nordin 1999, 440) An *épistème* is a unity of realizations that binds discursive practices at a certain time. *Épistèmes* follow each other historically. They all have their own grammatics that prescribe what it is possible to think, what questions can be posed, and with what kind of models reality can be interpreted in that historical period. They make epistemological forms (ways of knowing) and sciences possible. *Épistèmes* shared by the ensemble of sciences governs what counts as knowledge or truth.

Scientific models have been described as being basically metaphors. (Mäkelä 2000, 61-61) When these models represent well-established and commonly accepted modes of thought, it is often difficult to recognize and remember their metaphoric nature. Meaning perspective is a learning theory concept developed by Mezirow. (e.g. Mezirow 1997; Ahteenmäki-Pelkonen 1997, 122-131) Meaning perspective is a personal conceptual framework that helps to add and relate new experience to previous ones. It can be taken as equivalent to

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Kuhn's concept of paradigm, and meaning perspective transformation can be taken as an individual-level paradigm change.

Bauman (1999, xiii) comments that the discourse of culture is problematic from the point of view of the concept of paradigms introduced by Kuhn. There has long existed a wide variety of contradictory perspectives on, and interpretations of, culture. The existence of this divergent array and the absence of a single unifying theory illustrates the capacity of discursive formations to contain contradictory propositions and still remain viable.

Modernism is the term used to refer to the process of reductionist, linear, causal thinking that has emerged since the Enlightenment. At that time it came to be commonly believed that human development required rationality, education and emancipation. Progress, and even history itself, was considered to be linear. The Modern era sought grand narratives. Postmodern thinking questions these. The postmodern approach is aware of the reality contained within the rules of a discourse language game, and the interpretations that are the necessary logical consequence of these rules. It challenges the uniformity of modern rationality and considers science to be a series of narratives which, like everything else, are subject to interpretation (Juuti 1999a, 49-50; Juuti 2000, 43-51).

Modernity, or modernism, is a term used in literature and cultural theory to refer to an approach to social realities reaching from 18th century to the present day, with the greatest intensity in the early 20th century. Modernism is considered to be a problematic concept to define. According to Lyotard, modernity is not an era in thought but rather a mode of thought, of utterances, of sensibility. Industrial capitalism and communism can both be seen to represent the historical movement of modernity. Even recently emerging hopes for new technology, new scientific discoveries, and new patterns of behavior are consequences of modernism. Modernism is based on a faith in man's ability to place nature, society and history under human control. The problems and costs of modernism have become apparent in the last decades of the 20th century. (Brooker 1999, 140-142; Lyotard 1989, 314; Sim 1998, 319 -320)

Postmodernists consider modernity to be a passing and outdated approach to understanding societal and cultural realities. The postmodern approach is an attempt to answer problems left unsolved by the modern project. Postmodernism is a wide-ranging cultural movement that is skeptical of many of the principles and assumptions that have underpinned Western thought and social life for the last few centuries. Among these are the assumptions at the core of modernism; that is, a belief in the power of reason and the inevitability of progress in all areas of human endeavor through the application of rational analysis. (Sim 1998, 339-341)

Brooker (1999,174-176) comments that there can be no single authoritative definition of postmodernism. In fact, there is a plurality of meanings—postmodernisms rather than one postmodernism. According to him two particularly influential postmodern writers are Lyotard and Baudillard. Lyotard points out the lost credibility of grand narratives and Baudillard the detachment of the signifier from its sign, with the result that simulations are mistaken for reality.

Poststructuralism, a term used to refer to all those theories that reject the principles of structuralism, is both a continuation of and a critique of that earlier mode of thinking. Poststructuralists are seen to represent the most radical form of postmodernism (Niiniluoto 1994, 326-327). Theories labeled as deconstructionist, feminist and postmodern all challenge the assumptions of structuralism and can be considered to be poststructuralist.

(Brooker 1999, 176-177; Sim 1998, 341-342; Nordin 1999, 441-443) Post-structuralism shares with structuralism the belief that meanings are produced within language, but critiques the structuralist assumption that these meanings are ordered or 'centered' within a closed linguistic or cultural system. Structuralists assumed that there were deep structures underlying all phenomena that dictated how those phenomena developed and that the world was organized into a series of interlocking systems, each with its own 'grammar' and operation. Major figures associated with poststructuralism include Derrida, in the sense of deconstruction, and Foucault. They deny the possibility of theories that can provide universal explanations of phenomena and distrust totalizing theory. Foucault criticizes the use of reason in Western thought from the outside; that is, by examining the history of reason and institutionalization. Derrida builds his critique from the inside; that is by deconstructing texts and revealing their internally contradictory meanings.

3.2.2 Socially constructed realities

Reality can be considered to be a socially constructed phenomenon (Berger and Luckman 1994, 11-28, 59-65; e.g. Aittola and Raiskila 1994, 220-226). The goal of sociology is to study those processes that produce commonly accepted views of reality in human societies. Everyday knowledge and thinking is the focus of the study; that is, the way human beings build and interpret their worlds in practice. From the sociological perspective, there exists no biologically determined basis for human nature; human beings and human cultures may take a variety of forms. Man makes his own nature; that is, human beings produce themselves. The cultures within which we happen to be born define us and give us our special individual and social interpretations. This process is an inevitable result of social interaction. Human beings produce the human world with its sociocultural and psychological formations. Culture both defines reality and the boundaries to that reality. In both ways it simultaneously enables and limits our ability to perceive and understand reality. Man-made social order is necessary for human existence because humans have to be able to operate within the world in a commonly understood way in order to communicate and cooperate with each other. Legitimation is a means for making institutionalized structures and meanings connected to them accepted, believable and generalized. The highest level of legitimation is represented by the universe of symbols.

Societies and organizations can be considered to be human constructions and culture to be the result of human interaction (Juuti and Lindström 1995, 24-25). Prevailing thought and action models in society arise through random processes within the culture and are accepted or rejected on the basis of their congruence with its values and perspectives. Thus, the main determinant of cultural order is human action, which both arises from and reinforces cultural beliefs. Prevailing belief systems—including basic assumptions, myths and other deep structures—are always human constructs.

The following assumptions are typical of the social constructivist approach to understanding this cultural phenomenon. (Burr 1995, 2-4) (1) A critical stance is taken towards taken-for-granted knowledge; for example, a skeptical curiosity about common assumptions concerning the world. (2) Historical and cultural specificity is assumed; that is, our categories and concepts are taken to be dependent on historical and prevailing cultural conditions and thus our understanding is taken to be historically and culturally relative. (3) Knowledge is assumed to be constructed in social interaction. Language, being the main tool in this interaction, is of special interest. (4) Knowledge and social action are assumed to be interrelated. Different social constructions invite different action.

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Berger's phenomenology postulates that the worlds people inhabit are (within environmental and biological limits) socially constructed. (Wuthnow, Hunter, Bergesen and Kurzweil 1984, 21-76, 86; Sulkunen 1997, 14-17) Humans are distinct from other animals in not having species-specific environments. The heart of the human world is socially constructed meaning. To Berger, culture is the totality of man's products. The taken-for-granted reality is actually socially constructed. Culture is the foundation for a socially constructed world that is experienced subjectively and inter-subjectively. Social order is possible only through the use of commonly understood symbols, the most important of which are contained in language. Social legitimation defines what should be done and also why things are the way they are. The social construction of reality and the symbolic production of this reality imply that meanings given to cultural phenomenon and human experience are neither pre-determined nor constant. These meanings are produced and interpreted situationally.

Foucault's approach to social analysis is based on radical perspectivism. (Ojakangas 1998, 9-40; Foucault 1998, 50-59) This radical perspectivism does not examine different human views of the world, but rather the internal reality of each human being as a war-zone of different "worlds" or perspectives. In addition, radical perspectivism rejects the universal as an empty category and affirms the local. Local conflict replaces the concept of common good. Foucault did not intend to promote general human development over time, but rather to create the possibility of reform in local battles. The discourse of truth is taken to be fundamentally concerned with desire and power. Interpretation is considered to be a never-ending process that is always incomplete. There is no absolute first to be interpreted and everything is an interpretation. Words themselves are nothing but interpretations. Each mark is an interpretation of a previous mark that is striving for acceptance, so that reality becomes a never-ending chain of interpretations of other interpretations.

Starting from the study of insanity, Foucault describes the rational duality in Western thought. Insanity is the "other" of civilization. Sanity and insanity have been understood as absolute opposites to each other. All this is related to ways in which the whole society is disciplined in the name of rationality. "Development" occurs for Foucault through the effective use of power. The consequences of power should not be described only through negative terms like "shut out," "defeat," "suppress," "censor," "mask," or "hide." It also produces neutral and positive aspects of reality, determining what is seen and what is not seen, what is valued and what is not valued, by determining what is normal through its discipline. For example, our concept of time was designed to be social, serial, goal orientated and cumulative. The very idea that time "progresses" is a social invention. (Eskola 1997, 75-77; Nordin 1999, 440-441)

According to Foucault, disciplinary power "educates" to more effectively benefit and deprive. (Foucault 2000, 231-241; Oksala 1999, 265-266) Discipline is a type of power, a way to use power, which includes different tools, methods, applications and targets. It combines various sources of power to make them more effective. Power is modest and suspicious and operates on the principle of continuous cost-efficiency. The success of disciplinary power is probably based on its use of simple means: hierarchical observation and punishments designed to normalize behavior. The problem with observation, as Foucault sees it, is the use of hierarchical power to accomplish it. The goal of internal, analyzed and detailed observation is to affect the behavior of its targets by making them the objects of knowledge and bringing the consequences of power to bear on them. Within a perfect disciplinary machine, one glance could continuously penetrate everything. Figuratively speaking, a light source penetrating everything would be placed in the center so that everything could be seen simultaneously and all attention would be drawn towards the center. Disciplinary power may be unscrupulously penetrating. Surveillance is closely

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integrated with the production process and follows it from beginning to end. It is present everywhere and all the time, covering all areas, and controlling not only those who are being watched but also those who are watching.

The idea of the symbolic construction of social reality includes the notion that power is embedded in our ways of speaking and that power relations are maintained through speech. (Sulkunen 1997, 14-17) In Foucault's thinking (Oksala 1999, 266-271), power and knowledge are interconnected in an important way. They develop in connection to each other and they also require each other. Disciplinary power operates at the crossroads of knowledge and power. Both objects and subjects are formed in this network. Both these who are the targets of power and those who are using power are part of the network of disciplinary power, which they do not control. Networks of knowledge and power establish practices of truth, 'normal' behaviors, desires, and goals. They define an identity that an individual is forced to accept and yet believes to express their authentic self. Normalizing power forces conformity, but also individualizes by creating the possibility of measuring differences and defining different levels. The disciplinary process of definition classifies, analyzes and gives names. This definition process gives disciplinary power the means to form or create human beings.

To Foucault (1990, 92-98; e.g. Wahlsted 1998, 18-20), power is to be understood as the multiplicity of force relations immanent in the sphere in which they operate and which constitute their own organization. This takes place through ceaseless struggles and confrontations forming a chain or a system of force relations. Power exists in the strategies in which they take effect, for example in various social hegemonies. There exists no center or sovereign user of power. Neither is there an object of power, being a victim or subordinate to power. Power is not an institution, nor a structure, nor a certain strength we are endowed with. In the network of power are both masters and slaves. The only subject of power is the power itself. There is no all-encompassing distinction between rulers and ruled. Power is omnipresent because it is produced at every point and in every relation from one point to another. Power is everywhere because it comes from everywhere. Power is exercised from innumerable points in the interplay of non-egalitarian and mobile relations.

The thinking of Ellul can be seen as consistent with the all-encompassing power of Foucault. To Ellul, the all-embracing force that limits individual and decentralized decision making is the force of technology. (Ellul 1976, 163-166, 342, 431; Merton 1964, v- viii; Wilkinson 1964, ix-xx) Once technique develops beyond a certain point, there is no effective alternative to impersonal planning. The forces of technology lead towards centralism, and can be seen to be multiplied in effect by the size of the organizations in question. The essence of technique has been seen to compel the qualitative to become quantitative. This means that human activities and man himself are subject to mathematical calculations. This implies the confinement of human reality within the laws of numbers. The logic of computerized society is seen to reinforce these tendencies. The qualitative aspects of human existence may be seen to be lost in this exercise. What cannot be mathematically described does not exist. Statistics express reality in a way seen to be convincing and rational. What is not measured cannot be seen.

Institutional thinking exists in the minds of individuals as they try to make decisions on the basis of shared knowledge and moral standards. (Douglas 1986, 1-8, 91-93, 111-128; Saarinen 1985, 209-223) In all contexts our social interaction consists largely of telling each other what is right and wrong thinking, which we determine on the basis of our assumptions. In building our institutions, we squeeze our ideas into a common shape. Institutions systematically direct individual memory and channel interpretations into forms acceptable in

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the context of the institution by orchestrating or highlighting events that sustain the prevailing views of the organization and ignore or actively downplay incompatible experiences. This succeeds because individuals generally leave the important decisions to the institution and focus their attention only on tactics and details. The “sacred” in any system of beliefs is characterized according to Durkheim by being dangerous, being defended by strong emotions if challenged, and being explicitly invoked. It is an artifact of society—that is, a socially constructed interpretation of reality— that can be seen in sacred words, names, books, places, flags and totems. Hume cites the idea of “justice” as an example of a sacred concept that is an artificial, socially constructed virtue that is “only” an artifact without any “deeper” substance of its own. As Hume sees it, the network of beliefs upon which our life is based has no factual base and is built entirely upon social processes and habits. Beliefs and feelings are both inevitably subjective. What we expect to take place in reality actually takes place in our minds.

The politics of evil and envy can be seen to work through institutions and organizations. (Berke 1991, 9-15, 263-267) Envy, which is the chief factor producing evil, is a strong common force working on many levels within the organization. Institutions are normally not evil entities in and of themselves, but envious forces may be strong motivators in their work and action. The main goal of a narcissistic and envious organization may be growth and size for its own sake. It can be asked to what extent such irrational forces are behind prevailing trends towards international and global mega-organizations.

Ellul (1976, 3-22, 375-382, 410-412; Merton 1964, v-viii) considers technology affected thinking to be a major force influencing social reality in a strong and negative way, which he goes so far as to characterize as the tragedy of a civilization increasingly dominated by technique. The term “technique” is used to describe any standardized means for attaining a predetermined result and is considered to be almost completely independent of any ‘machine,’ which may happen to be used for this purpose. In this way spontaneous behavior is converted into deliberate and rationalized disciplinary modes. Every part of a technical civilization responds and adapts to the social needs generated by the technology itself. Technology constructs a world that meets its needs. A never-ending search for the one best way reflects this model. Technical organization is blind to all purposes other than efficiency. On the human level this causes anxiety and uncertainty in the face of demands that are made but not fully explained. It can be seen that the uncontrolled but all-encompassing power described by Foucault is represented in this case by the power of technical thinking. This interpretation is reinforced by Ellul’s comment that technology produces all this without any plan or any active agent, simply by the force of its internal logic.

Symptoms of this kind of technological thinking can be found in the views of cultural pragmatists, which are described in section 3.3.4 under the sub-title “Management of culture.” Management of culture implies technique applied to social, economic and administrative life and standardization that relies on methods and instructions more than individuals. Ellul (1976, 363-387) contends that the end result of the relentless and pervasive effect of the culture of a society or an institution can be, in an extreme case, to bring about a vacuum within the individual, who is, to an extent, emptied of his personal or natural tendencies and assimilated into the group. The conscious and subconscious effects of the culture, which Ellul refers to pejoratively as propaganda, can thus create an abstract universe that reconstructs a new reality in the minds its members. This extreme potential is, according to Ellul, present to some degree in all societies, but of special interest to this study is the comment made by Ellul (1976, 382) that he considers Swedes to be the most “integrated” and adapted nation, and that, they have created a culture that is so strong that they are no longer conscious of any cleavage between individual personality and external

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cultural forces. In this view, then, Swedes would find it difficult or even impossible to be self-conscious about their culture as a social construct that could benefit from critique, and possibly by adopting or adapting aspects of other cultures.

The potential psychic prison of an institutional or a national culture—which become so embedded that it is no longer visible to the members—could be created using power techniques related to Bentham's Panopticon, which is a metaphor for complete surveillance. (Foucault 2000, 273-279, 340-343) A central surveillance tower is situated in the middle of a circular building that is divided into cells that are all observable from the central tower. One guard observes from the central tower those madmen, patients, prisoners, students or employees set each within their individual cells. Panopticon creates for the prisoners a conscious and continuous state of visibility that automatically guarantees the functioning of power. Power had to be visible, but not to be observed. The surveillance had to be possible all the time, but the object of observation was not to know whether he was presently under observation or not. The objects of observation were totally observable and the overseers could see everything but never be seen themselves. Any person choosing to enter into the field of observation thereby accepts the sanctions of that power. In order to avoid those sanctions, he creates a power relation over himself in which he plays both the role of observer of himself and the object of observation by others. This diminishes the need for external observation and makes the external power more permanent, deep, final and continuous. This gives the power a continuous victory with limited actual use of coercive force. Panoptical surveillance is seen to be an aspect of various societal and organizational realities.

Foucault sees Panopticon as a paradigm for disciplinary technology. Panopticon is a special way to organize human individuals and space. It is a visually observable order that brings forth the mechanisms of the use of power. (Oksala 1999, 271-272) Panopticon is a method that can be used whether the goal is individual productivity, education, treatment or punishment. Panopticon makes concrete individual control possible and works as a laboratory that permits information collection through continuous observation. Panoptical power is continuous, anonymous and automatic. It is not based on violence, but on optics and mechanics. Potentially continuous observation has a strong effect on the individual. The possibility of this makes the prisoner his own guard. Disciplinary power attempts to be as invisible as possible and to make the objects of its power as visible as possible.

Panopticon can also be seen as a metaphor of an organization. According to Robert Dahl, a manipulative and hidden way of affecting attitudes and beliefs (i.e., indoctrination) is necessary for the functioning of a society or an organization. (Puolimatka 1997, 315-319; Puolimatka 1995, 153-154) In order to achieve its goals without overt force, an organization seeks to control people's preferences and this requires influencing their individual consciousness; that is, the conscious and unconscious ways in which they perceive and interpret reality. For example, education may be used to indoctrinate individuals to believe that democratic systems are fit and legitimate. Indoctrination aims at changing the beliefs of those indoctrinated without attempting to make them understand the reasons for these beliefs. Indoctrination is a means of indirect control that is identical to Foucault's view of the way in which individuals were made into their own guards within Panopticon. From Dahl's perspective, societal indoctrination is both necessary and unavoidable, which means that individuals in the society will remain blind to the limits of their culture and able to see only those parts of reality that this cultural view allows. Multiple alternative realities (i.e., interpretations) remain unknown and inaccessible to them.

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The concept of an “integrated institution” represents an extreme form of institutional indoctrination. (Puolimatka 1997, 322-324) An integrated institution uses power to build completely indoctrinating surroundings. Features of this model include the following. (1) Cooperation is based on common goals. Free discussion and exchange of opinions is limited. (2) Membership is compulsory. (3) The life of members is controlled exhaustively and external communications are limited. (4) Humiliating practices are used to break down individuality. This helps in introducing subjugating control. (5) Social distance between authorities and subordinates prevents the emergence of critique. (6) The institution is, to a considerable extent, governed from an external power center. An organization that intends to construct common social reality, values and basic assumptions should consider how far it is willing to go towards this extreme form in order to achieve its goal. Questions of ethics are also embedded, and have to be taken in consideration in attempts to build ‘integrated institutions’.

Lyotard defines postmodernity as a state of society in which grand narratives are no longer accepted as valid. Postmodernism is defined as incredulity towards meta-narratives; that is, those narratives that have governed the pursuit of knowledge since the Enlightenment and that characterize modernity. (Brooker 1999, 138; Eskola 1997, 29; Nordin 199, 443-444) These great stories include religious, metaphysical and ideological systems that intend to describe the world in its entirety. Science is one such great story that has begun to collapse. Other examples of vanishing great stories include Christianity, Marxism, Psychoanalysis and Structuralism. These are being replaced by temporary, fragmentary and subjective truths. What is coming to exist is a great variety of different and incompatible discourses, each with its own rules and criteria. For example, Sulkunen (1997, 14-17) comments that social constructionism and the discourse analysis connected to it have to a great extent replaced the critique of great ideological belief systems and that in the process society has been split into many sub-groups.

The thought and action of the nineteenth and twentieth centuries are governed by an ideal of emancipation. The philosophies of history—the great narratives by means of which we attempt to order the multitude of events—present this ideal in very different ways. There exists a Christian narrative, a Marxist narrative, a capitalist narrative, and so on. What is common to all these narratives is that they situate the available historical data within a story that will eventually achieve something called freedom. The great Western narratives are cosmopolitan and concerned with the “transcendence” of particular cultural identities in favor of a universal civic identity. How this transcendence will take place is, however, far from obvious. (Lyotard 1989, 314 - 323) One apparently vital grand narrative is the belief in the absolute necessity of continuous economic growth. This story incorporates the threat that if economic growth is challenged then some fundamental elements of society will collapse.

Contact and conflicts between foreign cultures have added to the debate about the forms and limitations of rationality. In order to evaluate the ‘sense’ of beliefs, models of thinking and institutions of a foreign culture, we first must understand it; that is, we must be able to describe it in our own language in a way consistent with its real contents and in a manner which its constituents would recognize and support (von Wright 1987, 18-20, Wahlstedt 1998, 18-20). One challenge is to make an accurate translation from one language to another. Beyond this, however, it is also necessary to understand and appreciate a way of life that takes forms unfamiliar to us. The problems of language include understanding the rules of ‘language games’ played. It may be that all cultures have their own criteria for reason and that there is no objective way to evaluate the form or level of culture-bound rationality.

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According to Vattimo (1989, 13-15; e.g. Lehtonen 1994, 13-19), being “modern” has become the most important goal in the Modern era. This includes an ideal of linear development towards more sophisticated forms of being. It is a value of the highest order, which originated in Europe and has always been European. The course of European history has largely been in pursuit of this ideal. Strong beliefs about modernism as the heart of Swedish reality are reported in chapter 2 (Daun 1998, 173-177, Guillet de Monthoux 1991, 27-40).

However, the main features of the Modern era are now in dispute. The inevitability of historical development can no longer be considered valid (Vattimo 1989, 13-23; Vattimo 1999, 42- 58). The world has fragmented into a field of local rationalities and cultures. There is no one universally-acclaimed form of human existence. Rather, there are several rules of existence with their individual grammars, syntaxes and cultures. It is now commonly agreed that one’s personal interpretation of reality is only one among an unlimited number of others. All existing grand narratives—including rationality, proletarian revolution, democracy and state, capitalism and market economy—that have sought ‘absolute’ legitimation through historical inevitability have lost their credibility.

Bauman associates postmodern interpretations with the rising importance of cultural studies in sociology. In his thinking, postmodern thinking occurs through modern thinkers becoming self conscious and understanding how the construct called modern society and modern culture is built upon our own action, consciousness and feelings (Ahponen and Cantell 1996, 7-19). Importantly, postmodern thinking also requires an understanding of the impossibility of the Modern ideal. In the quest for reason-based consciousness, Modernity has left unrecognized a vast and significant part of what it has aimed to achieve. The concepts of culture and power are of special importance. Through culture people construct meaning in their lives. Postmodern thought acknowledges this process and thus enables culture as a coherent force, but it can also lead to insecurity and ambivalent values because it undermines the enchantment with communality hidden in traditional modern beliefs. Moreover, meaning making and cultural development is always limited by existing power. Power is the means to affect other people’s lives. Within power there are elements of unexpected behavior as well as expected behavior under the power.

Cultural constructs are intended to maintain and reinforce the hegemonic power of the inventors of these constructs (e.g. Jukka Siikala 1997, 20-25). This is done by maintaining the prevailing beliefs, value systems and behavioral norms within the community. Even the categories of our thought are produced by power relations. What is understood, for example, to be national culture or national heritage, is seen to be the product of a swindle that is usually not recognized as such. Culture, seen from this angle, is a means of subjugation, and aims at making the subjugated a homogenous and controllable group. From the perspective of an analysis of corporate cultures, this view offers most interesting possibilities for interpretation.

The postmodern state of mind is seen to represent an unexpected and unwanted radical victory of Modern culture over the society that Modern thinking intended to create (Bauman 1996a, 21-27). The final result of broad-based application of rational thought was a universal eruption of support structures of power. In contrast to Modern approaches, postmodern thought does not try to replace one truth with another. The postmodern mind emphasizes constructive destruction. Having rejected that which only looks like truth, it can now reveal truth in that unspoiled form that Modern thinking had distorted. In this way postmodernism returns to the world as it was before the Modern project attempted to impose totalizing grand narratives on it.

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According to Bauman, the mistakes of modernism include universality, similarity, monotonousness, systematic organization and commitment to objective clarity. Modernism interprets history as a movement with an overriding logical direction. Such things do not exist in postmodern reality. No uniform direction or permanent order exists. The postmodern is diverse and fleeting. Postmodernism is expressed in the pluralism of cultures and distinction of individual belief systems (Jallinoja 1995, 30-52; Bauman 1996c, 193-197). Bauman considers three concepts to be central to the study of postmodern reality: sociality, habitat and self-assembly or self-constitution. (1) Postmodern sociality is not structured according to any ready models. It is dependent on the interaction of people in contact with each other. Sociality is created within a process that has neither beginning nor end. (2) Postmodern habitats are the homes of sociality. Habitat is analogous to concepts such as tribe, social world and post-traditional society. Habitat is the area within which the freedom of action and dependence are formed. A habitat is nothing more or less than a backdrop. Each habitat changes its form and nature as time passes. Its identity is undefined, fluctuating and momentary. Therefore, no habitat is like any other habitat, and it is impossible to present generalized information based on one habitat. (2) Within habitats, fairly independent actors or agents have a considerable role. Habitats have some very general ideas or aims that are expressed in many ways in the habitat's different action spheres. At times such general aims may have a considerable role, but they are more commonly only loosely coupled to individual actions. Authority within habitats is acquired according to the resources available. The main resource is information, specifically information about the habitat, its action, meanings and symbolic marks. Negotiation is the means of resolving conflicts within a habitat. In negotiations the relation between freedom and dependence is determined. In these negotiations the nature and form of the habitat change. The central role of negotiation implies that there is a lot of talk involved in the action of the habitat. (3) Self-assembly or self-construction has surpassed identity. Identity refers to something that has been formed, or something potentially ready to be formed. Self-assembly refers to continuous choices that never lead to anything final. Postmodern choices are loosely structured. Postmodern personality is constructed in the insecurity caused by a plurality of possible choices and the only momentary security provided by accepting an expert's (or manager's) opinions. In a postmodern world there are no longer self-evident and binding norms and values. Norms and values have to be negotiated. Thus, for example, managers and employees must negotiate the basic rules of business society.

The postmodern approach particularly criticizes beliefs that focus on truth, knowledge, power, individuality and language. For example, the following philosophical assumptions of the Enlightenment are challenged (Puolimatka 1995, 78-81): (1) There is a permanent and coherent 'me.' (2) There can be objective, trustworthy and general knowledge based on reason. (3) The use of reason will eventually lead to "truth." (4) The use of reason can solve contradictions between truth, knowledge and power. (5) Science is an example of the correct use of reason. (6) Language is a mediator that presents reality as it is.

Prevailing assumptions take rationality and consistency to be important elements of human co-existence, and central factors in keeping social formations together; that is, maintaining the social order. Rationality and consistency are required of narratives and other commentaries. This is particularly the case in some special social groups; for example, the military. These attributes are also expected from key speakers for organizations and political interest groups. Politicians and senior management representatives are expected to exhibit a consistent logic between their previous and present statements. Consistency as a basic value may be seen to contradict the postmodern interpretation of social reality as a phenomenon that is continuously constructed through human interpretation. This social reality does not always 'fit' the demands of consistency. An interpreter's view is by its very

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nature idiosyncratic and inconsistent, and therefore 'honesty' in building consistently logical narratives when describing it may prove to be impossible. The demand of continuous logic with what was previously said limits the range of what can be said and may thus prevent thinking from keeping up with emerging realities. Therefore, new interpretations of social reality should be allowed and even expected of key speakers.

The postmodern approach to scientific research has chosen a subjective and constructivist methodology. Language is seen to be the factor that constructs reality. Sense making, meaning, truth and knowledge are closely connected with those linguistic and practical contexts that produce them. The social world is considered to be constructed through a language process. There exists no longer one great story within which to place the reality, but a variety of different stories (Juuti 1999b, 23-24).

According to Foucault, the central feature of the nineteenth century was knowledge, reason and rationality, the attempt to construct a rational history (Foucault 1994, 438-439; Myllyniemi 1998, 225-227). The function of the philosophy of this epoch is to ask what is the moment when reason accedes to autonomy, and what value can be ascribed to the ascendancy of reason in the modern world through scientific thought, technical apparatus and political organization. Foucault calls the historical study of discourses connected to societal institutions and practices the archaeology of knowledge. Societal action is based on prevailing knowledge, but this knowledge is continuously challenged. The criticism of prevailing societal practices may change discourses.

The postmodern view considers organization to be an entity produced by social actors in contextual discourses (Juuti 1999b, 25; Juuti 1998, 50-52). An organization affects its member's ways of understanding and interpreting the world. Structural cultural studies concentrate on the construction of meaning. Through artifacts and symbols it is possible to affect how people perceive and understand reality. Symbols, language and communication are the main means of use of power and reality construction. Culture is considered to be a subconscious psychic structure that is reflected in human reality. Poststructuralists reject these assumptions. According to them, no subconscious cultural structures exist. What exists is the 'text' and innumerable possible interpretations of this text, but there is nothing else behind the text. 'The self' is a position within the text, formed by the discourse, flickering and contradictory. Discourse, deconstruction and images are the main concepts of postmodern organizations. Organizations are mainly created in our minds.

The concept of culture is a narrative that describes the world as a human product, directed by values and norms invented by man, and reproduced through an unending learning and teaching process. Three basic assumptions are recognized. (1) Human beings are incomplete and dependent on others. Becoming human takes place through relationship with other people. There is a tension between inherited insufficiency and acquired perfection. (2) Becoming human is basically a learning process that includes acquiring information and suppressing animalistic tendencies. (3) Learning is only one half of the process. The other half is teaching. Therefore, becoming human requires teaching and an educational system. The concept of culture claims that people are that which they are taught. Modern thinking considered the relative inferiority of strange forms of living to be the result of inappropriate control. "Culture" was focused on those areas of human existence that the absolutistic state wanted to take under control. Culture was understood to be part of life that could be consciously controlled and molded into a desired form. Manipulation was used to encourage citizens towards what was later called "rational behavior." In the culture ideal of the Enlightenment, rational society and rational citizens were expected to improve each other in peace and order (Bauman 1996b, 85-118).

Bohm, Factor and Garrett (1991, 1-2) state that world we live in is produced almost entirely by human enterprise and by human thought. Artifacts, language, value systems and even what we take to be direct perceptions of reality are manifestations of present and past human thinking. What is generally taken to be reality includes a collection of concepts, memories and reflexes. These are limited and distorted by the boundaries of language and the habits of our history, gender and culture. It is extremely difficult to disassemble this mixture or to be certain whether what we perceive and our thoughts concerning these perceptions are at all accurate.

The archive of a culture cannot be described exhaustively. The archive cannot be described in its totality, but it always emerges in fragments, regions and levels. Also, it is very difficult for us to describe our own archive because this entity gives us the rules according to which we speak and therefore determines what we can say. At a minimum, a greater chronological distance would be needed to analyze it. Below visible contradictions, coherences may be found at the level of a general form of consciousness, a set of traditions, an imaginary landscape common to a whole culture. A coherence discovered shows that visible contradictions are merely surface reflections. Contradiction is the illusion of a unity that hides itself or is hidden, and exists only in the gap between consciousness and unconsciousness. The task of an analysis is to surpass contradictions as best it can. Foucault uses the concept of archaeology to describe the investigation of the unconscious; i.e. the assumptions, expectations, values and beliefs of a society at a particular historical moment (Sim 1998, 184). The focus of archaeology is not to reduce the diversity of discourses. It is comparative analysis that intends to divide the diversity of discourses into different classes and thereby deepen the interpretation. Archaeological comparison does not have unifying, but diversifying effect. What the archaeology wishes to uncover is primarily the play of analogies and differences as they appear at the level of rules of formation. Archaeology reveals relations between discursive formations and non-discursive domains (institutions, political events, economic practices and processes). It tries to determine how the rules of formation that govern the discursive formations may be linked to non-discursive systems. (Foucault 1992, 130, 150, 159-162)

3.2.3 Language and discourse

Postmodernism suggests that the world is constituted by our shared language and that we can know the world only through the particular forms of discourse our language creates. (Hassard 1996, 47-48) Our language games are continuously in flux and therefore meanings constantly slip beyond our grasp. The task of postmodern writing is therefore taken as recognizing this elusive nature of language, but not creating a metadiscourse that would explain all language forms. Formal structuring is taken to be impossible in the field of social reality and the myth of structure is seen as one of the processes through which social action is reproduced; that is, the discourse of structure is one explanation for the social reality formed through language.

Habermas emphasizes the meaning of language and communication. According to him, speech conveys both formal structures of language and the patterns of culture that organize thought and social interaction. (Wuthnow, Hunter, Bergesen and Kurzweil 1984, 179-239) Language is used to express meanings to others and to codify meanings for self-reflection. Habermas is concerned with rational-purposive action, but believes that not all questions of modern society can be dealt with entirely within this sphere. The web of intersubjective realities provides the basis from which values are derived and internationalized. Critical theory aims at understanding communicative action and facilitates development towards

higher stages of cultural evolution. Habermas' definition of culture is as a set of subjective meanings held by individuals about themselves and the world around them.

Derrida criticizes the concept of rationality. He uses deconstruction as a means of critique. (Nordin 1999, 441-442; Derrida 1988, 17-18, 35, Juuti 1999b, 25, Juuti 2000, 43-51; Puolimatka 1995, 78-85) Deconstruction is conducted by setting the thoughts of a writer against herself. A deconstructor tries to get inside the text by opening it, showing the literary structure of the text and the metaphors and rhetorical means used. The goal is to find contradictions and cracks that unintentionally show the tension between the implicit and the hidden meaning inside the text. Deconstruction means seeking the heterogeneity of texts and internal conflicts within them. The goal is not to define the writer's original intention, but to let the text produce new meanings and new ideas. Derrida's concept of "Différance" (the French word for difference) is central to the process of deconstruction. Différance is the tension between what is said and what is not said. There is always space for new interpretations in this tension. Différance makes opposites known, and differences make taxonomic sciences possible. Thus, différence produces systematic and regular changes that make structural science possible.

Foucault's structuralism has, among other things, concentrated on the elements of discourse and deeper rules and uniformities within the discourse. (Wuthnow, Hunter, Bergesen and Kurzweil 1984, 133-178) Foucault's focus is on man's thinking and how institutions affect this thinking. His stated goal is the reconstitution of an object and making known the rules of functioning. Foucault's archeology intends systematic description of a discourse-object. Meaning emerges from the interplay of subjectivities in their relationship to institutions, technologies and social needs. Cultural factors limit our thinking and these are affected by the historical time in which we live. Language is the key to understanding Western thought and society.

Foucault does not see social reality and discourse as separate entities, but as being situated within each other. (Foucault 1972, 28-29; Juuti 1999b, 25) Discourses systematically revise the objects they talk about. Power is always present and it produces discourses. Deconstruction is a way of being able to think differently. Foucault, however, focuses discourse analysis on what emerges from what is said and nothing else. Subconscious unintended discursive regularities can be found between statements of the same author, between different authors unaware of each other's existence, between groups of statements and events of quite different kinds (technical, economic, political, and social). The intent of discourse analysis is to leave oneself free to describe the interplay of relations within the discourse analyzed and outside it.

3.2.4 Nationality

Nation, nationality and nationalism are all commented to be notoriously difficult to define or analyze. They can be seen to be "cultural artifacts of a particular kind." In the modern world everyone is expected to have a nationality, in the way he /she has a gender. (Anderson 1991, 3-5) Nations can be defined to be cultural communes that are constructed in the minds of people and in collective memory by sharing the history and political projects. Language is seen to be the fundamental factor in self-recognition and the establishment of an invisible national boundary. (Castells 1997, 51-52) Territoriality is more an arbitrary feature of a nation, and ethnicity is more an exclusive feature.

The need to be accepted and integrated as a member within a society and culture is noted as an ancient socio-cultural need among human beings. (Csikszentmihalyi 1999, 31, 109-

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111) This can be interpreted to be a cultural heritage and maybe also an animalistic 'need' common to many other species too. The level of integration to society—that is, the degree to which human beings are affected by others and how much others' views are internalized—varies between cultures, but generally speaking human beings are strongly affected by the cultures within which they live.

Nation has been defined to be an imagined political community. It is imagined in the sense, that members of any nation never know, meet or hear of their member nationals, and yet an image of their communion exists in the minds of each one of them. Nations are imagined as limited; that is, as having finite—though possibly elastic—boundaries, as sovereign according to Modern ideals, and as a community; that is, conceived as “a deep horizontal comradeship.” (Anderson 1991, 5-7)

National cultures can be considered to be constructed through “the pictures of culture;” that is, pictures of special meaning and importance to the culture. (Turunen 1998, 67-69; Pyöriä 1999, 59-60) Such pictures, which are often mythical, are also often deeply penetrating and loaded with meaning. It has been argued that mental images are the fundamental phenomenon defining the human relation to reality and that conceptual thinking developed later. Human beings seem to be in need of simplifying, thought-defining pictures. Many religious and historical myths bind individuals to the tradition and the fate of the nation. Pictures help to interpret reality, though they can be exact, limited or fantasy without any basis. Pictures may be life-affirming sources of inspiration or destructive simplifications. Cultural pictures also reflect individual needs to identify themselves with forms that can be idealized. Nations are in need of symbols and history transferred into symbolic form. These are the basis of self-understanding and identity. Present culture is said to be mainly a product of technology and to be transmitted primarily through information technology. According to Vattimo, the underlying purpose of technological development is not technological control of nature, but the development of information and the construction of the world as ‘pictures.’

National identity means communality; that is, distinctions made between “us” and “them.” Classically, identity is seen to mean collective self. Present theory emphasizes an individual's self-understanding of the limits of her collective consciousness. In postmodern society, both subjects and the social world are seen to be in constant flux, and thus the association of the self with identity is a more complex process. (Valtonen 2000, 56-64) Collective identities are born in social states, with certain rules prevailing that regulate social relations, and in certain kinds of social-historical situations. National identity is a special type of collective identity, shaped according to political, cultural and regional borders. National state is the core of this collective identity. From constructive or discursive viewpoints, nations are not seen to be ‘natural constellations’, but historically constructed cultural and language-based institutions. National culture is one discourse among others. A nation lives and acts through discourses.

3.2.5 Symbols and signs

Douglas' cultural anthropology focuses on questions of social order and symbolic cultural patterns. (Wuthnow, Hunter, Bergesen and Kurzweil 1984, 77-132) All experience is received in a structured form. The interpretation of reality demands that it is symbolically organized; that is, constructed. The structuring of experience often takes place in a system of paired opposites; for example, male/female, black/white, or good/evil. In a system of symbols there always exists several meanings to be interpreted. The artifact Douglas interprets is dirt. She examines the moral order through the analysis of what is ‘dirty’ and what is ‘clean’ in a society. For Douglas language acts as a ritual and is used to reaffirm

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social order in public ceremonies, witch hunts, feast days and so on. A ritual carries collective information and reaffirms the collective reality. A collective corporate body needs periodical reaffirmation of its reality. According to Douglas, cultural categories are cognitive containers in which social interests are defined, classified, negotiated, argued and contested.

Baudillard considers the main feature of present culture to be the emphasis on simulation and the disappearance of "real reality." (Baudillard 1995, 124-126; Holvas, Määttänen and Raivio 1995, 7-10) His starting point is that the world is an illusion. Genuineness has disappeared and illusion has become the prevailing state of reality. An artificial reality, of whose artificiality we are no longer conscious, has replaced the original. Thus, for Baudillard, we live in a world of collective illusion, a reality that is simulated and then incorrectly taken to be the real thing. In Baudillard's philosophy the central concept is simulacra. (e.g. Niiniluoto 1994, 326-327) This is a sign or a picture that instead of reflecting reality hides the non-existent nature of reality. The reality disappears and what we see is only the picture. Finally only signs (pictures) exist, with no reality behind them, and with no relation to any "real" reality.

Charon (1995, 23-34, 166-183) defines three qualities central to society: symbolic interaction, cooperation and culture. Symbolic interaction is a concept that includes four main ideas. (1) It focuses on social interaction; that is, dynamic social activities taking place between individuals. People and the society both change constantly through this interaction. (2) Interaction also takes place within the individual. Our ideas, attitudes and values do not influence what we do as much as the active process of thinking does. We act according to how we think; that is, we act according to the way we define the situation in which we find ourselves. (3) The focus is on the present, not the past. The human being is understood to be acting in the present, not the past; influenced primarily by what is happening now. (4) Human beings are seen to be 'free' to some extent, unpredictable and active in their world. We all define the world in which we live. A part of that definition is our own and our action involves conscious choices.

The structures of social reality and culturally regulated behavior are ensured by a cultural code (Bauman 1997, 177-199). This code is a system of opposites reflected by cultural marks. Knowing the code means understanding the meaning of marks. Individual marks are not so important, but rather marks set in opposition to each other. The impression that there is a connection between the mark and the object is actually an illusion caused by cultural learning. The less we are conscious of the order building role hidden within culturally formed action, the stronger is the order supported by it.

The premises of symbolic interactionism are challenged by several other approaches. A particular contradiction exists between symbolic interactionism and the poststructuralist thinking of Foucault. The latter considers prevailing discourses to be so strong that there is no choice left for individuals except to think within the limits set by the discourse. A new frame of discourse may be selected, but again this sets similar limits on 'free' individual thinking. The perspective of active action only in the present can more easily be seen as an ideal of a completely free human mind, than a commonly prevailing state of affairs. In spite of these limitations, symbolic interactionism offers important insights for this study.

The uniqueness of the human species is our ability to reason and to communicate symbolically. Pragmatic aspects of symbolic interactionism include the following ideas. (Charon 1995, 25-28) (1) What is real for us in the environment always depend on our own active intervention. We never see reality "in the raw." Nothing for humans ever "speaks for

itself.” We always define the world around us. (2) Human beings constantly try out new knowledge in practice and judge its value and validity by its usefulness. (3) The objects we encounter in situations are also defined according to their use for us. (4) The understandings a person has must be inferred from what she does. The focus is not on the person or on the society, but on how people behave. Even thoughts are inferred only from action. This brings social interactionism close to behaviorism, which focuses exclusively on individuals’ behavior rather than what they think.

Symbolic interactionists see society in a dynamic sense. Human society is more an on-going process, a becoming rather than being. All group life, including society, is defined to be individuals in interaction. This includes role taking, communicating, interpreting one another, adjusting action, directing and controlling self, and sharing perspectives. A social world is made up of people interacting and communicating with symbols. Society involves communication and interpretation by the actors. Every society has a culture. Culture helps to create continuity over time and guides the action of actors. The longer the interaction, the more likely is the emergence of a new culture. A culture can be seen to be a shared perspective. According to Shibutani (1955) a socialized person is a society in miniature, setting the same standards of conduct for himself as for others. The ability to define situations from the same standpoint as others makes personal control possible. Culture is defined (Charon 1995, 166-183) to be (1) a shared perspective through which individuals in interaction define reality, and (2) a generalized other through which individuals in interaction control their own acts. Culture guides individual thinking and self-control.

Cultural understanding has to be reviewed and reconstructed continually. Societies deal with an ever-changing environment. (Charon 1995, 166-183) Culture is communicated, tried out, applied and altered by cooperative individuals in real situations. Culture is constantly being negotiated. The negotiation process can be seen as a cultural battle. Roles are defined by rules and governed by negotiation. All of us are part of many societies and each of these has its own cultures. Often cultures overlap considerably and sometimes they differ from each other. Society shapes us, giving us our selves, symbols, minds, social objects, and culture. Human selves and minds act on and shape society, that in turn shapes individuals.

3.2.6 Values

The discussion of culture focuses on those things that humans create and can change, in contrast with nature, which is external and eternal. It is believed that things in the sphere of culture can be directed, and that the direction can be terminated when the target has been reached. (Bauman 1997, 177-199) Culture involves changing the present state of affairs and then maintaining this new artificial state. Culture involves setting preferences and assigning values. Certain orders are praised and claimed to be better than others, maybe even the only right one. Values are an underlying determinant of every artificial order. The order in the regular world is a result of cultural planning and choices. Cultures usually aim to gain hegemony in the area they govern; that is, to have a monopoly on norms and values.

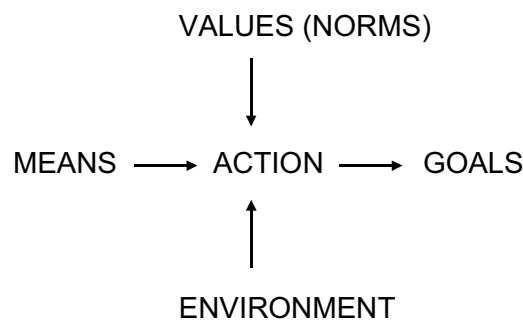
Finding an objective way to approach values has been a problem for Western philosophy since Descartes. The most typical approach in value philosophy is value subjectivism. (von Wright 1987, 43-46) Values are the most important feature of culture. I will discuss the question of values in general and the question of organizational values in particular. Values are something that exist in the human mind. Corporate values are something shared to some extent by actors working within an organization. To me it seems worthwhile exploring

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the relation of 'human or personal values' with 'organizational values.' These two concepts are distinct, but they are closely related in human minds.

According to Parson's model of social action, published in 1937 (e.g. Sulkunen 1997, 22-26), social action is not predetermined by rational goals and is not mechanically determined by external or biological determinants. Subjective value directions and norms mean that the human will is an important factor. Parson's idea was that value directions are the key factors that make action understandable. The concept of social action that is guided by shared values and norms is often expressed as a social "bond" that keeps society together. Values and norms are recognized aspects of social reality that are expressed through discourse.

Picture 13. Parson's model of social action, 1937 (Sulkunen 1997, 23)



According to postmodern theories, the selection of appropriate values is a matter for the individual to determine. This situation is considered to be simultaneously liberating and harrowing. The non-existence of general moral criteria makes everything possible and allowed, but also virtually meaningless. This postmodern approach is not accepted by those philosophers who focus on common western values that they see as the basis of the culture. Values such as truth, neighborliness, fairness, equality and freedom are presented as examples. Most of the primary Finnish philosophers consider cultural subjectivity and relativism to be a problematic tendency to be resisted. (Salmela 1998a, 283-284)

According to Eino Kaila, value statements do not represent reality. Instead, they are subjective expressions based on needs and emotions. Values are based on individual feeling systems and therefore no common value systems can be built. Kaila compares non-knowledge-related value statements to be political propaganda; that is, signals intended to direct action in desired directions. (Salmela 1998b, 144) Eric Ahlman considers that values can be felt intuitively; that is, through direct experience. This applies both to one's own values as to the values of other people. Values are both identified and justified through intuition, and there are no 'true' values to be found in a more objective manner. Intuition is knowledge acquired through volition and emotion. (Ibid. 298) Sven Krohn classifies values as absolute values (Selbstwerte), commodity values (Güterwerte) and instrumental values (Mittelwerte). Values can be ranked according to the maximal good attained through them. (Ibid. 399-404; Krohn 1994, 5) Georg Henrik von Wright considers value rationality to be a way to expose the fundamental values that underlie instrumental values. Value statements are by themselves neither true nor false, but their effects on human good can be rationally evaluated. (Salmela 1998b, 486-487) Airaksinen makes a distinction between values and appreciations. Appreciations are a more superficial phenomenon related to desires. They are more volatile and thus may vary from time to time. Values are a phenomenon on a deeper level. Values set limits to what can be appreciated and desired. Airaksinen

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considers knowledge and values to be what one should seek, since these are the means to individual and collective success in society. As a matter of definition, values are real, qualified and true appreciations, just as knowledge is composed of true and rationally founded beliefs. (Airaksinen 1994, 22-25)

Values support the existing system in many subtle ways and are shaped or “created” by it, not established independently. Values that support the existing system are best identified at the level of emotions. Emotions direct reason in a subtle and hidden way; that is, they direct the development of what we may believe to be ‘value neutral and objective’ knowledge. Thus one might say that emotion follows the laws of reason, and at the same time reason obeys the rules of emotion, being one of its expressed forms. Western philosophy, however, is based on a masculine worldview that distinguishes emotions from knowledge and intentionally maintains their separation. (Liehu 1998, 46-54)

As a summary of the value discussion conducted here, I would like to emphasize that personal/human values and organizational values coexist within individual and collective minds. Personal values are a deeper phenomenon, more fundamental and more important to the individual in question. Organizational values are held more consciously and superficially. They may be consistent with personal values, which makes the organizational existence more enjoyable. They may also be contradictory to personal values, and probably they often are to some extent at least. This may be an unavoidable situation in a world where we are simultaneously members of different organizational value spaces with different value bases. This situation is probably something an individual has to, and often can, resolve in practice by applying different sets of values in these environments. The problem is even more complex, however, if value subjectivism is accepted. According to it there is no objective basis for values and therefore they exist only within some individually or socially constructed value perspective.

3.2.7 Critique of postmodernism

Although postmodernism arose as the historical descendent of modernism and in response to its perceived shortcomings, it intends to be clearly distinguishable from modern thinking by establishing its own characteristic assumptions and processes. These characteristics, which are still emerging, present their own problems. The vacuum created by the denial of grand narratives, for example, needs to be resolved as postmodern thinking continues to develop. One solution that has been proposed is a new paradoxical philosophy of history that includes the end of history. (Vattimo 1999, 42-58) Fukuyama’s version of such a theory has been previously discussed.

It has been argued that many poststructural approaches have been previously included in the Western intellectual tradition of logical empiricism prior to the arrival of postmodern philosophy. (Niiniluoto 1994, 327-328; Norris 1990, 134) For example, long before the supposed advent of postmodernism logical empiricism held that expressions in language are connected to culturally variable human agreements and practices, that written text has more than one possible interpretation, and that language has besides its expressive role also a role related to power. A postmodern paradox is said to exist in the fact that its claim of collapse in meanings of language must be expressed by language that contains meanings. Moreover, according to its critics, postmodernism uses terms imprecisely and inconsistently, and generally does not conform to standards of logical rigor, argumentative consistency and truth. Logic that is not presented with clarity and precision is not accepted.

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Postmodernism has been criticized for its exaggerative nature; that is, a term focused on culture's fragmentary and meaning filled nature has itself been filled with excessive meaning. At the heart of postmodern discussion is the question of the role of scientific methods in the study of social reality, the nature of this role and changes in it. This discussion is largely centered on our changing concepts of culture, which are critical to understanding social issues. To a great extent, postmodern thinking has developed as a tool for the analysis of culture rather than an overall approach to all aspects of reality. Two reasons are given for focusing the postmodern discussion on culture. (1) Postmodern thinking should focus on "culture" because it is particularly well suited to present a critique of Modernism in this domain (and not range over all possible social phenomena in a more general way as it might do). (2) Postmodern concepts should be clear, sharp and limited in number if they are to be used effectively. (Pyöriä 1999, 58-61)

Hall (1992, 344-380) accepts Foucault's claim that "discursive formations" create their own targets of knowledge and own subjects, own conceptual categories and logical processes, own ways of seeing what is true and what is not. For Hall, however, this does not mean that societal practices should be seen exclusively as discourses. The postmodern view that the project of Enlightenment is breaking down and that Modernism is in a process of deep change is easy to accept, but this does not necessarily mean that one has to accept the postmodern hypothesis that an absolute break should be made with the past and that a new postmodern era should be initiated.

The postmodern view is that individuality is definable only in relation to the environmental context. Thus, when a change takes place in the surroundings, the "self" also changes. There is no solid unchanging internal individuality; that which is called the self is in constant flux and subject to continuous redefinition. My understanding is that Modern habitats—that is, groups having a Modern frame of thinking—can and will exist within a postmodern reality. These groups will, however, probably be hard pressed to explain larger social realities according to their special grand narratives and general value systems.

Some feminist researchers have claimed that the postmodern approach is dominated by a male viewpoint. These critics consider male postmodern and post-structural scientists to be defending their position after the collapse of patriarchy. They claim that the bodily aspect of human existence always ties us to some local reality. We have only limited access to the world and we cannot overlook the reality we live in. Focusing on our local reality improves our ability to understand the world, albeit in a localized way. Feminist epistemologies consider knowledge to be socially situated in the same context as the knower. (Ronkainen 1999, 101-109)

Hall (1992, 49-50) comments that the categories of experience everybody uses, which were mostly constructed by men, are all seriously challenged by charges of unavoidable subjectivity. He sees both 'postmodernism' and 'feminism' as applying this critique to the old definitions of reason, objectivity and universality. From the feminist point of view, postmodernism is seen as just one more 'ism' in a series of patriarchal ideologies. The postmodern non-subject is a continuation of the dominating masculine subject. The deconstruction and 'neutralization' of the subject takes place unconsciously for the purpose of the non-neutral goal of domination. Postmodernism is cynically nihilistic in saying that a vital theory of change is impossible. (Liehu 1998, 1115-1119)

The feminist critique of postmodernism could be taken to lie within Modern philosophical discussion. Within feminism there is a foundational grand narrative concerning the position of an oppressed sex. This narrative can be seen as similar to other grand narratives

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concerning necessary and expected social changes; for example, the prediction on the basis of a grand narrative of the inevitable rise of a Communist society. This ideological aspect of feminism may obscure or distort its view of reality. Nothing in postmodern philosophy requires or expects that it diminish inequality in society (e.g. Bauman 1996c, 206-207). Rather, it provides a neutral interpretation of social reality as it exists, not as it should be, which is difficult to accept from some ideological points of view. In attempting to provide neutral interpretation (itself perhaps an oxymoron) postmodernists such as Bauman tend to focus on the bodily element—that material and concrete basis that keeps, carries and produces all past, present and future identities. (Bauman 1996c, 201) Postmodern theory easily accepts locally defined and continuously changing knowledges, and it's location in habitats that are constantly changing their form and content. There is no need for grand narratives. However, that does not negate the possibility of social critique. Foucault's post-structural approach, for example, could well be used to historically analyze the suppressed (female) body within the Modern culture.

For example Lather (1991, xv-xx) combines postmodern and feminist approaches in an exploration of an oppositional theory; that is, "those discourses/practices seeking to challenge the legitimacy of the dominant order and break its hold over social life." This is a way to challenge "a dinosaur culture of master narratives struggling to retain dominance." A critical questioning of prevailing basic assumptions may help to break out of inadequate category systems and towards better theories of culture.

Although postmodern theory aims at critical reading of 'texts,' it does not try to eliminate or 'destroy' logocentric assumptions of the existence of a single organic center, first principle or underlying cause. (e.g. Brooker 1999, 56-58, 127-128) Instead, it recognizes exposes and critiques their inescapable totalizing function. Terms such as "origin," "essence" or "truth" must, therefore, be given some credence but skepticism remains towards their claims of global authority or finality.

The alleged insights of postmodern thinking are criticized by some who observe that theorists like Foucault, Lyotard and Baudillard are faced with the same problems that philosophy has been concerned with for ages. (Norris 1990, 49-58, Norris 1992, 167-168) Foucault's genealogy of power/knowledge can, according to Habermas, be situated in line with other counter-Enlightenment philosophies. Derrida is seen by some as merely extending certain Kantian themes of philosophy, albeit radically, and belonging within the philosophical discourse of modernity which is committed to an ongoing critical dialogue with previous thinkers.

Baudillard, a 'postmodernist' himself, criticizes deconstruction as being a weak and circular form of thinking that reduces to psychoanalysis. He sees it as emptying the meaning out of the text through endless interpretations that so load the text with notations, quotation marks and italics that the meaning disappears. (Holvas, Määttänen and Raivio 1995, 12-14)

In spite of valuable insights recognized within the criticism presented by 'postmodern' researchers towards the 'modernist' orientation in management studies, the latter—representing the "mainstream" among management scholars—have found the new epistemological standpoints difficult to understand, accept and use. A separate postmodern management studies debate has emerged beside the mainstream modernist debate. Postmodernists have labeled the mainstream scholars as "scientists" and the modernists stamp postmodernists as "extremists." (Kakkuri-Knuutila and Vaara 2000, 1-4) Whether the modern-postmodern discussion within management studies represents a paradigm change or not, is not possible to say yet.

The approach I have chosen to use in exploring reality within this research is based on the assumption that there can be no absolute and definite answers. (Csikszentmihalyi 1993, 59-63) Reality is revealed to us only through an active construction in which we participate. The powerful forces of culture and society shape what we see, feel and believe. Every instrument and every measurement offers only a biased and partial view of reality. All theories are dependent on our perspective as observers, and thus are shaped by the preferences and limitations of our nervous systems, the cultures we have constructed, and the features of symbol systems we use. 'Truth' must be sought within the constraints of the shifting perceptions and illusory certainties that derive from the interaction of our genes and our culture.

3.3 Culture in organizational theories

Corporate culture studies are considered to be one of the main domains of organizational research today. (e.g. Brown 1998, 3; Alvesson and Berg 1992, 3-20) In what follows I will describe a variety of different approaches to culture. I will criticize some of the popular pragmatic theories for their missing connections with organizational realities and with more relevant theories. I will even suggest that following the advice of some pragmatic theories may be misleading, and possibly disastrous, for organizations. From this perspective, it is fortunate perhaps that many intellectually attractive models are not easy to implement in practice.

I consider it important also to discuss non-theoretical pragmatic models because (1) some of them are frequently referred to in practical management situations, (2) these models are often referred to by consultants and in organizational practice, and (3) the theoretical and practical problems involved in these models may reveal something important about organizational reality. These pragmatic models are mainly presented within section 3.3.4, Management of culture.

Organizational theories include approaches that are very similar to the philosophical theories described earlier and to the learning theories to be described later on. The social constructivist nature of social realities is emphasized in organizational theory. Models that represent culture in layers of different depth, often three layers, are very popular. These models are analogous to familiar models of the individual psyche and its various layers.

Critical perspectives on management studies have been described as being characterized by four features. (Vaara 2000, 1-4) (1) The aim is often to contrast narrow managerialist goals with other interests, and to make other voices heard. (2) Many studies have sought ways to promote 'empowerment.' (3) An attempt is usually made to 'deconstruct,' 'denaturalize' or 'uncover' taken-for-granted assumptions focusing on organizational reality. (4) Specific emphasis is put on 'reflexivity' and (re)production of specific organizational practices.

Table 5. Critical perspectives on organizational change in the context of international mergers and acquisition (Vaara 2000, 7)	
Perspective/ Level of analysis	Critical issues
Institutional structures/ Reproduction of institutional order	<ul style="list-style-type: none"> • Increasing corporate power at the cost of democratic decision making. • Strengthening of multinational corporate structures at the cost of local decision making. • Loss of national control of specific operations and resources. • Increasing power imbalance between those who manage and those who are managed. • Increase of expert power vis-à-vis organizational members.
Socio-political negotiation processes in specific merging or acquisition settings	<ul style="list-style-type: none"> • Domination of one party over another. • Cultural assimilation at organizational and national levels. • Creation of short-term capital gains at the cost of employment and stress. • Wins versus losses in organizational power games.
Discourse formation/ Reconstruction of organizational discourses and practices	<ul style="list-style-type: none"> • Institutionalization of universal and abstract discourses and practices that discipline organizational members. • Delocalization of discourse and practices. • Legitimization and naturalization of managerial actions that have problematic consequences. • Creation of 'empty' management rhetoric.

Organizations are considered to be products of the Modern era. Within the modern viewpoint organizations were intended to conform as nearly as possible to the ideal model of bureaucracy. From a postmodern perspective, however, the modern view of organizations is invalid. (Juuti 1999a, 51-52; Juuti 2000, 43-51; Jeffcutt 1994, 225-250) An organization can no longer be defined merely by location or structure. The postmodern view is that an organization is made up of those environments and situations that actors produce through their discourse. In the postmodern approach to knowledge, 'reality' is always connected to its reconstitution. Reality has to be interpreted in relation to otherness and disorder; that is, those elements of reality present but not recognized through the prevailing interpretation. 'Reality' or 'truth' is not an absolute, but rather an outcome of a particular 'reading of a text' or 'interpretation of a situation.'

When looking at culture from an organizational perspective, there are two basic questions of special interest. (1) Is culture (or more precisely organizational culture) a real phenomenon; that is, does it 'exist'? (2) Is it possible to manage organizational culture; that is, is it something the management of an organization can operationalize and use as a tool to attain other (financial) goals? The literature offers both positive and negative answers to both questions. A good starting hypothesis is that (1) yes, cultures exist, and (2) it is possible—to some extent—that cultures can be managed.

At a minimum, organizational culture does exist as a concept in theoretical and practical discussions. Culture also exists at least as a metaphor concentrating on meanings. A cultural metaphor helps us to understand organizations, particularly the human side of the enterprise. (Morgan 1986, 111, 134-140) Culture as a metaphor is my choice of an approach for understanding organizational realities.

The manageability of organizational culture is an important question. Culture pragmatics is mostly of the opinion that culture can be managed. The managerialist view and theories of corporate culture are often reflected in advice received from consultants. From this perspective, as well as in the view of those responsible for organizational management, it is

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understandable to postulate that culture is a phenomenon that can be managed. Should it not be, organizations would be left at the mercy of strong forces that were, at best, only partly controllable. (e.g., Sääntti 2000, 80-89) Many popular approaches offer solutions that consider culture management to be mostly a question of decision making and implementation. This can be taken to be considerable distortion of corporate realities as the management of culture is possible only up to a point and then only partially through senior management action alone.

Pragmatic reasons are given for focusing on organizational culture. (Bergman-Fink 1989, 200-202) (1) Fitting in: analyzing corporate culture helps to avoid unintentional violations of standards of behavior. (2) Understanding other's behavior an organization's culture shapes it's people's assumptions, values and behavior. (3) Managing intra-organizational conflicts understanding sub-cultures help to build more realistic expectations on cross-functional teams. (4) Coping with marketplace diversity and international business. (5) Shaping or redirecting organizational cultures. Conscious attempts to change organizational cultures are slow and costly, but not impossible, and therefore strategic plans and organizational development goals must be developed in light of the organizational culture.

Societal and organizational complexity has become too great to understand in full detail or to control. Turbulence and chaos are terms used to describe a situation in which the speed of change exceeds our ability to understand it analytically. People and organizations are unable to manage problems rationally when their complexity exceeds a certain level. Thus, there is a natural tendency to resist change in order to maintain existing culture and power structures. (Ansoff 1984, 49-51, 253-254, e.g. Ruohotie 2000, 17) Cultural complexity, including a variety of organizational sub-cultures and national cultures in international organizations, is one important cause of defensive reactions to change in organizations. Complex situations such as this require a theoretical conceptualization in order to be able to understand them.

3.3.1 Definitions of culture

Organizational culture is an umbrella concept covering a variety of organizational phenomena. It can be used as a managerial ideology or control rhetoric for power needs. It can also be an analytical concept used in organizations. Opinions about the possibility of changing corporate cultures vary considerably. (Czarniawska-Joerges 1992b, 159-185) Organizations are seen to be able to support a variety of different cultures. Thus, they can be seen to be multicultures, in which different groups adopt their own unique cultural traits. These groups interact and have clashes and conflicts. Some internal cultures may be strong and have an external focus, while some may be weak and have an internal focus. Viewed functionally, culture is the core of an organism that aims at functioning harmoniously and tries to adapt to internal and external demands. The concept of culture as used by many consultants is merely colorful and attractive rhetoric that can be used by management for control purposes. This rhetoric carries analytical potential, but is often used more to discourage analysis. From the management perspective, culture is used to propagate "the way we do things around here," and to do this in an attractive and acceptable way. "Values" can be taken as a special phenomenon in the foreground of the managerial discussion.

Corporate cultures are sometimes used for popular mythologizing in organizations and for emphasizing cultural histories at times when representatives of the organization are combating strong internal or external opposition. Thus, culture can be used as a tool in an attempt to achieve desired outcomes through the organization. This is possible to an extent.

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Culture-as-managerial-tool studies include very little theoretical or methodological analysis of the phenomenon.

Cultures and subcultures can be seen to be distinctive sets of meaning shared by people with similar intentions and different to those of other cultures. It is interesting that a person can hold very different values from those of culture and still be accepted as a member if he or she does not oppose the core goals and adopts the behavioral norms of the culture.

Culture has been defined both as both a process and a product. (Van Maanen and Laurent 1993, 276-278) The view of culture as a process is based on anthropologic and sociological traditions. Codes of conduct are central to this approach. Culture as a product is based on humanities and especially literary criticism. In this approach culture is seen to be something created by individuals or through group activities. Meanings are attached to symbolic properties. Both approaches show that there are strong tacit characteristics in culture that are best seen when cultures are observed from their boundaries.

Taylor defined culture as early as in 1871 as a complex whole including knowledge, belief, art, morals, law, custom and other human capabilities and habits acquired as a member of a society. (Buono and Bowditch 1989, 135-136) Most other definitions of culture can be seen to be modifications of this definition. Organizational life is filled with peculiar beliefs, routines and rituals that identify it as a distinctive cultural life. For example, the differences between the concepts of work and leisure can be taken as examples of different cultural settings (Morgan 1986, 112-128). Cross-national differences in culture are one element of special importance. Organizations have been defined to be mini-societies with their own distinctive patterns of culture and subculture.

In the 1980's, Cummings separated the study of organizational behavior into a conservative and a radical path. (Smircich and Calás 1987, 229-232) The former focused on improved theoretical construct validity, longitudinal and experimental research designs, and the use of multivariable studies. Hofstede's study of corporate culture within one company in a variety of countries can be counted within this field of study. The latter path, the radical one, focused on conceptualizations that consider organizations to be socially constructed. The metaphoric approach towards culture can be taken is one aspect of the radical path.

Drucker considers corporate culture to be one of four main elements in a paradigm of organizational change (the others being operations, time and strategy). He defines corporate culture as the system of values and beliefs practiced by a company. The most revealing element of corporate values is the existing reward-and-promotion pattern of an organization. It is seen to mirror the real values of the corporate culture. Changes in habits and behaviors are strongly correlated with recognitions and rewards. (Flaherty 1999, 100-113, 331-332; Drucker 1992, 153-154)

The popularity of the concept of culture has been based on widely distributed frameworks like the McKinsey 7-S Framework (Peters and Waterman 1982, 8-11). It points out seven variables that are central to business success: structure, strategy, people, management style, systems and procedures, guiding concepts, and shared values (i.e., culture).

Hofstede (1992, 17, 24-25, 42-49, 76-78, 117-124, 158-165; e.g. Ashton 1991, 339-342) defines culture as programming of the human mind through learning. This programming differentiates human groups from each other. He recognizes four layers of culture: values (which represent the deepest level), rituals, heroes and symbols. Cultural practices penetrate the three outer levels; that is, all but the level of values. Culture is differentiated

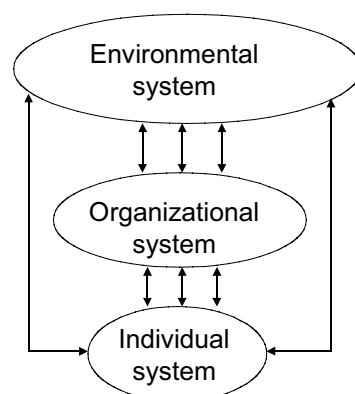
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through power distance, individualism and collectivism, femininity and masculinity and uncertainty avoidance. Hofstede (1997, xi-xii) considers his book to be a cultural atlas that allows readers to position their national culture against cultures of other countries. This kind of approach is appealing in its simplicity. It would be fascinating to be able to differentiate cultures technically and to use this information as a tool to direct practical action. However, this approach may also mislead by simplifying reality around a few factors within national cultures and between them. Approaches of the type Hofstede suggests belong to a group of models that treat culture as a reified, fixed and stable construct. (e.g. Brannen and Salk 2000, 451-487) Such approaches have been criticized by those who see culture as a set of symbols, meanings and practices that are continuously created and recreated by the people in the sphere of this culture.

To Schein (1999, 29-30), culture is the sum total of all the shared, taken-for-granted assumptions that a group has learned through its history. In practice culture includes the following three elements, each with several sub-elements. First are external survival issues such as (a) mission, strategy, and goals; (b) means (i.e., structure, systems, processes); and (c) measurement: (i.e., error detection and correction systems). Second are internal integration issues such as (a) common language and concepts; (b) group boundaries and identity; (c) the nature of authority and relationships; and (d) allocation of rewards and status. Third are deeper underlying assumptions such as (a) the human relationship to nature; (b) the nature of reality and truth; (c) the nature of human nature; (d) the nature of human relationships; and (e) the nature of time and space. Schein's idea of learning culture through a process extended over time is questionable in turbulent and fast changing organizational settings; that is, there may not be enough time to develop and consolidate a common culture through common experiences before a new change begins.

A systems view of organizations produces the following framework. All three systems are interrelated and influence each other. The organizational system is dependent on the environmental system; for example, the prevailing national culture. Individuals cannot be changed directly by management decisions. The way to influence them is through the organizational environments in which they work. (Porras 1986, 263- 267)

Figure 14. A systems view of organizations (Porras 1986, 263- 267).



Organizational culture can be considered to affect all aspects of organizational life. (Buono and Bowditch 1989, 142) This includes codes of behavior, ways of dressing, decisions and decision making procedures, organizational policies and procedures, the role and operational status of strategy, and so on. Porras (1986, 262) presents another model for organizational development (OD). He defines organizational development as a field consisting of values, assumptions, theories and techniques aimed towards a planned

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change within organizations. The components of this 'stream organization' model are presented in the table below. (Porras 1986, 266 and 1987, 49-74)

1 Organizing arrangements	2 Social factors	3 Technology	4 Physical settings
a) Goals	a) Culture 1 Basic assumptions 2 Values 3 Norms 4 Language and jargon 5 Rituals 6 History 7 Stories 8 Myths 9 Symbols	a) Tools, equipment and machinery	a) Space configuration 1 Size 2 Shape 3 Relative locations
b) Strategies	b) Interaction processes 1 Interpersonal 2 Group 3 Intergroup	b) Technical expertise	b) Physical ambiance 1 Light 2 Heat 3 Noise 4 Air quality 5 Cleanliness
c) Formal structure	c) Social patterns and networks 1 Communication 2 Problem solving/ decision making 3 Influence 4 Status	c) Job design	c) Interior design 1 Decorations 2 Furniture 3 Window coverings 4 Floor coverings 5 Colors - Floors - Walls - Ceilings
d) Administrative policies and procedures	d) Individual attributes 1 Attitudes and beliefs 2 Behavioral skills 3 Feelings	d) Work flow design	d) Architectural design
e) Administrative systems		e) Technical policies and procedures	
f) Formal reward systems 1 Evaluation system 2 Pay systems 3 Benefit packages		f) Technical systems	

The purpose of the organization is defined in relation to the external environment. The four components of the system that affect these purposes (organizing arrangements, human factors, technology and physical settings) are all interrelated and each has an effect on individual behavior. (Porras 1986, 265-267) The stream organization model has been popular in consultant use. (e.g., S.A.M.I. Vuosikirja 1995, 26) It was also used as one main framework to conceptualize issues of relevance within the Merita Kide corporate culture development project. In this case, corporate culture was approached through the whole framework, and not only through the specific part reserved for corporate culture within the social factors component. (Anon. 1996a)

Porras (ibid.) has treated the following cultural products as embodiments of culture: basic assumptions, values, norms, language and jargon, rituals, history, stories, myths, and symbols. Excluding the first three, these elements represent an approach to culture through the cultural products of the community, which Shirivastava (according to Juuti 1994, 33-35)

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has grouped as follows: (1) myths and stories, (2) language systems and metaphors, (3) symbols, parties, rites, rituals, and (4) value systems and behavioral norms.

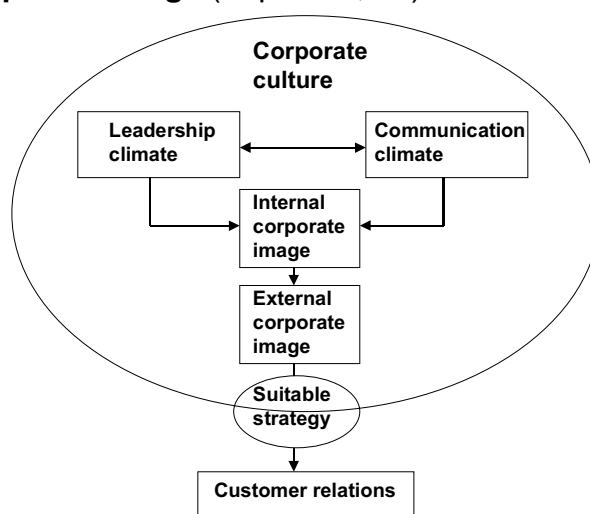
Buono and Bowditch (1989, 149-152) list several features used in research to diagnose corporate culture. Values are central to understanding a culture. Managerial culture may be differentiated as an element of importance. Organizational heroes refer to role models identified within the organization. Organizational myths and stories reinforce and remind people of the reasons for doing things a certain way. Organizational taboos, rites and rituals manifest the values and beliefs of a culture. Cultural symbols bring forth culture in the form of material artifacts.

Corporate climate is used as a concept related to, or even as a synonym for, corporate culture. Hokkanen, Skyttä and Strömberg (1995, 70) define climate as the commonly experienced feelings of being employed by the organization. This definition is fairly loose and obscure. Sarala and Sarala (1996, 80-81) differentiate between work culture and work climate. Work climate can be understood in connection with existing personal relations and leadership styles. Work climate is a surface level phenomenon whereas work culture describes a deeper phenomenon. Work culture includes modes of action and mental models that have developed through historically longer processes.

Corporate identity is another concept related to corporate culture. Markkanen (1999, 15-25, 225-227) refers to identity as an amoeba-like concept, that is hard to capture. It is perhaps predictable then that she does not offer a clear definition of identity, which is only described as having to do with making vision, knowledge, values and strategy fit into a unitary whole. She indicates that Identity can be affected internally through strategically planned processes and externally through communication. Corporate identity development may be called, in her opinion, depending on the emphasis, strategy development or culture development.

Asp (1992, 13) makes connections between corporate culture, corporate climate and corporate image, which are represented in the figure below.

Figure 15. Connections between corporate culture, corporate climate and corporate image (Asp 1992, 13).



In this model, current thinking concerning strategy is strongly connected to culture. Strategy is not seen to be a neutral term in the technical vocabulary of management, but is rather seen as part of a discourse constructing the world in specific ways and having distinctive 'truth' effects on how people secure their well-being and identity. (Morgan and Sturdy 2000,

252) Thus there is a logical connection between strategy and culture. Strategy discussions formulate culture; that is, they are part of the cultural discourse.

Strategy is considered to be a 'must' in mainstream business thinking. For example, Drucker (2000, 57-58) comments that every organization operates according to some business theory; that is, according to a group of assumptions concerning its business, goals, results and so on. Strategy is necessary to transform the corporate business theory into action. It makes it possible to achieve goals in unpredictable surroundings and allows an organization to be opportunistic in a goal-orientated way.

Strategy, as well as management in general, is seen to reflect a modernist preoccupation with securing knowledge and control. (Morgan and Sturdy 2000, 265-268) The heart of strategy is knowing and controlling internal and external organizational 'environments.' When strategy discussions predominate, other emerging discourses like marketing and HRM start to take 'strategic' forms. This can be seen, for example, in new forms of measurement that produce 'hard facts' in numeric and statistical forms so that HRM seems more credible and thus a legitimate aspect of strategy. Strategy discourses are the way that business is conducted today, but that does not mean that they are either natural or essential.

The main weakness of strategic planning is its division into complex process stages that proceed independently of each other, often conducted formally and by different branches of the organizational. Mintzberg has suggested, using a metaphor he shares with Markkanen, that strategic thinking should take 'an amoeba form', in which strategy may be expressed as an intended plan, process, vision or position in the market (Ahonen 2000, 26-35). He sees strategy as organic. Strategies emerge and disappear, rise and fall, all the time, and they do so before, along side and after the officially formulated strategy. The implemented strategy may vary greatly from the one originally planned because of changes in the environment and the further development of the thinking of the strategy's formulator. The three false assumptions that Mintzberg sees as implied in strategic thinking are (1) that it is possible to forecast the future, (2) that strategy making can be conducted apart from the target and implementation of the strategy, and (3) that the strategy process can be conceptualized and formalized. His picture of the strategic process, which is compatible with the idea of socially constructed organizational realities, represents a realistic view of what actually happens within organizations.

Peters and Waterman have been much criticized, but their comments included most of the values that "progressive" management theories now consider to be necessary for success. (Ahonen 2000, 26-35; Peters and Waterman 1982, 8-11; Kettunen 1997, 242-244) They espoused, for example, the considerable strategic importance of personnel, management by values, internal entrepreneurship, empowerment, and core competencies. Their views reflect the movement of strategic thinking away from the universal and linear views in the mega-narrative models of Ansoff (e.g. 1984, 15-19, 52-54, 313-317) and Porter (e.g. 1985, 13-47) towards more pluralist and interpretative postmodern approaches. For example Porter (ibid.; Crainer 1998, 197-204) interprets the rules of competition through the collective strength of five competitive forces (the entry of new competitors, the threat of substitutes, the bargaining power of buyers, the bargaining power of suppliers and the rivalry among the existing competitors). According to him, in order to succeed a company has to focus on one of three generic strategies (differentiation, cost-based leadership and focus). Potter's approach offers a rational and straightforward method for companies to sort out their "strategic confusion". Lately such strategic mega-narratives have been replaced by an

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emphasis on such things as core competencies and lean production techniques that are applied opportunistically to gain competitive advantage.

Morgan and Sturdy (2000, 265-268) describe a “post-strategic” discourse that includes elements of flexible rationality that appeal to managerialist thinking as well as a social theory that leans towards postmodernism. Strategic thinking is considered still to be fairly vital today and new approaches such as this are being developed to reduce the anxiety caused by the increasingly uncertain nature of the world. In doing so, such solutions reveal that they are still operating within the framework of modern thinking.

Söderberg, Gertsen and Vaara (2000, 2-9) differentiate between essentialist and social constructivist perspectives of culture. The former refers to the mainstream concept, in which culture is considered to be relatively stable, homogenous and consistent system of assumptions, values and norms. The latter describes culture as a social system constantly produced and reproduced by the organizational actors involved. The essentialist concept of culture aims at reaching the core—that is, the values and basic assumptions of a culture—by surveying and systematizing the behavior and shared assumptions of individual members of an organization. In this way cultures can be presented as identifiable and well-defined entities that can be compared. Hofstede, in comparative management research, and Schein, in the research on organizational cultures, utilize this approach. Conclusions reached on basis of the essentialist conception include: (1) mergers between culturally similar nations work better than those between more distinct nations, (2) similar beliefs and values are considered not to be a particular problem, and (3) acculturation—that is, diffusion of the cultural systems which are meeting to form a new culture—is considered to be of importance. The social constructivist concept of culture takes culture to be produced and reproduced through discourse. Culture is not an observable essence, such as a value system, but rather a discursive phenomenon. A culture comes into existence in relation to and in contrast with other cultures. Cultural patterns may though be internalized and appear as stable and ‘objective.’ Social identities are not considered to be ‘genuine’ or ‘authentic,’ but negotiated and contingent. This view of culture defies quantification, but is open to various qualitative approaches and interpretations.

Discourses are the way individuals explain themselves, their actions and organizations to themselves and to others. Discourses are also behind the mechanisms of control and coordination when managers construct the framework for building and maintaining order within and across organizations. Morgan and Sturdy recognize five discursive perspectives towards understanding the generation of management knowledge and practices (Morgan and Sturdy 2000, 18-30, 253-257). (1) The Marxist approach focuses on the management control of the labor process, reproduction of power and equality. Related themes are patriarchal power and gender inequality. (2) The psychodynamic approach focuses on the proliferation and transmission of management ideas. This view would explain why ‘new’ management ideas that are simplistic and flawed are nonetheless appealing because of the unconscious anxieties and fantasies of management and the validation provided by uncertain management environments, consultants and ‘gurus.’ (3) The organization culture, meaning and identity approach focuses on meanings and identities. This view would lead to recognition of the tension between the manager’s ‘independence’ and his/her desire to attain security and rewards by behaving according to espoused organizational values. (4) The institutional theory approach demonstrates the variety of societal influences on organizational and management structures and practices. (5) Foucault defines genealogical studies as historical projects concerned with discourse as productive of social life and subjectivity. The genealogy, discourse and change approach examines how a discourse such as strategy arises and ‘assumes pre-eminence.’ In this view nothing exists except

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discourse; that is, it is enough to focus on discourses concerning change, strategy and culture and how these develop specific 'truth effects.'

According to Morgan and Sturdy (2000, 30-34), through psychodynamic and cultural-identity perspectives connections can be made between organizational and wider social structures; for example, connections to ontological insecurity and social identity. This approach takes into account a measure of unpredictability where human actors are concerned. Genealogical approaches focus on discourse and there is nothing beyond discourse. Material objects and events exist, but achieve being only through language and discourse. Every discourse expresses a 'will to power,' that produces 'truth' as its effect rather than being produced by it.

The social constructivist approach presented above is my choice as a theoretical framework for this research.

3.3.2 Models of culture

Kettunen (1997, 183) recognizes three different aspects in corporate culture: (1) the political aspect of power and force; (2) the aspect of rational thinking and goal orientated action; and (3) the aspect of human relations, values and feelings. All three of these aspects coexist and should be considered when analyzing culture.

Juuti (1995, 72- 97) comments that there are different levels of belief systems connected to organizational culture, which he describes as developed and underdeveloped. The simplifications implied in belief systems act as a framework to give meaning to situations and information. Psychoanalytic theory is used as the basis of this model; that is, cultures are sorted according to oral, anal, phallic and genital orientations. (1) Projective culture is seen to be primitive. It focuses on borders between 'us' and 'them' and on making 'us' as identical as possible. Wars, strikes and other aggressive human conflicts are seen to be typical products of projective culture. Borders and aggression are the means used to deal with differences. (2) The culture of superego is more developed. Typical characteristics are regulated perfection produced by keeping up exact order and clearly defined and controlled behavior. This model of an ideal bureaucracy is found in organizations like the military, hospitals and civil service departments. Within this model differences are handled by establishing a 'right' and 'complete' social order. The action of this order is ensured through a hierarchic social structure. (3) The culture of power is identifiable by the existence of a strong leader or a strong position in the organization. The leader or the organization may idealized, or, as seems to be the case presently, some meaningful way of thinking prevailing in the organization is idealized. The culture of power is common in commercial and public organizations. Narcissistic processes are one way of developing a culture of power. (4) Adult culture emphasizes individuality and co-operation. This culture continuously searches for and evaluates means of action and the assumptions behind this action. Learning organization culture prevails in this model. Descriptive features include empowerment, delegation of responsibility, result orientation, high level of communication, high commitment, and renewed organizational structures. Adult culture is an ideal that is achieved only rarely and temporarily in real-life organizations.

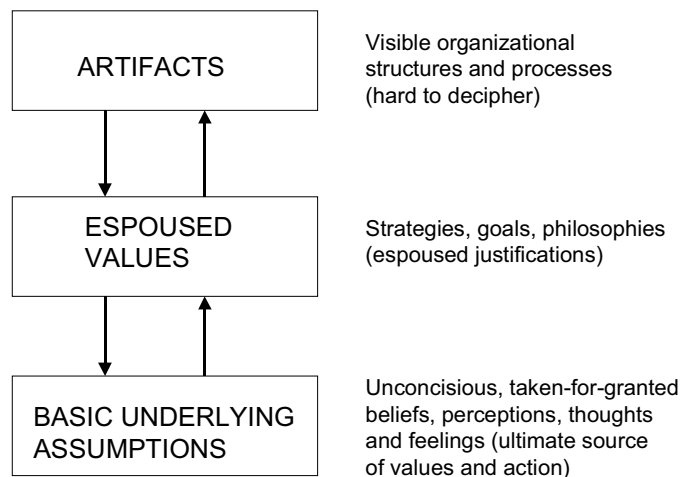
Banking organizations have historically been close to the model of superego. These elements continue to be recognizable within present day banking organizations. Narcissistic processes characteristic of the culture of power are also evident. (Juuti 1995, 87-91) The managers selected are generally those who most closely embody the ideals of the organization. During his/her development process this resemblance grows and the end

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result may be a personal illusion of identity with the ideal. The distance between the senior management and rest of the organization may amplify this illusion. Elements of this development include a different language used by the senior management and a different reality experienced by them. The strategic and economic language used by the senior management describes its world, but may be inadequate to give answers to problems experienced in other parts of the organization. This question will be explored through practical material in section 5.1, where the senior management understanding of cultural needs and processes is studied.

Schein (1992, 16-17; 1999, 16; e.g. Juuti 1994, 27-32) defines culture on three levels. Trompenaars (1993, 22-24) presents a very similar model of culture to the one proposed by Schein. The term level refers to the degree to which the cultural phenomenon can be seen. Schein's model was used as a conceptual framework within MNB corporate culture seminars. According to Gagliardi (1986, 119), culture can basically be understood as a coherent system of basic assumptions and values which distinguish one group from others and orient its choices.

Figure 16. Levels of culture (Schein 1999, 16)



I find Schein's approach towards cultural change easy to accept as a starting hypothesis. According to Schein (1999, 334-342), a new culture cannot be created. All that management can do is to study the organizational culture until it is understood. After this, new values and new ways of doing things can be proposed and new governing ideas be articulated. Over time, if the people involved are willing to adopt these, a new culture may gradually emerge. This may take a period of five or ten years and in any case the management does not make the new culture. All the management can do is set the stage for the culture to evolve.

Gahmberg (1992, 80-81) makes a point by drawing an analogy between the individual psyche or personality and the corporate culture of a firm. He refers to Schein's model presented above and compares the levels of culture with the personal conscious and subconscious areas within an individual psyche, as well what he sees as a collective subconscious. Thus the individual psyche and organizational culture can be seen to consist of several analogous layers.

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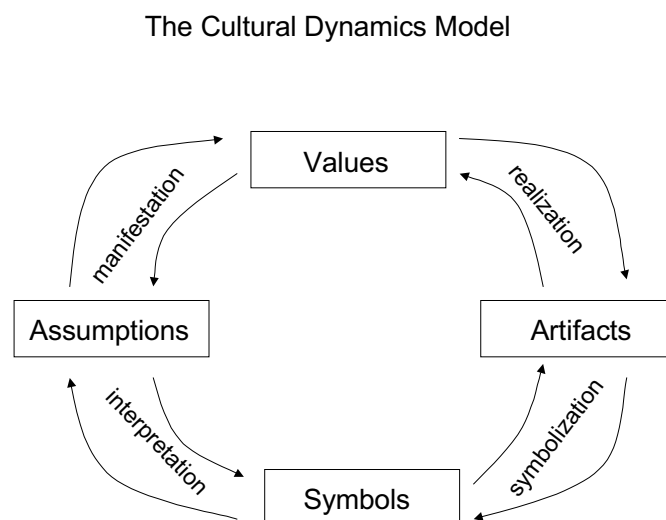
There is a recognized tendency to exaggerate the degree to which members of different cultures actually understand each other. Three reasons for this 'cultural trap' are suggested by Schein. (1) The avoidance of the pain of being 'unknown:' it is painful to realize that one has to produce one's (organizational) identity from scratch. (2) Clinging to one's own way of doing things: 'My way' seems to be ideal and it is extremely difficult to understand why the 'other' wants to do things differently. (3) Our disagreement and our stereotypes can themselves be undiscussable: the examination of our own and the others assumptions turns out to be especially problematic. (Schein 1999, 179-180)

Schein (1999, 173-184) comments that mergers attempt to blend two cultures without necessarily treating one of them as dominant. In acquisitions the acquired organization automatically becomes a subculture within the larger culture of the acquiring company. In mergers and acquisitions the focus is on overt characteristics of organizations like technologies, business goals, common markets and product synergy. Cultural aspects are rarely considered: the philosophy or style of the company, technological origins, beliefs about its mission and future, and how it organizes itself internally. However, a cultural mismatch is as great a risk as a financial, product or market mismatch.

Dixon (1994, 116-117) indicates that according to Argyris, Putman and Smith (1985) espoused values may be in contradiction to basic assumptions. Because of this, culture cannot be reliably inferred only from stated values.

Hatch (1993, 657-693) has developed Schein's model into a more dynamic form. She includes symbols as a new element in addition to assumptions, values and artifacts. In her cultural dynamics model these four elements are less central than the relationships linking them.

Figure 17. The cultural dynamics model (Hatch 1993, 660)



Hatch (1993, 657-693) argues that culture consists of manifestation, realization, symbolization and interpretation processes. These processes take place continuously and reproduce the culture. The model includes clockwise proactive/prospective and counter-clockwise retroactive/retrospective processes. What makes Hatch's model especially interesting is its dynamic nature. Culture develops, or is influenced by, these ongoing simultaneous processes. For example, in proactive manifestations what organizational

members assume to be true shapes what they value. Assumptions provide expectations that influence perceptions, thoughts and feelings. These perceptions are then experienced as reflecting the world and the organization. Within these reflections both liked and disliked aspects are recognized and on basis of these individuals become conscious of their values (but not necessary conscious of the underlying basic assumptions). Retroactive manifestations address the contribution of values to assumptions. Values can retroactively maintain or alter existing assumptions. To alter existing assumptions the new values must be at odds with existing assumptions. Otherwise they will only reaffirm existing manifestations. According to Hatch (*ibid.*), values are not experienced one by one; they are experienced as a gestalt.

An interesting aspect of this model is that it suggests that new values contradictory to existing basic assumptions can (and should) be introduced to change the latter. On the other hand, it can be argued that if new values are introduced that are very much contrary to existing assumptions they will be automatically rejected. The model does not address this question. Overall, the model moves Schein's original into a more dynamic sphere. However, the four basic elements and the eight different processes connecting them make the model a bit too intricate for practical use. My interest is in using it to deepen understanding of the relationships between assumptions and values, and between values and artifacts.

Hirsch (1986) defines two groups of problems that are caused by a disruption in the structure of institutional relations: (1) making sense of experiences for which existing vocabularies may be inadequate, and (2) constructing new rules of the game or new 'traditions' to adapt and orient behavior. Triandis states that culture is the memory of society. It tells 'what has worked' in the past. It encompasses the way people have learned to look at the environment and at themselves. It includes their unstated assumptions about the way the world is and the way people should act. Triandis (1994, 8-9) qualifies cultural attributes as follows. (1) Cultures and societies are enormously heterogeneous. (2) Cultural descriptions focus on prototypical individuals. Within a culture there exists a great variety of types. (3) 'Culture' is closely connected with language, geography, history, religion, nationality and many other characteristics. (4) Cultures are constantly changing and are affected by events in the world. (5) Cultures influence each other in many ways.

3.3.3 The role of values

Traditional rationality-based models of organizational action do not describe the underpinning effect of values on actual decision-making processes. However, ideologies and values sometimes have a considerable effect on decision making, particularly if serious ideological and value disagreements are involved in decisions. (Beyer 1981, 166-202; Veiga, Lubatkin, Calori and Very 2000, 539-557) Ideologies provide solidarity by binding members of a society together and providing a common rationale for members' understanding of the world. Individuals prefer to belong to groups that have values similar to their own. When individual and group values 'match,' a strong psychological bond may develop. This often invisible person-culture fit becomes evident when two different cultures are brought together. Values are normative standards by which human beings make choice between alternative choices of action. Ideology refers to beliefs about the causal relations between courses of action, and values make some courses of action more desirable than others. Connections can be made between personal ideologies and values, role sets within organizations, organizational systems, societal systems, and cultural systems.

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The managerialist approach focuses on “measuring the things that matter.” (Harry and Schöeder 2000, 3-5, 265-281) An assumption behind this thinking is that what is important can also be measured. However, this is clearly not always the case. The basic and final purpose of most organizations is profit. This ultimate goal is considered to be supported by a focus on values; that is, employee satisfaction can be taken to guarantee productivity, customer satisfaction ensures a strong market share, and cash flow maintenance secures a focus on the customer, a passion for excellence and so on. It is assumed that values can be evaluated through performance-based metrics and linked to incentives. In this view, a process of change involves definition of new values, their reinforcement by setting of appropriate goals and related performance evaluation, and finally their integration into the organizational bedrock. Values, beliefs and priorities are seen to be elements that can be modified and enhanced through measurement and incentive. Thus, it is assumed, business measurements drive values, which determine work action and thus profitability.

Hoskins and Morley (1991, 126-127, 240) argue that an individual's and others' actions are meaningful only in relation to value. Social orders—that is, cultures—are constituted in and through systems of value and systems of power. Valuations make us committed to certain descriptions, activities and relationships. Valuing is seen to be both a cognitive and a political process that happens endemically in local contexts. Therefore, valuations also differ in different parts of an organization.

Values and emotions are pivotal according to Etzioni (1988, 255). (1) Most choices are made without processing the information; that is, without rational analysis. (2) The role of knowledge is limited in most choices. (3) Values and emotions significantly influence most choices. (4) Values and emotions either fully determine many choices or at least limit the range of options. (5) Values and emotions affect and interrupt rational consideration of options. (6) Value or emotion-based choices are not necessarily inefficient.

A definition of values by Schwarz and Bilsky states that (1) values are concepts or beliefs, (2) values concern desirable end states of actions, (3) values transcend concrete situations, (4) values direct our choices and appraisals, and (5) values are ordered by their relative importance. Schwartz's Value Survey (SVS) identifies motivationally different types of values. (Verkasalo 1996, 3-5) (a) *Power* is used to provide societal prestige and to control others. (b) *Achievement* strives for personal success and competence according to social norms. (c) *Hedonism* pursues pleasure and the satisfaction of sensual needs. (d) *Stimulation* is a need for variety and change to maintain the level of activation. (e) *Self-direction* strives for independent action and thought, making one's own choices, creating and exploring. (f) *Universalism* focuses on the importance of nature and the welfare of all people. (g) *Benevolence* protects the welfare of friends and allies. (h) *Tradition* focuses on norms, beliefs and religious rituals in the environment. (i) *Conformity* aims at avoiding disturbance or harm to others. (j) *Security* focuses on harmony, invariability and the continuity of society, relationships and the self. (k) *Spirituality* focuses on the search for a purpose in life and inner harmony.

As stated above, organizational values are seen to be of central importance in developing a corporate culture. However, it has been reported that in actual practice value statements are often considered to have little meaning and effect or are difficult to implement in the practical reality of an organization. (Martinsuo 1999, 1; Tienari 1996, 29-39)

Values and valuations (värden och värderingar) are considered to be very similar in one Swedish approach to corporate culture. (Krona and Skärvad 1997, 90-91) Through different signals an organization sends it is possible to communicate and influence the values and

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valuations of the organization. These values and valuations are then the basis for organizational processes of establishing a vision, setting long and short distance goals and determining daily activities. The role of strategy is not mentioned in this approach.

The current postindustrial world has exposed the limits of modern rationalism. Values developed during the 20th century are collapsing, and a new system of values is emerging. Reality is now beginning to be interpreted in a postmodern way, although many past values can still be seen to dominate even though they are no longer well-suited to emerging conditions. (Krogtt, Ichijo and Nonaka 2000, 112-113)

If a value is deeply rooted in the culture of an organization, it is not abandoned when the behavior inspired by it no longer solves existing problems for the simple reason that it is a value, and as such it is not considered easily open to criticism. (Gagliadri 1986, 121) A belief in the imperative of growth is one of the strongest basic assumptions within Western societies today. (Kettunen 1997, 37-40) It is very difficult to explore alternative possibilities to this assumption. We have decided to tell a grand narrative according to the logic of continuous economic growth. Should this narrative end, as may be the case, a variety of logics connected to the continuation of this narrative will collapse, including, for example, the individual economies involved. This prospect is so unpleasant that we decide for the time being to continue the present narrative.

An open system approach to organizations considers corporate values in a future orientated way. Corporate values focus on what the organization wants to be and are defined as generalized, but relatively enduring and consistent, priorities of what the firm wants to be. (Wallin 2000, 13-23) They also focus on the main stakeholders and on the order and the way in which they shall be served. This approach takes values to be a management tool in the hands of the power holders of the organization. It is not important what the values are. The question is what they could be. This approach is close to the original meaning of the metaphor of culture. Here cultivation is seen to take place and the seeds that are sown are the value statements. This approach, though somewhat manipulative, might be of interest in practical organizational settings given that two conditions were fulfilled. First, the approach should be openly declared to imply a suggestion of corporate values, and second, the actors involved should be given a chance to work out their relation to the values suggested. However, if values are stated simply as a senior management directive with no active common processing then the end result may be poor.

The definition of values is problematic and sometimes ends up in circular references; for example, a value is something valued. Aaltonen and Junkkari (1999, 60-61) list several different definitions of values. (1) Values are issues considered to be important. (2) Values are choices. (3) A value is a meaning an issue acquires when fulfilling a need. (4) A value is a conviction concerning the priority of goals. (5) Values are general inclinations towards certain goals. (6) A value is the ability to say 'no' to nice things and 'yes' to unpleasant things. (7) Values are related both to sense and emotion. (8) Corporate level values are the volition of the community.

What an organization values is often revealed by the accountability measures it uses. (Epstein and Birchard 2000, 3-21, 216-252) Accountability is provided within an organization through (1) governance by the board of directors; (2) processes for corporate strategic planning, business unit planning, annual budgeting, performance review and compensation, and 'temporary' processes such as corporate culture development at special phases in corporate development; (3) measurement of financial, operational and social performance; and (4) reporting broadly within the company and outside. Externally, social

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accountability can be directed towards the interests of shareholders, customers or employees. It is critical to determine what to count; that is, what to measure in determining social accountability. Shareholders may place special emphasis, in addition to 'normal' earnings per share and cash flow per share, on reputation and ethical practices. Customers may be interested in environmental issues, recycling, or customer satisfaction. Employees may be especially interested in opportunities for personal development or advancement, diversity in management and diversity in employment, turnover of personnel, family-friendly working principles, and employee satisfaction in general. The accountability focus should be on those factors that are of special interest to the organization.

Attitudes are personal features with a focus that may be either concrete and specific or abstract and general. Attitudes are fairly stable, but they are not always highly coherent. They are context bound and thus changes in attitudes may be the result of changing contexts. (Rantanen and Vesala 1999, 343-350)

The new economy commercializes and objectifies values and culture. Values are a marketable commodity and a tool for management. (Mäkelin and Vuoria 2000, 88-89) There is a strong connection between communication and culture. Organizations and societies exist through the sharing of common meanings and forms. Communication is the means of doing this. The rapidly expanding capacity for mass communication through technical channels has a considerable effect on the development of culture and values within organizations.

Organizational values and culture are the basis for long-term success, and should, therefore, be given careful attention (Mäkelin and Vuoria 2000, 88-89). Value definitions should be unique. If the values are too similar with other organizations, they will not distinguish the organization from its competitors.

Hampden-Turner and Trompenaars (2000, 1-12, 345-348) differentiate cultures according to six value dilemmas. These six dimensions of cultural diversity are presented in the table below.

1.	Universalism: rules, codes, laws and generalizations	Particularism: exceptions, special circumstances, unique relations
2.	Individualism: personal freedom, human rights, competitiveness	Communitarianism: social responsibility, harmonious relations, cooperation
3.	Specificity: atomistic, reductive, analytic, objective	Diffusion: holistic, elaborative, synthetic, relational
4.	Achieved status; what you've done, your track record	Ascribed status: who you are, your potential and connections
5.	Inner direction: conscience and convictions are located inside	Outer direction: examples and influences are located outside
6.	Sequential time: time is a race along a set course	Synchronous time: time is a dance of fine coordination

According to this dilemma approach, one side is often consciously and culturally preferred and the other side is obscured and repressed. Although values are often tacit, they have a direct influence on the patterns of the culture and the minds of the members of the culture. Although the dilemmas cannot be resolved, a heightened awareness of them contributes to effective and informed decision making.

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The meaning and importance of organizational values has also been criticized. It has been observed that organizations may survive and even flourish without a common value orientation. Some shared understanding is required, but it may be sufficient for this to exist among senior management. To look for explanations for business success from 'culture' only is considered by some to be limited and naïve. (Morgan and Sturdy 2000, 23-27; Wilkinson 1996, 421-424)

3.3.4 Management of culture

Corporate culture is an always-evolving phenomenon, with or without deliberate attempts to change it. From the managerialist point of view, culture is often seen to be a distinct entity with clearly defined attributes that distinguish it from the rest of the organization. This distinct cultural entity is of interest to the management to the extent that desired results can be achieved through changes in the culture. There are potential risks in such thinking. (Morgan 1986, 138-140) It may be believed that there are good and bad cultures, and that a 'strong' culture is essential for success. However, this thought can be turned around when a 'strong' culture opposes required change because it challenges prevailing 'strong' values. The assumption that the organizational good is inevitably of interest to employees is potentially dangerous and can lead to ideological control and manipulation as a part of strategy. This may produce mistrust, resistance and resentment. The holographic view of culture defines it as an entity that cannot be directly controlled by any single group of individuals, but which may be influenced through carefully selected symbolic acts of management.

According to pragmatics, culture is expected to affect commitment to organization, productivity and profitability, which makes it tempting to think that culture can be managed. The view of 'purists' is that culture can not be managed or that management of culture is unethical, the latter because values and beliefs of people are affected. It has also been stated that it is difficult to evaluate whether culture change takes place or not. (Brown 1995, 161-162; Martin, 95) Top-down change projects proclaiming a rapid transformation of the organization can be seen as attempts of management to come to terms with the internal and external forces reshaping the organization. However, not only senior management initiative causes organizational change; it also occurs through changes in the practices of and language used by other organizational actors. These actors affect the organization while making sense of their own changing circumstances. The organizational change story does not either have a clear start or end other than that defined by observers or actors. (Morgan and Sturdy 2000, 6)

A specialist human resource management dictionary defines corporate culture as "a way of managing a corporation by increasing the importance of the corporation itself, and therefore the loyalty of the workforce to the corporation." (Ivanovic and Collin 1998, 64) Seen in this light, not only is culture a manageable entity, but the element of management is implied in the definition itself. This definition is, however, limited by its omission of important elements of social interaction that are not necessarily directed towards management goals, and does not serve the needs of this research.

An analysis of the organization's "own" culture as well as that of the merger partner is strongly suggested in several approaches. (e.g. Buono and Bowditch 1989, 162-163) Uncovering and critically examining beliefs, values and assumptions is considered necessary in order to more effectively plan and implement the necessary cultural integration strategy. Without this, the strategic direction and desired level of integration is not considered to be reachable. This thinking clearly implies a belief that cultures can be understood; that is, measured and managed. The question that is left very much open is *how* to measure culture and *how* to manage it.

Managerialist views assume that organizations can be rationally managed through measurement, classification, and planned directive actions. Organizations are analyzed using different measurement instruments that determine the relative importance of variables and thus direct decision making. For example, McClelland and Burnham (1995, 126-139)

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present a model of “a good manager;” that is, a manager who best fulfils the needs of organizational success (a good manager has a strong need for power). Other approaches have been reported to study culture through traits such as involvement, consistency, adaptability, and mission. (Denison and Mishra 1995, 204-205) These typologies seem to offer a pale view on the complex social realities within organizations, and not to be particularly useful in determining how best to meet organizational needs or to define success.

Hofstede (1997, 177-203) is one in a long line of cultural pragmatics suggesting cultural change through (1) the use of cultural comparisons by identifying potential areas of culture conflict, (2) making plans to preserve unique cultural capital, and (3) using surveys to find out whether attempted culture changes have materialized. Rollins and Roberts (1998, 63-90, see also Ahonen and Pohjanheimo 2000, 22) report, in an extensive study of 69 companies and 28 different industries, that corporate culture surveys are a worldwide phenomenon. Survey designs vary in size, focus and style (from standardized to open-ended questions). The authors contend that culture-oriented surveys can help organizations to achieve many purposes. According to Schein (1999, 334-342), cultural assumptions cannot be detected through individual inquiry methods such as surveys, questionnaires and interviews. This is contrary to the pragmatic trend that considers inquiries to be a suitable and democratic way to collect information about cultural issues like values.

The CEO's central role in instigating strategic change has been viewed using the concepts of sense making and sense giving. (Gioia and Chittipeddi 1991, 433-448) Sense making refers to a revised conception of the organization and sense giving to a process through which a new vision is disseminated to stakeholders. The primary logic is a top-down process in which employees can be made to comprehend, accept and act upon a new vision. Symbolic top management activities are seen to be central to the success of this process.

In simplistic organizational and culture change models it is expected that a charismatic heroic leader can set a new vision and motivate people to follow. Organizational change is expected to take place through cultivating and/or by bringing in such a charismatic leader. This approach is still popular. It is problematic in the sense that it individualizes social relations and fails to acknowledge the complexities of power and context in organizations. Another problem emerges in defining what is a charismatic leader. The charisma of a person may be interpreted differently in different parts of a multi-national organization.

‘Cultural change programs’ are a more sophisticated approach to change. In these, leadership is given less emphasis and more emphasis is put on managing meaning; that is, the key values and norms of the organization as a whole. A managerialist approach to cultural change would include three phases: (1) current shared values and norms are identified, (2) a statement is made concerning what the new culture will be, and (3) the gap between above two is identified and a plan is made to close it. The problem of how to determine what the new culture should be remains unanswered by this process; management simply announces it. This approach, unfortunately, does not acknowledge the previously noted fact that strong cultures will resist change that is imposed in this way. A more sophisticated approach would recognize the need for a culture to fit the environment and thus encourage ongoing adaptation and continuous (or organizational) learning. Cultural change programs that are heavily top down can not expect commitment from below. (Morgan and Sturdy 2000, 8-12)

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The management of culture is included, to a degree, in the models of business process reengineering and total quality management. Business process reengineering defines the generally huge gap between the way things are currently done and how they should be done. The model then presents concepts and practices to change and rebuild the organization. These, however, pay little attention to problems of resistance, conflict and competing values. The model of total quality management has similar limitations. This model focuses on a technical analysis of production process and error reduction and cultural change concerning the commitment of lower level employees to the idea of quality. The problem with this model is the expectation and belief that it is the most efficient way to organize and should therefore be welcomed by all. (Morgan and Sturdy 2000, 12-15)

Cultural diagnosis and change can be made to sound rational and practical. Typical advice might be as follows. (1) Identify critical strategic challenges. (2) Link the strategy to the critical tasks needed to implement it. (3) Identify the norms and values that will help accomplish critical tasks. (4) Diagnose the norms that characterize the current culture. (5) Identify gaps between the norms needed and existing ones. (6) Decide on actions needed to reduce these gaps. The assumption underlying such advice is that the organization and employees will respond to actions taken in an anticipated and intended way. In practice, however, it may be close to impossible to accomplish intended change through managerial action alone. (Tushman and O'Reilly 1997, 122-128) Excessive faith in the manageability of culture may cause considerable, and unpleasant, surprises. For example, the task of defining critical norms and values needed seems to me to be to complex and superhuman a task to be accomplished by the management alone.

The kind of advice that is often given focuses on management of change and the combination of operational efficiency and culture. (1) Change culture and employee conduct by introducing new values plus high-stretch financial goals. (2) Create SWAT teams that are accountable for analyzing and reconfiguring operations to yield dramatic transformations and economics. (3) Propagate the new values relentlessly and incorporate them into the accountability structure. (Heller 1997, 78-79) Within these pragmatist orientations there exists a very strong belief in the manageability of culture. For example, Davis (1989, 50-61) talks about the virtues of a single culture and provides the following sorts of advice about how to achieve it. A common culture may be reached through a general global softening of cultural differences. Existing value systems may be mistakenly destroyed by senior management action. The problem of dual cultures can be solved by growing one's own to eliminate the cultural cap (meaning that 'our' culture could be 'grown' to be more like 'their' culture). A culture can be built from scratch. Strong communication is offered as a classical strategy to combine two cultures. These kinds of managerialist approaches show very little respect for the complex nature of cultural phenomenon and disappointments are to be expected when the advice is put into practice. Because of the complex processes and variety of factors involved, it is problematic or impossible to define an organizational working culture beforehand. (Brannen and Salk 2000, 451-487)

Sathe presents five key processes for influencing cultural change. (Buono and Bowditch 1989, 165-171; Sathe 1983) Managerial intervention is suggested in this order. (1) Change organizational member behavior. (2) Justify the behavior change. (3) Communicate cultural messages about the change. (4) Hire new members who fit in with the desired culture. (5) Fire members who do not fit in the new culture. This economy textbook level advice seems to be missing basic understandings about adult learning, motivational factors and human psychology. The suggestions represent hard-line and straightforward managerialist views on organizational questions. The management is seen to be the only actor can define needs for change and implement them. A process approach, that can probably be expected

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to achieve more, should start by communicating cultural messages (3), and continue towards justifying the behavior change (2). After this, changes in employee behavior may be expected to occur (1). This process approach is particularly necessary in cases where the new behaviors are in opposition with existing culture and values. Otherwise, 'plain' behavior changes may be possible to accomplish through lighter processes not relating the question of culture to these processes. In the process presented above, recruitment of new members who fit the new organizational culture is an effective step (4) if these persons can be recognized and recruited. The last step of the process may eventually destroy the whole process by causing turmoil within the organization through firing some of the personnel (5). Organizational reductions cause anxiety and this anxiety may cause reversion to familiar behavior patterns. In most cases, the organization is dependent on its employees and if considerable number of them leave the organization it may not survive. Personnel cannot be changed like the parts of a machine without causing significant social problems within the organization.

The advice that culture can be readily changed through mechanistic interventions often comes from consultants who have a vested interest in providing "easy" solution to the management of culture. (Brown 1998, 161-162) Easy ways to assess and manage culture generally prove to be misleading and superficial. (Schein 1999, 185-191) Culture is a deep, extensive and stable phenomenon that is not easy to influence. The essential elements of culture are invisible, taken for granted and have subsided below our conscious awareness. Corporate mission, strategy and structure are all colored by cultural assumptions. Culture is the product of social learning. New ways of working and thinking can be stimulated, but the management cannot 'create' a new culture. Cultures cannot be assessed through surveys. They are too superficial and limited; often the questions are unanswerable for many employees and it is difficult to differentiate the salient elements of the culture. Cultural change is always transformative because unlearning often must occur before you can learn something new. Developing sensitivity to cultural issues and making sense out of one's own culture is the starting point for cultural change. Dialogue groups functioning across cultural borders are needed. Goodwill and experience may not be enough to produce mutual understanding. What is required is reflectivity in relation to one's own and each other's assumptions.

Managerialist Swedish views of corporate culture differentiate between low and high competence levels, and poor and rich culture. (Krona and Skärvad 1997, 98-100) The role of the manager is to lead the personnel towards a more rich culture and higher competence level. The goal is a strong corporate culture that is considered to produce high motivation among personnel. A strong corporate culture is also expected to be flexible. This view contradicts the previously stated logic that a strong culture means strong values and thus also strong resistance to changes in these values, resulting in resistance to cultural change. In the case of the Swedish organization Studsvik, the culture or the ideology of the organization can be seen to be the putty holding the organization together over time. (Krona and Skärvad 1997, 184) The putty metaphor is of interest because it was introduced by Swedish representatives of senior management during the MNB corporate culture seminars. A 'normative glue' metaphor of culture is mentioned by Bueno and Bowditch. (1989, 136-137)

According to Schein (1999, 8-11), surprisingly little attention is paid to culture in mergers and acquisitions before the new organization is created. Comments like "we will take the best of both cultures" are common, but the practice is different. Three patterns of cultural combination exist: (1) the cultures remain separate, (2) one culture dominates the other, or (3) the cultures blend or integrate. According to Schein's experience, one culture is always

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dominant in mergers and acquisitions, though this may not be visible for some time because of the rhetoric. Cultural blending is complex and questionable in practice. The creation of new superimposed values is possible only to an extent. The search for 'best practices' from both merging organizations is a complex process. Resistance caused by cultural issues is often not considered at all.

The intellectual capital of a company has been defined to consist of intellectual property, relationships, human capital, processes and culture. (Fiz-enz 2000, 10-17) These four elements have effects at the functional level (e.g., in service, quality, productivity) and at the enterprise level (e.g., economic and market goals), and on the value of an organization in a merger or acquisition. The concept of due diligence refers to the need to identify factors of importance affecting the value of the target of acquisition or merger. Due diligence refers to the duty of a buyer to actively investigate the value of the object to be purchased. (Blomquist, Blummé and Simola 1997, 9-15, 78-81; Immonen 2000) It could be expected, that the cultural 'value' of the organizations in mergers and acquisitions would be an important consideration for those making the unification decisions. Due diligence is a juridical concept used to pinpoint the buyer's duty to ensure the value of the merchandise. Non-material values like the brand, know-how, personnel and culture are also important variables. Theoretically, it is interesting to ask whether a culture can be bought or sold, what is the 'value' of the culture in question, and what can be done with the culture bought.

It has been reported, that there is a relationship between shareholder gains and the compatibility of two companies' top management cultures. (Chatterjee, Lubatkin, Schweiger and Weber 1992, 319-334) Cultural differences were measured through innovation and action orientation, risk-taking, lateral integration, senior management contact, autonomy and decision making, performance orientation and reward orientation. Shareholder gains being the main driving factor behind organizational action, this finding is very interesting. What seems to be important to point out is that the focus was on senior management cultures and not on the overall cultures of the organizations in question. The advice given by the researchers is to pay attention to issues of cultural fit in merger and acquisition situations, who also report that these questions are generally overlooked in merger planning processes.

The cultural value of an organization to be bought, cultural compatibility of organizations to be united, and negative value caused through incompatibility of cultures are of interest to decision makers in mergers and acquisitions. Measurements are being sought to evaluate cultural values and risks, to plan how to prepare for these, and to determine how they might be neutralized, but no reliable measurement instruments are in sight for this process and the complexity of cultural matching may make the development of such instruments an extremely difficult task. The difficulty of seeing deep down within the 'other' organization, the incompatibility of measurement tools, the potentially self-serving bias of the information provided, and other factors make cultural evaluations for due diligence especially problematic.

3.3.5 Obtaining cultural change

The interpretation of Morgan and Sturdy (2000, 8) concerning three mainstream approaches to organizational change can be used to summarize the different viewpoints. (1) The managerialist approach is based on the need for management to achieve change. Managers are supposed to be able and expected to engineer and control change. Managers are even asked to love change and make change a central value to pursue. (Peters 1989, 216-222) (2) The political approach takes into account the different organizational actors and different sets of values and interests brought into any change context. Managers are

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still the focus in change processes. Key managerial skills are in the field of political manipulation. (3) The social approach to organizational change examines how management practices and knowledge are constructed and reproduced in particular institutional and social settings. Instead of a single factor approach to change (i.e., the management factor), different economic, institutional and social logics are integrated in the explanation of complex change processes.

“Behavioral difficulties” are considered to be almost inevitable in mergers and acquisitions. (Tienari, Vaara and Sääntti 2000) These are seen to emerge whether or not the organization is successful in achieving its financial objectives. The ‘soft’ or human side of mergers tends to be undermanned, as the emphasis is put on the strategic, physical and procedural side, but the socio-cultural side of mergers is worth considering at the managerial level as well as throughout the entire organization.

Social constructionist research attempts to make visible the socio-cultural processes, that produce various “pictures” of reality. Such research is seen to be both emancipatory and expository, inviting alternative understandings of the reality and making us sensitive to our participation in constituting our world. (Gergen 2000, 1-14) A social constructivist perspective on the complexity of corporate culture phenomenon, the various interrelated elements involved, the amount of tacit knowledge involved, and the central role of interpretations made by actors involved puts the possibilities of culture measurement and culture management under a critical light. Measurement, however fine-grained and well defined, may often provide a distorted, one-sided and even misleading understanding of cultural phenomena. The effects of cultural management are questionable. Our personal need to believe that culture can be managed should not lead us to believe that this is true when both theory and practice tell us that it is not.

Cultures are socially constructed and should, therefore, be seen more as processes than structures. According to material from a Swedish merger, pre-defined cultural differences are of limited value when trying to understand the cultural integration involved. It has been suggested that the focus should be put on organizing instead of organization in the integration work done after mergers and acquisitions. (Kleppetø 1993, 182-197) The organizational milieu involves a variety of conflicts, complications, paradoxes, incomprehensible events and so on. The willingness to co-operate is sometimes scarce or missing. Collective interpretations are required in order to understand the forces operating within an organization during merger. Leadership and control are not sufficient. Discussions that focus on how new structures, processes, strategies, goals and common action are required. Distinctions must be made between “us” and “them” in order to build a new understanding of the new “us.” The discussions taking place during, and organized after, mergers are part of the ongoing processes within the organizations. An interesting finding stresses the importance of social categories. Attempts to hide social categories and identities make the integration and interaction more difficult and not easier as expected. Organizations are being re-defined through these processes all the time. Rationality, which is often emphasized within mergers and acquisitions, is challenged by often irrational or uncontrollable individual and group processes focusing on interpretation or understanding the prevailing and continuously changing corporate situation.

Corporate culture is created and changed by people, and mainly by people within the organization. The personal influence on culture varies. Values and norms are screened through key persons and key groups. (Näsi and Giallourakis 1991, 6) Deliberate changes in corporate cultures may be very difficult to achieve. As Drucker (150-153) says, culture is singularly persistent. A national culture is especially resistant to change. Drucker’s advice

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is, therefore, "If you have to change habits, don't change culture. Change habits." This approach seems to me very much worth considering. Benchmarking or looking for best practices may be the way to change habits. Mintzberg (1994, 144-145) takes a critical stance towards mechanistic attempts to change culture within organizations. Culture, being deeply rooted in the history and traditions of an organization, is not easily changed through decisions made in planning processes. The following formula is not easily made to work. (1) Define the relevant organizational culture and subcultures. (2) Organize statements about the firm's culture. (3) Assess risks that the company's culture presents to the planned strategy. (4) Identify and focus on those aspects of culture crucial to strategic success. Unfortunately the task is not quite this easy.

Schein (1999, 334-342) suggest that a series of steps to be taken when working with a corporate culture. These need not be followed in rote form. (1) Clarify your purpose. Why should culture be changed at all? This may be because the globalization or other events may have made prevailing cultural assumptions no longer fit with reality. (2) Assemble a group of cultural students. Cultures are held by groups and not individuals. Therefore cultures can only be diagnosed in groups. A cultural study group should include actors from the unit or units involved. (3) List the visible artifacts. These can most easily be seen by the actors involved. Disagreement concerning the significance of these artifacts is probable. (4) Through the group approach it may be possible to identify the reasoning underlying the artifacts; that is, the prevailing values of the organization. (5) The underlying assumptions of the organization may be examined through its recognized artifacts and values. Deeper cultural assumptions may be revealed by exploring inconsistencies. (6) Try to narrow down the cultural diagnosis. (7) Plan a formal cultural change intervention.

It is worth asking how much time is required to develop a 'new' culture; that is, to establish shared basic assumptions throughout an entire organization. It may well be that in times of rapid change and continuous mergers, acquisitions and other organizational arrangements that there is not sufficient time to build a common culture through shared basic assumptions. This would mean that common culture could never to be reached. Schein's theory is more suited to stable circumstances and does not answer this question.

Nahavandi and Malekzadeh (1988, 79-90) comment that acculturation can be seen as a balanced two-way flow, although the process is often dominated by members of one culture. According to Berry, acculturation refers to changes in both directions in the interaction of two cultural systems. This process takes place at both group and individual levels. Four modes of acculturation are presented. (1) *Integration* is a process that involves interaction and adaptation, but takes place mostly on the structural level and does not require either party to give away their cultural identity. (2) *Assimilation* is a process in which one group willingly adopts the identity and culture of the other. Organizational practices as well as cultures do change. (3) *Separation* involves remaining separate and independent. This is accomplished by trying to maintain maximum distance from the other culture. As a natural result minimum cultural exchange takes place. (4) *Deculturation* is defined as losing contact both with one's own previous culture and the new available culture; that is, not wanting to be assimilated into either one. These models imply a fairly rational interpretation of the cultural situation. When emotions are involved, as they very easily are, one's 'own' culture becomes very attractive in comparison to the other. Cases of happy assimilation to a strange new culture seem, therefore, fairly improbable. What is also of interest is how great geographical distances, not to mention language distances, affect these processes. The process of deculturation seems to be like some sort of mental disorder given that culture is a necessary element for human beings to be able to operate. On the other hand, the possibility of deculturation may prove that corporate cultures do not always exist or need to exist. It may

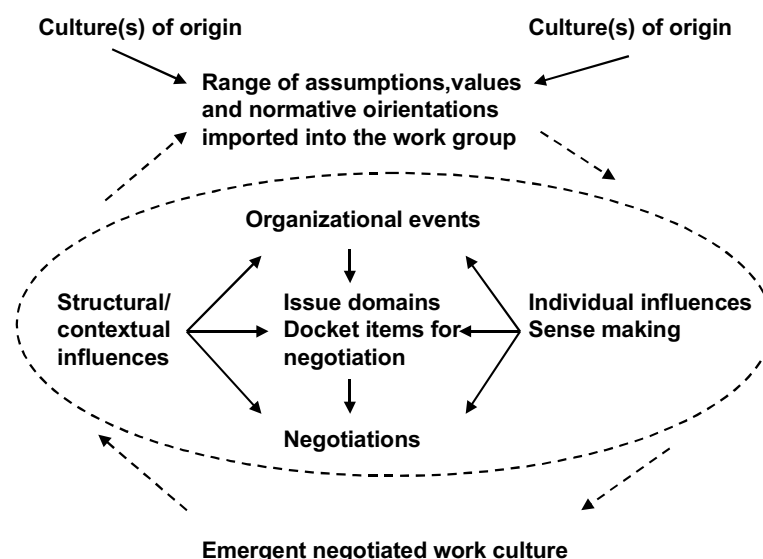
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be that human beings can keep on operating in organizational contexts without organizational culture. This may be reflected in the saying, "We just work here." Naturally, some other cultural context, probably outside the work environment, is necessary for individuals in these cases too.

Handy (1992, 59-72; see also Ruohotie 1996, 46) argues that federalism is the most effective way to govern large and increasingly complex organizations. A federal organization unites separate groups under a common symbol. A federation is simultaneously tight and loose. Some decisions have to be made by the core: global strategies, investments to the future, new employees. Federal organizations arise out of the need to handle information. This organizational form can provide the advantages of flexibility both to the core and to the periphery. Especially in complex situations of interrelationship and constant change, Handy (ibid.) considers the move to federalism to be inevitable. Handy suggests five principles, which I will incorporate into the conclusion of this study. (1) Subsidiarity is the most important principle of federalism. This means that power should be placed as low as possible within the organization. (2) Interdependence can be reached through spreading power around and thereby avoiding the risks of central bureaucracy. (3) A federation needs a common law, language and currency. This means a basic set of rules and procedures, common language and information system and agreed common units of measurement. (4) Management, monitoring and governance of business are seen as separate functions. Handy says that when these executive, judicial and legislative functions are combined in one body, the short-term tends to drive out the long. Governance in a federal system is ultimately democratic and accountable to all interest groups, not just financiers. (5) Twin citizenship ensures a strong federal presence in a strong independent region. Local citizenship does not usually require reinforcement. Connection to the federal whole is emphasized through mission statements or vision and value statements. These can be seen to provide the spiritual fabric of the corporation.

In line with the social approach to organizational change, Brannen and Salk (2000, 451-487) describe an interesting model of cultural negotiation. I consider that the understanding of issues involved presented in this model provides one functioning work definition for the situation in MeritaNordbanken.

Figure 18. Model of cultural negotiation (Brannen and Salk 2000, 457).



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In this model it is hypothesized that national cultures of origin are adopted as primary social identities in the lives of multi-national organizations (Ibid.). The model expects that a new negotiated culture will emerge when two national and organizational cultures meet. One of the national groups is typically dominant and has more influence on the working culture. Key determinants in the cultural negotiations are (a) the specific histories of the merging organizations, (b) the number and competencies of individuals in interaction, (c) the balance of power and influences among individuals and national cultural groups, (d) the nature and complexity of issues involved in the merger, (e) the extent of previous contact between partner culture (organizational and national), and (f) the degree of internationalization of individuals and their previous organizational cultures.

The institutionalist approach to organizations by DiMaggio and Powell identifies three influences on corporate ideas, practices and values (Morgan and Sturdy 2000, 23-30): (1) *Institutional isomorphism*, that is coercive isomorphism arising from the need to secure resources by demonstrating conformity with the expectations of key power-holders; (2) *Mimetic isomorphism* deriving from responses to uncertainties by copying what other supposedly 'successful' organizations do; and (3) *Normative isomorphism* in which professionalized management functions lead to standardized views transferred across different organizational contexts. These processes commonly prevail even though there is no evidence that they enhance organizational efficiency.

The effects of prevailing managerialist ways of thinking about organizational and cultural change is evaluated in the following way. (Morgan and Sturdy 2000, 14-15) (1) Top-down implemented change processes tend to lead to partial success and partial failure. The control of interdependent and unpredictable social world is never quite achieved. (2) These approaches offer weak analytical frameworks for understanding how and why organizations change. Rationalist 'n-step' guides do not take into consideration conflicting values and interests, while culture-change approaches prescribe them as manageable. (3) These theories, however analytically weak, have become a part of the language, consciousness and actions of many managers and consultants. These models are used to understand and make sense of the world and they are used to justify decisions.

Survey and other measurement-instrument-based approaches and cultural management procedures are popular among organization theorists. Approaches that produce information in the form of 'hard facts' are also popular among practically minded managers. There seems to be a tendency to believe that corporate culture can be managed and this belief is spread through a wide range of books and consultants. Notwithstanding its shortcomings, it seems clear that this approach will continue to be popular in the future.

Merger settings can require a construction of the images of Self—that is, me in relation to my previous organization—and the Other—that is, the new partner in connection with her previous organization. The merger setting creates a need to construct one's own identity in relation to the Other. This, in turn, creates a need to focus on the question of cultures and cultural differences. (Tienari, Vaara and Sääntti 2000) The building of an understanding of Self and Other takes place in connection with a definition of Us—that is, a new reinterpreted Self.

Etzioni (1988, xi-xii, 90-91) postulates that people typically make their decisions on the basis of emotional and value judgments. Rational logical-empirical considerations take second place. The most important influences on choice are normative and affective. Instead of rationality, only sub-rationality is usually achieved in decision making due to limited (human) intellectual capabilities. A high level of rationality in decision making is exceptional. Etzioni

also emphasizes the role of social collectives in decision making. These significantly affect individual decisions. Communities offer the psychic and social support that is necessary for individual decision making to exist. According to Etzioni (1988, 181-182, 185-187), individuals act and make decisions only within the context of their collectives. Individuals have two choices: to act within the structure of the organization or learn to change it. Collectives are the decision-making unit, not the individuals. Etzioni argues that collective thinking and decision making is more rational than individual, though not necessarily highly rational.

Normative control aims to direct the efforts of employees by controlling the underlying experiences, thoughts and feelings, that guide their actions. (Kunda 1993, 11, 217-220) Organizational members are primarily influenced through economic rewards and sanctions, although an attempt is made to build internal commitment and strong identification with company goals. The purpose of normative control is to subjugate the employee's self to corporate interest. The ideology of developing strong organizational cultures through binding employee's minds to the corporate interest is reflected in practical action. This is accomplished through management attention to developing and articulating organizational ideology for organizational use, defining specific managerial policies to govern members' work life, and encouraging fidelity to the organizational member's role.

3.3.6 Language and corporate culture

Language is considered to play a crucial role in implementing organizational change. Both the contents and the style of communication are important. (Sillince 1999, 485-518) The senior management message delivered through the use of language can be divided into four categories. *Ideals* are general prescriptions of desired states; directives with rational persuasion. *Appeals* intend to request support from an organizational audience and are more effective when communicated as an emotional rather than a cognitive message. *Rules* are used to direct individual behavior in a narrow context; directives without persuasion. *Deals* constitute distributive bargains aimed at maximizing gains between competing individuals and groups.

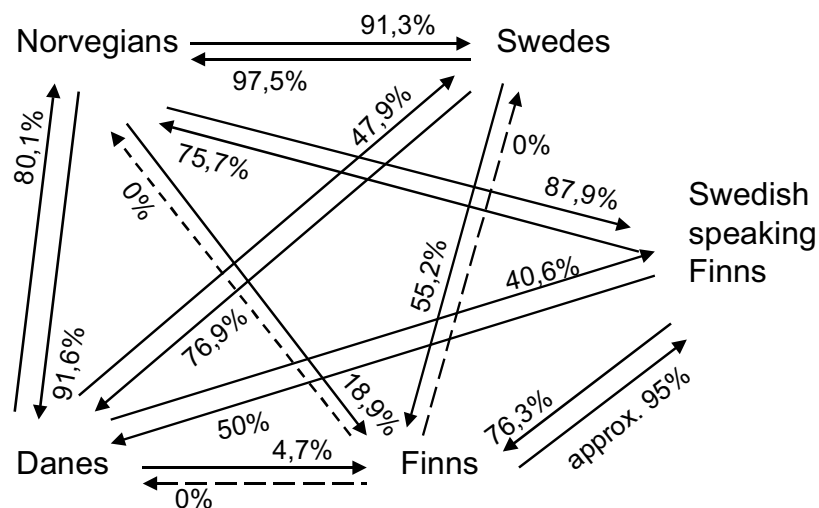
Language challenges in international organizations are reported to require a sophisticated strategic approach in many cases. Adoption of a common language may still mask a wide range of continuing language problems. Some of these may even be caused by the common language itself, which is one potential cause of psychic or cultural distance within an international organization. On the other hand, it facilitates formal reporting, enhances informal communication and information flow, and assists in fostering a sense of belonging to a global family. Language should not be taken to be a merely practical problem of communication, but should be seen as a major issue of practical and symbolic importance. Common corporate language can be taken to reflect, for example, the division of power between the parties involved in the merger. (Marschan-Piekkari, Welch and Welch 1999, 377-389; Vaara, Tienari, Marschan-Piekkari and Sääntti 2000)

In Europe cultures and languages are highly diverse and language differences between merging organizations tend to be major issues of practical and symbolic importance. Senior management teams may lack the necessary communication skills, the staffs of the organizations may be completely unprepared to meet the new communication requirements, and the choice of the common corporate language may reflect the division of power between the merging organizations. Selection of a common corporate language may even create rather than resolve integration issues. One might, for example, assume that the more influential partner in a merger would nominate its preferred idiom as the common language

of the new corporation. There are, however, opposite examples cited by Marschan-Piekkari, Welch and Welch (1999, 377-379), who point out situation in which a company's internationalization has revealed the importance of psychic or cultural distance. Language is one important component of this distance. According to the authors, little is known about how firms handle language issues and how they decide to introduce company language. Marschan-Piekkari, Welch and Welch (1999, 379) identify advantages from a management perspective when a common company language is adopted. (1) It facilitates formal reporting. (2) It enhances informal communication and information flows. (3) It helps to build a sense of belonging to a global family.

Börestam Uhlman (1994, 21-28, 186-198) reports her own and previous studies that do not support the position that Scandinavia is a single speech community. Norwegians, Danes, and particularly Swedes, do not always understand the languages of the other Scandinavian countries. The picture below is based on Uhlman's work with the addition of my own rough evaluation focusing on the Finnish and Finnish-Swedish languages.

Figure 19. Language comprehension between Scandinavians
(Börestam Uhlmann 1994, Anon. 1999e).



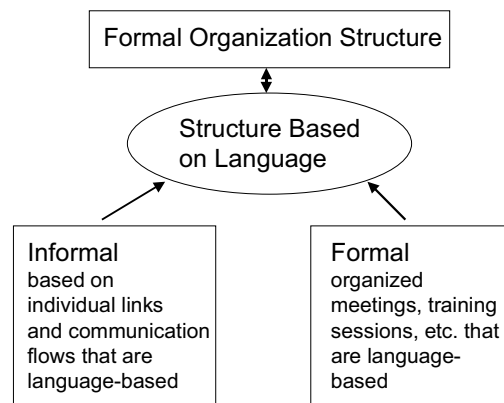
It is interesting to consider whether it is possible to have working co-operation between groups when their comprehension of each other's language is less than 50%. This would mean that over half of what is said is not understood or is understood incorrectly. Language skills are a power resource in post-merger situations. The need to adopt a common corporate language is amplified because of the need to avoid miscommunications, facilitate easy access to corporate documents, and build a sense of belonging to same corporate family. (Tienari, Vaara, Marschan-Piekkari and Sääntti 2000) The choice of a corporate language is not necessarily an easy one, given that there are alternatives to choose from. The choice of a corporate language may simply move the problem from one area to another. For example, the need to learn language X may be replaced by a need to learn language Y. The language selected may cause new kinds of communication problems, replacing or adding to previous ones.

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As a solution to the language problem, the use of English as an internal language within the conglomerate was strongly supported by the culture seminar participants. The relative comprehension of English by various partners and national groups is, however, not clear. According to Börestam Uhlmann (1994), Scandinavian speakers do not often resort to speaking English with each other. Additional research is being conducted within MeritaNordbanken (Nordea) and StoraEnso concerning the use of different languages in communication within those organizations, and how the languages used affect the flow of communication.

Marschan-Piekkari et al. (1999, 421-440), report findings from a study within Kone corporation that is relevant to the situation of MeritaNordbanken. Kone is a multinational corporation with 92 % foreign employees. In Kone, English is the company language, Finnish is the parent country language, and local languages are used in different parts of the organization. Because of poor language skills, expatriates act as intermediaries. This role may give them more power than their formal position would indicate. Parent-country nationals tend to establish their own informal networks (in this case 'the Finnish Mafia') that exclude non-parent language speakers. Joint training is done according to language proficiencies, not along organizational lines. In this company, a shadow structure was discovered behind the formal organization.

Figure 20. Informal and formal organization based on language
(Marschan-Piekkari et al. 1999, 421-440).



According to Marschan-Piekkari et al. (1999, 430), the senior management is less conscious of the role of language as facilitator and barrier than the middle management and operating level staff.

3.3.7 Culture and power

Thomson (1999, 403) comments that there is no such thing as a merger of equals. Pretending that merger partners are equals can lead to unintended and undesired decisions and suboptimal outcomes. Thomson presents as an example that splitting key positions evenly between the merging partners can lead to filling jobs politically instead of by qualifications. Explicit talk about control can allow leadership roles to be defined up front.

Vaara (1999, 21, 187-188) recognizes some problems that are described as incompatible cultural beliefs may in fact be more practical matters of conflicting interest disguised as

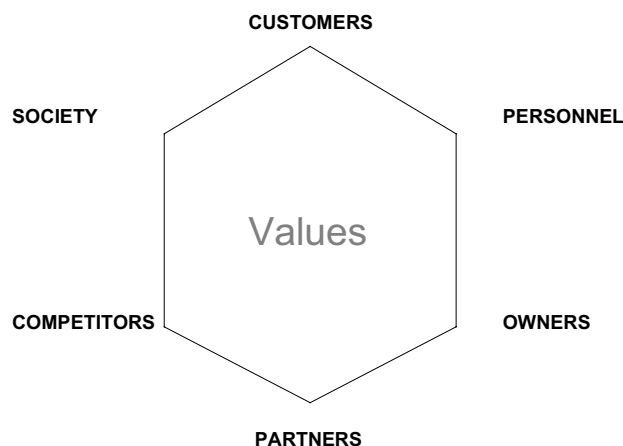
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'cultural problems.' Such conflicts may have to do with individual, group, organizational and even national interests. According to Vaara, these interest conflicts are a major cause of organizational problems. Claims about cultural differences may be used as political tools. These are especially interesting when representatives of specific cultures have significant power in internal debates within their organizations due to their superior knowledge of cultural beliefs and practices.

Issues of organizational cultures are always related to conflicts between different interest groups; that is, stakeholders. (Morgan and Sturdy 2000, 15-18, 253-257) As different groups and individuals interact, the conflict and negotiation that occurs affects the organizations and its cultures. The contexts of change processes can be divided into external contexts (i.e., governments, economies, competition, shareholders, etc.) and internal contexts (i.e., changing work processes, technologies, organization structures, etc.). Pettigrew argues that the requirements of successful organizational change are as follows. (1) The goals of the organizational change have to be in line with the culture or the culture has to be somehow changed to 'fit.' Culture, structure and human resource policy are especially in focus. (2) There has to be a broad recognition of the need for change and the change process has to be consistent with the organization's culture and goals. Incremental success building is more probable than 'quick fix' solutions. (3) Change management requires some content; that is, a program or a vision towards which the change is directed. In addition to 'normal' intra-organizational politics, all approaches to the management of change have to consider the implications of power and resistance from a structural point of view.

Aaltonen and Junkkari (1999, 252) approach values through interest groups. Values are to be directed towards the needs and priorities of the main interest groups.

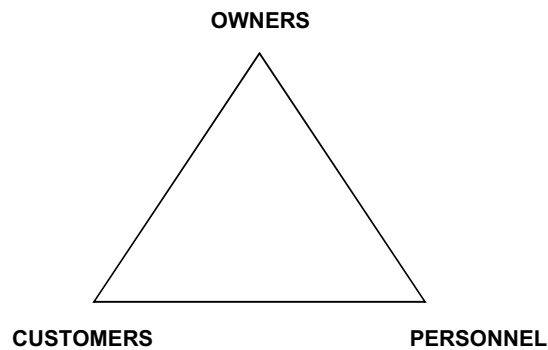
Figure 21. Interest group diamond (Aaltonen and Junkkari 1999, 252)



A slightly different approach looks at eight value drivers that have an impact on organizational and individual decision making: (1) external cultural values including, for example, the cultural values of a country, as well as its subcultures, regional values, community values and so on; (2) organizational cultural values; (3) individual employee values; (4) customer values; (5) supplier values; (6) third party values; (7) owner values; and (8) competitor values. All value drivers are interrelated and have an impact on organizational action. (Pohlman and Gardiner 2000, 36-48)

The choice of stakeholder groups can be taken to be dependent on strategy. There are generally four or five stakeholder groups selected. (e.g. Epstein and Birchard 2000, 248; e.g. Krona and Skärvad 1997, 87-89) The value thinking in MeritaNordbanken is focused on three important interest groups of the organization. (Anon. 1999b, 12) I will analyze this approach in relation to the empirical material in section 5.6.

Figure 22. Interest group triangle (e.g. Anon. 1999b, 12).



The political approach to change recognizes the multiplicity of groups involved in change processes and the complexity and contextually bound nature of change. (Morgan and Sturdy 2000, 15-18; Mintzberg 1994, 275-279) The political approach offers more sophisticated 'cultural engineering' than prevailing pragmatic and managerialist approaches. Organizational change is not always as top management expects or wants it to be. The results of the clash between a strategy devised by senior management and the responses and judgment of people in the lower levels of the organization is hard to predict. The results of the inevitably abstract conceptual senior management decisions are never seen without trying the strategy and cultural change in organizational practice. In organizational change processes managerial frames of references and reductionist prescriptions are often preferred.

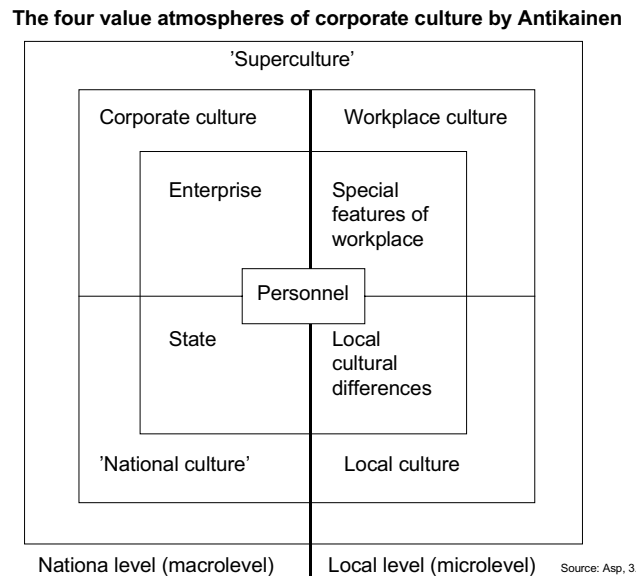
Genealogical discourse approaches see knowledge not as 'truth' but as power. Out of power comes knowledge and out of knowledge comes discipline. From this perspective, all knowledge comes from this 'will to power' and there is no 'subject' outside these discourses manipulating and shaping them. Individual actors may consider themselves as free individuals, but in fact they are enacting one discourse of 'freedom and resistance' instead of 'control and discipline'. Within the discourse approach the power of self-directing or mediating human subject is analytically insignificant and no more than a location for discourses to take place. (Morgan and Sturdy 2000, 28-30) In this approach, the learning theory perspective differs from the power position within the genealogical approach. Learning theories consider the position of a critically reflecting human agent to be much stronger.

3.3.8 Organizations as multicultures

A multiplicity of cultures exists within organizations. (Buono and Bowditch 1989, 141-142) In addition to one dominant culture, there may be cultures of divisions, plants, departments, professional groups, national groups, and so on that are distinct from the dominant corporate culture.

Antikainen describes a model of four value atmospheres of corporate culture. (Asp 1992, 3) According to this model, corporate culture is made up of many different subcultures on many different levels. An organization can be seen to be a mixture of interrelated sub-cultures. (Morgan 1986, 120-128)

Figure 23. Four value atmospheres of corporate culture (Asp 1992, 3).



According to Sackman (1997, 1-3), cultures in a conglomerate setting may be integrated and differentiated at the same time. She considers potential cultural identities influencing the cultural context of an organization to be found at the greater regional level, national level, industry level, local regional level, and organizational level. Within the organizational level functional domain, hierarchy and tenure are found as well as within the sub-organizational levels. Gender, profession, ethnicity and religion offer alternative approaches to describe organizational levels. Sackman’s model seems to be sufficiently fine-grained to be used to describe the MNB organization.

An organization located in several physical sites in different countries has to adopt different approaches to team work. Fisher and Fisher (2000) approach what they call virtual teams which operate as a unit despite the members be located in different space, time and cultures. Teams may be working in the same or different spaces, same or different time zones, and more or less similar cultures. All these issues are encountered in MeritaNordbanken. The organization operates in a number of different locations in several countries. There is a time-zone difference of one hour, a fact that was publicly noted to be relevant by the CEO of the organization. The national, organizational and sub-culture differences are evident in the organizational setting analyzed.

Cultural clashes within an organization after an international acquisitions involving different societal cultures and corporate cultures can easily result in management difficulties. There are many reasons for this. Human factors may be neglected while attention is focused on more operational, technical or strategic issues. Complications may be caused by physical distances, different languages, laws, values, traditions and so on. Employees may choose to resist the integration processes. Joint cultures are best achieved through positive social interaction, training, choice of mutually advantageous projects. International mergers and acquisitions are evaluated to be less successful in achieving a joint corporate culture than

domestic ones. Different national cultures constitute barriers to integration aims. (Larsson, Petersson and Kraus 1994, 1-3, 16 - 17) It has been reported that only 30 per cent of corporate mergers in the U.S. in 1990s realized anticipated synergies. (Thomson 1999, 402)

It is difficult to establish a shared working culture in a multinational organization which involves more than one dominant model of organizational culture. (Brannen and Salk 2000, 451-487) Given that cultural differences are at the root of these problems, they can be expected to remain as a permanent feature of multinational organizations.

3.3.9 National cultures in multinational corporations

A multinational corporation can be defined as an entity dispersed in individual components that are located in a number of autonomous political units. (Van Maanen and Laurent 1993, 301-305) The organizational sub-units are often situated in very different environments and consequently their developmental histories can also be very different. Diversity of culture within the organization is therefore an expected condition. Fulfilling the demands of culture—that is, having something in common with each other and distinguishable from other groups—is a demanding task for such organizations. A common corporate culture may be easier to achieve in the minds of high corporate officials than in overall organizational reality.

Historically, geo-physical factors (i.e., natural and artificial borders) can be seen to have affected the separate identities of cultures and populations, and created distinctions between 'inside' and 'outside.' The limitations of geography, borders, time and speed have had an effect on producing separate cultural identities. (Bauman 1999, xxii-xxiii) 'Inside' is an extrapolation of 'being home,' not finding oneself at loss, and knowing how to act. 'Outside' is space only occasionally entered, not known or cared for. The question of inside-outside is mainly about certainty and uncertainty, self-confidence and hesitation.

Lubatkin, Calori, Very and Veiga (1998, 670-684) comment on the tendency of cross-national firms to continue to use ethnocentric approaches instead of transnational ones. This can be seen, for example, in the way organizations relate their values to respective national cultures and in the way they both shape and are shaped by a nation's culture. The authors consider national cultures to be meaningful units of analysis that explain differences in the administrative heritages and routines of firms. This does not mean that there are not also considerable differences to be found within national cultures, but they do have a strong, and generally uniform, effect on organizational values, norms and management practices within any particular nation. As a result there tend to be distinct sets of enduring routines in organizations that legitimize certain ways of organizing and set them apart from the ways of other countries. This is of interest when best practices are defined on the level of MeritaNordbanken since it can be expected that 'rationality' will not be the only factor determining which of two equally valid solutions is considered to be the best one.

One may examine the use of power in cross-national mergers in terms of four categories (Lubatkin, Calori, Very and Veiga 1998, 670-684), which I have modified to fit the merger situation: (1) *Managerial transfer*: that is, which party provides staff for the key positions after the merger; (2) *Structural controls*: that is, to what extent the national organizations are allowed to operate as autonomous units; (3) *Systems controls*: that is, the degree to which key managerial decisions are centralized; and (4) *Socialization controls*: that is, the degree of emphasis on co-operation, communication and teamwork models.

National cultural barriers can be overcome if the different cultural groups are willing to make an effort to do so. This requires some form of exchange of cultural and personal beliefs. (Krogtt, Ichijo and Nonaka 2000, 232-233)

3.3.10 Culture as a metaphor

Corporate culture may be seen as an attribute of an organization, or one might consider that an organization *is* a culture (Buchanan and Huczynski 1997, 514-516). The first alternative is preferred by managerialist approaches to culture. The latter alternative, culture as a metaphor for organization, is the one I have chosen to represent the essence of human interaction within organizations. The table below compares these alternatives.

Table 8. Culture as a variable and a metaphor (Developed by Buchanan and Huczynski (514) from Legge, K. 1995. Human Resource Management: Rhetorics and Realities.).	
Culture-as-a-variable	Culture-as-a-metaphor
Positivist	Phenomenological
Anthropology/biology	Social psychology
Single, agreed upon culture	Several, parallel sub-cultures
Physical reality	Mental state
Provides an adaptive-regulating mechanism to maintain status quo	Cultural conflicts can endanger change
Directed by actions of senior management by changing artifacts and espoused values	Reproduced by all culture members in an ongoing way through negotiations and sharing symbols and meanings
Only senior management manipulate culture for corporate purposes	Managers, as well as other individuals and groups, all seek to influence cultural direction of company

The dominant view at present is of culture-as-a-variable. Culture is considered to exist 'out there' independent of employees and alongside company objectives, technology and structure (ibid.). Culture is seen as a way to provide a sense of identity, to make sense of events taking place within the corporation, to help reinforce organizational values and to effect management control of the organization. Culture-as-a-metaphor fits better in the frame of postmodern interpretation. The organization is seen to be a culture. Culture exists in and through the social action of the members of the culture. For me, the metaphorical perspective emphasizes the interpretation that culture is nothing 'real,' but more a way of seeing and understanding the corporate whole and its parts in interaction. The tools presented by the culture-as-a-variable approach can be used as sub-metaphors within this approach.

Morgan suggests the use of a variety of organizational metaphors as a tool for understanding organizations and organizational change in particular. Metaphors are mental images that are used to create and express meaning. The linguistic element of metaphors is only the surface expression of a deeper structure of assumption and meaning. Change takes place through a deconstruction caused by metaphors. (Morgan 1996, 227-240; Juuti 1999b, 25-29; Morgan 1986, 111-114; Juuti and Lindström 1995, 14-24) Metaphors of organization presented by Morgan include 'machine,' 'organism,' 'brain,' 'culture,' 'political system' and 'psychic prison.' 'Culture' is a widely used and accepted organizational metaphor. It is an agricultural metaphor derived from the idea of cultivation, of tilling and developing land, that is applied in a different context to social interaction within a specific social group.

The relevance of metaphors to organizational theory has thoroughly discussed. (Morgan 1996, 227-240; Grant and Oswick 1996, 1-20; Oswick and Grant 1996, 213-226) Metaphors

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are a combination of language and imagery that helps to construct non-literal meanings and to apply them to shape our comprehension of reality. Metaphors can convey the inexpressible and invite us to see the world anew. Their vivid and evocative nature can facilitate the learning of new knowledge, and they can be used as tools for investigating organizational reality. However, they may also limit our knowledge, being figurative in their nature and therefore not scientifically inexact and imprecise. Metaphors have both a surface meaning and a deeper second level meaning. Morgan considers them to be a model for the postmodern approach to organization and management because metaphorical imagination is open to continuous self-organization through the ongoing construction and deconstruction of meaning.

Different metaphors offer different insights into the realities of organizations. Our understanding of organizations, our theories and explanations of them, are based on metaphors that cause us to see them in distinctive ways. (Morgan 1986, 11-17, 19-25, 39-49, 77-81, 111-120, 141-148, 199-203; Juuti and Lindström 1995, 14-24) Metaphors are a way of thinking and a way of seeing. They are the frames for different organizational narratives. (1) Organizations designed and operated as machines are usually called bureaucracies. Organizations viewed as machines are expected to operate in routinized, efficient, reliable and predictable ways. They are expected to be rational systems, operating as expected and directed through planning, organization and surveillance. (2) The organismic metaphor treats organizations as open systems, and deals with processes of adapting to environments, organizational life-cycles, factors influencing organizational health, different species of organizations and so on. The focus is on the relationship between an organization and its surroundings. Within this metaphor, an organization is seen as a system of continuous and interactive processes. However, it does not recognize social worlds to be constructed by the actors involved. (3) Looking at organizations through the brain metaphor focuses attention on improving capacities for organizational intelligence, corporate planning, think tanks, centralized research and decision-making units. An organization is seen to be a self-directed unit of information processing. Learning to learn is of importance and the interrelated nature of all different parts of the organization. (4) Organizations as cultures focus on symbols, basic assumptions and socially constructed realities. Inevitable social codes define and draw lines of the social world in which we live. The socially constructed view of reality is acknowledged in this metaphor, where it is ignored or minimized in the first three views. (5) Organizations as political systems focus on power relations and means to utilize them; that is, managing interests, conflicts and power. (6) The metaphor of organizations as psychic prisons focuses on traps inherent in any view, like being blinded by success, organizational slack, and misleading group processes. Human beings are seen to be prisoners of meaning structures built through social interaction. The prison-like qualities of organizational culture may be subtle, but are worth recognizing. Reality is constructed through a certain symbolic field and we see only the phenomenon that this meaning structure supports.

Modern organizations sustain belief systems that emphasize the importance of rationality. (Morgan 1986, 134-140; Vaara, Tienari, Marschan-Piekkari and Sääntti 2000) Organizational legitimacy lies in the ability to demonstrate rationality and objectivity in action. Rationality is the dominant myth of modern society, which provides a comprehensive frame of reference, or structure of beliefs, that helps us make our daily experiences intelligible. Viewed against this background, the culture metaphor is valuable in directing attention to the symbolic or even 'magical' significance to be found within the most rational aspects of organizational life. Numerous organizational structures and practices embody in them patterns of subjective meaning, that are crucial for understanding the organizational reality. The culture metaphor highlights the symbolic significance of practically every aspect of organizational life. The

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metaphor of organizational culture has been adopted as a useful lens by most organizations and has proved to be a useful tool for understanding questions of organizational integration after mergers.

The culture metaphor also focuses attention on shared systems of meaning and on the shared interpretative schemes that create and recreate the meaning. (Morgan 1986, 134-140) The culture metaphor shows how to initiate organized action by influencing norms, language, folklore, ceremonies and other social practices. These are used to communicate and build the key ideologies, values and beliefs guiding action. This perspective also supports the managerialist approach of considering the organizational culture as 'the normative glue' holding the organization together. The metaphor of culture as glue was used explicitly in the corporate culture discussions within MNB. In this way managers can see themselves as symbolic actors fostering and developing desirable patterns of meaning.

The culture metaphor provides a new way of looking at many traditional managerial concepts and processes. (Morgan 1986, 134-140) For example, the leadership role described above changes through this metaphor from linking tasks and people and fitting them into organizational structures, to being a facilitator of a new social construction of reality. Recognizing that an organization can be seen as a culture also helps to explain the origins of our view of organization-environment relations. Since our understanding of nature is culturally bound, so too are our environmental metaphors for the relation between an organization the outside world. Knowing this, we have the opportunity to free ourselves from the limitations of this metaphor and choose other lenses for interpreting our experiences. This is an illustration of the way in which the culture metaphor can even help to explain organizational change by inviting us to broaden the traditional emphasis on changing technologies, structures, abilities and motivations to include changing the culturally-based images and values that guide and limit our actions.

3.4 Learning theories and culture

3.4.1 Orientations towards learning

In this section I will focus on connections between learning theories and the phenomenon of culture. The perspective offered by learning theories is important because, as I have said earlier, cultural change involves a change in the deeper layers of individual and/or collective consciousness. Real cultural change affects levels of unconscious and is difficult even when motivated and desired by an individual. It is even more difficult to change culture through outside will or force. Cultural change is always related to an individual learner and takes place in social groups of individuals. It is essential to understand how learning takes place in individuals and at the group level in order to understand how cultures develop and change.

Vygotsky's work is relevant to the theory of knowledge management for three reasons. (John-Steiner and Souberman 1978, 121-133; Tuomi 1999, 136-148; Vygotsky 1978, 19-30, 38-39, 105-119) (1) His theory addresses the question of collective knowledge creation. The emphasis is on the interaction between changing social conditions and the biological substrate of behavior. In this the different lines of biological and cultural influence meet. Human cognition is a specific feature of human existence; that is, the individual capacity to externalize and share understandings and shared experience with other members of a social group. Adult thinking is cultural and is based on social practices, artifacts and tools. (2) He analyzes the cognitive implications of artifacts and social practice. The creation and use of artificial stimuli (i.e., artifacts) is a crucial aspect of human communication and learning.

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These artificial stimuli are highly diverse and can be used or interpreted in diverse ways. (3) He studies how human thinking changes through the use of symbols and language. Vygotsky argues that speech have developed from dialogue to monologue and finally to the most elaborate form of written text. The meaning of words is dynamic. The relation between individual and society is a dialectical process facilitated by the language. In the higher functions of thinking, artificially created stimuli are the central features affecting behavior.

According to Vygotsky, as human beings we actively realize and change ourselves in the varied contexts of culture and history. (John-Steiner and Souberman 1978, 121-133) This view is consistent with later theories of socially constructed realities. Human realization and change takes place through the internalization of processes of knowing and the externalizing and sharing of experiences with a social group. The tools of thinking change historically and these new thinking tools give rise to new social and mental structures.

Each individual adopts the meaning perspective (i.e., the framework of assumptions) prevailing in the social group of which she is a member. This takes place as a part of the process of socialization. Each social group adopts the hegemonic ideology prevailing in society and carries it forward. (Kennedy 1995, 117-118) In this cultural adaptation process an individual develops an understanding of herself and her surroundings. This process renews the picture of reality and value positions of that separate social group and the whole society. In this way each the individual is situated in a matrix of personal and group related self-pictures and interests. The negotiation process between the individual and her reference groups is continuous and contradictory. The culture building process is mostly subconscious. The extremely strong macro-structure seems very stabile and the effects of it on individual cultural indoctrination seem to be obvious.

Cranton (1996, 169-179) presents four current perspectives on adult education. (1) The technical perspective takes a subject-centered approach to learning and emphasizes the transmission of information or the acquisition of skills, the technology of instruction, and training. Knowledge is viewed from a positivistic paradigm. (2) Humanistic perspectives emphasize the individual and the learning needs of the individual. A constructivist paradigm is used to understand knowledge. (3) Social action perspectives emphasize the empowerment of oppressed people. Democratic ideals are usually espoused. (4) Postmodern perspectives are based on the fragmentation of meaning; the existence of coexisting contradictions, and the interpretative nature of human perceptions.

Five major learning theory orientations can be recognized in present theory. (Merriam and Caffarella 1996, 123-139; Ruohotie 2000c, 108-110) They are the behaviorist orientation, the cognitive orientation, the humanist orientation, the social learning orientation and the constructivist orientation. (1) The behaviorist orientation defines learning as changes in action. Learning can be recognized through external behavior. The effects of this orientation can be seen in such things as definitions of target action, in emphasizing competence-based training and in different skills development models. The basic assumptions of behaviorism focus involve observable behavior instead of internal thought processes. The environment is considered to shape one's behavior and the principles of contiguity and reinforcement are central to the learning process. (2) The cognitive orientation originated as a challenge to behaviorism. The focus is on internal mental processes. Sensations are seen to be interpreted and given meaning by the thinking person. These mental processes are considered to be within the learner's control. (3) The humanistic orientation emphasizes humanity, mental potential and emotions. Human potential for growth is of importance. Predetermination caused by the environment or by the

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subconscious is not accepted. Motivation, free will and responsibility are connected to learning. Experience, freedom and the responsibility to become what one is capable of becoming are emphasized. Models of self-directed learning are strongly based on the humanistic orientation. (4) The social learning orientation emphasizes the social surroundings in which the learning takes place. Learning is understood as the interaction of individual, environment and behavior. People learn from observing and this observing takes place in social settings. Modeling and mentoring approaches to teaching are based on this understanding. (5) The constructivist orientation considers that the individual knowledge base is personally built and based on experience. Learning is a process in which new meanings are constructed individually and in interaction. Many new directions of learning theory are based on constructivist orientation; for example, self-directed learning, transformative learning and situational cognition.

Learning has been dominated by an atomistic or quantitative view of knowledge and a behaviorist view of human beings. However, recently developed views of learning consider it to be a qualitative transformation of understandings. Learners are seen as active constructors of meaning and the focus is on the learner's perspective. (Candy 1991, 249-278) Constructivism, or constructionism, considers that knowledge cannot be acquired, but instead must be constructed by the learner. Knowledge is seen as an essentially social artifact. Individuals try to give meaning (i.e., construct meaning) to the abundance of events and ideas they face. Constructivism implies constant change and novelty. Assumptions connected to constructivism include the following. (1) People participate in reality construction. (2) Construction takes place within a context. (3) Construction is a constant activity. (4) Categories of understanding are socially constructed, not derived from observation. (5) Negotiated understandings are connected with other human activities. (6) Human beings can organize complexity rapidly. (7) Human interactions are based on social roles and the often implicit rules that govern them. Overall, constructivism offers a better understanding of social phenomena than conventional positivist views.

The socio-cultural learning approach binds learning to the social context where the learning takes place. (Kumpulainen and Mutanen 1999, 5-17) Individual mental processes can be understood only by studying them in their cultural, historical and institutional contexts. Action, within which learning is included, is studied as the interaction between social agents and physical environment. Cognition includes action that is built and shared with others in cultural context and that is aided by tools and symbols developed in these contexts. Learning can be taken to be enculturation into prevailing culture and its values.

The following are considered to be Piaget's contributions to understanding cognitive development in adulthood. (1) He placed an emphasis on qualitative rather than quantitative developmental changes in cognition. (2) He identified the importance of the active role of the person in the construction of her knowledge. Learning through activity is more meaningful than passive learning. (3) He introduced a conception of mature adult thought. (Merriam and Caffarella 1996, 181-183)

Female ways of knowing, which may be different to male ways of knowing, have been divided into five categories by Belenky, Clinchy, Goldberg and Tarule. (Merriam and Caffarella 1996, 190-196) (1) *Silence*, in which women experience themselves to be mindless and voiceless subjects of external authority. (2) *Received knowledge*, in which women conceive of themselves as capable of receiving and even reproducing knowledge from the all-knowing external authorities, but not capable of creating knowledge of their own. (3) *Subjective knowledge*, in which truth and knowledge are seen to be personal, private and subjectively or intuitively known. Here women begin to gain voice. (4) *Procedural*

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knowledge, in which women learn and apply objective procedures for obtaining and communicating knowledge. Separate forms of knowing (e.g., the ability to doubt and reason, and connected knowing) are recognized. (5) *Constructed knowledge*, in which women view all knowledge as contextual, experience themselves as creators of knowledge, and value both subjective and objective strategies for learning. This stage develops an authentic voice. What I find interesting about this categorization is to look at it in the context of cultural learning. It seems improbable that the 'lower' stages would facilitate the shared processes needed for culture construction. The question is whether level five is a minimum requirement for common social construction of a culture.

According to social constructivism, knowledge is built in dialogue when individuals participate and discuss shared tasks and problems. (Ruohotie 2000c, 110-113) For example, common cultural understandings and means of communication are learned this way. The theoretical basis of professional growth and personnel development is strongly based on constructivism and situated cognition; that is, interpretation of the learning situation. Social interaction has a central role in learning. In interaction it is possible to reflect thinking individually and together with others. This makes it possible to challenge one's own processes of thought, expectation and assumption.

Within the framework of situated cognition, the learning process is inseparable from the situation in which learning takes place. According to Brown, Collins and Duguid, knowledge and learning process are products of action, context and the culture in which it develops and is used. In situated cognition the emphasis of the learning process is on observation and on that environment in which the observations are made. (Ruohotie 2000c, 113-117)

The theory of memes offers an interesting approach to cultural learning. Memes are defined to be elements of culture that are passed on through non-genetic means, especially through imitation. Memes are ideas replicated and transferred from human to human through ideas like "wheel," "calendar," "evolution" or "deconstruction." Memes are units of cultural transmission. As a synonym for memes the word "cultorgen" has been used. The core idea in meme thinking is imitation. Memes are seen to travel both longitudinally from generation to generation and horizontally within an generation, metaphorically like viruses in an epidemic. (Dennett 1999, 199-208; Dawkins 1999, vii-xvii; Blackmore 3-8) There is no exact theory of what memes are or where they reside, but it seems to be clear that the human mind is the home of memes. Memes form memplexes; that is, complexes of memes in relation to each other and in competition with each other. Such memplexes are considered to cohabit within individual brains. Ceremonies, customs and technologies are memes spread through the mechanism of copying from one person to another. Religions are groups of memes with a high rate and probability of survival. Likewise cultures can be seen to be memetic constructs; that is, commonly copied similar ideas concerning the reality and the way the group approaches this reality.

Meme theory lends Richard Dawkins's idea of a selfish gene. (e.g. Ravn et al. 2000 84-85; Blackmore 1999, 4-8) Memes are not for the human organism, but the human organism is a "survival machine" to keep the memes alive. Memes are replicators in their own right, but there is no special direction or purpose in "memetic evolution." Everything learned by imitation from other people is counted to be a meme, including all words, songs, and rules obeyed. (Blackmore 1999, 4-9, 24-36) The logic and purpose of a meme is to use individual's behavior in order to propagate itself. Memes can be useful, neutral or harmful, and it makes no difference to the meme which property prevails as long as the meme is copied and thus able to spread within the human population. Human beings are simply physical "hosts" for memes and serve their need to spread. Memes are not necessarily for

the good of anything. It is enough for replicators to flourish, if they are good at replicating. (Dennett 1991, 199-201) Cloak considers cultures to be acquired through unrelated cultural particles called 'corpuscles of culture' or 'cultural instructions.' These instructions, or memes, are like parasites that control some part of their host's behavior. (Blackmore 1999, 24-36) At best there can be a symbiosis between the individual and the cultural instructions. In this way meme-related thinking limits the level of free will and autonomy.

It is worth asking whether a meme is an actual entity existing somewhere in the mind, or simply a descriptive metaphor that helps to explain the spread of ideas and development of cultures. The metaphoric idea of the memes and memespheres is of interest in that it challenges many prevailing assumptions about individual will in cultural development. The biological virus or computer virus like nature of a meme is a challenging thought, and forces us to question the extent to which our thoughts really are our own, and to what degree they are just copied, adopted from other people without real learning and reflection. It would be shocking to think that a large amount of our thinking was not really our own, though we may think it is. The metaphors of "memes" and "memeplexes" may be taken as an alternative to the metaphor of an individual "self."

Blackmore (1999, 235-246) considers "free will," as well as a "self" possessing free will, to be an illusion. He views human beings as repositories of great numbers of memes and groups as self-protecting memeplexes. Memes forming memeplexes, one example of which is the 'selfplex,' a complex memetic formation understood to be the personal 'me' but still just one enormous meme formation. For Blackmore, the self that is imagined to have a free will is nothing but story within a vast memeplex prevailing over a complete biological lifetime. This thinking makes us very much the products of the ideas (i.e., memes) in our environment. In this sense we are totally dependent on the memes and memeplexes prevailing during the epoch in which we live. To me, that would make choice itself a memetic construct, an ever changing group of memes installed in a complicated meme machine.

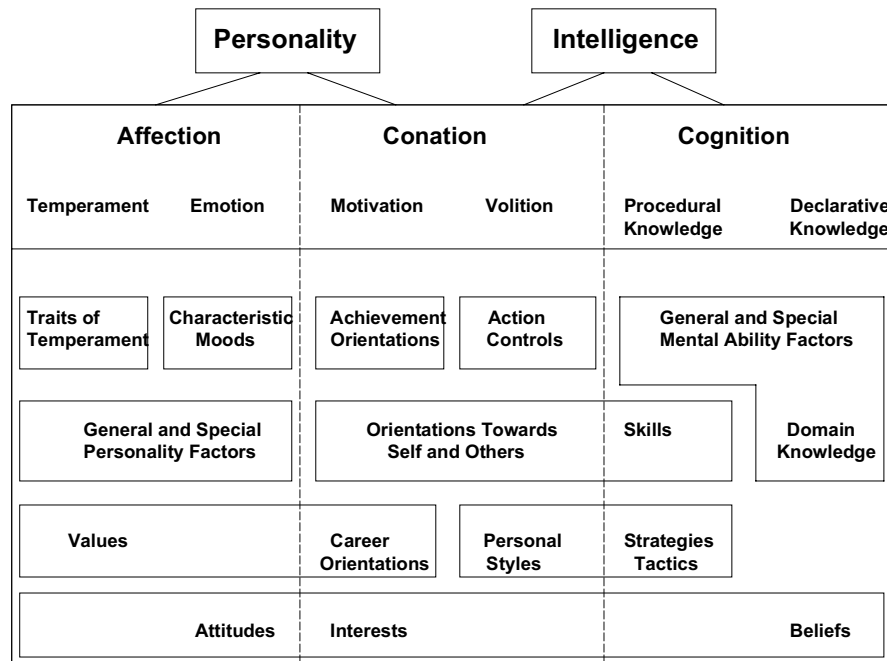
3.4.2 Factors determining learning

Differences in learning styles are determined by affective, conative and cognitive factors. (Snow, Corno and Jackson 1996, 243-244) These three constructs, which are used to describe the various aspects of the human psyche, have been central to psychological theory for 200 years. The emergence of the behaviorist approach, however, pushed them into the background. Recently new forms of research have again focused on cognition, conation and affection. The present view is that these aspects of the psyche must be understood in combination in order to explain behavior.

Affect is the feeling response to a certain object or idea; that is, the response produced by like or dislike. Affection includes feeling, emotion, mood and temperament. Conation refers to those mental processes that help an organism to develop, an intrinsic 'unrest' of the organism, a continuous tendency to act, a conscious striving, the opposite of homeostasis, a conscious tendency to act, a conscious striving. Impulse, desire, volition and purposive striving characterize the conative aspect of behavior. Cognition refers to the processes through which an organism recognizes and obtains information; that is, perceives, recognizes, conceives, judges, reasons and senses. (Snow, Corno and Jackson 1996, 243-244; Ruohotie 2000b, 1)

The figure below presents a provisional taxonomy of individual difference constructs. (Snow, Corno and Jackson 1996, 245-252; e.g. Ruohotie 2000a, 76; Ruohotie 2000b, 2)

Figure 24. A provisional taxonomy of individual difference constructs
(Snow, Corno and Jackson 1996, 245-252)



Intelligence and personality being vague and value-laden terms, it is suggested that the study of individual behavior be based on the constructs of cognition, conation and affection. Cognition is subdivided into procedural knowledge (i.e., ‘skills’) and declarative knowledge (i.e., the ability to recall ‘knowledge’). Values and attitudes, which are part of the affective domain, are of special interest in the study of culture. The volitional aspects of belief (i.e., the connections between beliefs and intentions/actions) have also been a focus of recent interest. (Ruohotie 2000b, 1-4; e.g. Ruohotie and Koiranen 1999, 36-41) Beliefs relate to differences in declarative knowledge. They are located in the field of reason and conscious cognition. Values and attitudes, on the other hand, are related to temperament and emotion, which are situated in the affective field. Values are more permanent and temperament-like, whereas attitudes are fairly stable tendencies to respond characteristically to particular situations. (Snow, Corno and Jackson 1996, 246-248)

The following interpretations made within this framework are of special interest to this research. Values and attitudes are situated within the field of affection; that is, temperament and emotion. Beliefs lie in the field of cognitive declarative knowledge and interests lie in the field of conation. The theory is not strictly limiting in its categorization. For example, values may on some occasions be more appropriately connected with the conative field; for example, when discussing phenomena such as career opportunities. Thus, attitudes, interests and beliefs can to some extent be considered through all three of the lenses of affection, conation and cognition. My point here is that attitudes, values and basic assumptions, being very deep level values, are mainly located in the affective field, which is emotion and temperament bound, and strongly associated with previous experiences reaching as far back as childhood. This makes culturally selected values and attitudes a very stable phenomenon that does not change easily. Strong affective experiences—for example, personal or cultural crisis—can lead to value changes but under ‘normal’ stable

situations values do not change, or change very little. This interpretation makes real change in values a difficult task that demands deep engagement by those whose values are in question. A considerable affection-directed change might also be required. Typically, however, approaches to change in organizational cultures and values are initiated and conducted in the cognitive field. This may be inadequate, given that values are not themselves located in this field.

3.4.3 Organizational learning

Organizational culture is a root metaphor that allows scholars to see organizations as cultures. Organizational learning is another root metaphor that connects organizational processes with knowledge and knowing (Gheradi 2000, 1057-1080). Organizational learning theory views organization as a web of knowledge creation, acquisition, and transmission. Organization is seen as an entity that learns, processes information, and reflects on experiences. All these are processes occur at the individual level. Whether 'individual learning' is a root metaphor, as it seems to be, is a question worth considering, but that lies beyond the context of this research. The metaphoric understanding of learning in an organizational context helps to describe understanding in terms of the processes involved.

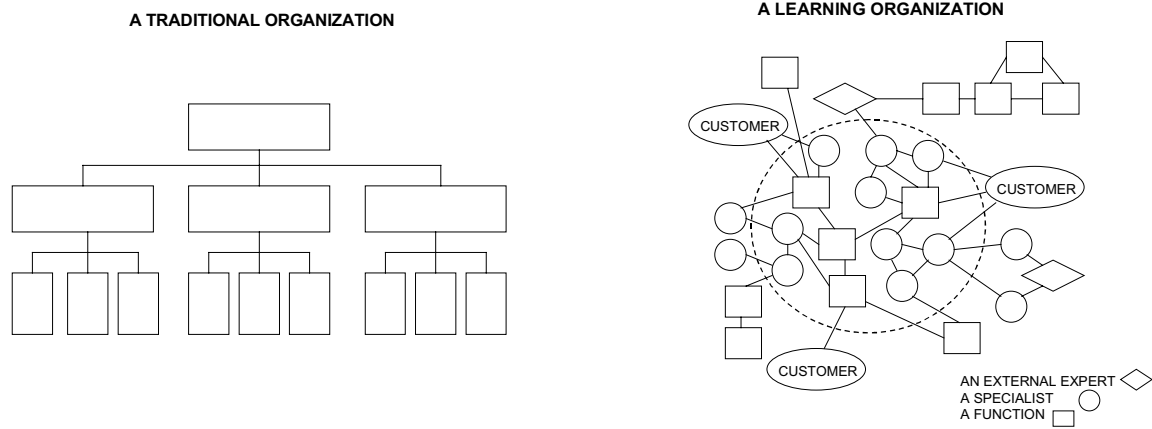
Individuals are agents of organizational action as well as organizational learning. Organizational learning takes place when individuals, acting from their own images and maps, detect a match or mismatch of expectations that confirms or contradicts the organizational theory in use. In single loop learning, members of the organization respond to changes in environments by detecting errors, which are then corrected to maintain the central features of organizational theory-in-use. The organizational norms are unchanged. In double-loop learning, the inquiry is focused on restructuring the organizational norms and not only on devising strategies and assumptions for effective performance. Organizational double-loop learning is often characterized by a conflict among members and groups within the organization. Double-loop learning is defined to be organizational inquiry, which resolves incompatible organizational norms by establishing new priorities, or by restructuring norms and their associated strategies and assumptions. Both single and double-loop learning are required by organizations. Single-loop learning is appropriate for routine repetitive issues. Double-loop learning is required for more complex non-programmable issues. The social technology of organizations tends to handle double-loop issues in a single-loop way, the latter being more easily programmable and manageable (Argyris and Schön 1978, 17-29; Argyris 1999, 67-69).

Organizational knowledge (i.e., the knowledge required to perform organizational tasks) grows old in a short time. Rapid organizational learning is necessary for organizations and individuals to survive. Lifelong learning and learning organizations are terms used in relation to these learning needs (Ojala 2000, 10). Individual learning does not change cultures. Organizational learning is needed to bring about changes in corporate culture.

Pedler, Burgoune and Boydell (1991, 24-33) describe a model of a learning company that includes the following characteristics: (1) a learning approach to strategy development, (2) participatory policy making, (3) 'informating,' (4) formative accounting and control, (5) internal exchange, (6) reward flexibility, (7) enabling structures, (8) boundary workers as environmental scanners, (9) inter-company learning, (10) a learning climate, and (11) self-development for all.

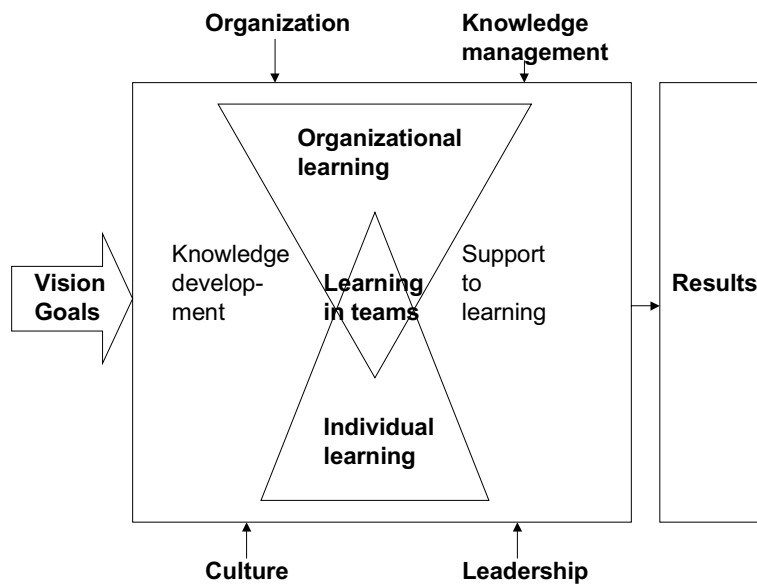
Ollila (2000, 201-205) differentiates between a traditional organization and a learning organization in the way described below.

Figure 25 and figure 26. A traditional organization and a learning organization (Ollila 2000, 201-205).



According to Ojala (2000, 190-192), the important factors in creating a learning organization are (1) vision and goals, (2) corporate culture, (3) leadership, (4) organization, (5) knowledge management and (6) results. Barriers to common knowledge creation (i.e., 'knowledge frontiers') can be created by a lack of common language producing or by a lack of common knowledge and understanding (Buckley and Carter 2000, 205-214).

Figure 27. Factors of a learning organization (Ojala 2000, 191).



The learning organization is a broad concept described through its features (Ojala 2000, 162-163; Sarala and Sarala 1996, 56). The term can be taken to describe an ideal model of good organizational action. A learning organization is one: (1) that can use the ability to learn to attain common goals and can create an atmosphere that encourages continuous learning and development, (2) in which organizational action is continuously challenged by members of the organization and corrected, (3) in which action can be modified according to new knowledge and views, (4) that encourages members to try and accepts mistakes, (5) that learns and encourages people to learn, (6) in which employees have got the opportunity to develop continuously, achieve their goals and learn together, and (7) that helps each member of the organization to learn and renews itself continuously. It is not clear whether all these attributes are necessary or whether there exists a priority order between them. What seems to be clear is that a learning organization is, like many other ideal states described, far from the practical corporate culture reality of most organizations.

Senge (1990, 68-69, 139-143, 174-178, 205-211, 233 -238) defines five elements that are central to learning organizations. (1) The first one, and most important, is systems thinking. This means seeing interrelationships rather than seeing things by themselves. Without systems thinking the other elements are considered to be of little use. (2) Personal mastery aims at clarifying what is important to us, learning to see current reality more clearly, and recognizing areas of personal ignorance or incompetence in order to be able to improve on any weaknesses. (3) Mental models affect what we see and do. They may strongly affect efforts to foster systems thinking. (4) A shared vision that is common to most of the employees provides focus and energy for learning. (5) Team learning creates potential alternatives because many minds are more apt to solve complex questions than individual ones, and also helps to produce innovative coordinated action.

The aspect of a learning organization that is most closely related to corporate culture is mental models. Senge (1990, 174-204) refers to strong organizational assumptions for success. The problems with mental models is that when they are tacit and they are unlikely to change when basic business demands change. Thus, mental models can impede learning. Senge's suggests that they could also help accelerate learning if key assumptions

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about important business issues are made explicit and face-to-face learning skills are developed.

The corporate culture of a learning organization is characterized by (Ojala 2000, 194-198) in terms of (1) common values as the cultural basis for the organizational morale, (2) an open and positive culture that encourages experimentation, (3) an attitude that mistakes are a means to learn, (4) continuous questioning of assumptions, (5) each individual being an expert in her field, (6) each individual being committed to continuous development, (7) a customer orientation that directs every process and team, and (8) a common organizational language that reflects the culture. The organization's values cannot be dictated from the top down, but the organization must live by the values it has selected. Each individual has to reflect what the values mean in her individual job. Usually corporations have between four and six values, one of them being customer satisfaction.

Kuittinen and Kekäle (1996, 183) comment that the development of a theory of learning organizations has been slow. Many articles identify the features of an ideal organization without analyzing them on a deeper level. The learning organization can be considered to be a construct of thought or an action ideal towards which different organizations can direct their development and action. The definition of a learning organization is a declaration of an ideal desired corporate culture. The learning organization is, consequently, a concept that is very difficult to put into practice. I have a feeling that preceding descriptions bear some resemblance to other descriptions of utopian states of affairs such as an ideal communist state, which we never have been even close to in the real world. What seems to be more interesting is how organizations learn and how they change their cultures through learning, rather than just imagining an ideal culture without considering how it is achieved or whether it is achievable at all.

Senge (1990, 57-67) presents a set of pragmatic approaches towards organizational learning that are relevant to cultural thinking. These approaches stress the importance of systemic understanding. Some of them are the following. (1) Today's problems come from yesterday's "solutions;" that is, partial responses that are not system-wide solutions often serve only to move a problem to another place. (2) The harder you push the harder the system pushes back; that is, individual solutions that do not get implemented at the system level are often ineffective. (3) Behavior may get better before it gets worse; that is, in complex human systems there are many ways to make things look better in the short run even though the long-term prospects are poor. (4) The easy way out usually leads back in; that is, complex problems seldom have easy solutions. (5) Faster is slower; that is, systems thinking often outruns quick fix solutions. (6) Cause and effect are not closely related in time and space; that is, there is a mismatch between the nature of reality in complex systems and our predominant ways of thinking about that reality in linear causal terms. (7) Small changes can sometimes result in significant and enduring improvements. These improvements are often non-obvious to most participants in the system. (8) You can have your cake and eat it, but not all at once. Quality development may reduce costs in the long run even though costs rise in the short term. (9) Dividing an elephant in half does not produce two small elephants. To understand the most challenging managerial issues requires seeing the whole system that generates the issues. (10) There is no blame; that is, the actors, including the manager and the problems, are part of a single system.

Knowledge-creating conversations can be used to explore cultural issues in merger settings. Members of a learning organization must be ready to reveal and reflect their own values and basic assumptions (Kuittinen and Kekäle 1996, 183, 189; Kroggt, Ichijo and Nonaka 2000, 232-233). This is often very difficult because basic assumptions are often subconscious and

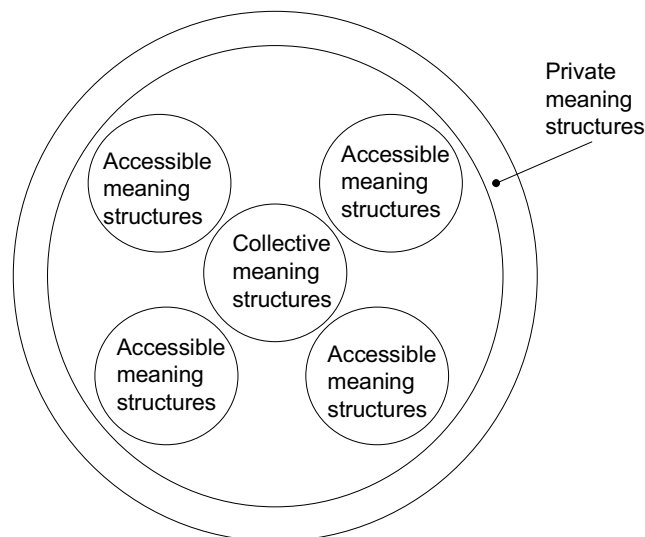
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reasoning processes are automatic. To be able to learn a new culture, the existing culture must first be made explicit. Dialogue and personal reflection are effective methods to externalize culture. In order for managers to understand the complexity of an organizational change process, they should start by reflecting on their own basic assumptions. Dialogue is an effective means of exploring basic assumptions and the unspoken rules about acceptable and unacceptable topics of discussion. Knowledge-creating conversations need to follow certain rules; for example, avoiding unnecessary ambiguity, intimidation, exercise of authority and premature closure. Building a dialogue requires a conscious effort to think about the setting and the procedure.

From a pragmatic point of view, one may choose to accept a particular interpretation of the world simply because that is the view defined by the culture in question (Tuomi 1999, 50-51). Criteria for evaluating knowledge are established within a community and need not be 'objective' in any conventional way. The concept of 'true' knowledge, defined as rationally substantiated or objective, is replaced by the idea of consensus and truth as shared belief.

Dixon (1994, 36-43) has developed a theoretical framework defining private, accessible, and collective meaning structures. An organization is able to learn through accessible meaning structures. These are parts of an individual's cognitive map that are willingly made available to others. Collective meaning structures are held jointly with other members of the organization, even though they are not necessarily absolutely identical between individuals. Many collective meaning structures are tacit. Private meaning structures are those that individuals choose to withhold from other members of the organization.

Figure 28. Meaning structures in organizations with strong divisional cultures (Dixon 1994, 38).



Collective meaning structures may be unavailable for questioning or testing (Dixon 1994, 40, 41-42). They may make the introduction of new ideas very difficult. Collective meaning structures are often seen by those who hold them as an absolute truth rather than a personal interpretation or belief. It is particularly difficult to change them radically or suddenly. In large organizations, or organizations with distinct cultures, there may be fewer collective meaning structures. There may be local sectional collective meaning structures, but few collective meaning structures consistent across the entire organization.

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An organizational learning cycle can be seen in terms of four steps (Dixon 1994, 69-94): (1) widespread generation of information, (2) integration of information into the organizational context, (3) collective interpretation of the information, and (4) provision of authority to take responsible action based on the interpreted meaning. The third step is of particular relevance to this research; that is, collective interpretation of information.

The following factors affect collective interpretation (Dixon 1994, 79-91):

1. The information and expertise that are distributed: (a) the number of individuals engaged in collective interpretation, (b) internal and external training opportunities for individuals.
2. The degree to which there are egalitarian values: (a) there is freedom to speak openly without fear of punishment or coercion, (b) there is equality, (c) there is respect.
3. The organization's size and physical arrangements.
4. The use of processes and skills that facilitate organizational dialogue: (a) accurate and complete information is provided, (b) competencies are not challenged when, (c) disagreement on ideas occurs, (d) reasoning is made explicit, (e) perspectives of others are voiced, (e) positions are changed when convincing data is offered, (f) assertions (own and others') are regarded as hypotheses to be tested, (g) errors in reasoning or data are challenged.

One reason that so little organizational learning takes place is that conditions of freedom, equality and respect so rarely exist in organizations (Dixon 1994, 77, 81-82). Dixon emphasizes that giving information is not the same thing as learning and that hierarchy is a great inhibitor to learning. In a hierarchy employees on the lower levels are less encouraged to learn and those on the higher levels are less likely to develop new ideas because their ideas are not challenged. Very large organizations with thousands of employees are least likely to provide the necessary conditions for organizational learning.

Dialogue, which is a distinct form of conversation not to be confused with discussion or debate, is essential to allow differing assumptions to surface (Schein 1999, 180-184; Bohm and Peat 1992, 244-251; Schein 1993, 40-51; Ståhle and Grönroos 2000, 108-110, 155-158, 182-184). The need for, and value of, dialogue lies in the nature of the organizational world, which is constantly changing and increasingly complex, technologically and otherwise. This creates a considerable need for ongoing organizational learning in which existing mental models and values must be reframed or abandoned in order to accommodate new understandings and relationships. Dialogue is one of the most effective ways to explore and respond to the various crises that humanity and consciousness face today. Through dialogue participants are allowed to relax sufficiently to examine the assumptions behind their thought processes.

A central element in dialogue is the flow of information backwards and forwards between participants. Dialogue exercises should occur early in the life of any new group and regularly thereafter. Operationally, dialogue in a merger setting would require: (1) creating a series of task forces with membership from both cultures, (2) exploring major aspects of each organization's structure and operation, and (3) training in the practice of dialogue as the major vehicle for the conversation. Dialogue does not place different opinions in opposition to each other. Individual views should be expressed on as equal a basis as possible since debate, or even discussion, may produce an agreement or a compromise, but seldom anything creative. The purpose of dialogue is to take a free and fresh look at issues with the willingness to accept any fact or view, even if it is pleasant in order to understand its basis and then to use this understanding to develop a deeper shared appreciation of the situation.

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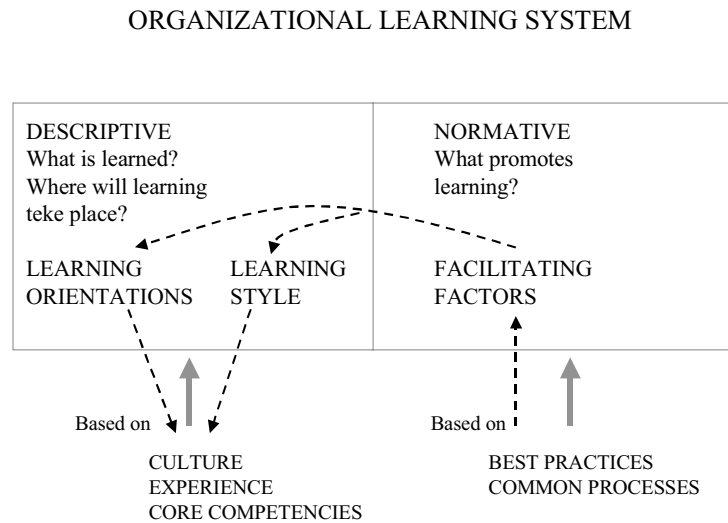
The outcome of true dialogue is not a prevailing, or triumphant, view but new common insights that draw upon the experience and perspectives of all participants. The aim of science can be seen to be dialogue. The search for best practices in post-merger organizational situations should ideally take the form of a dialogue, although the hard reality may at best be a compromise agreement based on rigid interests. What makes dialogue difficult is the contest for power, which creates an unsupportive atmosphere. Searching for best practice through negotiation will lead to selection of one of a limited number of existing alternatives, which inevitably creates winners and losers, and results in a legacy of resentment. In genuine dialogue new understandings arise that are the common property of the participants so that potential is not bounded by past experience and the legacy is one of collaboration and creativity.

Learning through dialogue is, according to Mezirow, participation in critical discourse (Ahteenmäki-Pelkonen 1997, 122-131). Critical discussion examines the validity and the criteria of claims, norms and values. In dialogue the participants create common contextual principles for the evaluation of different statements. These criteria are used to define the accepted basis for action. What is of interest in corporate settings are the limits of acceptance for critical discussion. I would suggest that critical discussions will be accepted, allowed and supported only to a certain extent because subconscious cultural assumptions are a 'risk zone' for critical discussion. However, if these assumptions cannot be examined through such discussion, it is very difficult to change them.

Dialogue is a complex and challenging form of interaction. It is a skill that can be learned but it requires a range of significant subskills (Beairsto 1997, 115-116) such as empathic listening; a commitment to understanding before trying to be understood; the ability to recognize one's own feelings, values and desires; and the ability to bring tacit understandings to the conscious level. In addition, energy and passion are central elements that enable and fuel dialogue. A phenomenon of creativity and commitment arising out of the pure excitement and joy of work, which has been described metaphorically as "flow" (Csikszentmihalyi 1993, xi-xviii), is also necessary for successful dialogue. Flow emerges in moments of active involvement in a difficult enterprise. This psychological state is experienced through a narrowing of attention towards a clearly defined goal, and through excitement and deep engagement in the task. It is important to consider how such passion and excitement towards work processes can be generated, and what level of dialogue can actually be achieved in cross-national mergers.

DiBella, Nevis and Gould (1996, 38-55; Ruohotie 1998, 130-142) present a model of organizational learning that differentiates the descriptive and normative factors involved. Descriptive factors concern what learning occurs and where. Normative factors concern what promotes learning.

Figure 29. A model of organizational learning (DiBella, Nevis and Gould 1996, 38-55).



In order to use this model, one must decide which of the several interrelated factors is open to influence in order to effect cultural change. My hypothesis is that it may be easiest to approach and have an effect on culture through the normative factors; that is, through factors which promote learning, rather than attempting to directly access and change the core of culture. Through real dialogue it may be possible to identify and implement commonly accepted changes in best practices and common processes. Common organizational work on these may then provide access to learning orientations and learning styles so that a reflective evaluation process of these becomes possible. Commonly developed and agreed changes in learning orientations and learning styles may in turn, in the long run, have a commonly desired effect on corporate culture.

3.4.4 Tacit cultural knowledge

Distinctions are made between tacit knowledge and explicit knowledge on the basis of Michael Polanyi's research (Nonaka and Takeuchi 1995, 59-61). Tacit knowledge is personal, context-specific and hard to formalize and communicate. It is subjective, based on experience, simultaneous and analogic. Explicit knowledge is transmittable in formal, systematic language. It is objective, rational, sequential and digital. Tacit knowledge is considered to be of special importance to human action.

An assumption is made that knowledge is created through the interaction between tacit and explicit knowledge. Nonaka and Takeuchi (1995, 62-70; e.g. Sveiby 1997, 46-48) define four different modes of knowledge conversion. These are presented below.

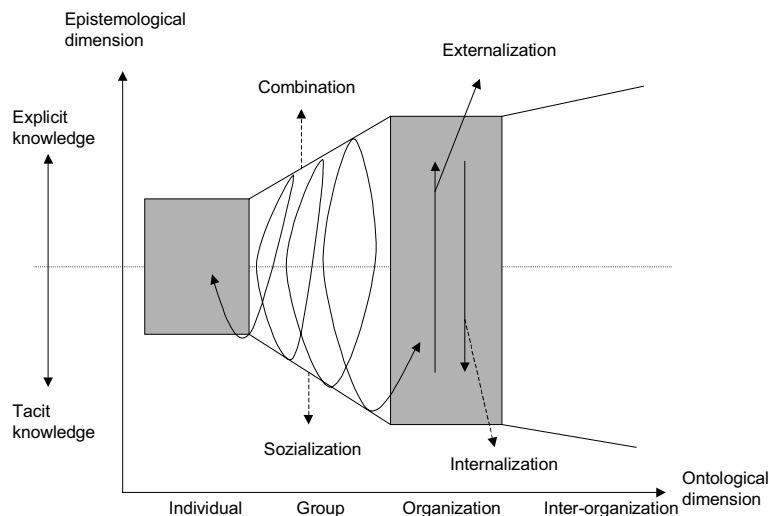
Figure 30. Organizational knowledge creation (Nonaka and Takeuchi 1995, 70.71).

	Tacit knowledge	To	Explicit knowledge
Tacit knowledge	<p>SOCIALIZATION A process of sharing experiences and creating shared mental models and technical skills. Connected with group processes and organizational culture.</p>		<p>EXTERNALIZATION A process of articulating tacit knowledge into explicit concepts taking the shape of metaphors, analogies, concepts, hypotheses, models.</p>
From			
Explicit knowledge	<p>INTERNATIONALIZATION A process of embodying explicit knowledge into tacit knowledge. Closely related to learning by doing.</p>		<p>COMBINATION A process of systemizing concepts into a knowledge system. Involves combining different bodies of explicit knowledge.</p>

Organizational knowledge creation involves continuous and dynamic interaction between tacit and explicit knowledge (Nonaka and Takeuchi 1995, 70-71; Nonaka and Toyama 2000, 78-90). The process starts in the socialization mode with building a field of interaction that makes it possible to share experiences and mental models. Externalization is facilitated by dialogue or collective reflection. Combination is triggered by networking the newly created knowledge. Learning by doing triggers internationalization.

The writers describe a spiral of organizational knowledge creation. Knowledge creation begins with tacit knowledge at the individual level. It continues in a spiral fashion through interaction between explicit and tacit knowledge at the group, sectional, departmental, divisional and organizational levels.

Figure 31. A spiral of organizational knowledge creation (Nonaka and Takeuchi 1995,70-71).



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The deep layers of culture—that is, its basic assumptions—lie in the sphere of tacit knowledge. Thus, in organizations there must be consciously designed processes to make it explicit and thus available for sharing, critique and development.

The interaction of explicit knowledge and tacit knowledge is referred to as “knowledge conversion” (Nonaka and Toyama 2000, 78-90). Corporate culture and organizational routines specific to a certain firm can either promote or hinder organizational knowledge creation. Knowledge is both stored in and arises from the organizational routines of a firm. Its comparative efficiency arises from the formation of firm-specific language and routines, which are a central part of its culture. This culture, including the way routines are conducted, determines how organizational members view knowledge and knowledge creating processes, and thus how they interact and the rate of knowledge conversion in the organization. When the pace of change and underlying technological innovation is rapid, internal routines, language and embedded forms of knowledge can easily become rigidities that constrain performance.

Dixon (1994, 40-41) presents a nine-point process through which collective meaning structures in an organization change. This process includes tacit meaning structures becoming visible. Through dialogue that includes a sufficient number of organization members, meaning structures are altered and/or new ones constructed. Finally, new meaning structures become collective, and may then fade into the tacit realm through their familiarity until the cycle begins again.

Dixon (1994, 129) cites Botkin et al. (1979, 29), who claim that there is a need for and general societal tendency towards increased participation in decision making, but that organizations are the last holdout for autocracy. Dixon (120) also points out that, according to Katz and Kahn (1966, 469), democratic expectations and the limited actual possibilities for this in bureaucracy due to its hierarchical nature creates an organizational dilemma. Effective organizational learning requires a more democratic structure (Dixon, 129). Slater and Bennis (1990, 169-169) have argued that democracy is a necessity when a social system, including the social system of a business organization, is trying to survive within conditions of chronic change. They define democracy as a system of values that includes (1) full and free communication, regardless of rank and power; (2) a reliance on consensus rather than coercion or compromise to manage conflict; (3) the idea that influence is based on technical competence and knowledge rather than personal whims or prerogatives of power; (4) an atmosphere that permits and even encourages emotional expression as well as task-orientated behavior; and (5) a human bias that accepts the inevitability of conflict between the organization and the individual, but is willing to cope with and mediate this conflict on rational grounds. I consider this definition of democratic values to be viable. It is interesting and instructive to compare these values with those revealed by the research material.

3.4.5 Cultural learning

According to Kettunen, learning is an absolute necessity for strategic thinking and the creation of strategies (1997, 295-208, 215-216). This also applies to the development of common organizational values. However, the learning that Kettunen is referring to does not arise through the application of common sense and volition. Changing beliefs, including culture and values, requires a process that goes beyond the cognitive. Values are very personal, and at least partly subconscious. Changing others' may be considered to be unethical manipulation, even though corporate values may often be more like “working

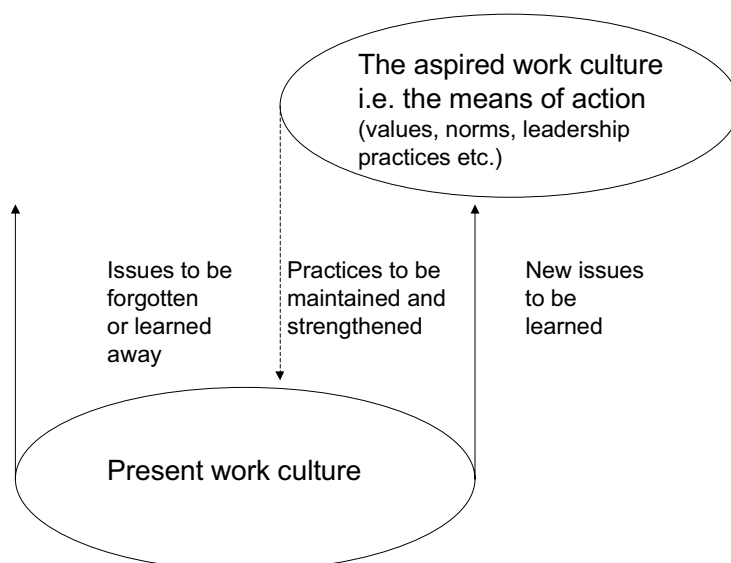
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clothes”; that is, something that is intentionally applied only when taking care of business, and thus not quite the same as personal values.

Four common themes can be recognized in most definitions of organizational learning (Dixon 1994, 136). (1) There is an expectation that increased knowledge will improve action. The quality of knowledge may relate to more information, more accurate information and more widely shared information. (2) There is an acceptance of the pivotal relationships between the organization and the environment. An open systems view considers the environment to be a major factor that the organization must learn about, adapt to, or manipulate. (3) There is an ideal of solidarity. Organization members are expected to have shared assumptions or understandings. These may need to be uncovered, corrected, or expanded. (4) There is an expectation that through learning the organization is able to self-correct in response to environmental changes or transform itself.

A model for changing work culture through organizational learning is presented below (Ahonen and Pohjanheimo 2000, 16-17). From a managerialist point of view, the simplicity of the model is appealing. However, there are great difficulties involved in actually defining unambiguously what exists (i.e., the present work culture) and what should be (i.e., the desired work culture). Moreover, the deep underlying elements of culture are to a great extent subconscious, so that in practice, it is difficult or impossible to change them. Thus, the model is not highly applicable, either theoretically or in practice.

Figure 32. A model for changing work culture through organizational learning (Ahonen and Pohjanheimo 2000, 16-17).

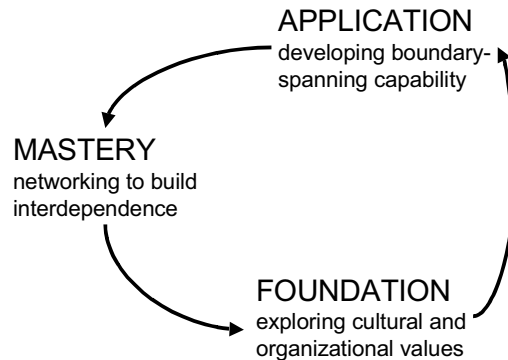


Another model for cultural consonance, by Digenti (1998, 1-2), includes three stages: foundation, application and mastery. (1) To establish a foundation, an open dialogue amongst a cross-section of individuals from different parts of the organization about its values is required. The purpose is to share ‘mental models’ and discuss how they interact with local culture in order to agree on existing corporate values. (2) In the application phase a comparison is made of corporate values and strategic objectives. It is important that those conducting the comparison are able to report directly to senior management. The purpose of this phase is to establish a knowledge base concerning the existing agreement about

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corporate values and strategies. Digenti identifies the following competencies as being required in mediating value differences: double loop learning, effective communications, systems thinking, negotiation and conflict resolution, cross cultural interactions, and mentoring/peer learning. (3) The mastery phase consists of transferring and institutionalizing boundary-spanning skills. According to the author this is best done by forming a collaborative learning group or learning consortium, as ABB and Siemens-Nixdorf are reported to have done.

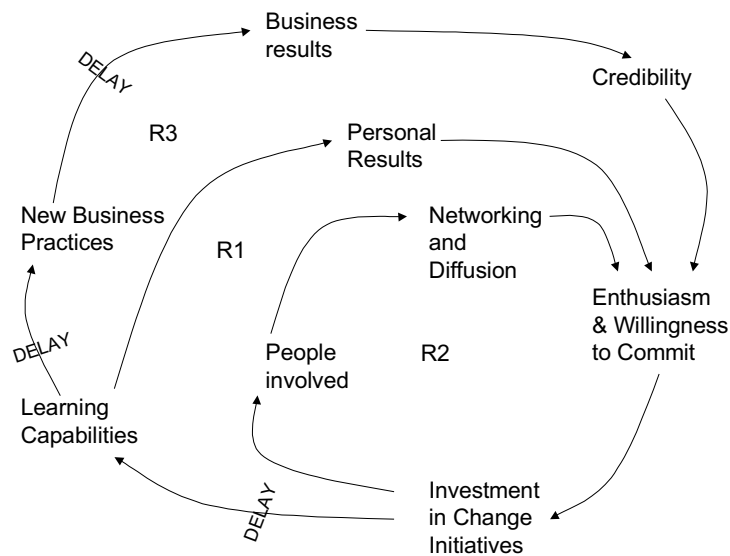
Figure 33. A model for cultural consonance (Digenti 1998, 1-2).



A distinction can be made between single- and double-loop learning (Argyris and Schön 1996, 20-25). Single-loop learning means instrumental learning, which may lead to new strategies or even new assumptions underlying the strategies, but it does not affect the values upon which the strategy is based. Changes are made only within the confines of existing organizational values and norms, which remain unchanged themselves. Double-loop learning results in changes to the values of theory-in-use as well as its strategies and assumptions. Double-loop learning may be carried out by individuals or by organizations. Only through double-loop learning can individuals and organizations reconsider the desirability of the values and norms that govern their theories-in-use.

A third model for cultural learning consisting of three reinforcing growth processes that are required to generate profound change is presented below (Senge 1999, 54).

Figure 34. A model for cultural learning (Senge 1999, 45).



Loop R1 describes how investment in change initiatives leads to new learning capabilities and personal results. Loop R2 how people involvement and networking affect the model. Loop R3 shows how learning capabilities affect the business in the long run.

An evolutionary perspective offers yet another interesting approach to cultural learning (Tomasello 1999, 1-12, 201-217). The estimated time for humans to evolve from other chimpanzees as a distinct species is some 250 000 years. During this time, human cognitive skills and product development abilities appeared. This time is very short from an evolutionary point of view and thus human culture can be considered to be a very recent evolutionary product. The present view is that biological evolution alone could not have produced these skills. The explanation offered is that there is a distinct process of social or cultural evolution. Cumulative cultural evolution requires an ability to pool cognitive resources; that is, cultural learning. This makes it possible to develop cultural skills and then transfer them to subsequent generations to be further transformed. In this way, a world of cultural institutions composed of cultural conventions has been developed. The theory of memes is worth remembering in this setting. Memes can be seen as the imitative elements transferred from generation to another, and developed in between. As a result, human beings are like fish in the waters of culture, unable to take off our cultural glasses in order to view the world aculturally.

It has been suggested that three different time frames must be used to understand human cultural conditioning (Tomasello 1999, 201-217). (1) The phylogenetic time relates to the development of unique ways of understanding conspecifics. (2) The historical time frame relates to the development of different forms of cultural inheritance; for example, material and symbolic artifacts that are modified over time. (3) The ontogenetic time relates to the personal absorption of one's own culture and the development of unique modes of perspective-based cognitive representation. The phylogenetic frame focuses on a number of different and distinct innate cognitive modules, such as knowledge of objects, knowledge of other persons, knowledge of language, and knowledge of biology. Social-interactive processes are required to bring about socially constructed linguistic symbols and social institutions.

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The ontogenetic process approach focuses on learning as a product of evolution (Tomasello 1999, 211-215). A child's ability to learn language and cultural behavior models imitatively belongs to this group. In this regard the cultural line of development is at its strongest. This means that human beings have a strong tendency and ability to imitate what other people around them do. Linguistic symbols are intersubjective; that is, socially shared and perspectival. The same phenomenon may be constructed in many different ways for different communicative purposes. Abstract linguistic constructions may also be used to view reality in various analogical and metaphorical ways.

Human cultural-historical processes have both direct and indirect effects on human cognitive development, in part because the development of language is imperative for developing these powers. The development of language began some 200,000 years ago and has reached its present complex and multi-faceted form through a long cultural evolution. Language is a direct manifestation of human symbolic ability, directly connected with joint attentional and communicative activities. It is extremely important, but not exceptional. For example, complex mathematics is another example of the cultural development of human symbolic abilities (Tomasello 1999, 207-211).

Various forms of co-operation and social learning have made new kinds of interactions and artifacts possible. In the table below some domains of social activity that have been transformed over historical time into domains of cultural activity by the uniquely human way of understanding conspecifics are listed (Tomasello 1999, 207-211).

Domain	Social	Cultural
Communication	Signals	Symbols (intersubjective, perspectival)
Gaze of others	Gaze follow	Joint attention (intersubjectivity)
Social learning	Emulation, ritualization	Cultural learning (reproducing intentional acts)
Cooperation	Coordination	Collaboration (role taking)
Teaching	Facilitation	Instruction (mental states of others)
Object manipulation	Tools	Artifacts (intentional affordances)

The negotiation of identity and power relations, as well as knowledge creation, are described as translation of knowledge through physical, behavioral and verbal artifacts (Gheradi 2000, 1057-1080). Learning can be seen to occur in social practices, to be located in language, and mediated through differences in perspective among the actors involved. In this sense, social learning is closely related to the construction of culture through social interaction, interpretations and sense making.

3.4.6 Transformative learning

Transformative learning involves a fundamental change in the way we see ourselves and the world we live in (Ruohotie 2000a, 183; Mezirow 1991, 3). It focuses mainly on the cognitive processes of learning, which can be encouraged or impeded by culture.

Personal transformation takes place through a three-phase process (Mezirow 1997, 60-62): (1) critical reflection on one's assumptions, (2) discourse to validate the critically reflective

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insight, and (3) action. The goal of adult education is to help learners be critically reflective of the assumptions and frames of reference of others (objective reframing) and of themselves (subjective reframing). Learning is fundamentally social and our frames of reference are mostly culturally assimilated. Consequently, critical reflection requires discourse to validate them and to find common meanings of our experience. Learning is a social process but it takes place within the individual learner.

Mezirow (1991, 33-36) outlines constructivist transformation theory as follows. (1) Many of our ways of understanding the world are learned unconsciously through socialization in childhood. (2) Culturally prescribed values and belief systems acquired through socialization may no longer be adequate in the modern world. (3) Meaning is interpretation; that is, to make meaning is to interpret experience and to give it coherence. (4) Symbolic models are internalized through the process of socialization. Language is a system of ideal objects in the form of signs that has no direct relationship to the objects and events of the external world. (5) Meaning perspectives or generalized sets of habitual expectation limit and distort how we think, believe, feel and learn. (6) Meaning schemes are the specific beliefs, attitudes and emotional reactions articulated by interpretation. (7) We tend to accept and integrate experiences that fit comfortably within our frame of reference and discount those that do not. (8) Learning involves five interacting contexts: a meaning perspective, the communication process, a line of action, a self-concept and the external situation. (9) Our interpretations are fallible and they are often based on unreliable assumptions. (10) Rationality is the process of assessing the reasons and justifications for a meaning scheme. (11) The stronger the affective dimension of an interpretation and the more frequently it is made, the easier it is to remember. (12) Our line of action (involving intention, purpose and conation) significantly influences our perception, interpretation, learning, problem solving, remembering and reflection.

According to Mezirow, individuals and groups can have different kinds of meaning perspectives (Ahteenmäki-Pelkonen 1997, 122-131). Meaning perspectives can be epistemic; that is, related to knowledge, socio-linguistic and psychological systems. Epistemic perspectives are created by cognitive styles, internal and external evaluation criteria, concrete versus abstract thinking, and reflectivity. Socio-linguistic perspectives are affected by social norms and roles, language games and language codes, adult age socialization, and philosophies and theories. Psychological perspectives are created by self-understanding, locus of control, the ability to tolerate uncertainty, psychological defense mechanisms, and neurotic needs.

Transformative learning focuses on uncritically adopted modes of perceiving, thinking, remembering and feeling. These modes are often subconscious and very decisive on what, where, how and when we learn. They are often adopted culturally instead rather than learned meaningfully. According to Mezirow, we can become conscious of these meaning perspectives, of their sources and consequences. Instead of narrow performance oriented learning, it is possible to focus on ways of symbolic categorization and interpretation of reality (Mezirow 1995, 6-8, 17-18). Performance orientated learning has traditionally been the main goal of corporate training programs.

Meaning schemes refer to interrelated expected connections between issues; that is, expected if - then, cause and effect, conceptual and time relations (Mezirow 1991, 44; Mezirow 1995, 18-19). A meaning scheme is the particular knowledge, beliefs, value judgements and feelings that are articulated in an interpretation. Meaning perspectives are a higher order construct than meaning schemes, roughly equivalent to mental models. Meaning perspectives imply the use of certain expectations in the interpretation of

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experience. These expectations, together with other pre-suppositions, form the basis for interpretation of experience. Most meaning perspectives are culturally adopted, but some can also be learned intentionally, including socio-cultural stereotypes. Meaning perspectives offer us the principles of interpretation. What we perceive is often one special case represented in our symbolic categories; that is, not the full or actual reality, but only what our perspective allows us to discern of this reality.

Meaning perspectives are the lenses through which we filter the world, are in contact with it and interpret it. Learning can mean change in beliefs and attitudes (i.e., meaning schemes) or it can mean a change in entire meaning perspectives. Perspectival change is emancipating. It releases us from previous beliefs, attitudes, values and feelings that have limited the interpretation of events in life (Ruohotie 2000a, 184). This change affects the deep layers of culture if similar change occurs in several members of a social group.

Mezirow (1991, 42-48) comments that his term 'meaning perspective' is similar to what Kuhn and other authors call a paradigm or personal frame. Other synonyms for paradigm are model, conceptual framework, approach and worldview. In philosophy, synonyms for 'meaning perspective' include language games, language structures, problematics and epistemes.

Meaning perspectives are usually adopted uncritically within childhood socialization processes. The stronger the emotional feelings involved in these processes, the stronger and more deeply rooted are the meaning perspectives that are learned. The existence of meaning perspectives does not imply that action should automatically follow these lines. Meaning perspectives strongly affect everything we perceive, understand and remember because the structure of assumptions within which one's past experience colors and transforms new experience (Mezirow 1995, 20-21; Mezirow 1991, 42). Meaning perspectives are fairly stable, but by no means unchangeable. These changes can take place through by planned learning experiences or through reflection on life experience (Ruohotie 2000a, 188).

Three types of meaning perspectives can be distinguished (Mezirow 1991, 42-43): (1) epistemic meaning perspectives, which pertain to the way we know and the uses we make of knowledge; (2) socio-linguistic meaning perspectives, and (3) psychological perspectives.

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Table 10. Factors shaping meaning perspectives (Mezirow 1991, 42-43).		
Epistemic perspectives	Socio-linguistic perspectives	Psychological perspectives
Developmental stage perspectives	Social norms/roles	Self-concept
Cognitive/learning/intelligence styles	Cultural/language codes	Locus of control
Sensory learning preferences	Language/truth games	Tolerance of ambiguity
Frequency of events to identify patterns	Common sense as cultural system	Lost functions – childhood prohibitions enforced by anxiety in adulthood
Scope of awareness	Secondary socialization	Inhibitions
External/internal evaluation criteria	Ethnocentrism	Psychological defense mechanisms
Global/detail focus	Prototypes/scripts	Neurotic needs
Concrete/abstract thinking	Philosophies/theories	Approach/avoidance
Reification		Chaterological preferences
Reflectivity		
(Mezirow 1991, 43)		

Metacognition is a means to evaluate our own cognitive states and their effects; for example, evaluating whether our action is consistent with our values. The role of metacognition is to direct and regulate our cognitive routines and strategies (Mezirow 1995, 24). An important question to be asked is what this kind of meta-evaluation of values in practice requires of an organization and individuals within it.

Collective meta-evaluation requires communication about values. This is a two-dimensional process that involves understanding the contents of the communication and also the cultural norms that may highlight some aspects of it while obscuring or distorting others (Mezirow 1995, 25). Understanding requires that we operate within a meaning perspective that is at least sufficiently familiar to permit clear communication. The use of metaphors is one strategy that can be used to reveal hidden meanings and express the unfamiliar in a more familiar form in which it can then be discussed collectively.

Critical reflection is principled thinking (Mezirow 1995, 31-35). Ideally it is impartial, consistent and non-arbitrary. Critical reflection can change meaning perspectives; that is, change uncritically adopted values including epistemic, socio-cultural and psychic distortions. Epistemic distortions refer to the nature of information and the use of information; that is, different ways of knowing, for example the belief that there is one right solution for every problem. Socio-cultural distortions refer to uncritical adoption of belief systems that have to do with power and social relations and that are in line with those presently in positions of power. One interesting approach is the assumption that a special interest of some sub-group should be the interest of the whole group. Ideology is a form of pre-reflective conscience that does not question prevailing social norms and that opposes the critique of pre-suppositions. This social amnesia, as Mezirow calls it, certainly exists in business life.

Interaction with others is considered to be an essential component of transformative learning. To be transformative, critical reflection has to involve and lead to some fundamental change in perspective (Cranton 1996, 78-80). One form of critical reflective learning is organizational critical self-reflection on assumptions (Mezirow 1998, 186-194). This is aimed at identifying assumptions that are embedded in the history and culture of the workplace and how they have impacted one's own thought and action. Critical self-reflection of organizational assumptions is often omitted from the concept of a learning organization. It

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is commonly inhibited through organizational norms such as letting buried failures lie, keeping your view of sensitive issues private, enforcing the taboo against public discussions, avoiding seeing the whole picture so no one sees how problems are connected, and avoiding public dialogue that might refute your view. For transformative learning it is imperative that traditional mindsets such as these are identified and replaced with a more open model of communication.

3.4.7 Critique of transformative learning

Mezirow's theory of transformative learning has been criticized for forgetting the context; that is, the socio-cultural and historical surroundings (Ruohotie 2000c, 119-120). This limitation may make it difficult to understand experiences in their totality. Mezirow's own thinking is seen to be uncritical towards the prevailing cultural values in his society. The theory of transformative learning has been developed by others to see some socio-cultural factors as either preventing or fostering critical reflection and rational discourse.

The strong emphasis on rationality in the theory of transformative learning has been criticized for emphasizing knowledge production and for forgetting non-rational factors like emotions, body and physical labor. Self-reflection and critical thinking may be taken to be peculiarly Western cultural phenomena. Emotion and intuition, different levels of knowledge, and the use of imagination are emerging as factors in learning theory (Ruohotie 2000c, 120-121).

The position of social action in transformative learning is disputed (Ruohotie 2000c, 121). Critical reflection amongst those who are subjugated is not necessarily of much use to them. Critics say that the focus should be on the oppression and not on those who are oppressed, while proponents say that learners do not often know that they are oppressed unless they become aware of that through transformative learning. Otherwise they will absorb the oppressor's values. In these cases it may be necessary to break down the framework of oppression before practical action can be taken. In this area of critique and while developing the theory, Foucault's previously described ideas about both those in power and those controlled by it being prisoners of the power structure might be of use.

3.5 Theoretical framework selected

In this section I will draw conclusions about the culture theories presented and focus on those of importance to this research. It is often noted in cultural studies that there is a vast array and range of cultural theories and that no commonly accepted theory has yet emerged. Thus, personal choices must be made. The socially constructed nature of human reality is one basic assumption of the framework I have adopted. Social constructionism permeates the central theories I have presented in the fields of philosophy, organization and learning. I will pinpoint some of the, to my mind, most important theoretical findings from these fields.

A very important distinction between views of the phenomenon of culture that consider it to contain a deep structure in the form of something like values (presented by Schein) and those that consider it to be an interpretation, without any essential underlying substance (as seen in the thinking of Derrida). Somewhere between these two extremes we can situate the view of culture as a metaphor (as Morgan presents it).

Schein's definition of culture consisting of three different levels—artifacts, values and basic assumptions—has practical merit. His model is the most widely used explanation of culture.

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The problems caused by the rigidity of this model and its uniform view of organization have been examined by Schein himself and by others. For example, Hatch has made interesting and noteworthy attempts to move the model towards more dynamic forms, but these are not particularly easy to apply as practical tools. Derrida takes culture to be a social construct based on an interpretation made by the actors involved, and suggests that there are no deeper phenomena involved. Culture is formed through interpretations repeated over and over in time. From this perspective, the existence of values, assumptions and other phenomena affecting the visible culture may be challenged. Considering culture to be one possible metaphor of organization (amongst others) and thus a paradigm for viewing and understanding the social realities involved, creates the opportunity to approach culture from a slightly different angle.

I would prefer to use all these approaches, perhaps not simultaneously but side by side. To begin with, culture can be taken to be a metaphor representing social realities within an organization. A metaphor is a tool to explore elements of social reality or this reality as a whole. It describes something in a form that provides a focus for discussion. The distinction between the visible level (artifacts) and invisible levels (values and basic assumptions) of culture is a further development of the metaphor of culture. Thus both these approaches are applicable as tools in the continuous chain of interpretations that occur while building the social realities within organizations. This logic makes 'culture', 'values' and 'assumptions' unreal in the sense that such phenomenon do not actually exist and cannot be found within organizations. Their reality and importance lies in their power as metaphors to describe organizational realities as experienced by the members and to provide a framework of language to discuss and analyze those realities.

Science can be taken to be a unitary system of logically structured knowledge, where knowledge is defined as a well-reasoned "true" conclusion (Hetemäki 1999). I will try to make some assumptions of importance to this research visible here. Every human activity and interpretation involves subjectivity. The world is composed of partly similar, partly different individual and collective subjective interpretations. Subjectivism is a pervasive and penetrating element of reality. Different individual and collective narratives are the basis of our realities. The world is composed of a variety of interpretations. No one, or no one correct, interpretation can be found. Discussion is based on, and circumscribed by, interpretations made here and now. Our subjective realities are structured through language in an active way. Language is very central element in the generation of reality, of our worlds. Symbols and metaphors play a central role in the interpretation of the realities we construct. Organizations are constructed by the actors involved, both those inside and outside the organization. As social actors we create the organizations we occupy. At the same time, the organizational realities around us affect our personal realities. We are always members of various collective reality contexts at the same time. We occupy different social and psychological roles. Some of these may be contradictory to each other and may require the use of different, and even opposing, 'values' by individuals at the same point in time. The way we respond to different situations in our environment is primarily affective and normative, and our behavior is based on rational evaluation and decision making to a relatively minor degree. Our basic everyday assumptions concerning this approach to reality may be contradictory to this; that is, we may believe that our thinking and behavior is firmly rooted in rationality.

As a practical consequence of the corporate theories presented, two questions may be asked. The first focuses on the nature of corporate culture; that is, is it a real phenomenon or not? The second asks whether corporate culture can be actively managed. The first question can be sidestepped because it is not important if corporate culture exists or not in

any objective sense if we take it to be simply a metaphorical way of looking at organization. From this perspective, corporate culture is a valid construct if it provides a useful way to examine the social realities within organizations; that is, if it helps to conceptualize and analyze them. As a metaphor, corporate culture may be used to construct the social realities it describes. The second question, concerning the possibility of active management of corporate culture, is more difficult to answer. The managerialist view on culture considers it, somewhat naively and hopeful, to be a manageable phenomenon. My approach is more cautious. I assume that cultures can be 'changed' the same way other social realities around us change and develop, but not in the mechanistic manner of the managerialist view. Cultural change occurs through a gradual reflective interpretation and re-interpretation process based in dialogue amongst the actors involved. Culture also changes on its own through interpretations taking place within organizations without any intentional direction or support from anyone. What is not possible is mechanistic, top-down management-directed cultural change. Such attempts will not produce the expected results, although they may have all manner of unintended and even unnoticed, effects. Culture management can be achieved through an extended process of involving and motivating the actors in question. Learning is a central factor in cultural change. Individual learning alone does not affect culture to a significant degree or on a significant scale, although individual learning is its fundamental mechanism. Changes in overall corporate culture require organizational learning; that is, simultaneous, coordinated and consistent learning by individuals. The possibilities and limits inherent in organizational learning are central consideration in attempts to change corporate culture.

With reference to the wide array of theories presented previously, I prefer to reject the most managerialistic theories, considering them to be neither theoretically durable nor applicable in practice.

3.6 Concepts

A variety of important concepts are used in the literature on culture-related issues. In this section I will define concepts as they are understood and used in this research. The concepts are divided in three groups: (1) concepts related to understanding cultural phenomenon, (2) concepts related to the core of cultural phenomenon, and (3) concepts related to cultural change.

3.6.1 Concepts related to understanding cultural phenomenon

The main concept is "culture," of which there is an abundance of definitions. Organizational and corporate cultures are cultures within specific settings of social interaction.

Culture

There is an abundance of definitions of culture in the literature. A very comprehensive definition was proposed as early as the 19th century. According to Edward Burnett Tylor in 1871, culture is that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society (Encyclopaedia Britannica Online Dictionary). Kroeber and Kluckhorn cited 164 definitions of culture in 1952. Their preference was for the view that culture is an abstraction from concrete behavior, but is not itself behavior (Encyclopaedia Britannica Online Dictionary). Culture is considered to be a factor that carries or realizes values (Hetemäki, 21). The study of culture can never be free of assumptions of value (Brooker 1999, 51). Culture is a set of basic assumptions common to a certain group of persons (Schein 1991, 26). Culture is the sum total of all the shared, taken-for-granted assumptions that a group has learned through its history (Schein 1999, 29). Culture is the integrated pattern of human knowledge,

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belief and behavior that depends upon man's capacity for learning and transmitting knowledge (Encyclopaedia Britannica Online Dictionary 2000). Culture is a signifying system through which social order is reproduced, experienced and explored (Brooker 1999, 51).

In this research, culture is assumed not to describe physical reality within a social group. Culture is a metaphor that describes the socially constructed reality of a particular social group. This metaphor assists in understanding the prevailing social reality and can be used as a tool to reconstruct this reality.

Organization

Organization is a relational phenomenon produced by social actors through social discourse and used to interpret the social world. The meaning of an organization resides in the contexts and occasions where it is created and used by members of the organization, rather than in a specific fixed substantive form (Gephart, Boje and Thatchenkery 1996, 1-3).

Corporate culture

Corporate culture is a set of shared attitudes, values, goals and practices that characterize a company or a corporation (Encyclopaedia Britannica Online Dictionary 2000).

In this research, corporate culture is taken to be a metaphor describing socially constructed organizational reality in its entirety. This concept includes a variety of sub-metaphors like values and basic assumptions.

Organizational culture

Organizational culture is the culture of any organization. Corporate culture is one specific type of organizational culture.

Organizational climate

Organizational climate is a term used to describe the organizational culture as seen from outside the organization or as measured by some 'objective' instrument. In many cases organizational climate is used as an equivalent to organizational culture. Organizational climate is generally taken to mean the common feeling about how it is to work for the organization (Hokkanen, Skyttä and Strömberg 1995, 70). In this research, organizational climate and organizational culture are not taken to be synonyms, though both concepts refer to the same phenomenon. Organizational climate focuses on the surface level. Organizational culture has the potential to examine the underlying social reality.

Relevant approaches to understanding cultural phenomenon are offered by discourse analysis and deconstruction. The research methodology is defined in detail in chapter 4.

Deconstruction

Deconstruction is a 'method' of critical attitude or a way of reading different cultural 'texts' (Brooker 1999, 56-58). Deconstruction is a very comprehensive form of philosophical skepticism that calls our unexamined assumptions into question, and at it's best demonstrates where there are gaps in these assumptions. Deconstruction is a tactical technique for demonstrating the instability of language and the shaky foundations on which most of our theories rest (Sim 1999, 31-32, 70-71).

Discourse analysis

Discourse analysis is a method for studying the use of language as it flows or unfolds. Every community shares a body of knowledge that is implicitly activated by any one semantic exchange. Through discourse analysis this body of knowledge is opened and interpreted (Sim 1998, 230-231). Discourse analysis focuses on the use of language or other meaning-related action and analyzes in detail how social reality is produced in different social practices (Suoninen 1997, 14).

Metaphors

Metaphors express similarity between something well known or concretely known and something of greater worth or importance that is less or more obscurely known (Wheelwright 1962, 73). A metaphor is a figure of speech in which a word or phrase denoting one kind of object or idea is used in place of another to suggest a similarity between them (Webster's New Encyclopedic

Dictionary 1996, 630). Metaphors are means through which meanings from different social domains are connected to each other. The act of transfer produces a new meaning as the two previously separate domains are drawn together, and results in producing analogies (Tienari, Vaara and Sääntti 2000). Metaphors are both carriers of meaning and means to construct new meanings (Tienari, Vaara and Sääntti 2000, Gheradi 2000, 1057-1080). Metaphor describes the target by giving it properties that are not normally connected to the target but belong to the other body used in comparison with the target (Mäkelä 2000, 53). A root metaphor is a metaphor that is at the core of some theoretical approach or paradigm. 'Corporate culture,' 'corporate values' and 'organizational learning' are root metaphors of importance to this research.

3.6.2 Concepts related to the core of cultural phenomenon

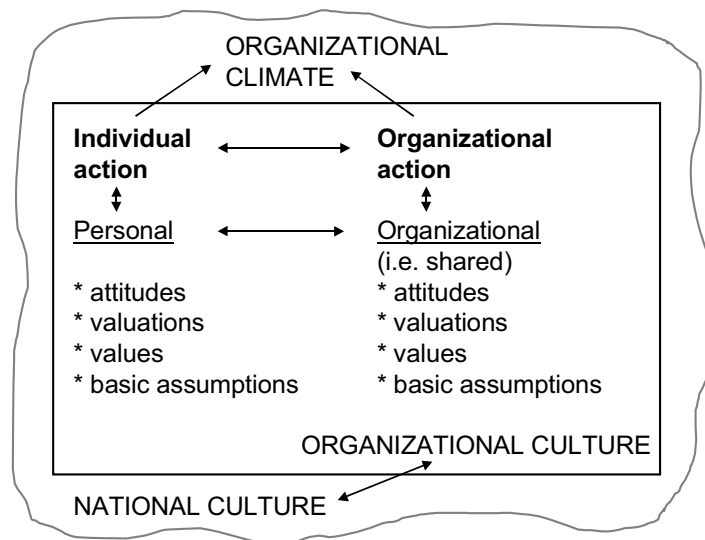
Value related concepts are seen to form the core of cultural phenomenon. There is an abundance of overlapping value concepts.

Value	A value is the permanent meaning something has for an individual. Values are very highly prized and, as a result, become an 'ideal' which affects the individual's choices, words and action (Ruohotie 2000b, 8). A value is an established meaning that an individual assigns to something. (Ruohotie 2000a, 87). Values contain what we consider valuable according to our definition of good/bad, beautiful/ugly, etc. What we consider good is valuable (Hetemäki 1999, 21-22). All values are subjective.
Organizational values	Organizational values are value patterns considered to be prevailing within a given organization and held commonly by persons working within this organization.
Valuations	Valuations are a fairly stable and constant means to relate to certain objects (Ruohotie 2000, 87). Basic assumptions are more 'fixed,' subconscious deep level values (e.g. Gagliardi 1986, 121-124). Valuations are more fluctuating and apt to change through new interpretations and external influence.
Basic assumption	<p>Individual basic assumptions are subconscious deep-level values perceived by the individual as the 'truth' about reality.</p> <p>Organizational basic assumptions are self-evident deep-level values common to a certain organizational unit (Schein 1991, 35-36). They are hidden 'theories in use' that define what to observe, how to behave and how to feel in a group. Common basic assumptions, being self-evident 'truths' and being amplified through social interpretation processes, are hard to change.</p>
Attitude	Attitude is a relatively stable and logical way of responding to a given subject (Ruohotie 2000a, 87; Ruohotie 2000b, 8). Attitudes have either concrete or abstract targets (Rantanen and Vesala, 343-350) and express positively or negatively valued reactions towards certain objects, persons or situations (Ruohotie 2000, 87).

There is an interrelationship between the concepts. They are all theoretical constructs; that is, they are not directly observable but are concepts developed to interpret reality (e.g. Rantanen and Vesala, 344). Concepts like attitudes, values, valuations and assumptions are overlapping and do not have exact counterparts in reality. They are conceptualizations; that is, theoretical tools that help to interpret the fluctuating social reality within organizational settings.

The picture below describes the interrelations of some of the main concepts.

Figure 35. The interrelations of some of the main concepts.



An action is a real world phenomenon which can be observed. Attitudes, valuations, values and basic assumptions describe the same theoretical construct, but the depth is different. Attitudes and valuations are closer to the surface and easier to recognize and to change. Values and basic assumptions are deeper in the individual or organizational psyche and harder to examine and change. Basic assumptions are, by definition, subconscious.

3.6.3 Concepts related to cultural change

Two approaches of importance to this research are managerialism and social constructivism. The former sees cultures as phenomenon that can be managed by intentional decisions and specific actions originating outside the culture and imposed upon it. The latter considers cultures to be phenomena that are constructed through interpretations made by those actively involved in and interacting within these social settings.

Managerialism Managerialism, or pragmatism, is an approach that assumes that social realities within organizations, especially cultures and values, can be shaped by management action.

Social constructivism Social constructivism is an approach that takes social realities to be constructed by those living and acting within these realities. Social construction is constantly taking place through interpretations and re-interpretations by the actors involved.

Social constructivism being my theoretical preference for this research, the following terms are of importance to understanding it.

Meaning perspective Meaning perspective is the sum of assumptions forming the frame for interpreting certain experience. (Mezirow 1995, 8)

Critical reflection Critical reflection refers to the evaluation of assumptions behind personal meaning perspectives and to the study of the sources and consequences of these assumptions. (Mezirow 1995, 8)

Cognition Cognition refers to processes of acquiring knowledge, knowledge processing and development. Perceiving, recognizing, conceiving, judging and reasoning

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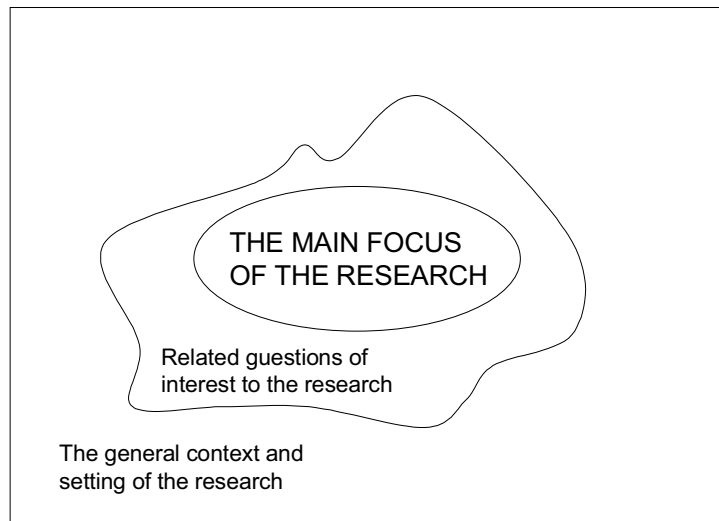
are typical cognitive processes. (Snow, Corno and Jackson 1996, 244; Ruohotie 2000b, 1)

Affect	Affect is the feeling response to a certain object or idea. It can be described as energy resulting from an emotion towards something liked or disliked. (Ruohotie 2000b, 1) Emotion, mood, temperament and the energy of an emotion belong to the class of affect. (Snow, Corno and Jackson 1996, 243)
Conation	Conation refers to mental processes of unrest which help the organism to develop. Conative constructs include impulse, desire, volition and purposive striving. Conation is the opposite of homeostasis. (Ruohotie 2000b, 1; Snow, Corno and Jackson 1996, 244)
Metacognition	Metacognition is a control process directed towards planning, directing and evaluating thinking and action processes.
Reflection	Reflection refers to the re-evaluation of one's own assumptions (i.e., strategies and means of action) in problem solving and practical action. (Mezirow 1995, 8)
Transformative learning	Transformative learning refers to a learning process conducted through critical reflection that changes meaning perspectives, thus enabling individual to form more exhaustive, more fine-grained and coherent understandings of their own experience. (Mezirow 1995, 8)

3.7 Research problems

The selection of the research problem, or problems, is of vital importance to the success of any research project. The picture and research problems presented below outline my thinking and the choices I have made for this study.

Figure 36. The focus of the research.



I divided the possible field of study into three zones when designing the research questions: (1) the main focus of the research (i.e., the specific research problems selected for this study); (2) related questions of special interest to the research (i.e., the gray zone of those interesting issues that could have been explored but have been left out of the study); and (3) the general context and setting of the research (i.e., the broader surroundings and realities related to the target of the research).

I felt that I had to make this context very clear to myself. Of special importance was the boundary between the main focus of the research and interesting related questions. This distinction is described below.

Starting with the related questions of special interest, I have decided to exclude the following very interesting questions from this research. (1) How was the corporate culture development project designed as a development intervention within the target organization? (2) How did the corporate culture development project proceed in the various organizational units involved? (3) What is the history of corporate culture development projects and other related activities in the target organization and its predecessors?

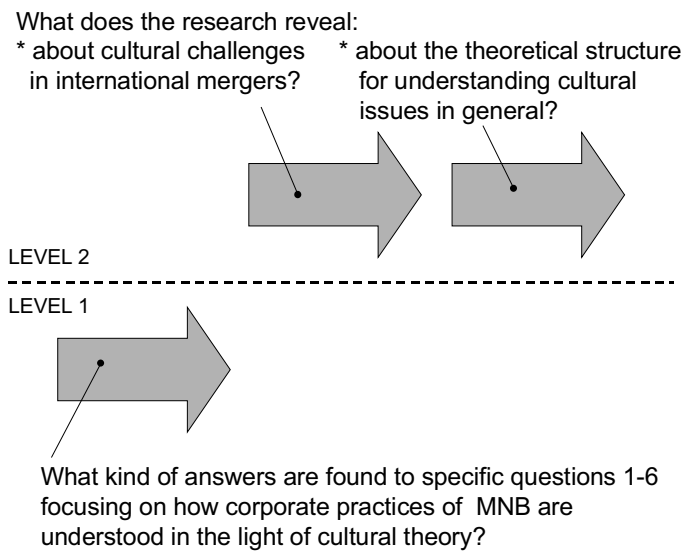
These exclusions were not easy to make. Excluded questions (1) and (2) were so important in my mind, that I looked for alternative ways to answer them. Then I found two young academics who were interested in exploring these questions in their graduate work. I have made some references to these studies in chapter 2. I have also shed some light on excluded question (3) in the same chapter.

The problems selected for study are presented in the table below.

Table 11. The problems selected for the study.	
The general focus of the research is to add to understanding about:	
How can corporate practices intended to address organizational culture in the merger of Merita and Nordbanken be understood in the light of cultural theory, and what does this reveal about cultural challenges in international mergers, and about the theoretical structure for understanding cultural issues in general?	
The specific questions within this general question are the following.	
1.	How did the senior management initially understand cultural needs and processes in the merger?
2.	How did the middle management and the staff initially understand cultural needs and processes in the merger?
3.	What were the corporate culture development needs defined by the corporate culture development seminar participants?
4.	How did the senior management interpret advice about cultural needs, which it received from the middle management?
5.	What actions were initiated at a corporate level to address cultural needs?
6.	How were the values of the parent organizations being incorporated into an initial new corporate culture and what challenges remain?

During the first phase of the analysis, each of the targeted research problems will be answered on its turn. The sum of these analyses forms the basis for the second phase. In this second phase I intend to draw conclusions about the relationship between cultural theory as it is presently constituted and actual corporate practice, and suggest some more general implications for the cultural theory of organizations.

Figure 37. The relationship of the research problems.



The series of corporate culture seminars which are central to this research were concluded in January, 2000. All of the material from these seminars was available for study and thus all the questions posed can be examined.

4 METHODOLOGICAL CHOICES AND RESEARCH IMPLEMENTATION

4.1 Introduction

This research examines culture-focused discourses conducted within the case organization of MeritaNordbanken. I describe the background of these discourses in section 2 from the following perspectives: (a) the major changes that have occurred and that are taking place within the field of financial business; (b) the organizational background of the target organization MeritaNordbanken; (c) different understandings of Finnish and Swedish national cultures; and (d) previous and present corporate culture development activities implemented within the organization in focus. In section 3 I focus on theoretical approaches that are of importance to this research, which I have categorized as: (a) the philosophical approach, (b) the organization theory approach, and (c) the learning theory approach. The research problems, which have been previously described, are also explicitly stated in a formal way at the conclusion of this chapter.

Several culture and corporate culture focused discourses have taken place within MeritaNordbanken. Those of interest to this research are related to the research problems defined in section 3.7. The discourses selected as the target and the speakers within them are defined below.

- 1) The first group of discourses analyzed reveal senior management's initial understanding of cultural needs and processes in the merger. The materials through which these discourses are analyzed include (a) a culture video produced for MNB culture seminars, (b) senior management comments on corporate culture in internal papers, (c) external consultant reports focused on cultural issues and used by the senior management, and (d) other materials used in MNB culture seminars. The speakers in these discourses are mainly individual representatives of the senior management of MNB.
- 2) The second group of discourses analyzed reveal the initial understanding by middle management and staff of cultural needs and processes in the merger. This is considered to be an initial personal understanding because it is based on the materials that individuals produced before they participated the MNB culture seminars. These understandings can be seen to be influenced by personal experiences and by some of the senior management statements analyzed in part (1). The speakers in these discourses are individual representatives of middle management and the staff of MNB.
- 3) The third group of discourses analyzed focus on corporate culture development needs within the organization. These discourses, which were conducted by MNB culture seminar participants, were the main product of these seminars. The speakers in these discourses are small groups of three to seven people representing the middle management and staff of MNB.
- 4) The fourth group of discourses analyzed reveal the senior management's interpretation of advice given by seminar participants about cultural needs of the new organization. The materials used to analyze these discourses are all responses to comments produced by participants in the culture seminars. The speakers in these discourses are individual representatives of the senior management of MNB.

- 5) The fifth group of discourses analyzed focus on actions initiated at a corporate level to address cultural needs. These actions include symbolic elements such as the selection of the corporate name and language, but focus primarily on value creation for organizational interest groups. The speaker is mainly the senior management of MNB as a group.
- 6) The sixth group of discourses analyzed focus on the incorporation of parent organization values into an initial new culture. The speakers in these discourses are mainly unnamed representatives of the previous senior management groups of the parent Merita and Nordbanken organizations.

Discourses (1) to (6) above are initially analyzed in Chapter 5 with respect to the specific case of MNB as it can be understood with the benefit of existing organizational theories. The analysis is taken to higher level of abstraction in Chapter 6, where the focus becomes more general. First, implications from the MNB experience for future international mergers are identified. Then, implications are suggested for organizational theory in general.

The focus of Chapter 4 is on methods of qualitative research and specifically on the methodology selected for this research; that is, discourse analysis.

4.2 Qualitative research of culture

4.2.1 Qualitative research

A three-step frame of reference has been proposed for organizational studies. (1) *Fundamentals* include the choice of a worldview; that is, the assumptions that will be made about the nature of reality and the nature of knowledge. (2) *Theory* includes the overt choice and/or construction of theories that are relevant to the phenomenon in question so that the researcher recognizes that the description of the phenomenon is made in terms that favour certain theories over others. The role of theories is as conversational devices that bring cohesion and stability to interpretations that are being negotiated. (3) *Methodology* involves finding or constructing a method that is consistent with the fundamentals and suitable for the kind of theory being used. The process of constructing understandings is as important as the constructs themselves since a research report should be faithful to the dynamic of the social situation that it is examining. (Czarniawska-Joerges 1992, 1–9)

Qualitative approaches are considered to be useful for studying cultural phenomenon in a way which will lead to meaningful and relevant results. Both internal and external views are useful, the former providing perspective and comparison with the environment, and the latter providing a 'thick' description of the 'feel' of the culture. In order to obtain the deep understandings of an internal view, the researcher is well advised to become as closely involved for as long as possible. Methods that can be used to collect qualitative data include participant observation, in-depth interviews, and examination of physical artifacts. Data analysis primarily takes the form of content analysis of texts or interpretation of in-depth structures. (Alvesson and Berg 1992, 20, 51)

Understandings and interpretations of culture, which are the subject of this research, are constructed in discursive social processes between the actors involved. The construction takes place in social interaction through language and speech. There is no direct access to culture. Instead, it is a phenomenon to be studied through comments and interpretations made in discussions within the culture. The multi-faceted nature of culture makes it difficult

to describe either precisely or concisely, and makes several plausible and useful interpretations possible.

Explanations can be found through “understanding” of intention within the social sciences, something that is not possible in the natural sciences. (Heller 1995, 13-23) However, something is always left outside understanding, whether it be secrets, unclear areas, or entirely unknown territory. According to Heller, in the social sciences it is essential to ensure that a wide range of sources are examined in order to minimize these unknowns and thus ensure that understandings are as reliable as possible. In addition to this, the focus of the research should spread evenly. The study of testimonies demands an ability to read in many different ways when dealing with narratives, stories, statistical materials, partially fictitious narratives, earlier interpretations and such. The best way to generate testimonial data is not by asking directly but by drawing it from naturally occurring discussions within the culture. Creative interpretation is both permissible and valuable because it can open new theoretical horizons by suggesting new ways of viewing previously interpreted data and thus allowing for fresh insights and even for entirely new perspectives.

The paradigm of meaning is the most commonly used in qualitative research. (Varto 1992, 57-58) It emphasizes that the object of the research is to be analyzed as an entity, that the research is about meanings, that analysis and understanding are the main methods, that the researcher’s specification of the research is a part it, and that the research changes both the researcher and the object of the research.

The main purpose of cultural studies is to make use of all useful theories and methods in order to gain insights about the phenomena one studies. Cultural studies take theories and methods as additional viewpoints on reality. One should be pragmatic and strategic in choosing and applying different methods and practices. Two phases can be recognized in qualitative research. They are the production of observations and “unriddling.” In the production phase observations are purified. The researcher tries to concentrate on “essentials” and combines raw observations to reveal core issues, thus reducing the original data to a more manageable size. Of course it is also useful to limit the amount of data collected originally if possible. In “unriddling” an interpretative explanation is made with reference to other research, formerly tested hypotheses and theoretical frameworks. Extracts from the data are used as clues suggesting interpretations alongside the “macro-observations” produced by the purification of raw data. Qualitative research may also include quantitative analysis through the coding and cross-tabulation of data. The results of quantitative analysis may also be used as clues for “unriddling,” but interpretative explanation is the heart of qualitative analysis. (Alasuutari 1995, 3, 19-21)

Qualitative analysis materials can be produced in countless ways. Material chosen for analysis can also be interpreted in numerous ways. Analysis material is by its very nature overabundant. There is always more in the material than can be analyzed. Creative logical thinking and argumentation are central to qualitative analysis. (Alasuutari 1994, 19–21, 79)

It is characteristic of qualitative research to collect materials which make many kinds of questions possible. One has to be able to change the viewpoint, lens and focal distance as freely as possible. From this point of view, an ideal data set would be one that exists independently of the study and the researcher. (Alasuutari 1995, 43; Cassell and Symon 1994, 4) Naturally, it is a practical problem to maintain an external perspective, have deep internal understanding of the issues analyzed, and collect independent data simultaneously. In my role as the organizer of activities that are the object of this research I have attempted to limit my involvement to facilitation of processes and avoid any direction of the course of

those processes in order to ensure the validity of the data. In addition, I have selected materials from several independent sources for analysis in order to confirm its reliability.

4.2.2 Research validity

Three criteria for the validity of modern scientific research have recently been defined by Tuomi. (1999, 72-73) (1) The research leads to changes in organizational practice. (2) The research leads to advances in theoretical methods or understanding. (3) The results are considered to be relevant and interesting by practitioners. In general, he suggests that results cannot be validated with reference only to the attributes of the research process and the data it produces, but that dialogue with practitioners is also necessary.

The following features of qualitative research are important to ensure its validity. (Mason 1996, 5-6) It should (1) be systematically and rigorously conducted, (2) be strategically conducted, yet flexible and contextual, (3) be actively reflective, (4) produce social explanations to intellectual puzzles, (5) produce social explanations which can be generalized or which have a wider resonance, (6) be seen as complementary to rather than in opposition to quantitative research, and (7) be conducted ethically and with regard to its political context. The validity of the methodology and the analysis should, according to Mason (1996, 146–152), be demonstrated at least in two ways: (1) validity of data generation methods and (2) validity of interpretation. The validity of the data generation process is determined by how well the method matches the research questions. The validity of the interpretation depends upon the validity of the data analysis and strict adherence to interpretation based purely on this analysis. Mason recommends that the researcher make it abundantly clear how he/she derived his/her interpretations from the data.

Cataloguing data does not constitute qualitative research. Analysis through an overt and appropriate methodology is necessary. The researcher must explain both the ways in which the material was gathered and the methods used in its analysis. (Alasuutari 1995, 41–42) If the research involves structures of meaning, the way in which people conceive or classify things, the data must be texts in which they speak about things in their own words.

The researcher's choice of methodology is often related to the sources of data; for example, documentary evidence or economic data. (Cassell and Symon 1994, 4) Triangulation of data by multi-method approaches is essential in organizational research about complex processes involving a number of actors over time.

According to Eskola and Suoranta (1998), the criteria for evaluating of qualitative research are the following. (1) *Reliability as a window to reality*: how competently has the object of the research been described? Internal validity refers to the harmony of theoretical and conceptual definitions. External validity refers to the faithfulness of the interpretations and conclusions to the research material. From the evaluative viewpoint, three issues are to be emphasized: the significance of the research material (that is, the cultural position of the material and the rules of production), the adequacy and exhaustiveness of the material, and how well the analysis can be evaluated and repeated. The validity of qualitative research can also be tested by asking if the argument itself is contestable, if the presentation of the argument is trustworthy, and if extra evidence is necessary to support the conclusions drawn. (2) *Reliability as convincing argumentation*: does the research report provide a complete and exhaustive consideration of the subject? In this regard, the research text can be considered to be part of the overall reality itself, building meaning and contributing to the examination and interpretation of the subject matter. (3) *Reliability as co-operation between*

the researcher and those researched: has there been reflective discussion between those involved?

In this research, I have attempted to provide a wide range of relevant data and to analyze it carefully with appropriate methods in order to construct a reliable picture of the cultural development processes under study. However, it has not been possible to establish a reflective discussion with those involved so that they can participate in the research that is being reported in this dissertation because I could not obtain adequate access to the over 300 participants.

The multi-dimensional materials, cross-disciplinary approach and broad theoretical framework of this research should not be taken as a weakness. (e.g., Lähteenmäki 1995, 45-47) Rather, being able to look at the phenomenon of cultural interaction from several different perspectives and through several different lenses can deepen the understanding, improve the reliability of results and conclusions, and help in the critical analysis of prevailing theoretical explanations and the construction of new ones.

The relation between the researcher and the target of the research is constructive. The researcher both describes social reality through his results and simultaneously creates it. The work of a discourse analyst is by nature similar to the action he studies. Speech acts in the form of writing are the main work tool. (Jokinen 1999, 41; Juhila 1999, 201-203, 212-213) It is important, therefore, to consider what kind of position I have taken in relation to the object of this research. My various prior connections to the setting have made it impossible to assume the role of an objective analyst focusing on the material with limited and controlled personal relation to it. I have preferred to avoid the position of an advocate who is trying to propagate some alternative way to construct the realities involved—for example, to emancipate or empower the actors involved—which is neither my work role in the setting nor my goal as a researcher. What I have tried to do is to adopt the role of an interpreter, developing a critical reading of the setting and identification of different possible interpretations for it. In this interpretive role, I recognize that the meaning of the analysis must lie primarily in the material analyzed, but not solely within it. I have also reserved the right to assume an interpretative relation with the material and to read it through this relation in order to open new viewpoints on and understandings of the issues studied.

4.3 Discourse analysis as a methodological framework

Discourse analysis is often referred as a loose theoretical framework that allows different points of focus and different methodological solutions. (Potter and Wetherell 1987, 175; Suoninen 1997, 41; Jaatinen 1999, 56-57) The following theoretical views underlie discourse analysis. (1) Social reality is constructed through the use of language. (2) There exist several parallel and competing meaning systems. (3) Meaningful action is context bound. (4) Actors are bound to meaning systems. (5) The use of language has consequences. All these assumptions fit extremely well into the study of culture-related issues.

Discourse analysis takes human reality to be socially constructed. This approach fits very well with the most promising theoretical approaches towards culture, which treat it as a reality that is continuously built and rebuilt through social interaction. According to the social constructivist approach, social reality, or even all reality that appears to human beings, is constructed in social relationships through language. (Myllyniemi 1998, 225-227; Jokinen, Juhila and Suoninen 1999, 10-11; Steyaert and Bouwen 1994, 124; Sulkunen 1997, 15; Burr 1995, 49-59; Jokinen 1999, 39-41) There is no way to perceive or express a 'neutral' reality.

Instead, our view is always conditioned by meaning through some perspective which is grounded in assumptions and beliefs, often subconscious but nonetheless influential. From this point of view, an organization is an ongoing negotiation process in which people interact and influence each other as they define their social reality together. From the social constructivist point of view, even 'attitudes' are manifestations of discourses that have their origin not in the individual's private experience, but in the discursive culture that the individual inhabits.

Discourse analysis takes reality to be constructed through conceptual expressions of language. These expressions form a central part of social reality, which would not exist as such without the concepts used to define it. (e.g., Suoninen 1997, 11-14; Suoninen 1999, 18-20) Discourse analysis does not take language to reflect 'reality;' rather reality is seen to be constructed through the use of language and other meaning-laden activities.

Meanings are always examined within discourse analysis in relation to the context and local processes. (Jokinen and Juhila 1999, 56-66) Meaning construction is interpreted both in the present and as part of the discursive climate of the epoch, with reference to the larger cultural context and patterns of language use. The discursive climate defines what is discussed and what is not, what is allowed and what is forbidden. The cultural context surrounding discourse should not be taken as a framework explaining the analysis. Rather it should also be kept open to different interpretations. Connection of situational meaning building with the cultural environment may be achieved by contextualizing the material analyzed as a part of some larger context. In this research I have defined the national corporate setting as the macro setting most relevant to the time and company specific interpretations in this research. The cultures of the nations involved and the culture of the time both affect the corporate realities that exist within the larger cultural context. Because all these contexts fluctuate constantly, they are extremely difficult to account for in the analysis.

The basic idea in discourse analysis is that language or text does not reflect social reality neutrally. (Husa 1995, 43; Suoninen 1999, 18-20; Derrida 1988, 28) Text is simultaneously a product of social reality and an underlying generator of this reality. Texts not only describe reality, they also build this social reality because texts both describe their subjects and make interpretations, intentionally or unintentionally, of these subjects. The focus in discourse analysis is not on reasons for the phenomenon analyzed, but on ways actors describe different phenomenon and give meaning structure to them. The beginning presumption that language is never neutral, that it contains a great variety interrelated assumptions which form a circumscribing and scaffolding system, is central to discourse analysis.

Social constructionism can be defined as a theoretical-methodological framework, whereas discourse analysis is a methodological approach. (Jokinen 1999, 37-39; 41; Suoninen 1999, 19) Social constructionism is the framework within which discourse analysis can be set, together with speech analysis, rhetorics, semiotics, and ethnography. Discourse analysis is research into the use of language and other meaning mediating action, where the construction of reality in different social practices is analyzed in detail.

Discourse analysis has been defined in a variety of ways. It is seen to build on developments in literary theory, linguistics and sociology, such as ethnomethodology, speech act theory and semiotics. (Marshall, 91-92) These developments all emphasize the constructive and action-orientated nature of language and focus attention on language as a social practice in it's own right, which gives particular importance on the structure and organization of discourse, and the possible consequences of the use of particular versions

or constructions in the text. Language is thus seen as playing an active role in constructing reality.

The term 'discourse analysis' is an umbrella concept, which covers a wide variety of actual research practices with quite different aims and theoretical backgrounds. (Burr 1995, 163; Hoikkala 1990, 142) The basic materials are artifacts such as interview transcripts, recordings of 'natural' conversations, extracts from books and so on. The nature of discourse analysis itself is subjective and interpretative. At its broadest, discourse analysis includes social and cognitive research of language from all possible angles.

The discourse approach can also be applied at the level of an individual psyche. The mind can be seen as a meeting point for a wide range of structuring influences. (Harré and Gillet 1994, 21-26) The psychological phenomena through which one makes sense of all this exist in discourses, significations, subjectivities, and positionings. Human individuals situated within different socio-cultural discourses produce the entity that is called social reality. Individuality can be seen to be embedded in historical, political, cultural, social, and interpersonal contexts; all these constructed through discourse.

Discourse analysis focuses on discourse, on its functions and effects. (Husa 1995, 43) The goal of the analysis is to develop something out of the material that does not automatically reveal itself. Discourse analysis can be defined as a means to analyze qualitative material for the purpose of interpreting social reality produced in social practices. The analysis may include implicit and hidden rules within the discourse.

A discourse refers to a set of meanings, metaphors, representations, images, stories, statements and so on that together represent a particular version of events in a certain light. (Burr 1995, 48-49; Sulkunen 1997, 17-18) Each discourse brings different aspects into focus, raises different issues for consideration, and has different implications for what we should do. Understanding reality means giving it meaning and interpretation. This does not only result in descriptions of social reality, but also gives value(s) to the reality described. Value production is part of the process of understanding.

A "Vygotskian" discursive ontology of psychology locates reality making in arrays of people. Entities of interest are speech-acts, and relations are built according to rules and story lines or narrative conventions. (Harré and Gillet 1994, 29-26) Speech acts are spoken or other meaning-laden intentional expressions that finally become speech-acts when taken up by the others to whom they are addressed. There is no causal relation between speech-acts. Instead, one speech-act makes another appropriate or normatively accountable. Narrative convention refers to the way stories are told in our culture.

Critical discourse analysis is based on the concept of discourse by Foucault. (Pietikäinen 2000, 191-217) It focuses on the interrelations of power, ideology and discourse. Discourse is analyzed from the perspective of social structures and practices. The use of language is seen to construct three broad areas of social life: (1) knowledge and beliefs, (2) the relations between different social groups, and (3) the formation of social identities. These aspects of social life are of special interest in this approach to the study of cultural phenomenon.

Foucault's archeological approach to discourses considers a discursive formation to be a monument. This means that a discursive formation in text form contains everything of importance from the point of the meaning to be found through interpretation. Discourse is not used to interpret something outside the discursive formation but is itself a monument and not simply a document describing some other monument. Instead of everyday speech

Foucault was interested in 'serious speech instances;' that is, instances where a speaker in an authoritarian position speaks as a representative of his position. (Husa, 43-44) Discourses are "practices which form the objects of which they speak." To Foucault a discourse provides a frame of reference, a way of interpreting the world and giving it meaning that allows some 'objects' to take shape. (Burr, 57) In the way that Foucault uses discourse analysis, it is an analysis of power. The focus of interest is how power shapes the original discourse. Because the analyzer is always bound to his own perspective, the final truth is unattainable, and only a partial truth may be revealed, which is always bound to a certain local setting and a particular time. Thus, the analysis can only set new masks on top of old masks. (Husa, 44-45)

"Foucaultian" discourse analysis focuses on those concrete and fluctuating ways, that language users conceptualize reality. (Valtonen 2000, 61-64) Ways of speech are neither seen to be individual nor given, but to emerge and evolve in historical and social contexts based on prevailing social practices of that special place and time. Instead of discovering some 'truth,' the focus of attention is on power, because power is seen to be the factor that produces reality, not truth.

Discourse analysis which attempts to probe to the core of cultural phenomenon using deconstruction and the analyzing methods of 'an archaeology of knowledge' is always limited by the hegemony of discourse; that is, the power relations that shape all cultures and all discourses. Self-reflection is suggested as a means of overcoming this limitation. (Jukka Siikala 1997, 20-25) This research uses self-reflective materials produced by the actors involved, and also contains my personal self-reflection concerning the cultural setting of the research.

Discourses can be understood to be practices in society that produce what they speak about; that is the subject of the discourse and even the speakers and listeners involved in the discourse. They develop in relation to other discourses, and are also shaped by non-discursive entities such as institutions. (Husa, 42-43) Thus, discourse can be seen to include not only written and spoken texts but also the rules according to which they are conducted.

Foucault's archeology of knowledge studies how different things form, change, resolve, and disappear through an examination of discourses. (Husa 1995, 45-46) The approach is critical and emancipatory. In each society (and organization) there exists a system of truth; that is, one policy of truth. Foucaultian discourse analysis makes it possible to open other competitive views on reality. Husa lists the central features of this approach as (1) an openly critical stance, (2) an attempt to shake existing truths, (3) an approach to text as discourse, (4) a deconstructive historical approach, (5) selection of so called sensitive subjects as objects of study, and (6) not remaining within the limits of specific sciences. These approaches fit the needs of cultural studies well.

Potter and Wetherell (1997, 7, 33-34, 49-50; e.g. Myllyniemi, 225-227; Burr 1995, 48) use the term discourse in its most open sense covering all forms of spoken interaction and texts of all kinds. In discourse people use their language to construct versions of the social world. The possible uses of language are highly variable. The term "interpretation repertoire" is sometimes used as a synonym for discourse when referring to a set of meanings, metaphors, representations, images, stories, statements and so on that produce together in some way a particular version of events which represents them in a certain light. The aim is not to reconcile contradictory observations. On the contrary, contradictions are accepted as

a feature of social reality. In general, discourse analysis does not focus on phenomenon. The focus is on the discourse itself, how it is organized and what purposes it serves.

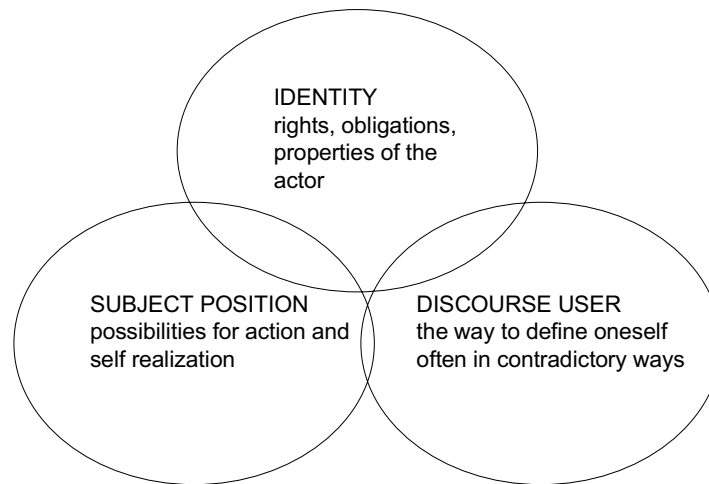
Reconstruction refers to attempts to take apart texts and see how they are constructed in such a way as to present particular images of people and their actions. (Burr 1995, 164) This may take the form of revealing “hidden” internal contradictions, or showing how we are led by the text into accepting the assumptions it contains. Reconstruction can also aim at showing how current ‘truths’ have come to be constructed, how they are maintained, and what power relations they support.

It is important to explore what can be revealed through such a study of cultural interactions in a corporate setting. An analysis of one individual artifact does not necessarily reveal cultural generalities, but it may indicate what is culturally possible. (Suoninen 1997, 28)

Three contexts are recognized in which social actors meet to ‘reconsider’ the social reality they are building together (Steyaert and Bouwen 1994, 122, 141): (1) group context created by the researcher for ‘exploratory’ purposes, (2) work group contexts intended to ‘generate’ insight and new action, and (3) “intervention” contexts where the group is mainly an instrument for intervention. The group intervention context is of special interest in this case. The following features are recognized in group intervention: the goal of the research is intervention in the context, the social constructivist focus is the change or the interplay between the voices, the context of use is organizational change, data generation takes place for change-orientated interactions, the analysis aims at generating new possibilities, the role of the group is joint action and co-learning, and data collection is done selectively by the participants.

A person participating in discourse has a choice of various subject positions, which vary according to situation and the matter at hand. The position chosen can be accepted or its validity can be denied and changed through speech. The subject position is not a “role,” but a location in the minds of those participating in the discourse. (Myllyniemi 1998, 225-227; Burr 1995, 141-142) The ‘subject positions’ within discourses create the possibilities for and the limitations on what we may or may not do and claim for ourselves within a particular discourse. We cannot avoid these subject positions. Our choice is only to accept them or try to resist them.

Figure 38. Identity, subject position and discourse user
(based on Myllyniemi 1998, 225-227 and Burr 1995, 141-142)



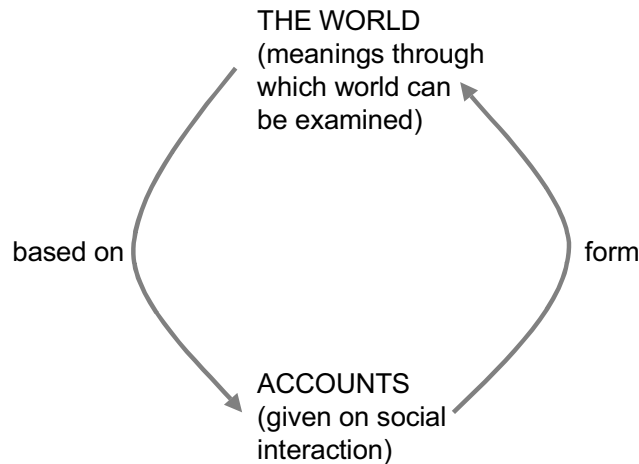
The relationship to the context implies, that the place and the time of the discourse is taken into account. I have defined the context in Chapter 2 and in each part of the analysis, as well as defining my own position in relation to the setting and materials analyzed.

Discourse analysis is concerned with the study of speech and the use of language. The material to be examined through discourse analysis can consist of any products of symbolic expression, particularly speech and text. Language is not considered to be primarily a means to describe reality and even less to draw a “truthful” picture of reality. Rather, language produces different interpretations of reality, none of which is to be taken as more “real” than another. (Myllyniemi 1998, 225-227) Those who have grown up within the same culture can, however, achieve common understandings because they have lived through common discourses and have participated in a shared definition of things and events. Thus, language functions constructively; that is, the use of language constructs reality, even though we are at best partially conscious of this ongoing process. Since it is speech acts which build and rebuild our social reality, examination of the meaning systems formed in discourses is a powerful way to analyze that social reality.

Discourse analysis studies the use of language as it flows or unfolds, as opposed to the rather atomistic sentence-based focus of stylistics or traditional linguistics. Every community shares a body of background knowledge that is implicitly activated by any semantic exchange. (Sim 1998, 230–231) This body of knowledge shapes the norms of intelligibility that determine whether or not a statement is perceived to be true, clear and relevant. More focused (Burr 1995, 184) discourse analysis may examine a single piece of text in order to reveal either the discourses operating within it or the linguistic and rhetorical devices that are used in its construction.

The model below represents graphically how accounts are based on the world and also construct the world of which they speak. (Suoninen 1999, 20–23) Accounts given by individual actors both reflect and build the social reality. They maintain conventional structures, fuel discourses, and produce various symbolic and material results that are often difficult to interpret.

Figure 39. The relationship between accounts and the world
(Suoninen 1999, 20–23)



Accounts begin in many instances with the most familiar and natural feeling events because they are widely accepted, ideologically tempting and seem self-evident (Suoninen 1999, 27, 32) This is particularly the case when the discourse is new and the participants are unfamiliar with each other. These accounts need not be unambiguous. Familiar discourses and 'ideologies' often contain contradictory elements. Symbolic structures with their own power hierarchies can exist in everyday situations that may seem trivial, but nonetheless reveal an important insight into the social reality of interest. Symbolic structures may be found in any explicit or implicit account of reality.

Discourses construct social reality by giving meaning to different elements of it. There are a variety of meaning systems that continuously reproduce and reconstruct themselves through the use of language. (Jokinen and Juhila 1999, 66-70) Account is a basic concept in the study of these meaning systems. An account, or description, is a statement that gives meaning to reality in various ways and in different situations. The goal of discourse analysis is to study these accounts and what various actors do with them.

The accounts analyzed in this research include individual statements in internal papers or videos, seminar participant statements taken from individual pre-work before the seminar, seminar sub-group statements developed within the seminar process, anonymous corporate statements of values, and so on. What is common to all these is that they are defined by the actors or by the setting to be of importance to the corporate culture.

Meaning systems found in this research include those of the senior management, including separate Swedish and a Finnish senior management meaning systems as well as different variations of these. There are also several other meaning systems based on position, gender, and professional or work groups within the organization. The goal of the analysis is not to identify and interpret these separate systems and sub-systems, but not to differentiate them to a greater degree than is implicit in the data.

4.4 Discourse analysis in practice

The approach to discourse analysis in this research is constructivist. This implies that the discourse analyzed is taken to be part of social practices in the target organization. This choice sets the focus on means of communication and meaning building instead of other possible targets of discourse analysis; for example, the use of language in certain situation or the formal structure of the discourse. (Luukka 2000, 151-157) The aim of constructivist discourse analysis is to reveal the social context of the discourse, how it constructs social reality, how it creates meanings, and what kind of effects it has.

In this research, speech acts are various kinds of individual and collective statements by the senior management and other actors in the corporate setting of MNB. They take many different forms, such as speeches, texts, comments within seminars, reports, statistics, internal and external newspaper articles and so on. All speech acts have been transcribed to text form for analysis.

The discourse analysis in this research involves primarily the study of speech acts made within the corporation, and includes only a few directly relevant speech acts which occurred outside of the corporate setting. My intent is to analyze the consistencies and inconsistencies expressed within and between individual speech acts. The goal is not to make an in-depth analysis of the specifics of the language used, but rather to build an understanding of what is said implicitly and covertly in the speech acts collected. By applying a 'deconstructivist' method in reading the texts I will construct an understanding of the social setting; that is, the culture reflected and built through these speech acts. In doing so I will attempt to remain open to multiple possible meanings within the texts and to "tease out" an interpretation of the textual unconscious. (Sim, 221-222)

There are several methods to be found in the field of discourse analysis. (Sulkunen 1997, 14-17) Some of them, like speech analysis, focus on interaction and the intentions of actors and their mutual interpretations. Some take the target analyzed as ready 'text,' within which complex meaning structures can be found. Some approaches are suitable for certain kinds of materials only (e.g., narratives, written texts, etc), while others may be used for the analysis of a variety of different social phenomenon. My analysis focuses on different materials in text form and the aim is to reveal meanings to be found within these texts. Conclusions will be drawn concerning the apparent meanings of different actors within the texts analyzed.

Discourse analysis is generally considered to be a very time-consuming and labor-intensive process. (Burr 1995, 168) Quite small amounts of material can take many hours to analyze. My own experience certainly confirms that conventional wisdom.

Transcripts of everyday conversations, news reports, scientific papers, letters, official documents, and such are features of the social fabric that the researcher has had no part in producing. Discourse analysis places the focus on language as used in social texts, both written and spoken. (Marshall 1994, 91) This may include interview material, open-ended questionnaire responses, group discussions and policy documentation. Texts are approached in their own right and not as a secondary route to things 'beyond' the texts. Discourse is treated as a potent, action-orientated medium, not a transparent information channel. The concern is exclusively with talk and writing itself and how it can be read, not with descriptive accuracy. (Potter and Wetherell, 160-162) In this research setting I have been involved in planning the activities (i.e., corporate culture seminars) and defining the

settings in which a considerable portion of the materials have been produced, but I have had no part in the actual production of the materials by the individuals and groups participating.

4.5 Materials analyzed

Practitioners of discourse analysis generally prefer materials that are independent of the researcher, such as newspaper texts, scientific studies, political documents, written memos, TV and radio programs, audio and video recordings and so on. (Jokinen 1999, 43–49) Transcripts of discourses are often less revealing than speech analysis. This is because the interest is in how interpretations (i.e., meanings) are formed through the process of interaction. This interest in language focuses on the active use of language, different practices, and the use of language in different situations and cultural contexts.

For the current research, there exists a variety of company documentation that can be analyzed: annual reports, PR material and press releases, corporate mission statements, policies on rules and procedures, human resource management strategies, policy directives on training, formal memos, and informal correspondence. Forster stresses that it is important that the researcher is aware of these different kinds of documentation and of the variety of functions they play in organizational life. In analysis it is particularly important to use various documents to triangulate interpretations. (Forster 1994, 148; see also Mason 71-72)

The analysis of company documentation begins with the assumption that all human interaction is meaning-laden, negotiated interaction that involves self-presentation, secrecy, political gamesmanship, and so on. “Understanding” more than “hypothesis-testing” is the key methodological process. At the core of this methodology is hermeneutic interpretation (Forster 1994, 150 – 153): (1) understanding the meaning of individual texts, (2) identifying (sub)themes, (3) identifying thematic clusters, (4) triangulating documentary data, (5) employing reliability and validity checks, (6) (re)contextualizing documentary data, and (7) using representative case material.

The main body of material in this research has been produced within the MeritaNordbanken corporate culture seminar process, or is closely related to this corporate culture development intervention. Some additional corporate material has also been analyzed to shed light on the research problems.

Research material produced in corporate culture seminar process includes:

- tasks given to seminar participants prior to the seminars (cultural observations, perceived threats and possibilities, metaphors);
- messages given to the senior management concerning the development of corporate culture by the culture seminar participants;
- message given to the business area management concerning the development of corporate culture;
- personal decisions concerning corporate culture development; and
- speeches made by senior management representatives within the seminars.

Material not directly produced within the seminar process but closely related to the seminars includes:

- a culture video; and
- management speech distributed in internal papers.

Methodological Choices and Research Implementation

Other corporate culture materials analyzed include:

- a management video newsletter;
- previous Nordbanken and Merita corporate strategies (including previous corporate values); and
- other senior management speech-acts (in internal or external papers, interviews).

I have considered it important to analyze the primary material available. Primary material in this sense means material produced for or within the corporate culture seminars. This has been difficult but necessary since some issues may have been revealed in those materials only and including this perspective may deepen the interpretation of others.

In order to limit the materials analyzed and to focus on those materials of most importance to the analysis of the problems posed for this research, I have used the following criteria. The focus being cultural interaction in an international merger, it is important that materials analyzed reflect the setting. The main body of the materials analyzed has been produced in specific corporate culture seminars intended to probe and discuss cultural issues in the merger setting. I have also analyzed value-related thinking in the parent organizations and their predecessors in order to identify value shifts, which are a central concern in the cultural theories upon which this research is based. Articles from internal newspapers have been used if the author is specifically addressing cultural issues makes such a statement of intention.

Discourse analysis requires a great deal of time and effort. A through analysis of even a small amount of material may take a long time. Large amounts of material are not necessarily a guarantee of good research results. In fact, some have warned that the opposite can be true. (Potter and Wetherell 1987, 161-162) I consider the amount of material analyzed to be sufficient to my purposes. Initially, I had the ambitious intention of studying all main materials available, but in practice certain materials have been omitted when that could be done any obvious impact on the interpretation. Materials such as the organizational metaphors produced, that are relevant to the research problems set, have been analyzed elsewhere with my active involvement. Reference is made to this analysis in section 5.2.4. The reason for omitting metaphoric material is the different methodological approach needed when studying metaphors. Some materials of general interest, but not directly relevant to the research problems, have also been studied elsewhere. The design of the corporate culture seminar process is an example of one such study that is the focus of a master's thesis conducted outside this research at my request.

Additional material which has been studied to some extent, includes:

- previous strategy material from Merita and Nordbanken, including the corporate values of the respective organizations;
- material related to the development of Merita's corporate values;
- material related to development of the MNB corporate strategy;
- material related to development of MNB policies; and
- material related to developing management and other personnel training solutions.

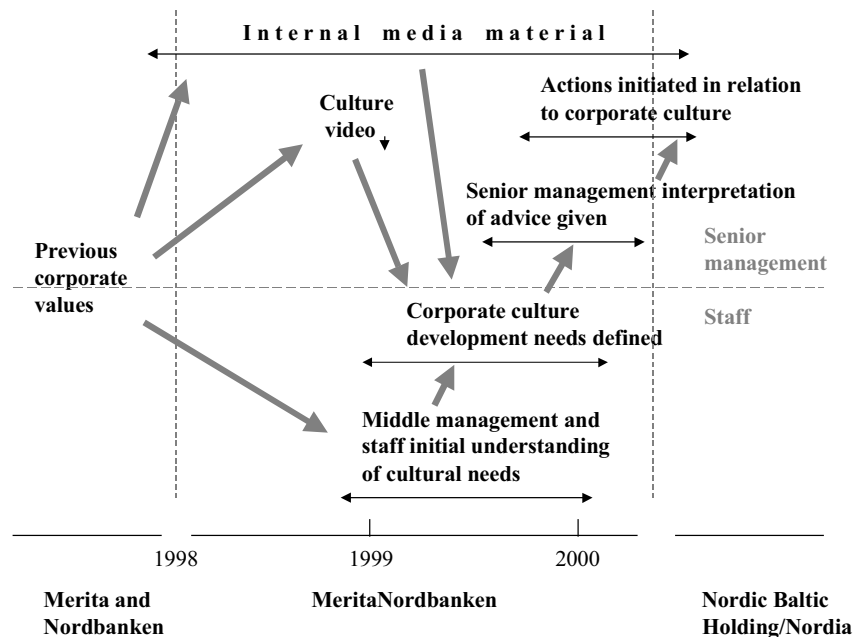
The research material covers the following time periods:

- MNB corporate culture development seminars from spring 1998 to January 2000;
- KIDE corporate culture development project from 1995 to 1997; and
- articles from internal newsletters from 1997 to 2000

The material gathering and analysis time scale stretches from approximately 1995, when Merita Bank was formed and its corporate values defined (which is coincidentally the same time that the corporate values of Nordbanken were established), to March 2000, when MeritaNordbanken and Unidanmark merged and formed a new organization named Nordic Baltic Holding, later to be known as the New Bank.

The materials gathered and analyzed are shown on a time scale and in relation to each other in the figure below.

Figure 40. Materials gathered and analyzed.



A culture video and internal media material are analyzed in section 5.1. Initial understandings of cultural needs and processes by middle management and staff are analyzed in section 5.2. Corporate culture development needs defined by the seminar participants are analyzed in section 5.3. Senior management interpretation of advice about cultural needs is analyzed in section 5.4. Actions initiated at a corporate level to address cultural needs are analyzed in section 5.5. Previous corporate values and their incorporation into a new culture are analyzed in section 5.6.

The items indicated in the diagram above by 'actions initiated in relation to corporate culture' were mainly in the responsibility sphere of senior management; for example, the definition of corporate values (though this occurred partly through active discussion with the personnel), the production of a culture video, senior management articles and comments in internal media, and senior management interpretation of advice given to them. The items indicated by the lower two layers of the diagram ('initial understanding' and 'development needs defined') were the responsibility of the middle management and staff.

4.6 Summary

This research is analysis of culture related discourses within the case of the organization of MeritaNordbanken. The analysis method I have selected for this study is discourse analysis.

As a researcher I have had the opportunity to be close to the empirical object (i.e., cultural interaction within the organization) for a long time. Having developed a deep interest in cultural issues starting in 1995 while involved with development of Merita corporate culture, I approached the merger of MeritaNordbanken in 1997 through the intentional use of conceptual frameworks from culture-orientated social science research.

Being a member of the organization and a representative of one of the two national and corporate cultures has undoubtedly also had an effect on my perceptions and on my approach to the situation. I have tried to make this bias visible so that the reader is conscious of this situation, at the same time as I have tried to minimize it. One way I have attempted to provide this transparency is to clearly distinguish those times when I have been acting primarily as a project manager responsible for a corporate culture development project from those times when I have been acting as a researcher with no corporate culture development orientated duties within the organization.

The research material can be considered to be 'original' in the sense that it has been produced for the use of the organization and within different 'real' organizational processes. I believe that the risk of producing 'artificial' material for research purposes unrelated to organizational realities has been neutralized. The abundance of interesting and original research material has made it necessary to concentrate on some materials considered most central to the research problems and to omit others. This choice is always difficult, but essential.

My intent has been to read the material in an interpretative way. Since detailed literal reading of the material is not necessary to achieve the goals of the study, a documentative construction of the issues at hand was undertaken by reading the materials in a reflective way. (Mason 1996, 109) In this way I hope to minimize my own role in data generation and related limitations or problems that could be created for the analysis.

By way of summary, I will comment my own analysis process through a series of stages (as presented by Potter and Wetherell 1987, 158-176). This does not represent a list of events following each other in strict order. Rather, by moving forwards and backwards to a certain degree I feel that I am better able to describe the process of my discourse analysis and address the issues within it. The stages identified will focus on different aspects of importance to the conduct of the research.

1. Research questions set in this study have been defined previously (in section 3.7). My focus is on issues of social interaction in a merger setting—in other words culture focused discourses within the organization. The questions are defined on two levels. On the first level, targeted problems focus on various aspects of social interaction in the organizational setting. The time frame is the period of less than three years since the merger that created MeritaNordbanken. A second level of questions focuses on values in the Merita and Nordbanken organizations before the merger. The development of these research questions was a difficult process that required several iterations to define for myself and to express precisely what was to be studied.

Issues that have been intentionally left out of the focus of this research are also of interest. Questions focusing on the planning of corporate culture seminars are of interest to the setting, but not necessary to the core of cultural interaction. The corporate culture seminar process is evaluated in a separate graduate work. The events that occurred in various units of the organization after the seminar process are also omitted from this analysis, but examined in another graduate work. Analysis of the fate of the personal corporate culture development decisions made by the corporate culture seminar participants, has been intentionally omitted from this research and is not currently being studied. These are outside the focus of this research, and there exist no data to examine them. A variety of more generic questions about corporate culture that are suggested by this research are identified as possible future research topics in section 6.9.

2. I have described the process of sample selection earlier in this chapter (in section 4.5, Materials analyzed). In this phase I attempted to strike a balance between a limited sample size which was practicable to analyze and an extensive data set which would fully reveal all of the issues of relevance to the research questions, by identifying a sufficient range of materials but acknowledging that more could have been considered if time and resources permitted. A separate study of the organizational metaphors produced within the corporate culture seminar process, which I have undertaken with two fellow researchers, has shown how much understanding can be gained using a limited amount of material and reassured me about the adequacy of this balance.
3. The collection of records and documents has been facilitated by my insider role within the organization. It is improbable that any outside researcher could have gained access to the amount of materials I have had the opportunity to study, which is a difficulty commonly reported by outside researchers. (e.g., Juhila and Suoninen 1999, 241-244; Gummesson 2000, 14-15) However, the easy access to large amounts of material has also created the problem identified in the preceding section of this summary. The research questions have been an important guideline in selecting what to use. There is also an ethical side to the data selection process since there are materials that it might not be appropriate for me to use even though I could easily access them. I suppose that this is a question all those researching their own organizations must face. The permission given by my superior(s) and the senior management of MNB did not define any limits to the collection and use of data available to me. Banking secrecy is not involved in this research setting in any way, but corporate secrecy could be of concern in some cases and the privacy of individuals who might be recognizable in the data must be respected. Therefore, whenever possible I have used and referred only to materials that are publicly available. Many issues I have analyzed have also been publicly known. Another important self-imposed limitation has been to focus on materials, and later on results, only in relation to the specific questions set. I hope that my consciousness of the sometimes delicate situation, and the choices that I have made in data selection, have guided me through the landscape surveyed in a way that all parties involved can be happy with.

Materials used were generated primarily in the period between January 1998, when MeritaNordbanken was formed, and March 2000, when a further merger with Unidanmark took place. There are a few earlier materials related to the values of the previous organizations and some that have been gathered even after March 2000 because of their direct relevance to the research problems.

4. Some materials were available in text form in the beginning. Others I have transcribed myself, and I have had assistance from the organization with some which relate to formal reporting within the organization. The transcription of the culture video material, for example, proved to be arduous and demanding, even though a precise literary transcription was not necessary.
5. In coding I sorted the material into practically manageable groups. Because the materials were different, the coding procedures also varied. Some materials were generated in logical clusters (e.g., suggestions made to the senior management) but in most cases there was a question of how, why and into what kind of groups the data should be sorted. It is interesting to note that I felt a need to re-sort materials on the basis of developing understanding once I had had more time to get to know the original materials and to examine them from different angles. There were also differences between the title and the content of some data. For example, statements concerning corporate culture development needs did not always seem to me to relate only to the topic provided by the originators, and thus may have been used in the analysis of different or additional topics. I found that I had to ask what was the intent of the original message, and often it seemed to me that there were two or more messages being sent 'economically' by the commentators under a single heading.
6. The analysis of the material has required several iterations and ongoing reorganization as the analysis developed. Through several readings and re-readings over a period of time, I believe that I have developed a special touch and a feel for interpreting the materials in a way that I did not have at the outset. I certainly do not claim that my interpretation is the only one possible, but in general I am happy with the texts and their interpretations. I am confident that the data can be reasonably interpreted in the way I have described. Within the analysis I have made some surprising, and I think valuable, findings that have changed what was my personal view on the matter initially.
7. In the following I shall comment the analysis phase of different materials separately.

Senior management's initial understanding (section 5.1), as well as the senior management interpretation of advice given in the seminars (section 5.4), was generated in written text form and could be analyzed without any preliminary sorting.

The analysis of middle management and staff understanding of cultural needs and processes (section 5.2), as well as comments concerning corporate culture development needs (section 5.3), required a different approach because the amount of material to be analyzed was very large. For the middle management group, I first made a material-based sorting and then analyzed the materials within each group. For the staff materials I selected an analysis tool to do this, which is described in detail in Chapter 3 and section 5.3. After sorting the data I was able to conduct a discourse analysis within and between the sub-groups created.

The time frame of the data used to analyze the cultural development actions initiated was limited because I decided to stick to the MeritaNordbanken context and not to examine interesting new developments within the emerging organization of Nordic Baltic Holding after March 2000 and Nordia after October 2000.

The research questions are both practically and theoretically orientated; that is, the goal of this research is both to develop a better understanding of the methods of social construction of corporate culture, and also to develop a better understanding of corporate

practices in relation to cultural theory. Thus, I will provide a critical commentary on both corporate practices and the present state of corporate culture theory.

The analysis has three phases. (1) First, I have conducted a material-based discourse analysis. In cases where preliminary sorting of a large amount of material has been necessary, this was done as described previously. (2) Second, I have interpreted the findings of that analysis and drawn conclusion from it. These two phases are reported in chapter 5. (3) In Chapter 6 I have proposed an interpretation of the cultural reality in the organization, commented on corporate practices in the light of cultural theory, and critiqued existing cultural theory itself.

8. There are several criteria for evaluating a discourse analysis. In the end the value of this research will be judged by its readers, but in my mind there are at least three significant outcomes. (1) There are important practical findings concerning the target organizations and the cultures analyzed. (2) Critical comments about cultural theory are provided on the basis of this analysis, and suggestions made for the further development of cultural theory as it applies to organizations. (3) A variety of useful new study problems have been identified.
9. The logic of this report is presented in the introduction. My intent has been to proceed from theory, through methodological considerations, to the analysis, to conclusions and interpretation and back to comments on the theory. I have also tried to follow a principle of transparency in defining and explaining processes, conclusions and recommendations in a most open way.
10. I hope that this research will find practical application within the emerging organization of Nordic Baltic Holding, now known as Nordia after the recent acquisition of Christiania Bank of Norway. Discourse analysis is considered to be applicable when cultural interpretation and cultural discussion is the focus (Juhila and Suoninen 1999, 244-245), which is very much the case in this research. Within the organization, however, the theoretical roots of this research and the critique that results from it will probably be of much less interest than its practical findings, conclusions and suggestions. The proof of the pudding, as they say, will be in its eating.

5 DATA ANALYSIS

The results of the data analysis will be presented in this chapter. Each section will examine one of the specific research questions 1-6 outlined in section 3.7 at the end of Chapter 3. The focus throughout is on the understanding corporate practices intended to address organizational culture in the specific case of the merger of Merita and Nordbanken in light of cultural theory.

In Chapter 6, *Implications*, the second and third parts of the guiding question of this research will be considered (see Figure 37 at the end of Chapter 3); that is, what does the empirical analysis reveal about cultural challenges in international mergers and about the theoretical structure for understanding cultural issues in general. This more general level of analysis will be based on the specific results presented in this chapter.

At the beginning of each sub-section of this chapter I will repeat the problem statement for which results are being reported. After this, the research material will be presented and its role and value described. The proposed answer to the particular research question will be stated succinctly.

The speakers in discourses analyzed are the following. (1) In the analysis of the senior management's initial understanding of cultural needs and processes in the merger, the speakers are mainly individual representatives of the senior management. These discourses are analyzed in section 5.1. (2) In the analysis of the initial understandings of cultural needs and processes in the merger by the middle management and staff, the speakers are individual representatives of the middle management and the staff of MNB. These discourses are analyzed in section 5.2. (3) In the analysis of understandings of corporate culture development needs within the MNB organization that were identified in the culture seminars, the speakers are small groups of persons representing the middle management and the staff of MNB. These discourses are analyzed in section 5.3. (4) In the analysis of the senior management's interpretation of the advice given by seminar participants about cultural needs, the speakers are individual representatives of the MNB senior management. These discourses are analyzed in section 5.4. (5) In the discourses focused on actions initiated at a corporate level to address cultural needs, the speaker is mainly the senior management of the MNB organization as a group. These discourses are analyzed in section 5.5. (6) In the discourses focused on the incorporation of the parent organizations' values into an initial new culture, the speakers are mainly unnamed representatives of the previous senior managements of the Merita and Nordbanken organizations. These discourses are analyzed in section 5.6.

5.1 Senior management's initial understanding of cultural needs and processes

5.1.1 Introduction

The goal of this section is to answer research question number one.

How did the senior management initially understand cultural needs and processes in the merger?

I will explore senior management understanding of cultural needs and processes in the merger through the analysis of discourses conducted within the organization. The speakers in these discourses are mainly individual representatives of the MNB senior management.

Data Analysis

The material to be analyzed includes (1) a culture video specially produced for MNB culture seminars (5.1.2), (2) written statements by senior management in internal personnel newsletters and magazines (5.1.3), (3) other materials, including external consultant reports, concerning the cultural setting and material produced by the senior management for use in the culture seminars (5.1.4). These materials, which were either published over the names of individual representatives of senior management or anonymously, represent a central part of the corporate culture discourse conducted within the organization. The necessary connection to the discussion concerning cultural needs is provided by the context (e.g., the culture video) or defined by the speaker in question.

The culture video was produced to provide all corporate culture seminar participants with the same senior management message. CEO Hans Dalborg was not personally present at the seminars and this method allowed him to address all the participants in a similar way. Thus, the culture video was a particularly important expression of senior management views and understandings about cultural issues in the merger.

The written material to be analyzed was selected using the criterion that culture, corporate culture, corporate image or identity-related issues were mentioned. In most cases, the writer has declared that the document concerns culture related issues. It was important to limit the materials analyzed in this way because taking the broad view that all written material reflects culture would have resulted in selection of an unmanageable quantity of material.

Materials analyzed also include external evaluations of corporate culture that had an effect on senior management understanding of cultural issues. A series of transparencies prepared by a representative of the senior management for use in the culture seminars are also analyzed.

5.1.2 The cultural interpretations made in the senior management video

A 'culture video' was specially made for use in MeritaNordbanken's culture seminars. The video was used at the beginning of the two-day seminars as a process starter. It contains an interview of MeritaNordbanken CEO Hans Dalborg on cultural issues. The status of the speaker and the timing of its use gave it a high profile within the process.

The video was made by MNB Koncernstab Information in Sweden; that is, the Nordbanken communications unit. A similar unit also existed in Finland, but only the Swedish communications unit employees took part in the production of the video. The Nordbanken personnel development unit was not involved in this task, and neither were the communications or the personnel development units of Merita.

During the first few seminars, in the spring of 1999, the video was available only in Swedish. After a few seminars, during which some fairly critical comments were made by a group of Finnish participants in a separate Finnish management seminar ('Incomprehensible.'; 'We are unable to follow the video message,'), Finnish subtitles were added. Previously, no need for this was seen. After this, however, and thus for the majority of the culture seminar groups, the video was shown with subtitles.

After the subtitles were added, two different discourses in response to the video could be distinguished and analyzed. For the Swedish audience, the message is transmitted through spoken Swedish with Finnish text on the screen that they probably cannot understand. For the Finnish audience (which was not as fluent in Swedish), the message was delivered primarily through the Finnish text and supported by the Swedish speech. This was

particularly the case for those Finns whose Swedish skills were limited. Though the form is different (speech versus text), the message is similar. I will point out some specific differences of importance in the analysis.

The video is 9 minutes and 25 seconds long. It was made in March 1999, and used throughout the entire corporate culture seminar process until January 2000. The video presents an interview of the MeritaNordbanken CEO Hans Dalborg. The interview, which was conducted by two employees from the bank's Swedish communications unit (Koncernstab Information), was conducted in Swedish (with Finnish subtitles added later as noted). One of the interviewers could also speak Finnish but this language was not used at all during the interview despite the fact that half of the employees expected to view it were Finnish. Throughout the analysis that follows, the 'speaker' referred to is Hans Dalborg.

I prepared a transcript of the video, which is nine pages long in transcript form. It (1) identifies whether it is Hans Dalborg or one of the interviewers that is speaking, (2) records the dialogue in Swedish and (3) the subtitled text in Finnish, and (4) notes the setting, and the expressions and gestures of the speaker. I have identified five different discourses within the text: (1) a definition of culture and corporate culture; (2) existing cultural differences and their effects, including risks involved; (3) a definition of things to be valued; (4) practical action to be taken; and (5) the goals of the corporate culture seminars.

5.1.2.1 Definition of culture

At the beginning of the video, a written definition of culture taken from an ordinary lexicon (Bra Böckers Lexikon) is quoted and then displayed in text form. Culture is said to be cultivation of earth and to also include all human action taken from one generation to another. This statement expresses the view that culture has an effect by cultivating the human population in question. It also has a role in transmitting action patterns from one generation to another.

"Kultur betyder odling av jorden. Men begreppet används i vid bemärkelse för alla mänskliga verksamheter som förs vidare från generation till generation."
Källa: Bra Böckers Lexikon

Kulttuuri tarkoittaa viljelyä - mutta myös kaikkea toimintaa - jota viedään sukupolvelta toiselle.

"Culture means cultivation of earth. The concept is also used in the meaning of all human action transferred from one generation to another." Source: Bra Böckers Lexikon.

This definition, being used to open the interview and also being displayed on the screen, has a very prominent position. However it is also bland and not particularly helpful in the context. The first metaphor—cultivation of earth—is hard to operationalize in terms of the organization. The second metaphor—of an old generation teaching the culture to a new generation of children—is also problematic in the context of the merger since transformation of business activities and change from routine service-based activities to segmented market-orientated approaches and e-based services was a prominent activity at the time. In such a turbulent business situation the need is more to critically reflect on practice to find what is not working and then develop new patterns of work than to strive to teach old patterns to new employees. The notion of passing a culture from one generation to the next could have been made more relevant by noting the human ability to modify culture as it is transmitted from generation to generation (e.g. Tomasello, 1-12).

The definition that was used is taken from a common Swedish dictionary. It can be asked whether a mix of several international definitions would not have been more suitable. Another good question is why the definition was taken from the easiest source available and not from some source more specific to corporate culture orientated processes (e.g., a specialist dictionary). As an alternative textbook example, the definition of culture could have been the one offered in Swedish Natur och Kulturs Psykologi Lexicon (Egidius, 303).

Kultur. (1) Den särprägel som utmärker en verksamhet, en organisation, en grupp eller ett samhälle. Alster i verksamheterna, bl a i form av konst, litteratur, religion, värderingar, sedvänjor, trosföreställningar, attityder osv som ett sammanhängande hos ett folk eller hos flera folk med nära kontakt med varandra. (2) Förfinad kultur i fråga om levnadsvanor, intellektuella och konstnärliga intressen osv. (3) Speciella synsätt, värderingar och vanor.

Culture. (1) Those special features that mark some action, organization, group or society. Artifacts of action in the form of art, literature, religion, values, habits, beliefs, attitudes etc. that are common to a nation or to several nations in close contact with each other. (2) Fine culture in the question of living habits, intellectual or artistic interests etc. (3) Special views, values and habits.

Near the beginning of the video, Hans Dalborg responds to a question concerning the personal meaning of culture by defining it as established models, values and actions. Values are explained as things felt to be important, right, enjoyable, or beautiful. Culture is said to create a system of norms in which we live.

Corporate culture is defined in relation to culture in general as:

- ... någonting som återspeglar vårt sätt att vara och som känns naturligt för oss som individer i det företaget.
- ... something, that reflects our way of being and that feels natural for us as individuals.

Later in the text, what is not culture is also defined. The speaker says that the search for new ways to do work well is a functionally orientated question rather than a cultural matter.

- ... att vi kan hitta olika bra lösningar att göra vårt arbete på ... Men det är inte en kulturfråga utan det är funktionellt orienterad frågeställning.
- ... that we can find different good solutions to do our work ... But this is not a question of culture, but a functionally orientated question.

The purpose of this comment may have been to prevent the problems that would arise if national cultural preferences were influential in selection of 'best practices' by suggesting that a rational approach would be better. It is interesting to note, however, that the seminar participants challenged this assertion by commenting that best practices were in fact often selected according to national cultural preferences.

5.1.2.2 Differences and their effects

The speaker says that there are many cultural differences of varying significance within the conglomerate, and that some of these are between people from the same country. He also says that it is difficult to make comparisons or draw parallels between these internal corporate cultures and the national cultures of Finland and Sweden.

The most noticeable differences are in language. The speaker comments on the opportunity for Swedes to speak their mother tongue when Swedish is used, and the need for all parties to speak a foreign language when English is used. This comment can be seen to be more 'Swedish' than neutral, as it ignores the fact that Finns will have to master two foreign languages if Swedish and English are the ones to be used.

Language is said to create differences, but this statement is not explained further. It is suggested that different forms of expression are only related to history and human nature. The basic nature of Finns and Swedes being fairly similar, their history would be the only significant difference that is acknowledged by this statement.

It is observed that cultural differences could be so strong that they would undermine the sensible development of the organization. The speaker comments that this is, however, not the case in MNB. There is no indication of how this conclusion was reached or what are the 'exact' cultural differences within the organization and different parts of it.

5.1.2.3 Definition of things valued

The speaker emphasizes that cultural differences are a tremendous asset. The joy of life is based on relations with people who are different from us. This statement is very strong and is mirrored by a subsequent statement that differences are the greatest source of creativity. The power of the statement expressing the value of differences suggests that this area is seen to be particularly important and potentially problematic if there are negative attitudes towards difference rather than the positive ones that are proposed.

From the comments made, the following areas can be seen as valued within the speech.

- Creativity is indicated indirectly as being valued.
- Multicultural and multinational ways of thinking are valued in facing cultural differences and are expected of those in managerial positions.
- Rationality is expected when 'best practices'—good ways of going about the work—are being sought and selected.
- An ability to communicate in a result-orientated way is emphasized. This means that the most suitable languages to ensure understanding should be used.
- A result orientation is valued.

5.1.2.4 Practical action to be taken

It is said that cultural differences are to be dealt with without prejudice. The starting point suggested is an analysis of one's own attitudes.

- ... att det är inte alldeles säkert att därför att jag har den här uppfattningen eller den här ... det här beteendemönstret att det är den ända rätta. Vi har en tendens till att tro att det vi själva gör är normalt och det någon annan gör som avviker från detta är onormalt.

Data Analysis

- ... that it is not absolutely sure, that because I have this opinion or ... this behavioral model, that it is the only right one. We have a tendency to believe that what we do ourselves is normal and what others do differently is abnormal.

The understanding that attitudes are subjective is a good foundation for understanding cultural differences, as well as differing personal attitudes. Understanding differences allows us to appreciate their value and contributes to satisfaction at work. In order to appreciate differences it is important to be aware of one's own attitudes as well as understanding the attitudes of the other party. Understanding and valuing different attitudes can be a strength of the organization that will help it to achieve its goals.

The speaker says that it is not possible for all employees to learn both Finnish and Swedish. However, communication is said to be extremely important. Therefore, the language that ensures best results is to be selected. The process in Finland will involve polishing Swedish skills and in Sweden it will be necessary to improve the use of English by remembering to use it more.

The speaker expresses an expectation that this unbalanced language situation will be handled in a flexible way. The Swedish and English languages are to be used in a way that best suits the situation. Swedish and Finnish are taken to be the main languages used. English can be used when effective communication requires it.

He also indicates that it is most important throughout the entire organization to maintain close contact with the customer and the culture and language of the local area. Everyone within the organization has to adopt corporate policies concerning personnel, customers, and ethics. These common ground rules will keep the organization united.

5.1.2.5 The goals of the corporate culture seminars

The speaker says that the basic goal of the seminar is to increase understanding. Understanding increases efficiency, motivation and the joy of life. Work is said to take so much of our time that it has to be enjoyable. Cultural differences should not lead to irritation but inspiration.

This comment begs the question of how much of an employee's time the speaker expects to be committed to work. It also suggests that cultural differences are seen to be causing irritation in some parts of the organization.

5.1.2.6 Differences between the Finnish and Swedish text

There are many small differences between the Finnish and Swedish text (speech) of the video, and a few major ones. The biggest difference is that the Swedish text is longer and more detailed. The Finnish text is shorter, denser and somewhat clumsy in places because it is a condensed translation of the Swedish.

The significant differences give the text a different meaning:

- ... och att många i Sverige nu får öva sin engelska mera och gärna komma ihåg att tala engelska.
- "Ruotsissa taas monet saavat harjaannuttaa englannin taitojaan.
- ... att vi strävar efter att förstå varannan i det språk som fungerar bäst i syfte att uppnå ett bra resultat.

Data Analysis

- On tärkeää, että olemme tuloskeskeisiä - että pyrimme ymmärtämään toisiamme.

The comment in the first quotation that Swedes should remember to speak English is missing from the Finnish text. Given that just this part of the sentence is spoken fairly quietly and a little unclearly, it is probable that many Finns missed the comment. In the second quotation, the emphasis on trying to understand each other using the language that works best is missing from the Finnish translation. Missing these comments, which are especially important to the Finnish audience, would give the message a significantly different tone for them. This is probably an entirely unintentional difference between the Swedish speech and the Finnish text, but it is nonetheless important. It is even more significant when we notice that the language question was taken up very strongly in the corporate culture seminar discussions and suggestions made to the senior management.

5.1.2.7 Video production process

The comments I will make in this section focus on the overall question about what corporate practices intended to address organizational culture reveal about cultural challenges in an international merger.

Primary responsibility for planning and running the corporate culture development seminar process was given to Personnel development department of Merita. The Personnel development department of Nordbanken was involved to only a minor degree. The Communications departments of Merita and Nordbanken organizations each wrote some articles about the corporate culture development seminar process but were otherwise uninvolved. Thus, the primary responsibility for conducting this corporate culture development project lay with the Finnish part of the organization (e.g. Koistinen, 2000).

The corporate culture video, on the other hand, was produced by the Communications department of Nordbanken without any contact with the Finnish part of the organization. The first version of the video was completed in the spring of 1999 just in time for the beginning of the corporate culture development seminars. The second version, with subtitles in Finnish, was completed some one and one-half months later.

The senior management vision is expressed fairly clearly in the video. Unfortunately, this vision for the culture was not shared with the organizers of the culture development seminars in advance. It would have been a significant practical advantage if they have been informed about the vision and included in development of the video. This would have allowed them to focus their efforts in a supportive way and to make a connection to the conceptual frameworks used within the seminars that would have been useful to the participants.

Another practical issue of importance was the missing Finnish translation in the first version of the video. This omission suggests an assumption that Swedish could be used as an effective language of communication throughout the organization. Ironically, this meant, that initially those most in need of the 'permission' to use English as a means of communication when necessary did not have understand the message clearly.

The problems described here might have occurred in any large bureaucracy. The difficulty of providing tight coordination in planning the culture development initiative were exacerbated by the involvement of two large national organizations and the need to communicate between them as well as within each one separately.

5.1.2.8 Final comments

Several important assumptions are contained in the text of the video. It is stated that dealing with people who are very different is a source of joy in life, which is a very healthy and useful perspective, but it is also a challenge for employees. In fact, several of the comments made about differences in relation to decision making indicate that these have been experienced as more of a problem than a pure joy. It is also suggested that differences are a source of creativity, which they can be, but they are also a challenge for managers and indeed for the whole organization, which is not acknowledged. The video states that we are all inclined to believe that our own views and habits are both typical and normal, but that we should realize that others may think differently. An awareness of the subjectivity of one's own worldview is a good foundation for the construction of new organizational realities, but it is also important, as the video states, that commonly understood and accepted rules be established in order to hold the organization together.

5.1.3 Internal media material analyzed

In this section I will analyze culture-related topics in MNB internal media, such as articles written by the senior management in internal papers. These comments were made directly by the senior management or were 'authorized' by them and represent senior management views. The articles analyzed were published between January 1st 1998 and June 30th 2000.

A senior management response to suggestions made by corporate culture development seminar participants was published in December 1999. This article is of special importance to this research and will be analyzed separately in section 5.4.

The weekly organizational personnel newsletter was named UutisMerita/MeritaInfo in 1998. A new weekly newsletter, MeritaNordbanken Nyt (Nytt), started to appear in January 1999 and in addition to it a larger new monthly tabloid size magazine, M&N, since March 1999. Another internal paper, named Nordicnews newsletter, was introduced in the spring of 2000 after the merger with Danish Unidanmark. So, gradually the number of internal papers grew from one to three.

In September 2000 it was announced that the new group name to be published that autumn would put demands on the information channels for personnel. Intranet was to be the main information forum because personnel had reported that too much information was coming to them through too many different channels. The group magazine, M&N, which has not met the information needs of the entire organization was discontinued. However, it was also announced that work was under way to develop a new group magazine (MeritaNordbanken Nyt. No 29, 14.9.2000). The new group name Nordea was launched in the fall of 2000.

Culture related articles and comments have appeared in 30 different editions of the various internal papers. These are listed in Appendix 1 with the Finnish and Swedish titles translated into English.

The primary authors of the internal MNB papers that have been analyzed are MeritaNordbanken's vice CEO Pertti Voutilainen and CEO Hans Dalborg. Almost one half of the articles (13/30 or 43%) were written by Voutilainen. His articles examine the cultural issues very deeply and from various angles. These articles were written as a series on the theme of culture. Voutilainen retired from his position as vice CEO of MeritaNordbanken and as Managing director of Merita Bank in June 2000. All the other speakers have addressed the theme of culture in separate individual articles. From this observation I

conclude that Voutilainen was the main speaker on cultural issues within the organization. (The role of 'culture carrier' is elaborated in chapter six.)

Corporate culture development was a MNB related project and is analyzed as such in this research. However, it is also interesting to see how culture was handled in preparation for the later merger of MNB and Unidanmark.

MeritaNordbanken's vice CEO Pertti Voutilainen wrote a series of corporate culture related articles in 1998. These begin with the analysis of corporate histories and national cultures in February 1998, and conclude in December 1998 by commenting on the outcomes of the corporate culture development seminar. These twelve articles represent two-thirds of all corporate culture related articles published that year (18 in total). The articles are revealing because they explore corporate culture more deeply than the other internal documents.

Corporate culture related comments made by CEO Hand Dalborg are extremely important because of his primary position in defining the vision and intentions of the senior management on this question. The culture video analyzed in section 6.1.2 is his main commentary on these issues. This video was shown to only a limited number of employees. Internally, he made very few public comments on corporate culture. The topic is mentioned only briefly in a few of his articles and in none of these is corporate cultural the main theme.

5.1.3.1 A series of culture related articles in UutisMerita/MeritaInfo

The series of articles by Pertti Voutilainen started in UutisMerita/MeritaInfo on February 13, 1998. In this article Voutilainen promised to comment on the merger in a series of articles and, among other things, discuss what the new corporate culture would be like and what demands it would place on individual employees. He emphasized that the senior management had decided to define the identity of the new bank and to decide how the new corporate culture would be implemented in the organization. This comment clearly reflects an assumption that corporate culture can be managed.

In his next article (20.2.1998) Voutilainen interpreted the history of both organizations and compared them with each other, building a narrative of developments in the national economies and within the banking sector. He commented that the crisis of banking was not only a Finnish or a Swedish phenomenon, but an international phenomenon that began in the 1980's and was still going on in the Far East. The main reason for the crisis in Finland and Sweden was the explosion of credit losses. In Finland these were caused by the loss of eastern trade as a result of the breakup of the Soviet Union. In Sweden the crisis was said to be caused mainly by a collapse in real estate values. In the aftermath of the crisis, over-capacity (i.e., the excessive number of banking personnel) was a big problem both in Finland and in Sweden. The main reason for the over-capacity was said to be a rapid change in customer behavior. In Finland, Merita's predecessors solved the crisis by obtaining FIM 5 billion extra capital stock from shareholders and a capital loan from the government. The final cost for taxpayers of the crisis was that Merita did not pay the interest on its government loan. Nordbanken, for its part, was government owned during the crisis years and its losses were transferred to outside organizations. Voutilainen also commented on the differences between the Merita and Nordbanken organizations, as well as the many different cultures within each organization. Nordbanken was very clearly a retail bank. Merita provided retail serves but was also the largest commercial bank in Finland and had significant international commercial interests. Putting these profiles together, Voutilainen noted both potential strengths and problems for the newly formed MeritaNordbanken.

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One interesting aspect of this narrative is the passive role attributed to the bank organizations themselves. Their financial problems were described as being the result of external forces, such as customers' problems and changes in customer behavior. An alternative narrative could have emphasized the bank's active role and responsibility for making credit decisions, setting growth targets and directing customers towards new behaviors. The minimal costs to the Finnish government of Merita's difficulties are emphasized in Voutilainen's articles. Some other commentators disagreed with this assessment and saw governmental support and costs as significant, both during the crisis period and in the purchase of the Finnish Savings Bank (e.g. Saukkomaa 1994, 139-144; Kuusterä 1995, 722-734). The emphasis in the articles on the different corporate profiles of the partners and their different corporate cultures is important in the context of the research questions.

The different histories of Sweden and Finland are analyzed in an article dated 27.2.1998. Human beings are described as prisoners of their histories. Personal and inherited experience defines action and attitudes towards the outer world. This forms the basis of both individual and national culture. Points of interest to be found within this article include the following. (1) Historically the concept of a unified Sweden-Finland exists only in Finland. From the point of view of Swedes there has only been Sweden, simply larger or smaller. (2) In military history Swedes have always been conquerors and Finns have always defended their territory against outside conquerors. (3) Sweden has been a model of social welfare to Finland. Sweden is a more international, more tolerant and more manifold society. Finland has been a more closed society influenced by the dominant presence of the Soviet Union. (4) Finns find great joy in new genetic findings that show that their origin is in the West and not in the East as was believed previously.

It is interesting to ask why this article was written, what it actually said, and what are the connections between his historical interpretation and present organizational situation. There seems to be a hidden message. My interpretation of the implications of this article for the present day are as follows. (1) There seems to be a tendency, possibly subconscious, in Sweden to see the organization as being quite naturally under Swedish leadership and following Swedish ways and procedures. However, the Finns tend to expect more room for local national (Finnish) ways and solutions within the organizational context. (2) The Swedish attitude is more of that of a conqueror that sets the rules of the game. The Finns are more apt to adjust to different outside forces but still maintain their own cultural ways. (3) The Finnish inferiority complex towards the West in general and Sweden in particular makes them more apt to be positive about Western or Swedish ways.

These themes are continued in the next article by Voutilainen, "Big brother Sweden – little brother Finland" (6.3.1998). He comments that our views of our neighbors are based on our own assumptions and that there is a tendency to consider our personal valuations to be normal, and therefore all others to be abnormal. Voutilainen comments that this article is intended to be half fairy tale, but that all fairy tales are also half true. The Swedes are seen to be big brothers to the Finns. Big brother is more experienced and more accomplished than the little brother. This situation can cause envy and resentment as the big brother tries to show the little brother, and the entire world, that his way of doing things is the only right way. However, little brother and big brother usually learn to live together eventually. The big brother becomes an example for the little brother, and this motivates the latter to develop himself. Thus the little brother grows in power and wisdom, and together they are better able to meet the challenges of the outside world.

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This article can be interpreted in the following way. (1) The Swedes are more competent, or at least believe themselves to be so (2) The Swedes do not hide this fact/belief; quite the opposite. (3) The Swedes have an arrogant disdain for all non-Swedish ways of doing things. (4) Organizational co-operation between Finns and Swedes is possible, but only in a way that takes the Swedish model as a starting point and does not challenge it. (5) In this model only the Finns need to learn new things. (6) If they do so then a strong competent organization can be built. Clearly the writer does not believe this to be the situation, but he feels that Swedes may. There are various areas in which it is well known that either the Finnish or the Swedish organization is ahead. With reference to this big brother and little brother analogy, it is worth noting, for example, that the Finnish competencies in international and corporate banking, and in banking information technology, were clearly superior. It is also worth noting that it was the Finns who originally proposed the merger.

In his article "A new bank is being formed," Voutilainen commented that the organizational goals must be known by all employees in order for the new bank to develop a new common corporate culture. He reported that the senior management had been discussing a program to initiate a common corporate culture for the organization. The first ambitious goal of this program would be to disseminate information about a new vision, values and principles of action within the organization. More information about the practical implementation of this program was to be provided over the following weeks.

Voutilainen comments in the article "Leading bank in the Baltic Sea area" (22.5.1998), that the sea has traditionally been not only a barrier, but also a link from the point of view of trade. MNB aims to be the leading bank in the Baltic Sea area. Corporate strategies are to be planned in Visby, which was the center of trade when the Hansa community was born in the 11th century. No new Hansa was liable to be established, but the previous Hansa area was expected to grow rapidly financially in the near future.

In his article of 29.5.1998, Voutilainen emphasized the importance to the new common culture of knowing the basic strategic goals of the organization. The new strategic lines were to be explained to the personnel through presentations by members of senior management using overhead transparency materials that were being developed. This process was to begin promptly. Voutilainen commented that modern and open management culture made it imperative that members of the organization know its goals how it was intended to achieve them.

In "Journey of discovery to neighbor country" (5.6.1998), Voutilainen suggests that senior management spend summer holidays in Sweden or Finland as appropriate in order to get to know the neighboring country's way of life. The better we know each other, he commented, the better we will succeed in building the new bank.

The article "One for all, all for one," compared the MNB spirit to "The Three Musketeers" by Alexandre Dumas. The slogan "One bank—similar volition—common wallet" was said to reflect the spirit of Dumas' book. The expression was explained to mean that the organization should focus on internal cooperation, good service to customers on the basis of their needs, common volition to make decentralized decision making possible, and a common cash register to ensure that all shareholders have access to the bank's assets. Establishing a leading position, achieving profitability, and increasing the value of shareholders' investment were set as goals for the organization.

The article "Did the message get through" (25.9.1998) evaluated how well the strategic goals have been disseminated throughout the organization. Voutilainen reported comments that

the presentation material was good, but the message was seen to be too broad and complex to be absorbed in one or two hours. He suggested that if the message had not gotten through then the exercise must go on and identified the building of common corporate culture as a priority for the near future and also for the coming year. Learning the basic strategic approaches of the bank was indicated to be an important part of this building work.

Best practice was discussed in an article dated 23.10.1998. In it Voutilainen repeated comments on the tendency to believe that one's 'own' model of action was better than that of the "other." The role of objective truth, if such a thing exists, was indicated to be minor. Therefore, he suggested that development of best practice for the bank would be assisted by ensuring that half of the corporate decision-makers were Finnish and half were Swedish. From the point of view of the senior management, however, the principle of adopting best practices, whatever their origin, was seen to be already working well in practice.

This comment shows concern about the need for reason-based decision making and clearly advocates a healthy balance of diverse opinions amongst those in positions of authority. This would require division of senior management posts evenly between individuals from each country.

The article "Deserved break" (18.12.1998), commented on the good results of the work done on the merger to that date. However, Voutilainen also indicated that efforts to build a common corporate culture were only the first steps in a longer process. He reported that feedback from the corporate culture seminars showed that there was still a great need for information because employees wanted to know even more about where the bank was going and by what means.

5.1.3.2 A continuation of culture related articles in internal papers of MeritaNordbanken

In an article titled "What is important now" (18.3.1999), in the new common newsletter MeritaNordbanken Nyt/Nytt (the newsletter name "nyt" means "now" in Finnish and "nytt" means "new" in Swedish). Voutilainen commented on the results of the first year of activity by MNB. Voutilainen's previous articles had appeared only in Merita's newsletter in Finland. Under a sub title "Corporate culture seminars shall start" in the company-wide newsletter he commented that it is important to continue the work that was being done to clarify and deepen strategy and to create a common corporate culture. He reported that the senior management would conduct strategy discussions through the spring of 1999. Corporate culture seminars for approximately 200 employees would begin the following week. Cultural education and studies would touch all employees in some form. In most areas a framework for common action had been created but work was still required to implement those frameworks and it was important to ensure common understandings of company strategy.

The details of the seminar process were introduced in an article titled "Corporate culture seminars started in Tanskarla" (15.4.1999). This article reported that the development of corporate culture would proceed in phases. Corporate culture seminars for senior management had been held in the spring of 1998. During the summer and autumn of 1998 a series of transparencies describing corporate vision and strategies had been explained in all units. Now managers and experts from units that were involved in daily Finnish-Swedish co-operation would meet in a series of seminars to discuss how co-operation should proceed.

It was reported that the seminar series had actually already begun on April 7–8, 1998. There would be a total of 22 seminars with approximately 300 participants. There would be

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16 participants in each seminar group representing four business units at a time. The aim of seminars was to provide corporate culture related information and discuss corporate culture questions that the participants identified as important. The goal was to create an understanding that 'my way' is not the only right way and that it is necessary to understand different views and values.

The article emphasized that corporate culture could only be changed by individuals. Therefore, individual decisions concerning practical action were seen to be of utmost importance. Each participant would be asked to make concrete personal work-related decisions about how to develop the corporate culture.

Within the seminars, participants would have a dialogue amongst themselves and with a representative of senior management. They would have a chance to present their own views and wishes about the development of corporate culture to senior management.

One Finnish and one Swedish participant from a previous seminar commented on the seminar process in the article. The Finnish participant considered it important that employees understand the reasons for decisions because understanding may lead to new and better ways of doing things. The Swedish participant commented that a synthesis of Finnish flexibility and speed with Swedish tradition, which could be achieved by inviting all participants to bring their expertise to decisions, would be a good combination and that the seminar exercises should be repeated at the unit level so that everyone could participate.

The comments made by Dalborg and Voutilainen in M&N 8/1999 in December 1999 in articles titled 'Towards a new millennium – the meaning of cultural differences within the corporation' and 'Strong corporate culture – a symptom of successful corporations' are analyzed in detail in section 6.4. The latter article was the last in the series of MNB culture related articles written by Voutilainen. It is analyzed separately because of its special importance.

5.1.3.3 Other culture related comments

In a separate paper published in February of 1998, "MeritaNordbanken – who is who in MeritaNordbanken," Hans Dalborg commented that the main task to be completed was the organizational schema. He said that after the organizational boxes and lines were ready, life and contents would be blown into them. Strategy would be clarified in the near future and after that material would be produced to make the business idea, goals, strategies and vision clear to all personnel.

A project group was set to work developing the name and identity of the organization. The intention was that a logo be developed before the annual review was published, so that rules concerning the use of the new corporate name and how to use previous names and symbols could be announced. A competition to identify a corporate slogan in the style of "Nokia – connecting people" was announced (13.2. and 20.2.1998).

Markku Pohjola commented on benchmarking and best practice in an article titled "Best practice" dated 30.4.1998. Benchmarking was defined in the article to be internal competition accompanied by measurement of unit level results and efficiency and then placing units in rank order of these results. The purpose of this was to assist in finding the 'best practices' to be incorporated into a common organizational approach. There are two main difficulties with this process. (1) Many operational models are bound to IT systems and take time to change. (2) Impartial comparison is complicated by human nature. It has

already been noted that there is a natural tendency to believe that 'my way' is the best choice. The objectivity and open-mindedness that are required to judge unknown situations or accept facts when they are contrary to our preconceptions are unfortunately difficult to cultivate.

An article by Pertti Voutilainen titled "Best practice" (23.10.1998) repeated the observation that people often feel that their own practice is automatically better than any other practice. Thus it concluded that the best way to ensure the success in identifying best practices was to ensure that half of the decision makers were Finnish and half Swedish. All main senior management decisions were said to be made through common discussion and to use this approach of balanced representation, which worked very well and evenly. The article commented that although individual examples may give the appearance that the bank was adopting either Finnish or Swedish ways, in fact that was not the case and a balanced approach which drew upon the best of each country's experience was being used.

Lars Thalén commented on 3.6.1999 on plans to develop a new corporate name for MNB, saying that there were external (i.e., customer orientated) reasons for using a common corporate name. In addition, a common internal identity, supported by a common name, would promote internal synergy.

What seems to be implied in these comments is that strategy and structures determine the culture of the organization, and that culture is an issue that can be managed. If a principle of equality were followed in such things as the division of managerial posts within the organization, this would create a unified culture of common purpose. However, a model of equal power shared between representatives of merging partners is a difficult one to follow in practice, and the comments also suggest that one party or the other naturally tends to dominate.

5.1.3.4 Corporate culture development after the Unidanmark merger

The focus of this research is the interaction of cultures in MeritaNordbanken. I have decided, however, that it to be relevant and interesting to look briefly at the discussion following the merger with Danish Unidanmark. This discussion may shed light on some elements of the MNB culture discussion.

In an article titled "A decisive step" (8.3.2000), Dalborg observed that the bank had a chance to get to know yet another new national culture through the new merger. The vice chairman of MNB board, Vesa Vainio, commented (M&N 2/2000) that the values and goals of MNB and Unidanmark were substantially the same, and that it was very important to note that the bank's main market areas were compatible and that and the new board provided deep experience of special cultural features within the market area.

The new CEO of the corporation beginning in 2001, Thorleif Krarup, commented in Nordicnews 1/2000 that in real Nordic co-operation the nationalities of individual persons was not critical. Two organizations and four languages would be merged. The cultural differences of four Nordic countries would be united in a productive way.

In an article titled "Common Nordic values – a strong cultural background for the merger" (Nordicnews 1/2000), references were made to historical and present-day Nordic co-operation. Nordic countries were considered to be an entity with similar democratic and social principles and similar values. It was noted that trade between the Nordic countries had grown significantly since the Second World War. Mergers and acquisitions between

Nordic countries had taken place. The article contains, however, no detailed comparison of Nordic countries and no definition of the common Nordic value base to which it referred.

Information about a work group set to speed up the merger process was reported on 20.4.2000. From this time on, work principles, products and systems were to be developed within the entire new organization. Tasks required in order to accomplish the merger were reported in Nordicnews 2/2000. The list of actions included over 90 items at that time and it is still growing. Actions mentioned included business strategy, vision, organization, physical locations, IT systems and so on. Corporate culture development as such is not mentioned.

In article "How shall we call ourselves?" (Nordicnews 2/2000) the process of selecting a new name for the corporation is discussed. A decision concerning this was to be made in the summer of 2000, but this decision was later postponed to the autumn of 2000, when the new corporate name Nordea was published.

5.1.4 Other materials analyzed

I would assume that the senior management interpretation of the cultural situation in the merger and the cultural needs and processes involved was strongly influenced by the information available concerning these issues. The surveys and other materials produced especially to shed light on these questions were central to this information base. A major consultant survey designed to collect information on these issues (Anon. 1998d) is analyzed below. The report included as background information a description of Finnish and Swedish national cultures according to Hofstede's model; that is, in terms of power distance, uncertainty avoidance, individualism versus collectivism, masculinity versus femininity, and long distance orientation.

The following comments were made in that report. (Anon. 1998d) (1) Corporate culture differences were reported to be small and it was suggested that the best way to handle them was to neutralize them through rational analysis. In contradiction of this view, however, recent research has shown that small differences in cultures can cause considerable problems in practical co-operation. It has been reported, for example, that the different decision making styles in Finland and Sweden that have been assumed not to be particularly important have actually caused considerable and long lasting problems in practical co-operation. (Vaara 1999) (2) Rational analysis may not be sufficient by itself to overcome strong culture-related emotional prejudices. Comments made by participants in the corporate culture seminars make it seem doubtful that a direct attack on problems presented ('att man tar djuren vid hornen') is a suitable approach in the Swedish culture. It is interesting that such a suggestion was also made by a Swedish consulting organization. (3) Knowledge and humor as tools are useful, but by no means enough. Something more concrete is needed. (4) The interpretation that adopting Swedish as the corporate language would not create significant problems for those whose first language is not Swedish is an example of a serious misinterpretation of the situation based on inadequate information or understanding.

Senior management understanding of the corporate culture situation based on the external expert opinion above may be seen to be misleading when compared to other findings presented in this research. The strong advice provided on the basis of a general understanding of the national cultures and a superficial survey can be seen to be distorted and misleading.

5.1.4.1 Corporate culture transparencies

A series of five transparencies was produced by one senior management representative as a tool for the “godfather” (“fadder” in Swedish) speech given at the beginning of the culture seminar. This address was given right after the presentation of the culture video, which was right at the beginning of the seminar.

Most members of the senior management addressed one or more culture seminars. The transparencies provided for them were used very differently. Some senior managers used them all, some used one or two of them, and some did not refer to them at all. However, no matter how individual speakers decided to use the transparencies, the contents were, at least to some extent, familiar to them.

The transparencies were in English, although the seminar process was generally conducted in Swedish. One full Finnish sentence was written on one transparency but the author of the transparencies commented that it was best to use English in order to establish some distance from both of the two national cultures involved in the merger and in the seminars.

I will now analyze the transparencies in the order of their presentation to identify the message that they conveyed about cultural interaction in the merger and what understanding of cultural issues was the basis for this message.

The first transparency, which was titled “What is corporate culture,” stated that our daily work is based on expectations about the behavior of other people. It contained a picture of an iceberg in which three layers were recognizable. These were labeled as visible culture, values and norms, and basic beliefs and assumptions. This model is clearly based on Schein’s model of culture, and this was confirmed by the person responsible for the transparencies. The three layers are briefly defined using Schein’s words.

In the picture a steam ship is heading straight towards the iceberg, and a shark is swimming in the deep waters behind it. The message is clear; there are risks in this setting. Visible culture is easy to see, but often difficult to interpret. The invisible part of culture looks self evident, and therefore is often invisible, even subconscious and hard to analyze.

The second transparency, titled “Culture and strategy,” developed the logic of the first transparency further by saying that basic assumptions affect corporate vision and business concepts, corporate strategy and business, work and achievements. Values, norms and culture are mediating factors related to all above-mentioned factors. My interpretation of the message is that the importance of basic assumptions, values, norms and culture is emphasized here even more.

The third transparency, “Change of corporate culture,” stated that there is no certainty that corporate culture can or cannot be modified by deliberate actions. This statement, which is very plausible according to present theories, was taken fairly negatively by some seminar participants, who asked in their comments why they were there if culture could not be modified. If a culture cannot be fixed, it seemed to them to be of no interest in terms of practical business action. This kind of response, which represents a managerialist view of cultural issues, may have diminished interest in using the series of transparencies.

The transparency indicated that major changes causing internal and external pressures can be the force behind cultural change. Organizational interventions made by change agents were listed to include change of rituals and artifacts, formulation of values and norms,

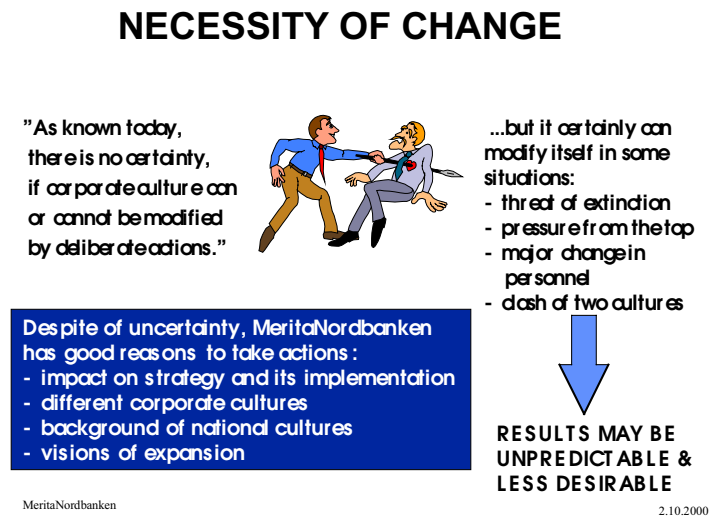
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verbalization of assumptions, and in-depth discussions. Management by example is at the core of the process.

Tree roots were shown in a picture to reflect the depth of actions needed. A Finnish language sentence, not translated into English stated that 'Who does not get unhappy, does not change his habits.' The use of the Finnish language here appears to have been a deliberate attempt to bring forth the different communication realities within the organization.

The fourth transparency, "Necessity of change," repeated the statement concerning the uncertainty of success in deliberate corporate culture change. This idea was moderated by saying that culture can certainly modify itself in some situations; for example, when there is the threat of extinction, pressure from the top, major changes in personnel, or a clash of two cultures. The results of this change may be unpredictable and less desirable. This view approaches the social constructivist interpretation of the nature of corporate cultures.

Figure 41. Necessity of change (Anon. 1999d)



The picture shown on the transparency represented a man with a tie stabbing another similarly dressed man with a spear. The stabber is standing on the left and the person being stabbed is on the right. This dramatic picture might be interpreted as a Swede stabbing a Finn, if one were to associate the left-hand position of Sweden and the right-hand position of Finland on a map with this graphic. Of course, other interpretations are possible, but this one is supported by comments made elsewhere concerning a picture of the cultural interaction of the two organizations, in which it was noted that Sweden is in the left side and Finland in the right side. The series of culture related articles analyzed previously also commented that in military history Swedes have always been conquerors and Finns have been the conquered, which reinforces the possibility of this interpretation. The transparency continued by saying that there are good reasons to take action to unify the two different corporate cultures. In total, this use of this powerful image indicates the depth of concern felt about the development of corporate culture, if left unattended.

The fifth, and last, transparency titled "Major learning exercise," presented two pupils, a girl and a boy, and states the importance of recognizing the present cultures, including their values, norms and underlying assumptions. This is the basis for determining how you need to change your behavior, your (work time) values, your basic assumptions in order to support the unification of separate cultures into a new common corporate culture. The word 'you' is emphasized. The thing left then is to do it.

This message is contradictory in the sense that only work time values are targeted, but the deeper level of basic assumptions is also supposed to be changed. I don't dispute that there are basic work time assumptions and basic free time assumptions, but basic assumptions are largely beyond the reach of most work-related development activities. The theories reviewed clearly indicate that values and basic assumptions are generally difficult to change through purposeful activities.

It is worth noting from the analysis of the transparencies that at least one senior management representative took the time to get to know culture theories and to make his own analysis and interpretation of them in the corporate setting of MNB. The message is 'honest' in stating that active change of corporate culture is difficult. It also hits the target in focusing on "major leaning" needs; that is, considering access to cultural change to be

primarily through individual learning. The unwarranted confidence in volitional change of basic assumptions is also worth noting, but it may be that this statement was intended to be taken metaphorically rather than literally.

These transparencies represent the cultural understanding of at least one, and probably more, senior management representatives. In this sense, their analysis forms an important part of this research. However, they were seen by only the limited number of people who participated in the culture seminars, and the full set of transparencies was used in only a minority of the seminars. Consequently, they had a very limited effect on the organization as a whole.

The desire of some seminar participants for clear and unambiguous messages concerning complex and multi-dimensional social realities is assumed to reflect their need to be able to measure and interpret everything in specific and concrete terms. This may be a strong basic assumption in the target organization, which could be a risk factor if the participants' desire for clarity limits their appreciation or acceptance of important elements of reality for the business that may be inherently complex or paradoxical.

5.1.5 Conclusions

The materials analyzed reveal corporate culture to be an important issue. Senior management strongly emphasized the importance and effect of culture in various comments. The need to create a common corporate culture was continuously repeated. Possible problems caused by different traditions and different modes of thinking were recognized.

From the comments made it appears that the senior management considered corporate culture to be something that could be managed by direct actions, or at least strongly influenced. This is reflected in comments that a new common organizational culture was needed, that it was to be systematically introduced, and that life would then be 'blown into' it by management.

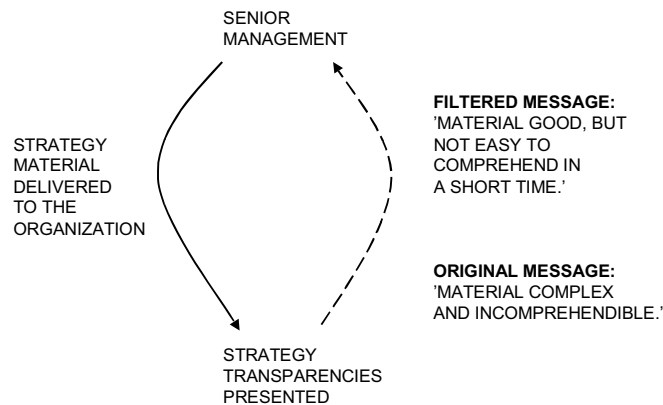
The importance of corporate symbols (e.g., name, logo etc.) was taken seriously and work was done to resolve these image-related issues. Image in this setting can be considered to be primarily a customer and market orientated issue, and only secondarily and indirectly something having an effect on corporate culture. Internal identity is presented as a concept, and can be considered to be closely related to the concept of corporate culture.

Nordic countries are seen as a unified cultural area, with minor cultural differences. According to findings in previous Nordic research, this creates a risk of overlooking or undervaluing significant differences that can cause problems in some cultural areas.

The importance of understanding the corporate strategy was strongly emphasized in the series of corporate culture articles. The comment made on how the strategy message of 1998 was actually received by the organization is worth considering.

The strategy material prepared by the senior management in the summer of 1998 was considered by many of the seminar participants to be confusing, and difficult to comprehend and absorb. This is the message from corporate culture seminar participants to be analyzed in more detail in section 6.2. The message reaching senior management concerning the quality of material was that it was 'good,' but that the time provided to absorb it was inadequate.

Figure 42. Filtered message.



This 'sanitizing' of the response of seminar participants, which is represented graphically above, suggests that senior management should be somewhat skeptical about responses reported to them. Subordinates are liable to find it difficult to report that an important message that is well prepared is nonetheless not comprehensible. It is much easier to send back more positive or neutral comments, when something much more honest and direct is actually needed.

5.1.5.1 Interest group triangle

Within internal and external senior management speech, strong emphasis is put on the organization's responsibility to produce value for three main interest groups: personnel, customers and owners (e.g., Anon. 1999b, 12-13). The ownership group varies from international institutional investors to private owners. The personnel group includes the Finnish and Swedish employee groups, employees working in various functional units or the organization, and various professional groups. The customer group includes a variety of corporate and private customers. The relationship between these three interest groups is sometimes represented in company literature by an equilateral triangle with one group at each vertex. My interpretation is that this triangle represents a senior management value statement. In the 1999 Annual Report, for example, the comment is made that the highest customer satisfaction should be found among important customers, that extra value and rising dividends are to be produced for the owners, and that the organization should be considered as the most popular employer in the area.

Models like this are a considerable simplification of the 'reality' of the situation. The customer, owner and employee groups are not homogenous and the relationships between them vary when seen from different organizational responsibility levels. The use of this model suggests a variety of ways of looking at what is involved when corporate culture is addressed in corporate settings. Based on an analysis of all targeted problems in chapter 5, I will go further with the analysis of the value thinking implied by this graphic metaphor in section 6.2 under the sub-title of "Value elaboration."

5.1.5.2 Internal culture related discussion process analyzed

In this section I will examine some elements related to the general focus of the research; that is, How can corporate practices intended to address organizational culture in the merger of Merita and Nordbanken be understood in the light of cultural theory, and what does this reveal about cultural challenges in international mergers?

The main speaker on corporate culture related issues was Pertti Voutilainen, vice CEO of MeritaNordbanken and Managing director of Merita Bank. There were few public internal corporate culture related comments by CEO Hans Dalborg and corporate culture was only one theme among several others that he addresses. Dalborg made extensive comments on these issues in the culture video, but it was intended for use only within the corporate culture development seminars and has therefore been seen by only a small proportion of the employees. (It can be estimated that this was less than 400.)

The main speaker on corporate culture related issues was a Finn, a representative of one nationality represented in the corporation. It can be asked why this situation emerged and whether it has any special meaning for the corporate situation. Corporate culture related issues may have been seen as more important by some members if the comments were made by a representative of 'our' organization rather than by a representative of 'their' organization, and vice versa for others. The situation in the autumn of 2000 is also worth considering. Voutilainen has retired so there may be a 'vacuum' of culture carriers in the organization, possibly to be filled by the new CEO of the new Nordea organization effective January 2001, Thorleif Krarup.

5.2 Middle management and staff's initial understanding of cultural needs and processes

5.2.1 Introduction

The targeted research question number two to be answered in this chapter is:

How did the middle management and the staff initially understand cultural needs and processes in the merger?

The data analyzed was collected from the preparatory tasks given to participants in the corporate culture seminars. The speakers in these discourses are individual representatives representing the middle management and the staff of MNB. Seminar participants were asked to do the following exercise.

Reflect on your own personal experiences with MeritaNordbanken co-operation and

- (a) Write down five personal observations about the partners' (Merita or Nordbanken) corporate culture and work practices.
- (b) Write down metaphors that for you best describe
 - Merita
 - Nordbanken
 - (future) MeritaNordbanken
- (c) Write down, according to your observations on co-operation, the primary risks and opportunities associated with building a common corporate culture and co-operation that produces good results.

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Tasks (a) and (c) were given to all seminar participants. Task (b) was added as an extra preparatory task from the autumn of 1999 onwards.

Personal corporate culture observations (task a) are analyzed in section 6.2.2. Organizational metaphors have been analyzed separately in an article (Tienari, Vaara and Sääntti 2000) to be published later (perhaps in International Journal of Human Resource Management). References to this article and additional comments are made in section 6.2.3. Observations on cultural risks and opportunities are made in section 6.2.4.

5.2.2 Observations on corporate culture

MNB corporate culture seminar participants produced observations on the culture of the other organization in one preparatory task. The task was:

Write down five personal observations about the partners' (Merita or Nordbanken) corporate culture and work practices.

It should be noted that participants had between twelve and eighteen months of experience within the new merged organization at the time at which they were asked this question, and had sufficient opportunity to interact over that time that they could base their observations about the other partner on actual experience.

In this section staff responses to this request are analyzed. There were 523 comments in total, 245 pertaining to Merita and 278 to Nordbanken. I have sorted the material on the basis of its main themes. The results are summarized in the table below. Percentage numbers are rounded to the nearest integer.

	Observations about Merita	Observations about Nordbanken	Observations in total
1. Decision making	54 (22%)	60 (22%)	114 (22%)
2. Personality features	39 (16%)	69 (25%)	108 (21%)
3. Focus of action	43 (18%)	20 (7%)	63 (12%)
4. Methods and practices	15 (6%)	43 (16%)	58 (11%)
5. Co-operation	7 (3%)	32 (12%)	39 (7%)
6. Leadership	25 (10%)	14 (5%)	39 (7%)
7. Organization	23 (9%)	11 (4%)	34 (7%)
8. Communication	9 (4%)	6 (2%)	15 (3%)
9. Meetings	5 (2%)	9 (3%)	14 (3%)
10. Best practice	6 (2%)	4 (1%)	10 (2%)
11. Language	6 (2%)	4 (1%)	10 (2%)
12. Competencies	8 (3%)	1 (0%)	9 (2%)
13. Technology	5 (2%)	1 (0%)	6 (1%)
14. Partner knowledge		4 (1%)	4 (1%)
Observations in total	245 (100%)	278 (100%)	523 (100%)

An analysis of each of the thematic response groups listed in the table is provided in the same order below.

5.2.2.1 Decision making

Decision making in Merita is commented on 54 times (22%) and in Nordbanken 60 times (22%). This makes it the largest thematic group overall, the largest concerning Merita and the second largest concerning Nordbanken.

Some interesting dichotomies exist between the way the Finnish and the Swedish organizations are seen to operate, as well as interesting contradictions in comments about the individual organizations.

The speed of decision making is a subject of commentary in both organizations. Swedes clearly perceive in Merita a willingness to make decisions rapidly and to implement them quickly.

Speedy decisions are considered to be a definite characteristic of decision making in the Merita organization. There is a perceived willingness to make decisions, and to make them rapidly. Once decisions have been made, they are also implemented with quickly. This is considered to be both a positive and a negative characteristic. Decision making is easy and things start to happen. On the other hand, the commentators consider there to be insufficient planning, resulting in confusion. The speed may also cause problems in understanding which decision is currently in effect.

- Snabba beslut. (Fast decisions)
- Snabba att ta beslut, men/och ändrar dem också snabbt. Även det på gott och ont, kan skapa förvirring kring vad som gäller. (Fast in making decisions, but/and also change them quickly. In good and bad this can also cause a lack of clarity concerning what is valid.)
- Att handla är viktigt, resultat uppstår snabbt, men blev det bra (fort och fel). (To act is important, results are made fast, but was it good (fast and wrong).)
- Snabbare beslut men ibland oöverlagda. (More rapid decisions, but also thoughtless decisions).

The Finnish commentators, on the other hand, consider decision making in Nordbanken to be time consuming. Decisions are taken slowly and only after ensuring that everybody has a say in the issues at hands. No quick decisions are seen to be made. Many iterations may be needed when developing the decision. Matters are seen to be turned over and over again endlessly. Consequently, decision making takes a very long time. The decision making process is slow to begin and then there is great time press at the end. Independent decisions are difficult to make.

- Nopeita päätöksiä ei tehdä – asioita pyöritellään ja keskustellaan loputtomiin. Suomalaisten päätöksentekokyky on nopeampi. (No fast decisions are made – matters are turned over and over again endlessly. The Finns ability to make decisions is better.)
- Väldigt lång tid för beslutsfattande. Det här kom fram i x-projektet där de slutliga detaljerna i besluten inte blev klara förrän nästan då x redan skulle vara färdiga, vilket innebar tomgång för oss i början och stor tidspress i slutet. (Very long decision making time needed. This became clear in x-project, where the final decision determinants were not ready before the whole project should have been. This meant idling in the beginning and considerable time pressure towards the end.)
- Har svårt att ta självständiga beslut. (Have difficulties in making independent decisions.)
- Svårigheter att verkställa gemensamt fattade beslut. (Difficulties in putting decisions made into effect.)

The Swedes consider the manager to be the decision maker in Merita and that there is less room for negotiation than in Nordbanken because the anchoring of decisions is not necessary in Finland as it is in Sweden. In the Finnish model a leadership position gives a

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person the authority needed to make decisions. The positive side of this is that everybody knows who the decision maker is, and the negative side is that there is limited room for discussion. Their own experience is that in Nordbanken it is sometimes not clear who is the decision maker.

- Chefen bestämmer och fattar snabba beslut (förankring ej nödvändig, som i Sverige). (The manager decides and makes rapid decisions (no need to anchor decisions, as in Sweden).)
- Chefen bestämmer (mindre utrymme för diskussion). (The manager decides (less room for discussion).)
- Chefen bestämmer, ingen ifrågasätter, ohälsosamt tycker jag. (The manager decides, nobody challenges. Unhealthy to my mind.)
- I NB talar vi ofta om konsensus mellan chefer och medarbetare ... och ibland kan man undra vem som är chef. (In NB we often talk about consensus between managers and subordinates ... and sometimes it may be difficult to find out who is actually the boss.)

Swedes felt that in Merita delegation took place upwards in the organization. A decision proposal was then chosen from a variety of proposals made.

- Delegering sker uppåt i organisationen. Ett förslag till beslut läggs inte fram utan ett urval av förslag till beslut presenteras. (Delegation takes place upwards in the organization. A decision proposal is not set forth, but a variety of possible proposals.)

The number of people involved in project work in Merita was seen by Swedes to be large. This seemed heavy to them and liable to slow down the process. This comment is somewhat contradictory to the previously reported view that in Nordbanken decision making takes a long time and involves a lot of people.

- Man arbetar ofta i projekt med många personer involverade, vilket känns lite tungt och kan leda till att det tar lång tid innan man kan genomföra uppgifterna. (Work is often done in projects, with many people involved. This feels heavy and can lead to the use of a long time, before the tasks can be finished.)
- Behovet/viljan att återkomma i olika frågor (för ytterligare diskussion/beslut) upplever jag vara lägre än i Stockholm. (I feel, that the need to come back to different questions (for more detailed discussions (decisions) to be less than in Stockholm.)

Finnish respondents felt that in Nordbanken decision making was very time consuming. The leaders were seen to be cautious in their decision making. One explanation given for this was fear of making wrong decisions. Consensus seemed to be emphasized in decision making, which was understood to mean that everyone must agree with the decision before it could be made. This group decision making was seen as slow because all matters had to be discussed with everyone involved. However, the need to return to questions for further discussion or to review decisions seemed to be less than in Finland.

- Asiat päätetään useamman hengen voimin. (Matters are decided with the force of several persons involved.)
- Esimiehet ovat arkoja tekemään päätöksiä. Hyvin monista asioista halutaan ensin keskustella laajasti ja monelta kantilta kaikkien asianosaisten kanssa. Lieneekö vallalla pelko väärästä päätöksestä? (Managers are cautious in decision making. Very many matters have to be discussed broadly and from several angles with all those involved. Is this because of fear of a wrong decision?)

Finnish actors expressed confusion about decision-making processes and reservations about the decisions made in Nordbanken. They said it was difficult at times to know who was the final decision maker and what were the decisions that were made. It sometimes seemed difficult to know what had been decided and what not. Decisions appeared out of the blue with instructions that they were to be followed but with no explanation. It was felt

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that in Nordbanken decisions were sometimes not actually made at the appropriate level or by the appropriate person.

- On vaikeaa saada selville kuka päättää. (It is difficult to find out who makes the decisions.)
- Keskustelua. On joskus vaikea hahmottaa mitä on päätetty ja mitä ei. (Discussion. It is sometimes difficult to perceive what has been decided and what not.)
- Kuka tekee päätökset? Asioita pullahtaa esiin milloin mistäkin ja niiden sanotaan olevan päätetty. Sitten kun omasta organisaatiosta yrittää selvittää asioiden alkuperää, ei päätöksiä ole tehty ainakaan sillä foorumilla kuin omasta mielestä olisi pitänyt. (Who makes the decisions? Matters come now and then out of the blue and they are told to be decisions made. When you try to find out their origin, it becomes clear, that decisions have not been in the forum you consider to be the right one.)

The use of the consensus principle is questioned in several comments by Finns about Nordbanken. It is said that consensus seems to mean just going over decisions already made elsewhere. The real decisions are seen to be taken by a small group of one or two persons. Managerial power in decision making is felt to be strong in Nordbanken. Many common decisions are seen to be taken in the higher organizational levels in the Swedish part of the organization. Finns comment that Swedes are better at lobbying their views within the organization and getting them accepted.

- Laajamittainen pitkälinen keskustelu eri asioista, mutta pieni piiri (1–2) henkilöä tekee päätökset, jotka viedään läpi organisaatiossa nopeasti. (A long and thorough discussion process takes place, but eventually a small group of 1-2 persons makes the decisions, that are then taken through the organization fast.)
- Asioista neuvotellaan ulkoisesti pitkään ja hartaasti, mutta kuitenkin johtaja lopulta päättää. (A long and thorough discussion is conducted, but finally the manager makes the decision.)
- Yrityskulttuuri vaikuttaa siltä, että kaikki päätökset on jo tehty ylemmissä portaissa, nimenomaan Ruotsissa. Palavereja pidetään vain asioiden läpikäymiseksi. Kritiikkiä mistään asiasta palavereissa en ole huomannut. Kaikki vain hyväksyvät hiljaisesti kaiken. (The corporate culture seems to be such that all decisions have been made in the upper levels of the organization, and especially in Sweden. Meetings are held just for going through the matters. I have noticed no critique of any matter in any of the meetings. Everybody just accept everything quietly.)
- Svenskarna lobbar bättre, men alltför ofta bara uppåt i organisationen. Resultatet är således ofta 'färdigt' redan före det 'beslutande' mötet. (The Swedes lobby better, but mostly only upwards in the organization. Results are therefore often 'ready' before the 'decision making' meetings.)

The Finnish respondents felt that when a decision had been reached in Nordbanken, it was very difficult to change it. Thus, making wrong decisions was seen to be a big problem in Nordbanken.

- Kun päätös vihdoinkin on tehty, sitä ei voida muuttaa, koska tuntuu, että väärän päätöksen tunnustaminen on suurin synti maailmassa. (When a decision is finally made, it cannot be changed, because it feels like recognition of a wrong decision is one of the greatest sins in the world.)

Swedes comment that they were surprised to discover that decisions which they thought had been made were sometimes considered to be still under discussion by the Finns, and that once decisions were made they were not always maintained.

- Jag tror att vi är överens, men så visar det sig att vi inte är det. (I thought that we agreed, but this turned out not to be the case.)
- Man håller sig inte alltid till fattade beslut. (Decisions made are not always kept.)

Similar comments about unclear decision making were made about Nordbanken by the Finns. There were also questions about how decisions that had been made were kept in Nordbanken. It was said that mutual understanding obviously does not always exist even though one party believes that it has been reached. Respondents noted that once decisions were made they were not always kept. They felt that sometimes there was background work done to reverse a decision. Opposing opinions may not be said out loud and because of this the risk of wasted effort increases. Such behavior also destroys trust between the parties.

- Asiat eivät aina etene siten, kuin on yhdessä sovittu. Niitä yritetään taustalla muuttaa tai saada muutospäätöstä. Onko niin, ettei sopimushetkellä olla oltukaan päätöksen takana, mutta sitä ei haluta sanoa suoraan? Suomalainen sanoo suoraan. (Things do not always proceed the way commonly agreed upon. Attempts to change them in the background are made or new change decisions are sought. Is it that there was not an agreement at the moment of decision making, but that there was an unwillingness to say this out loud? A Finn talks straight.)
- Epämiellyttäviä päätöksiä ei haluta kertoa suoraan, jolloin väärinymmärrysten ja mahdollisesti moninkertaisen työn määrä lisääntyy. (There is unwillingness to talk straight about unpleasant decisions, and this may raise the risk of misunderstandings and possibly multiple work loads.)

The experience of the respondents may, but does not necessarily, imply political game playing in the background. Rapid Finnish decision makers may be of the opinion that decisions are made while the Swedes, who are used to a more extended and deliberate decision making process, do not consider the situation to be near decision making yet. Such misunderstandings may be disastrous for good co-operation and mutual trust.

5.2.2.2 Personality features

The group of comments on personality features is the largest one made by Merita representatives about Nordbanken with 69 comments (25%). These comments by Nordbanken employees about Merita form the third largest group with 39 comments (16%). It is interesting to consider why Merita employees made almost double the number comments on this topic compared to those made by Nordbanken employees. Perhaps such comments are less easy to make within the Swedish cultural setting.

Individual personality features of Merita employees were described by Nordbanken employees with the adjectives below, which have been divided in two groups: positive and neutral/critical comments. This classification is, of course, subjective on my part.

Table 13. Observations about Merita staff.	
Positive personality features	Neutral/critical features
<ul style="list-style-type: none"> • authoritative • self-confident • proud • individualistic • positive, having good humor • fast and careful • not afraid of conflicts • open at all levels 	<ul style="list-style-type: none"> • cautious towards external world • quiet, not good at small-talk • have an inferiority complex • weak, no authority • aggressive • very masculine • serious, slow • formal • straight and stiff

In the table below are Finnish comments about Nordbanken employees.

Table 14. Observations about Nordbanken staff.	
Positive personality features	Neutral/critical features
<ul style="list-style-type: none"> • pleasant persons whom one can even enjoy being with • very polite • polite in a restrained way • analytical and systematic • thorough • loyal, hard working • cultivated, good at small talk • positive and happy • emphatic • value themselves and their work highly • goal orientated • open and interactive • value personal freedom 	<ul style="list-style-type: none"> • unpleasant or negative opinions not expressed • missing initiative • speed of work leisurely • slow • uncertainty not revealed • often take the whole floor • superficial • self-satisfied • enormous self confidence, the attitude of 'a great white warrior' • some arrogance expressed towards Finns • even more conservative than the Finns • do not show real feelings

The beliefs expressed as positive comments provide a good basis for mutual co-operation. The politeness of the Swedes is strongly expressed. The comment about Finns not being good at small talk is interesting, given that they would have to operate in a foreign language to make small talk with Swedes. The authoritative and self-confidence nature of the Finns may be a negative feature if it is interpreted as aggressiveness and strong masculinity.

Through the neutral/critical comments some deeper understanding are revealed. The Swedish comments seem to be more positive and neutral. This may be because the Swedes have less to negative comments to make or because the way to express negative opinions is more cautious in Sweden. I believe that the latter assumption is closer to the truth.

It seems that the Swedes have some work to do in adjusting to what they experience as the straightforward, strongly masculine and aggressive parts of Merita corporate culture. The Finns, on the other hand, will need to find ways to deal with what they experience as self-satisfaction, enormous self-confidence and arrogant attitudes in Nordbanken corporate culture.

Finns described the Swedish work attitudes as polite and friendly, but also said that true feelings are seldom shown. Work community and personal chemistry are considered to be important. A pleasant work environment is seen to be more important in Nordbanken: 'Where are all the papers?' The attitude towards work is considered to be less dynamic. The Merita work climate is seen to be co-operation orientated. Subordinates are seen to be competent, co-operative and somewhat defensive; the latter possibly being due to the strong position of the Finnish manager. Finns were seen to be proud of their organization, whereas one Nordbanken commentator said that the Swedes are happy to be number three in the local market. Finns are seen to be loyal to decisions made and to the group, and able and willing to work.

5.2.2.3 Focus of action

There were 43 observations (18%) made in the ‘focus of action’ thematic group about Merita and 20 (7%) about Nordbanken. This group is the third largest for Merita and the fifth largest for Nordbanken.

The observations made are listed in the table below.

Table 15. Focus of action
Observations about Merita
<ul style="list-style-type: none"> • strong position in Finland • strong international side • more long-term thinking • new technologies and strong wills • technology orientated • special development responsibilities focused on elaborating new ideas (in Nordbanken a suggestion box is in use and suggestions made are evaluated by persons not working in the core area in question) • preserves and values old issues (training center, head office) • different emphasis on marketing • different security thinking • cost efficiency, cost thinking vs. too little cost efficiency • international vs. national thinking, less international than the Swedes • proud of origins and history • more positive towards European co-operation • less interest in soft values (e.g. equal rights, environment) • respect over personnel with dependence on authority • stronger solidarity within the bank among personnel • strong will to succeed in the merger
Observations about Nordbanken
<ul style="list-style-type: none"> • focus on basic banking, more retail banking orientated • corporate banking on much lower level • not international vs. international corporate culture • weak strategic planning • an inclination to use external consults in normal work projects • need/case based system solutions preferred (whereas in Merita general basic solutions with variations preferred) • presentation of services to customers possible in the development phase (in Merita only when solutions are completed) • limited ambitions to develop new business areas vs. aggressive work done to win new market shares • formal structures and instructions are important • short term goals emphasized • new technical service ‘gags’ interest • work is limited to office hours • personnel taken slightly better care of
General observations
<ul style="list-style-type: none"> • merger synergies have taken a long time to emerge • how to attain synergy effects with different strategies • cultural closeness should not be emphasized too much; geography and history have caused differences that should be respected

These comments show that the participants clearly saw differences in the positions of Merita and Nordbanken. Merita, being also an international corporate bank, focused on new technologies. Nordbanken, being more concerned with basic retail banking, had short-term goals and tended to rely on case-by-case internal solutions. Merita was also seen to be less

interested in soft values, more nationalistic, and simultaneously more positive towards European co-operation. It set long-term goals and paid more attention to developing organization-wide internal processes. Nordbanken was seen to be more apt to use external consultants.

Merita was described as having a strong will to succeed in the merger. An interpretation of this comment might be that Nordbanken was more willing to continue with its previous focus and models, and less committed to change. It was noted that the anticipated synergy of the merger was slow in being realized and that this may not be surprising given the very different strategic and procedural orientations of the partners.

5.2.2.4 Methods and practices

Methods and practices is the third largest group of observations about Nordbanken with 43 comments (16%), and the sixth largest group of observations about Merita with 15 comments (6%).

The observations made are listed in the table below.

Table 16. Methods and practices
Observations about Merita
<ul style="list-style-type: none"> • 'straight to the point'; it is nothing for Finns to straighten out a situation • in work 'models' are followed and these seem to direct action • the level of economic steering is not the same as in Nordbanken • less formal • old traditions • training unit and training center totally separated from bank's activities and customers • more leisurely pace of work • unclear delegation; many persons involved in small issues • information inside the organization more hierarchical
Observations about Nordbanken
<ul style="list-style-type: none"> • formal methods of work; prisoners of old practices • good methods of work • project work similar to Finland • the obscurity of action models is mainly a result of the decision process • issues are thoroughly prepared; preparation is slow and bureaucratic, but that forces one to think properly before action; mistakes are avoided, but chances are also missed • long and serious thinking; maybe also slightly obscure • discussion is important • strong need to talk about work done and especially problems encountered (Finnish approach of just saying that everything is under control is not enough) • too many committees, work groups, empty discussion, when do they find time to do work? • hiding behind bureaucracy • bureaucracy, fear for authority, decision making takes long time, flexibility missing • many ways to slow down issues; for example, questions not answered, 'right people not present' • extensive and extremely careful paper documentation • strong report culture • how things look is more important than how they really are • the use of consultants increases costs • money used more than in Finland (e.g. study trips)

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- work surroundings are cleaner
- difficult to reach colleagues by telephone; answering machines are always on
- more equality between employees
- less equality between employees than expected; though there are many that discuss, there are only a few that make the decisions and always according to their own ideas

Both organizations were seen to follow models or formal methods of work. The Nordbanken method of preparation, discussions, bureaucracy and committees came out strongly. The comment about a total separation of the Merita training unit and training center from the bank's other activities may have been made because all culture seminars were held in a location some 30 kilometers from Helsinki.

5.2.2.5 Co-operation

Comments about co-operation concerning Nordbanken form the fourth largest group of 32 comments (12%). Comments on this theme about Merita form a minor group of only 7 (3%).

Table 17. Co-operation
Observations about Merita
<ul style="list-style-type: none"> • no Kansallis – Union Bank difficulties are seen; is the merger with Nordbanken an even bigger threat? • fear of making the bank Swedish is evident • co-operation felt to have stopped at the 'floor level'; more mergers and acquisitions are expected • insecure about giving either positive or negative feedback • less fear of conflicts • skillful at building alliances to promote interests (skickliga att kraftsamla) • well developed social structure and social models
Observations about Nordbanken
<ul style="list-style-type: none"> • good working climate; easy to communicate • excellent positive discussion and debate culture • equality independent of position • very loyal to group and consensus • always formal behavior, no arguments, conflicts avoided • people are very white until problems arise and then everything suddenly changes to black • personal meetings are necessary; even about minor matters • positive and attentive, but action not always in line with this appearance • more difficult to 'interpret' opinions than in Merita • big brotherhood • teacher/lecturer • co-operate if necessary • 'territorial defense' is powerful • too much unnecessary internal trading within the organization; there is a risk of making internal service units the most 'profitable' • mechanical way of running the business (same way for all)

Only a few comments were made about Merita. On a macro level Swedes saw a fear amongst Finns of making the bank Swedish. On a micro level, they saw less fear of conflicts than in Nordbanken. Finns recognized a good working climate in Nordbanken, a positive culture of discussion and debate, loyalty to the group and consensus decision making. Swedes saw opinion interpretation as difficult for the Finns, while Finns saw the Swedes as having a tendency to teach and lecture, and to have an attitude of superiority to Finns. They were also seen as being very defensive of their territory.

The main comments are found within the table above. More comments were made about Merita than about Nordbanken. Both sides saw the partner as strong in defending its own interests against the other's. Swedes were described by Finns as being in a stronger position (e.g., big brotherhood, teacher/lecturer). In line with this, Finns were seen by Swedes to fear that the bank would become Swedish. Typical views of Finns and Swedes were reinforced in these comments. Finns were seen to be less sensitive in human interaction (although the opposite view is also expressed) and more straightforward in interaction. Swedes were described as more group and consensus orientated, more apt to have meetings to resolve issues.

5.2.2.6 Leadership

Observations about leadership in Merita form the fourth largest group with 25 comments (10%). Observations about Nordbanken leadership form the sixth largest group of 14 comments (5%).

Table 18. Leadership
Observations about Nordbanken
<ul style="list-style-type: none"> • managers integrate with the personnel, titles are not emphasized • not the same hierarchical thinking as in Merita • managers write more their own memos • authoritative leadership • managers aloof and unresponsive to subordinates; difficult to get time or answers from Swedish managers • clear delegation is missing • Swedes do not express their opinions before they know if it is similar with manager's opinion • leadership seems to include discussion and listening, but the final decision is actually dictated • looks equal and close, but in fact distance is maintained • the number of stripes means more than in Finland • bureaucratic and old fashioned leadership and reporting culture
Observations about Merita
<ul style="list-style-type: none"> • different view of leadership • strong management, competent managers, know their business (have fought to be a manager and succeeded) • authority, hierarchy and titles are important • titles are considered important; shocked when several persons were 'downgraded' in the merger • dependent on managers • too much respect for managers; 'manager is always right' • respect for managers and conventions • more detailed steering by managers • managers have unlimited power • managers decide; not so much discussion • managers differ more than in Nordbanken from the generally accepted exemplars (i.e., 'lodestars') of good leadership: live as you teach, be visible, be clear, dare to delegate

Some Finns saw the thinking in Nordbanken as both less hierarchical and less authoritative. On the other hand, some felt that Swedes did not express their opinions before they knew the manager’s opinion and then they made their own comments similar to that. Some also felt that although the leadership style in Nordbanken included discussion and listening, final decisions were dictated by the manager. Swedes felt that in Merita the manager was always considered right. Both groups felt that positions and titles were more important in the other organization.

5.2.2.7 Organization

Observations about organization in Merita form the fifth largest group, with 23 comments (9%), and in Nordbanken the seventh largest group, with 11 comments (4%).

Table 19. Organization
Observations about Nordbanken
<ul style="list-style-type: none"> • delegation of responsibility is not always clear • geographically not a particularly homogeneous ‘culture’; regions act independently • more administrators than those performing tasks • besides organizational hierarchy there is a strong unwritten superiority order of people who’s views are important in special cases • not used to working in a matrix organization; activities revolve around own unit; help is more likely to be sought from outside than from elsewhere in the organization • visible equality is shattered after having contacted some subordinate (‘medarbetare’ in Swedish) and noticing that one has stepped on someone’s toes • more decentralized in x business area (Merita has been more centralized in this area)
Observations about Merita
<ul style="list-style-type: none"> • big and beautiful • more hierarchical (13/23 comments) • more top-down • large informal networks following previous bank structures; sometimes stronger than the formal organization • clear limits on what different persons can do • broader competence/responsibility areas • larger central production units (regional units in Nordbanken)

Some stereotypical Swedish leadership characteristics are cited in these comments. The outlook on leadership is considered to be less hierarchic, more collaborative and discussion oriented, with leaders taking care of many routine tasks themselves. On the other hand, Swedish leadership is also seen—in opposition to popular views—to be authoritative, including dictated decisions, non-communication (to Finnish subordinates), aloofness, and a focus on position and bureaucracy. The data is inconsistent. Even individual commentators express contradictory views, but the predominant view challenges the conventional understanding of Swedish leadership as ‘modern’ and ‘enlightened.’

Finnish management is described as strong and competent. Authority is seen to be emphasized to the point of creating dependence on managers, who are seen as having unlimited power over subordinates and their decisions are not to be questioned.

It is interesting that both parties consider authority, hierarchy and titles to be more important within the partner culture. Both see management as more powerful in the partner organization. The quality of managers is seen to vary more in Finland. The quality of leadership in Sweden is questioned.

5.2.2.8 Other observations

The seven largest groups of observations have been discussed above. Other observations formed small groups of less than 10 comments (4%). These include, however, some interesting findings and are presented below in order of the size of the groups i.e. (8) communication, (9) meetings, (10) best practice, (11) language, (12) competencies, (13) technology and (14) partner knowledge.

Table 20. Communication 9 comments about Merita (4%) and 6 about Nordbanken (2%)
Observations about Merita
<ul style="list-style-type: none"> • direct communication • managers talk more than listen; subordinates listen more than talk • dialogue and communication is scarce; no or bad feedback given • Finnish colleagues are 'silent' in meetings; this has started to change
Observations about Nordbanken
<ul style="list-style-type: none"> • communication and contacts more natural than in Merita • Swedish colleagues talk happily and a lot; even if they don't have much to say • communicate through discussions in meetings • issues are stated more covertly than in Finland • some communication problems noticed as well as 'let's not hurry too much' attitude

Table 21. Meetings 9 comments about Nordbanken (3%) and 5 about Merita (2%)
Observations about Nordbanken
<ul style="list-style-type: none"> • a lot of meetings held • a lot of time is used and many people participate in meetings • more group work than in Finland • have not noticed any critique in meetings; everything is accepted silently • behavior very polite in meetings; difficult questions avoided • waste of time, ineffective
Observations about Merita
<ul style="list-style-type: none"> • effective meetings • no agenda and no clear goals in meetings • manager has the main role in meetings and dominates discussions • unused to work in group and in meetings

Table 22. Best practice 6 comments about Merita (2%) and 4 about Nordbanken (1%)
Observations about Merita
<ul style="list-style-type: none"> • opinions fixed; unwilling to change them • Merita knows best • best practice is often Merita's practice • the positive sides of Finnish alternatives stressed; organizational level benefits forgotten; even attempts to deliberately mislead
Observations about Nordbanken
<ul style="list-style-type: none"> • opinions fixed; strong opposition towards changes • have not noticed that Swedes admit their weaknesses; efficiency numbers exaggerated; failures not talked about

Data Analysis

- think that their market is more developed and that competition is harder
- better than all others; 'even better than the Englishmen'

The observations related to best practice are interesting in the sense that the comments made by the two groups about each other are practically identical. What this seems to mean is that both parties look at the realities in a very local way and that open dialogue on real best practices is (or was at the time when observations were made) very difficult. Best practice is apparently considered to be equivalent to 'my practice'.

Best practices are an important issue as this is one area where synergy effects can be realized in organizational practices.

Table 23. Language 6 comments about Merita (2%) and 4 about Nordbanken (1%)
Observations about Merita
<ul style="list-style-type: none"> • managers and employees speak excellent Swedish, but feel that they do not command it; why have such excessive expectations • fear of Swedish language • language question seems to be the most important factor affecting co-operation and the results of it • language can be a problem in the beginning • when we talk through signs it may be that our Finnish colleagues do not understand
Observations about Nordbanken
<ul style="list-style-type: none"> • colleagues have noticed our missing language skills, but may forget that Swedish is not our native language, which makes it difficult to follow discussions • do not say clearly if they don't understand; maybe don't want to give an impression that we speak Swedish in a strange way • Swedish is preferred as working language; other languages are used only if they are absolutely required to be used

The question of language was discussed in great detail during the corporate culture seminar discussions. A comment worth special notice here is the one that Finnish colleagues cannot understand when Swedes talk through signs; that is, use non-verbal communications.

Table 24. Competencies 8 comments about Merita (3%) and 1 about Nordbanken (0%)
Observations about Merita
<ol style="list-style-type: none"> 1. good professional competencies <ul style="list-style-type: none"> • innovative; specially on IT-side; far ahead concerning data competencies and systems • formal education is emphasized more than good results • other's competencies and experiences not respected • courses and accommodation free
Observations about Nordbanken
<ul style="list-style-type: none"> • versatile work methods in control
Table 25. Technology 5 comments about Merita (2%) and 1 about Nordbanken (0%)
Observations about Merita
<ul style="list-style-type: none"> • modern technology; far ahead in technological development, both internally and externally • information technology has a strong position within the organization • organization not sufficiently adjusted to modern technology; skills in videoconferencing, telephone meetings e.g. must be made better
Observations about Nordbanken
<ul style="list-style-type: none"> • new technological innovations fancied; not always very practical or such

that they would interest customers

Table 26. Partner knowledge
4 comments about Nordbanken (1%) and none about Merita
Observations about Nordbanken
<ul style="list-style-type: none"> • information concerning Finland and Finns generally insufficient • Swedes are not particularly interested in foreigners; they don't expect to find anything that should be interesting from the Swedish point of view; the new possibilities the Finns can offer look like problems to Swedes • we are more interested in Swedes and Sweden than they are in us • cultural differences between organizations may be more differences between national cultures

The comments about partner knowledge indicate that Swedes are only interested in Sweden and local practices, and that Finns have more interest in looking outwards and learning about foreign cultures. This is consistent with what cultural ethnographers (Daun, Sveiby-Laine) say about national cultures and the way in which commentators on modern Swedish society (Guillet de Monthoux) evaluate its present state of development.

5.2.2.9 Final comments on personal corporate culture observations

The observations made about corporate cultures clearly reflect the different perspectives of the participants concerning their own culture and the partner culture. Both complimentary and critical views are expressed. Some corporate culture seminar participants had had very little actual contact with the other organization, but many of the observations made show evidence of both direct experience and careful reflection. When I say this, I do not mean that one interpretation is better than another. Both may be taken to be similarly 'true' to the observer, and it can be assumed that both participants base their action on their personal observations and inferences, whatever the actual extent of their experience.

The comments made by the Swedes may be influenced by a previously noted cultural inclination to not make negative comments directly. It is also good to bear in mind that these observations were made at the beginning of the corporate culture seminar discussions, and that the participants were aware that their observations would be recorded and used in this research in near future.

The data shows a clear perception of different speeds in decision making. Actual differences in decision making style can be reasonably inferred to exist. Both partners seem to have problems in understanding both the methods and results of decision making in the other half of the organization. This may be because the concept of a decision is different in respective countries, and there are different understandings of the person or body having the power to make decisions. It appears that it is not always clear for the partners when a decision has been made.

Consensus-based decision making in the Swedish model can be interpreted to be partly 'real' and partly 'a symbolic' action that commits those involved to decisions being made, or already made elsewhere. There seem to be several layers in Swedish decision making. One part of decision making process involves building consensus. This is of utmost importance and there is a Swedish law requiring this aspect of decision making. However, decisions are by no means made solely through consensus. Something happens before the consensus building discussions, in tandem with them, and after them. The leader, or a smaller group of actors, can have a strong, and probably decisive, effect on decisions. So,

my interpretation is that the core of decisions is built outside of consensus-building discussions, or that there always exists a possibility for this, and that the consensus process gives actors an opportunity to express opinions, helps to build a common understanding of issues, and commits actors to decisions. The smaller decision making forum is invisible and the consensus process is visible. Symbolic consensus building is much less necessary in Finland because there is more opportunity to influence outcomes during the implementation phase.

5.2.3 Risks and opportunities recognized

Culture seminar participants were asked, as one preparatory task, to write down the risks and opportunities they recognized in building a common corporate culture.

Write down according to your observations on co-operation the main risks and opportunities in building a common corporate culture and co-operation that produces good results.

In total, 370 comments concerning risks and 315 comments concerning opportunities were made. The basic material analyzed here presents those comments in one single risk list and one single opportunities list. The comments by Finns were given in either Finnish or Swedish. The comments by Swedes were all given in Swedish. The comments from Finns and Swedes were not separated, although they can be partially recognized on the basis of language (mainly in those cases when Finnish is used) and on basis of their contents. However, there are many comments for which it is not possible to say whether they were given by a Swedish or a Finnish commentator.

Risks and opportunities comments are important because in them the commentators have had a chance to identify the most important conclusions from their experience and reflection.

5.2.3.1 Risks recognized

Thematic groups of risk findings are presented in the table below.

Table 27. Groups of risks reported	Number	Percent
Organizational integration processes	88	24%
Culture and values	73	20%
Strategy and business orientation	48	13%
Contact, communication and language	44	12%
Best practice	35	9%
Goal orientation and decision making	32	9%
Individual related integration questions	31	8%
Leadership and management	12	3%
Competencies	7	2%
Total	370	100%

While I was grouping the comments it became clear that some of them could be placed in any of several groups. For example, several of the language-related comments placed in the 'Contact, communication and language' group could also have been placed in the 'Competencies' group, and many 'Individual related integration questions' could also be seen as representatives of the 'Culture and values' group. Therefore, for the purposes of tabulation I selected the group that I felt best represented the contents of the comment

made. However, in the analysis I will deal with the comments wherever it makes the most sense to do so and not necessarily restrict myself to this categorization.

5.2.3.1.1 Risks related to organizational integration processes

The 'Organizational integration processes' group is the largest, with 88 comments (24%) about potential risks.

The polite and somewhat superficial nature of contacts was noted in these comments, as well as the limited number of people actually in contact. Organizational integration requires a critical mass of personnel within the organization. However, the majority of Merita and Nordbanken employees worked only within their national organizations, and thus had only in a limited amount of exposure to cross-national co-operation.

- We do not necessarily state our opinions about different things, but discuss them more on the home front.
- Only a minority of personnel are involved in cross-border contacts.

The nature of appointments was noted. Political appointments—that is, those that are obviously based on nationality—are seen to exist. This was also the official policy in appointing the senior management in order to ensure equal consideration of issues from both national perspectives.

- 'Political' appointments.
- Certain parts of the organization are appointed too much by Swedes. This leads to inequality in handling issues and hinders co-operation.
- 'Fairness' in appointments (i.e., one from each country) may lead to not maintaining the right competencies in jobs.
- Decisions are made on the principle 'one candy for you, one candy for me.'

Comments about conflicts and power plays between national groups reflected similar views about nationality playing too large a role in organizational processes.

- The risk of leading into an atmosphere of international competition.
- The other party may have a feeling of being subject to dictated policy and being in an unacceptable/incomprehensible situation.
- Power play in the bank management.
- MB and NB continue to be MB and NB in the minds of the employees

The challenges of physical separation were noted with respect to the need for travel and diminished opportunities for interaction.

- Distance – a lot of time is spent on travelling.
- The long distances make contacts and opportunities to get acquainted difficult.

There were also comments about mental organizational 'distance' and differences.

- Action continues in both organizations without coordination by MNB.
- The strong autonomy of regional banks in NB.
- The physical distance can keep the mental distance great.

5.2.3.1.2 Risks related to culture and values

73 comments (20%) were made about risks related to 'Culture and values'. Language and culture related problems were described as real. It was suggested that mutual understanding may be endangered by employees holding totally different personal frameworks. Cultural differences were seen as causing significant problems.

- A risk of not seeing and accepting that our cultures are different.
- Models developed may be unfit for different national frameworks.
- Prejudices of being Swedish or Finnish may be cemented.
- Common ways of action that are developed may be contrary to one partners practices and values. This may result in a lack of commitment to them.
- Cultural collisions may dim visions.
- Work is done only with people of the same background. The distance between Kansallis and Union Bank of Finland sometimes feels greater than the distance between Merita and Nordbanken.

It was noted that there was a risk of developing an artificial culture to which no one felt related. This can be taken as a warning against too much artificial senior management driven development of an 'ideal' culture.

- It is a risk to force the organizations in two countries to a common culture that no one can totally identify themselves with.

Management attitudes concerning corporate culture were noted. Senior management was seen to be biased in some instances.

- Senior management does not take differences in corporate cultures seriously and talks patronizingly among one culture about the other.
- Personal power goals, sympathies and antipathies of the management affect the decisions and the working climate.

Power struggles and concerns with protection of individuals' own culture were identified.

- The protection of own culture may be a question of prestige.
- The threats are within the walls: prestige, territorial thinking.
- A risk of building 'common' corporate culture based on one bank's existing practice.

A variety of special cultural features were noted.

- A risk of handling conflicts the Swedish way; that is, almost not at all.
- Feelings like being angry or showing anger are more allowed in Finland. In Sweden they are seen as losing control over oneself.
- Finns are more authority orientated.
- Is Nordbanken genuinely interested in knowing or understanding Finns and Merita's history, background, and corporate culture?

Future merger and acquisition opportunities were also seen as problematic.

- Possible new mergers increase cultural splitting.

5.2.3.1.3 Risks related to contact, communication and language

There were 44 risk comments (12%) in the 'Contact, communication and language' group. These had mostly to do with the effects of selecting Swedish as the corporate language, which is described as a structurally unbalanced choice for common language.

- Swedish as corporate language causes inequality in the starting situation.

Finns who were not fully fluent in Swedish were considered to be in an unequal situation. The following comments are representative.

- The language barrier causes a feeling of inferiority.
- Language problems and limited vocabulary makes communication difficult.
- Paper production in a foreign language demands much more work. There is a fear of a simple and ridiculous outlook.
- Continuous striving to be understood frustrates and tires people.

The reaction of the other partner to language problems was described as causing considerable practical problems. There was a fear that not being able to speak Swedish well might make the individual look incompetent and/or diminish their status and the value of their ideas.

- Language problems are not appreciated in the daily work.
- Bad language skills cause griping and misunderstandings.
- Swedes cannot bear to wait for (the articulation of) Finns opinions and then they are misunderstood.
- People who speak Swedish poorly are not even listened to.
- Many ideas are not even expressed if they cannot be presented with right words in the right situations.
- Language skills top all other competency areas.

It was also noted that time spent on travel was a difficulty for managers who worked in both countries.

5.2.1.3.4 Risks related to strategy and business orientation

48 comments (13%) were made about risks related to 'Strategy and business orientation.'

The general strategic starting position was the subject of some comments.

- Merita is a corporate bank and Nordbanken a retail bank. Both strengths should be used and Merita should not be made a copy of Nordbanken.
- Strategies and emphasis are not yet established. We continue as earlier.

Customer orientation was considered to be an important issue.

- The customers should not feel that the bank is gliding away from them. The whole bank should not feel Swedish or Finnish or finally Norwegian or Danish, but multi-domestic.
- There is a risk, that the customers experience the bank as Swedish.

Some saw a potential risk if the organization were to combine mismatching business areas from the two organizations.

Data Analysis

- It is not enough, that one partner be experienced in some business area. That is not enough to extend a mismatching activity through the whole organization.

The overall direction of MeritaNordbanken was reported to be sliding towards the stronger position of the Finns.

- The management was not used to a merger of equals. Neither was strongest in the starting phase. Now it seems that the Finnish side has found their track and drive the same 'race' as within earlier mergers in Finland.

5.2.3.1.5 Risks related to identification of best practices

In total 35 comments (9%) were made concerning 'Best practice' related risks. It was noted that some things are dealt with differently in the two parent organizations, and suggested that both parties should be flexible and willing to utilize their own and their partner's models in an open way. Best practice was described as a good principle, but to be not working in practice because different situations may demand different solutions rather than the common application of a standard approach.

- It is not fun to play 'Monopoly' with the rules of 'The Star of Africa'. The most macabre solution is to try to develop common rules for both games.
- The new solutions may be unfit in both organizations.

Very strong tendencies for clinging to the 'old and safe' were recognized.

- We seem to cling uncritically to 'our' own way to an excessive degree. The selection of best practice turns out to be a prestige question.

Several participants reported what they felt was the domination of the other partner.

- It is difficult to agree that the partner's way could be better. We cling to our old models.

In many cases the domination was described as originating with the Swedish partner. Similar Swedish feelings towards Merita were not stated as overtly.

- Best practice = Swedish practice, i.e. almost all models come from Sweden.
- Best or West Practice?

The search for best practice was reported to be problematic in cases where it was a question of choosing one out of two poor solutions. Some felt that the best practice principle may prevent the organization from searching out new and better solutions.

5.2.3.1.6 Risks related to different goal orientation and decision making styles

32 comments (9%) were made concerning risks related to 'Goal orientation and decision making.'

The need to have goals and decision-making channels clearly articulated was noted.

- The goals we are given are not necessarily clear enough and therefore we are not working towards them together.
- The decision making order must be exact.
- Too many decision makers.
- Too much bureaucracy may prevent decision-making.

Conflict between national decision making styles was noted. Many of the comments reflect the discomfort of Finns with a Swedish style of decision making.

- Within a totally Finnish project we would probably have made many rapid decisions and would then have changed half of them later on. Now both parties try to act as before – how can well-anchored decisions be made using an earlier style of decision making?
- For Finns it is difficult to get used to the fact, that individual decision makers have little decision making power.
- Finns are not used to the Swedish decision making process and get frustrated while the decision making takes time.
- Too fast decisions.
- Discussions are more effective in Merita.

5.2.3.1.7 Risks related to individual related integration questions

27 comments (7%) were made concerning risks related to 'Individual related integration questions.' The comments in this group are close to those in the corporate culture group.

The following comments relate to the nature of co-operation.

- Contacts are minimized as the starting phase of the merger feels difficult. We tend to choose the easy solutions.
- Distance, poor knowledge concerning the other country, language difficulties, organization allows 'country racism.'
- Missing interest in the partner's way of being and working.
- The big brother – little brother complex.
- We are not open enough towards each other.
- We do not trust the other We believe that he will cheat us.
- Humility is missing. Being big and powerful threatens development and can bring about stagnation.

The risks of losing personnel and competence were noted.

- Too many competent employees leave the bank.
- Key persons leave the bank (especially in Finland). Why?
- Key persons get tired of the Swedish language and leave the bank.

5.2.3.1.8 Risks related to leadership and management

12 comments (3%) were made about risks related to 'Leadership and management.'

It was suggested that all employees should be treated equally. No one should be 'left outside' because of the organization he/she represented.

Different manager/subordinate/colleague roles with different views and experience created new demands for all. Finns were said to feel the Swedes were indecisive, and the Swedes felt the Finns were authoritarian.

An important comment was made concerning the effect of the Finnish leadership style on Swedish employees. It seems that Swedes were unwilling to make such direct comments about the problematic aspects of the partner's behavior. This feeling can, however, be recognized 'between the lines' of several other comments made elsewhere in the material analyzed.

Data Analysis

- The Swedish management style ('förankrande' i.e. commitment building) will lose out to the more authoritarian Finnish model. The Finnish manager will take over as he/she is more used to deciding. This may tire the Swedish employees who may decide to leave the organization. For Swedes, the Finnish leadership style would mean going back to the 1970's, when this style existed in Sweden too. On the other hand, a more authoritarian style may produce results and changes in the course of events faster.

5.2.3.1.9 Risks related to competencies

There are seven comments (2%) about potential risks in the 'Competencies' group. Language skills are one area of competence that was emphasized. These comments were discussed in the 'Contact, communications and language' group and I only refer to them here.

Other comments had to do with a lack of international thinking, demands caused by the paradigm change from an industrial to an information society, the need to encourage creativity within the new common culture, and missing competencies among the personnel.

The Swedish view of Finnish competencies was noted as follows for example.

- The Swedes do not rely on the competencies of the Finns and also consider them to be slightly dumb. A lot of patience is required of Finns in their relations with the Swedes.

5.2.3.2 Opportunities recognized

The opportunities that were recognized by the culture seminar participants fell into similar groups as the risks. These are tabulated in the table below and presented in the text following it.

Table 28. Groups of opportunities reported	Number	Percent
Strategy and business orientation	109	37%
Organizational integration processes	48	16%
Culture and values	40	13%
Individual related integration questions	26	9%
Competencies	19	6%
Decision making	18	6%
Best practice	18	6%
Contact, communication and language	7	2%
Leadership and management	6	2%
Other	6	2%
Total	297	100%

5.2.3.2.1 Opportunities related to strategy and business orientation

'Strategy and business orientation,' with 109 comments (37%), was the largest category of opportunities identified by participants. This group of comment emphasizes the publicized strategic goals of the organization; that is, a Nordic focus, economies of scale in product and systems development, enhanced sales functions, complementary products and services, a greater ability to form new partnerships, and other areas of synergy.

- To develop first a Nordic and then an international organization.

Data Analysis

- The organization is growing to be big enough for the European market. Welcome the third partner!
- Effective use of economies of size and diminishing bureaucracy.
- Experience in mergers and acquisitions.
- Cost synergies.
- More cost effective to produce new products and services for the customers. More interesting for the customer.

5.2.3.2.2 Opportunities related to organizational integration processes

'Organizational integration processes,' with 48 comments (16%), was the second largest group of opportunities identified by participants.

- The opportunities for developing co-operation are boundless, but it is imperative that the representatives of both banks are able to understand the ways, tasks and habits of the other.
- To learn to take into consideration different opinions in Finland and to honestly learn to accept different systems in Sweden (everything need not be similar).
- Organizational integration should take place on a fairly low level (but not on the lowest).

5.2.3.2.3 Opportunities related to culture and values

'Culture and values,' with 40 comments (13%), was third largest group of opportunities identified by participants.

- Through a strong corporate culture a common 'we feeling' can be created.
- A rich basis of national and corporate cultures.
- To build a corporate culture, that is reflected by openness, an entrepreneurial spirit, comradeship, common visions and goals.
- A common culture can only be built through common practical co-operation in customer service. Successes.
- Common goals and valuations.
- Cultural differences should be understood, not changed.

5.2.3.2.4 Opportunities related to individual related integration questions

'Individual related integration questions,' with 26 comments (9%), was the fourth largest group of opportunities identified by participants.

- To build a corporate culture we need to know each other and to be able to handle information.
- Different people doing co-operation.
- By working in the other country, 'we feeling' and understanding is developed.
- More dense contacts; e.g., study visits, common projects, practical work orientations.
- Growing self-esteem (when one notices her ability to work in a foreign language).
- To handle conflicts the Finnish way.
- Good colleagues produce success ... 99% of Merita colleagues are superb to work with. I hope that our Finnish colleagues have the same attitude, when they meet the bad 1% of us Swedes.

5.2.3.2.5 Opportunities related to competencies

'Competencies,' with 19 comments (6%), was the fifth largest group of opportunities identified by participants.

- To learn from each other.
- More broad experience areas.
- More broad (personal) development opportunities.

Data Analysis

- Those who can use the language have better development possibilities.

5.2.3.2.6 Opportunities related to decision making

'Decision making,' with 18 comments (6%), was the sixth largest group of opportunities identified by participants.

- A new way to make decision can mean a faster decision making process for the organization.
- To focus on simple, measurable and common goals.
- Quality in decision making.
- Fast decisions – growing market orientation.

5.2.3.2.7 Opportunities related to best practice

'Best practice' with 18 comments (6%), was the seventh largest group of opportunities identified by participants.

- Best pieces for common use.
- Best practice will take us far.
- Best practice – to learn from each others concerning e.g. customer concepts, products, ways of working.
- Best practice = a little from Finland, a little from Sweden.

5.2.3.2.8 Opportunities related to contact, communication and language

'Contact, communication and language,' with 7 comments (2%), was the eighth largest group of opportunities identified by participants.

- Continuous general information and communication on plans and achievements – both downwards and upwards.
- Strong internal information from the management concerning goals and strategies.
- A language course in Finnish, so that we in Sweden can at least pronounce the names of our Finnish colleagues right; a question of respect.

5.2.3.2.9 Opportunities related to leadership and management

'Leadership and management,' with 6 comments (2%), was the ninth largest group of opportunities identified by participants.

- Cross-national leadership for understanding and responsibility in both countries.
- A mix of leadership from both banks.

5.2.4 Organizational metaphors analyzed

MNB corporate culture seminar participants were asked, as one preparatory task, to describe by metaphor (1) their own organization, (2) the new partner, and (3) the new organization in the future once the two national organizations have been integrated. This preparatory task was added to the process before the last series of culture seminars in the autumn of 1999. The reason for adding this task was to produce material that could contribute to a deepened understanding of existing corporate realities and the construction of a new common future.

The metaphors contributed can be seen to reflect and reframe individuals' perceptions of their national identity in a way often bypassed in traditional merger discussions focusing on

rational analysis of 'hard' organizational issues like strategies, processes, customer service and value production for the owners. This reconstruction can be seen both to describe the cultural realities, including felt power relations within the organizations, and to be a factor in re-building these realities.

In total, 267 metaphors were produced, 142 by Merita employees and 125 by Nordbanken employees. These organizational metaphors have been analyzed in detail in an earlier article (Tienari, Vaara and Sääntti 2000). In this chapter I will refer to the main findings of that article and elaborate on the thinking as it relates to the overall question being considered in this chapter.

The culture seminar process of analyzing the Self (i.e., one's own organization), the Other (i.e., the partner organization) and the Common Future (i.e., the emerging new organization) is based on social identity theory (Vaara, Tienari and Sääntti 2000). Metaphors of the Self and the Other can be taken to reflect the national and organizational realities perceived by the participants. Metaphors of the Common Future can be considered to represent new common realities within the emerging cross-national organization.

Understandings of the corporate culture as revealed through participants' metaphors can be divided into four groups. These are (1) collectivism and individualism, (2) rational planning and action orientation, (3) willingness to seek consensus and readiness to accept conflict, and (4) the relationship to modernity.

5.2.4.1 Collectivism and individualism

The metaphors in this group reveal a view of Swedes as collective decision makers, and Finns as individualistic and authoritative managers. Collectiveness and team-orientated thinking is reflected by Nordbanken employees in metaphors like 'ice hockey team' and 'several teams.' Even the individual Self is generally seen as a part of the collective; for example, 'a useful team player'. The view of the Finns reveals a form of collectivism as well, albeit with a somewhat different tone; for example, 'a kitchen with many cooks' or 'a monastic group living in harmony and good will.'

The individualistic and rapid Finnish decision-making style may be seen in the Swedish metaphors as 'a sprinter starting fast and used to quick decisions and fast turns,' or 'individual athletes.' The Finnish authoritativeness is evident in the metaphor of 'barracks— a sergeant-major shouting orders and conscripts running.'

5.2.4.2 Rational planning and action orientation

Rational planning is reflected in the metaphors of the Self submitted by Nordbanken employees; for example, in 'a five thousand meter runner; tactics well planned before the race and we prefer to keep it without sudden changes in tempo.' The Finns describe the Swedes as, for example, 'effective and energetic sewing machines.'

The Finns, on the other hand, are not seen by the Swedes to be careful decision makers but rather 'a motorcycle – powerful, fast and dangerous' or 'a teenager who wants everything, making demands in a way that doesn't always match reality, can be self-assertive and at the same time uncertain, likes praise and can be moody when one doesn't get what one wants.'

5.2.4.3 Willingness to seek consensus and readiness to accept conflict

Natural inclinations are reflected in the Finnish metaphors of Swedes as ‘a giant panda,’ ‘a milk cow,’ or ‘a mother goose.’ These are fairly passive and gentle animals in contrast to the metaphoric description of the Finns by the Swedes as ‘the Finnish lion,’ ‘a tiger with its tail high,’ or ‘a wolf.’ These metaphors beg the question of what happens when these animals interact, and whether the dangerous animal needs to be tamed in the interests of the union.

5.2.4.4 Relationship to modernity

The relationship of a Big Brother (i.e., the Swedes) to a Little Brother (i.e., the Finns) is reflected in some of the metaphors produced. A question worth asking is whether this description reflects comments made previously (6.3.1998) by a senior management representative in an internal magazine. The time gap was, however, one and one-half years between the publication of the article and the production of metaphors.

One individual comment makes Merita look underdeveloped and not of much interest—‘An Eastern European street kiosk symbolizes my ignorance of Merita’s range of products and structure, the selection is hidden behind overstocked windows.’ This interpretation is interesting given Merita’s special strengths in e-banking, corporate business and internationalization.

5.2.4.5 Final comments

I have separated metaphor analysis from the main thrust of this research. While I have noted some of the results of this parallel analysis process because they are of interest, I would also like to comment on its limitations. Metaphors are speech acts produced by those participating in the culture seminars and willing to suggest metaphors. These may have been produced with different intentions, such as simply describing social realities or to be more political tools within the seminar setting. There is no way to know what motivation lies behind them. No matter what the purpose, however, the metaphors themselves can be analyzed using the principles of discourse analysis.

There are central rules of interpretation when analyzing metaphors. They can have multiple meanings and are liable to be interpreted differently by different people. Their meanings are context bound and tend to evolve over time. An illustration of this is the metaphors used during the time of the merger between Kansallispankki and the Union Bank of Finland. At that time, those from one of the organizations were referred as ‘Serbs’ and those from the another ‘Croats’, and sometimes the Savings Bank personnel who had come into that organization via a previous purchase were referred to as ‘Muslims.’ These metaphors were common after the merger, but now that people are more aware of the political realities behind these metaphors they are considered inappropriate to use. Because metaphors can have several possible interpretations, and these interpretations can change according to the time and circumstances, the aim of metaphor analysis is not to determine their absolute meaning but to construct a plausible interpretation in the context of interest.

Some individuals produced interesting chain metaphors, where the present realities of the Self and the Other were described in compatible terms, and the thinking was developed towards a new common reconstruction of the social realities. One such metaphor is presented below.

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- Nordbanken: A female farmer, a single parent, who tries to farm by EU rules. Supports equality and green values.
- Merita: A male, middle-aged engineer, married twice, with a certain amount of international experience. Has lost his favorite child.
- MeritaNordbanken: The engineer and the farmer get married after two years of living under the same roof. The woman grows EU cucumbers as never before, and the engineer becomes rich from his financial engineering invention. Soon, they have two healthy children.

The Nordbanken metaphor reflects that organization's strong focus on retail banking (i.e., farming, earth). Equality, consensus and modern values are implied. The Merita metaphor focuses on technical expertise (i.e., e-banking, commercial experience and internationalization). The future metaphor describes a happy state in which retail service and e-banking function side by side, and the organization expands into new areas.

MNB CEO Pertti Voutilainen re-developed, together with the participant group, an interesting metaphor during the last culture seminar in January 2000. The participants, who represented the shop stewards of the organization, suggested an interesting metaphor of two orphans without parents becoming a family with at least four children. The final version of this was a family with grown up children, and the interpretation that can be made is that the relationship between the parents (i.e., the senior management) and the grown up children, (i.e., the local country organizations) has to do with the balance of centralization and decentralization.

5.3 The corporate culture development needs defined by the seminar participants

5.3.1 Introduction

The purpose of this section is to answer research problem number three:

What were the corporate culture development needs defined by the corporate culture seminar participants?

The material to be analyzed was produced within MeritaNordbanken culture seminars by seminar sub-groups, each representing some specific business area. It was produced by groups of three to seven participants, and not by separate individuals. The speakers in these discourses are small groups of persons (3 – 7 persons) representing the middle management and the staff of MNB. The material consists of a selected number of suggestions concerning the development of corporate culture. This material can be considered to have a high status for several reasons. It was the main output of MNB culture seminars; that is, the seminars specially aimed at producing a definition of corporate culture development needs. A considerable amount of seminar time was set on producing these suggestions. The material was presented in a spoken and written form to a senior management representative at the end of each seminar session, and a discussion was held between seminar participants and that representative of the senior management. The seminar participants were conscious that a written summary of suggestions was to be produced and given to the senior management after the seminar process to be used to recognize and prioritize corporate culture development needs within the organization. For these reasons seminar participants put special effort into producing the corporate culture development suggestions to be analyzed here.

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The complete analysis of suggestions to the senior management in this research setting includes the following phases. In describing the phases I will also comment on some issues of importance to the interpretation work.

1. I was involved in the decision making concerning the form in which the suggestion material was to be produced and presented to senior management and to the rest of the seminar group. The material was, in most cases, produced by the seminar sub-groups by computer on ready-made data forms. The text was printed on transparencies and presented to the whole group.
2. I read all the suggestion material produced for the first time during the seminars or right after them. I was also present at a considerable number of seminar sessions where the material was presented to the senior management representative and discussed. It is important to note that the oral presentations and discussions contained more material than was included in the written suggestions. The spoken comments also clarified some inconsistencies within individual comments, such as when the title of the suggestion was different from the contents. The speaker did, in some cases, explain two or more different comments within one single written statement. In this analysis I have concentrated on the written material because the spoken comments were not recorded and only written summaries are available from those seminars. The written material is the 'original' material produced by the seminar sub-groups; that is, what they decided consciously to submit in written form to be forwarded to senior management. Everything else is additional information. There is also a practical reason for this selection. The written suggestion material is sufficient for analysis purposes. To add more to it would have made the analysis more problematic.
3. During the analysis phase I read through the raw suggestion material several times. The material was in a summary form given to the senior management as an appendix to a corporate culture seminar report. The suggestion material was grouped into categories titled strategy, language, policies, personnel policy etc.
4. After I had spent quite a bit of time rereading the suggestion material, it became clear that the original grouping for the report needs was by no means adequate. This was a fairly interesting finding, as the original grouping was made in 'good faith as the basis for the report to the senior management, and was understood to be fairly complete and understandable. When I determined that it was inadequate for my analysis purposes, however, I made a new grouping of the material and also developed new titles for the groups that better described the suggestions included in these groups.
5. The amount of raw material analyzed was large, and in the following phase I searched for a suitable theoretical framework to be able to divide the material into sub-groups better suited to more detailed analysis. Some of these frameworks are described in chapter three. I selected the model presented by Porras as the tool for this task. This model was by no means self-evident, though it was fairly familiar to me. After I had gone through a variety of models, I considered this one to best fit the analysis needs in this study. The next thing to do was to group all suggestion material within this model. While doing this I also made some modifications to the model by connecting some sub-groups within it. Changes made can be seen by referring to the original model presented in chapter 3.
6. In the next phase I made an analysis of the material within the selected framework.
7. The suggestions made by seminar sub-groups were prioritized and I considered it to be necessary to also analyze the material from the perspective of first priorities. The first priorities contain the most important corporate culture development needs as defined by the participant group.

8. The shop stewards seminar in January 2000 involved a participant group with a different profile. I analyzed their suggestions separately and compared the findings with the main body of suggestions.
9. Finally, I arrived at conclusions based on all the corporate culture development suggestion material analyzed, which is what I am reporting in this chapter.

The number of participants in each corporate culture seminar varied between 15 and 25. Each seminar group contained people representing different business areas. Three to six of these business areas were represented in each seminar. Participants from one business area formed a sub-group in which a considerable part of discussions were held. For practical reasons some of these sub-groups contained representatives from different business areas; for example, in cases where only one person from a particular business area attended.

The main task given to these corporate culture seminar sub-groups was to identify required corporate culture development needs and then prioritize them. These were recorded under the title ‘Suggestions to senior management.’ This task was conducted in Swedish, which was the language used for all seminars.

Varje grupp som representerar ett businessområde arbetar fram en gemensam viljeförklaring till koncernledning gällande utvecklande av MeritaNordbankens företagskultur. (Every group representing one business area shall work out a common comment to the senior management concerning the development of the corporate culture in MeritaNordbanken.)

The seminar sub-groups were asked to record their suggestions on the following form. The form was given to the groups in the form of a data file. This structure will be used below when presenting some original comments made by the seminar participant groups.

Table 29. The form given to comments focused on corporate culture development (Anon. 1999d).			
Prioritering (Priority)	Gällande (Topic)	Mål (Goals)	Åtgärder (Actions)
1.			
2.			
etc.			

Suggestions were made in priority order. Business area groups decided for themselves the number of suggestions to be made, generally three to seven each. The raw material analyzed contains 35 pages of suggestions, 243 in total, in Swedish. Some of the original suggestions actually contained two or more different ideas. When necessary, I have divided these to different suggestions. After this process the total rose to 262.

The corporate culture seminars were held in four phases. (1) A pilot seminar was held in 1999. (2) The first half of the main seminar series was held in the spring of 1999. (3) The second half of seminars were held in the autumn of 1999. (4) A separate seminar, with the same structure but some technical adjustments (including simultaneous translation), was held in January of 2000 for MNB shop stewards. The material analyzed comes from the main body of seminars (2 and 3) held during 1999. The task given to the pilot group in

November of 1998 was different and the material produced is in a different form. Therefore, I have excluded this material from the analysis. The shop stewards seminar in January 2000 also had a different participant profile. Therefore, I decided to keep this material separate and use it as a confirmation of the main body of material analyzed.

5.3.2 Suggestions grouped

The first level of the analysis was done using a model by Porras. It was necessary to sort the large amount of material into more manageable groups. Porras' model offers a suitable tool for this task..

I have slightly modified Porras' 'stream model' by combining some analysis sub-groups. The original model is presented in section 3.2. Seminar participants did not see the Porras model at any point in the process, and therefore the model did not affect the comments made.

Table 30. The stream organization model modified
(original source Porras 1986, 1987).

1. Organizing arrangements	2. Social factors	3. Technology	4. Physical settings
a. Strategies	a. Culture (basic assumptions, values, norms, language and jargon, rituals, history, stories, myths, symbols)	a. Tools, equipment, machinery	a. Space configuration
b. Goals	b. Interaction processes	b. Technical expertise	b. Physical ambiance
c. Formal structure	c. Social patterns and networks	c. Job design	c. Interior design
d. Administrative policies, procedures and systems	d. Individual attributes	d. Work flow design	d. Architectural design
		e. Technical policies	
		f. Technical systems	

The main findings are presented in the following table. A great majority of suggestions concerning the development of corporate culture have to do with organizational arrangements (66%). Roughly one-quarter of the suggestions (26%) concern social factors that affect corporate cultural development. 8% of the suggestions are in the area of technology. No comments were made about the physical setting.

The number of suggestions made in each group is shown in the table below. Percentage figures have been rounded off to the nearest integer.

Table 31. Suggestions grouped according to modified stream organization model.			
1. Organizing arrangements	2. Social factors	3. Technology	4. Physical settings

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a. Strategies 51 (19%)	a. Culture 44 (17%)	f. Technical systems 21 (8%)	
b. Goals 14 (5%)	b. Interaction processes 7 (3%)		
c. Formal structure 19 (7%)	c. Social patterns and networks 9 (3%)		
d. Administrative policies, procedures and systems 97 (37%)			
Total 181 (69 %)	Total 60 (23 %)	Total 21 (8 %)	Total 0 (0 %)

In the following I shall analyze the material in detail. Of interest are all issues taken forth by the seminar participants and their weight within the material. Of interest are also the groups in Porras model not suggested.

5.3.3 Sub-groups of suggestions analyzed

5.3.3.1 Organizing arrangements

Organizing arrangements represent the formal side of the corporation; the way it is supposed to work (Porras, 51). It can be expected that a great number of suggestions concerning corporate culture development would be found within this category.

The sub-group within 'organizing arrangements' which contained the greatest number of suggestions was 'administrative policies, procedures and systems' (37%). 'Strategies' numbered 17% of suggestions, 'formal structure' 7% and 'goals' 5%. The material is analyzed in this order below.

5.3.3.2 Administrative policies, procedures and systems

The largest single group of suggestions concerning corporate culture development was the one titled 'Administrative policies, procedures and systems.' It included a variety of comments, in total 97 suggestions that represent 37% of all suggestions made. These suggestions covered a vast range of possible development areas. Three main sub-groups could be recognized: (1) policies in general (45 suggestions / 17% of all suggestions), (2) personnel policy (30 / 11%), and (3) language policy (22 / 8%).

The comments emphasized that some central policies are missing and that these were very much and promptly needed, including common leadership policy and leadership development principles. Comments concerning the language policy focused on the selection of Swedish as the corporate language, a decision generally considered to be wrong. A customer focus was also seen to be important.

5.3.3.3 Policies in general

The policy sub-group includes suggestions concerning a range of policies such as leadership policy, competence policy, ethical rules, customer policy, decision making policies, information policies etc.

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Participants saw policy as the corner stone for building corporate culture and commented that many of them were missing. It was therefore suggested that missing policies should be developed and implemented as soon as possible. The suggested starting point for developing policies was a completely new bank, rather than either of the old organizations or even a combination of them both.

<i>Gällande</i>	<i>Många policies är grundstenar för företagskultur. Det fattas till exempel x, y, z mm</i>
<i>Topic</i>	<i>Many policies are the corner stones for corporate culture. For example x, y, z are missing.</i>
<i>Mål</i>	<i>Policies har lanserats, förankrats och organisationen lever enligt dem.</i>
<i>Goal</i>	<i>Policies have been launched, anchored and the organization lives according to them.</i>
<i>Åtgärder</i>	<i>Utgångspunkten är inte MB + NB utan en helt NY BANK. Det är också bråttom!</i>
<i>Action</i>	<i>The starting point is not MB + NB, but a totally new bank. It is also urgent!</i>

Territorial thinking was seen as prevailing. It was suggested that organizational thinking should be encouraged instead. Another group of comments suggested that differences and independent units should be allowed to exist.

Development of a customer focus was suggested. The importance of making MNB attractive to customers was stressed. This customer focus should be similar in all MNB home countries.

Responsibility areas were not considered to be totally clear. Distinct spheres of responsibilities were requested. One specific problem noted was that relatively minor decisions needed to be taken higher up in the organization for approval and to obtain the support necessary to implement them.

Idag dras många 'små' ärenden till beslut i x för att få tyngd i genomförandet därför att orderrätt finns endast där. Beslutsinstanser i skilda frågor skall vara klarlagd i befattningsbeskrivningar. (Many 'small' things are today taken for decision making to x, to get power needed for their implementation and because the decision making power exists only there. Places for decision making have to be clear in job definitions.)

It was suggested that decision chains be made shorter.

A company-wide internal information policy was requested. Technical means for information sharing (Intranet) were proposed.

Product concepts were considered to be in need of redefinition. Common development processes were suggested.

<i>Gällande</i>	<i>Produktutveckling och varumärken.</i>
<i>Topic</i>	<i>Product development and trademarks.</i>
<i>Mål</i>	<i>Gemensam identitet och kostnadseffektivitet.</i>
<i>Goal</i>	<i>Common identity and cost efficiency.</i>
<i>Åtgärder</i>	<i>En enhet för produktutveckling som arbetar efter en känd arbetsmetodik.</i>
<i>Action</i>	<i>One unit for product development, that works according to some known methodology.</i>

Some suggestions concerning business area representation in the senior management were made. Modifications to economic planning and follow up systems were suggested.

5.3.3.4 Personnel policy

The personnel policy sub-group contained 30 suggestions, representing 11% of the total.

En sund personalpolitik. Skapa ett klimat för utveckling och förtroende för medarbetarna genom en sund personalpolitik. (A healthy personnel policy. Create a climate of development and trust for employees through a healthy personnel policy.)

The importance for recruitment of making MNB atractive an attractive work place was stressed. The organization should be at the top of the list of most attractive working places. Considerable numbers of new university graduates should be recruited annually.

Leadership development was considered necessary. Towards this end, a common leadership policy known to all was suggested. According to one comment:

Bankens chefer känner inte tillräckligt väl till vilka riktlinjer, policies och program för ledarskap finns. Varje chef använder sina egna modeller. Medarbetarna alltför utlämnade till den egna chefens godtycke. (Bank managers do not know the guidelines, policies and programs for leadership. Each manager follows his/her own models. Employees are left too much at the mercy of the good will of their supervisor.)

It was suggested that there should be a statement about how leadership was supposed to function. Common leadership development programs were considered to be urgently required.

Suggestions concerning appraisal systems stressed the need for new incentives such as bonus plans, providing shares to employees, and other benefits. Company-wide rules and systems were requested in this area.

5.3.3.5 Language policy

The main message within the language policy sub-group was that Swedish was not the best alternative as a company-wide language and that English should be selected instead. A comment was made that a multi-cultural bank cannot have Swedish as its common language. The language issue was very prominent, representing 22 suggestions or 8% in total.

Topic	Business language and communication.
Goal	One official language so that all employees can communicate on an equal basis.
Action	Choose English as the group language for meetings and documents etc.

Solutions such as language training opportunities and interpretation help were also discussed. It was suggested that the customer's language should be decisive. Otherwise the language that works best in the situation should be used. English was suggested as the senior management language.

Some participants decided to use English instead of Swedish as the communication language within the culture seminars.

5.3.3.6 Strategy

Corporate strategy was commented on in 51 suggestions (19% of the total). The sub-groups of this category are titled (1) regional strategy (17 suggestions, 6%), (2) strategy in

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general (12, 5%), (3) the clarity of the strategy (10, 4%), (4) customer orientation (6, 2%) and (5) electronic banking (6, 2%).

5.3.3.6.1 Regional strategy

This sub-group of 17 suggestions (6% of them all) concerned the regional presence of the company in target countries (Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania and Poland). The current situation was seen to be inconsistent with announced intentions. The suggestions mainly stated that the published strategy should be implemented.

Gällande	Bristande närvaro i Norge och Danmark.
Topic	Missing presence in Norway and Denmark.
Mål	Trovärdig Nordisk koncept.
Goal	A credible Nordic concept.
Åtgärder	Organisk tillväxt och förvärv/fusion kraftfullt nu.
Action	Organic growth and mergers/acquisitions should be move forward strongly now.

Many suggestions indicated that it was taking too long to realize the regional concept and that the strategy should either be implemented promptly or reassessed.

A smaller number of suggestions looked one step further and commented that the new corporate identity could be built around a strong regional presence.

5.3.3.6.2 Strategy in general

This sub-group contains 12 suggestions, representing 5% of the total.

The role of specific business areas within the corporate strategy was questioned.

Mål	Motivera varför x verksamhet prioriteras över y.
Goal	Explain why x business area is preferred over y.

The clarity of the strategy was discussed in a sub-group of 10 suggestions, representing 4% of the total. All these comments carried the message that the company strategy was either unclear or not well enough communicated, and therefore not yet understood among the personnel. A clearly formulated strategy was considered to be necessary to make it possible to use strategy as a corner stone for corporate culture development.

Gällande	Koncernenes strategi och målsättning uppfattas som otydliga, eller inte tillräckligt kommunicerade till personalen för att vi skall kunna fastslå grundstenarna för en gemensam företagskultur.
Topic	The strategies and goals of the concern are felt to be unclear, or not well enough communicated to the personnel, so that we should be able to set the corner stones for a common corporate culture.
Mål	En tydligt kommunicerad strategi och målsättning för MNB som innehåller både externa och interna mål.
Goal	A clearly communicated strategy and goal setting for MNB, that includes both external and internal goals.

Comments asked for information concerning corporate strategy and suggested that communication concerning the strategy continue. They also suggested that connections between strategy and personnel be strengthened. It was suggested that management ensure that strategy and vision was communicated throughout the organization. Goals and strategy were to be updated. A consistent strategy that connected all employees was requested.

From the suggestions made it can be inferred that the corporate strategy was somewhat unclear to those involved in the seminars, which is particularly noteworthy because the participants represented personnel groups to whom strategy should have been fairly clear; that is, managers and experts. To understand this situation better the following clarification is necessary. The first strategy material was provided to the personnel (the 'plastic bag version') in the summer of 1998, well before the corporate culture seminars, the main series of which began the next spring. The second version of the strategy was published in the summer of 1999. Corporate culture seminars were held both before and after the time the second strategy material was published. Surprisingly comments concerning the lack of clarity of the strategy did not end after the publication of the second version of the strategy.

An exercise conducted within one of the culture seminar groups at the beginning of the process is worth noting here. A discussion was held concerning corporate strategies and in preparation the participants were asked to go through the strategy material before the seminar. As a result of this discussion, it became clear that knowledge of the availability of the strategy material was poor within this one group.

5.3.3.6.3 Customer orientation

The customer orientation sub-group contained 6 suggestions, representing 2% of the total. A clear customer strategy was requested.

Gällande	Hur ser vår kundstrategi egentligen ut?
Topic	What does our customer strategy really look like?
Mål	Gemensam strategi. Tydlig kundfokus – vilka som är kärnkunder.
Goal	Common strategy. A clear customer focus – who are our core customers.
Åtgärder	Formulera, kommunicera, kommunicera.
Action	Formulate, communicate, communicate.

The importance of customer-orientated thinking was emphasized. It was suggested that the organizational vision should also be made clear to customers. There should be a match between marketing and reality; promises made to customers should be feasible. Customer orientation was considered to be not always strong, and it was suggested that to solve this problem administrative regulations should be reduced to enhance responsiveness. The breadth of the client base should be improved and new services developed.

The group of suggestions concerning customer relations was fairly small. This may be because participants were aware of fewer problems in this area or because there were more urgent concerns with other issues.

5.3.3.6.4 Electronic banking

Electronic banking was the subject of 6 suggestions, representing 2% of the total. The leading role of information technology banking was emphasized as well as the importance of both internal and external innovations. The goal of being the leading network bank was stressed.

Topic	MNB and technology.
Goal	We are (considered as) the front runner in providing state of the art services to our customers.
Action	Develop services through new distribution channels such as Internet, GSM etc. React faster to changing customer needs.

To enhance innovation, it was suggested that the Finnish experience in electronic banking be quickly introduced into Sweden. The necessary resources should be committed to support high-tech entrepreneurship and to ensure sophisticated e-business, both internal and external. The importance of IT-expertise was emphasized and it was suggested that bank personnel shall be familiar with e-services as users as well as providers.

According to this group of suggestions, it seems that taking a lead in electronic banking could be a strategy not only for expanding the bank's business but also for building pride and corporate culture.

5.3.3.7 Goals

Practically all 13 suggestions (5% of the total) in this category had to do with the clarity of organizational goals. The current situation was seen to involve too many and unclear goals. The goals should be clear, specific, ambitious and understood by all actors. The comment below is representative of this category.

Gällande	Målinriktning. (Nuläge: Verksamhetsmålen är för många, för otydliga och för okända. I senaste häftet är målen inte tydligt formulerade som mätbara mål).
Topic	Goal orientation. Present situation: There are too many business goals, they are obscure and unknown. In the latest folder the targets are not well enough formulated as measurable goals.
Mål	Vi har ett fåtal (3-5 st) övergripande verksamhetsmål som alla känner till.
Goal	We have a few (3-5) common business goals that all know about.
Åtgärder	Fokusera på de viktigaste målen vid kommunikation till koncernens medarbetare. Formulera mätbara kvalitativa mål för verksamheten. Konkretisera målen i ett lättfattligt häfte
Action	Focus on the most important goals in communication to employees. Formulate measurable qualitative goals for the action. Consolidate goals in an easy-to-read folder.

Clarification was requested concerning the company's expectations for specific business areas and distribution channels. It was suggested that the most important goals be clearly prioritized. Both short and long term goals should be defined.

The suggestion group of goals reflects the lack of clarity felt to exist in goal setting.

5.3.3.8 Formal structure

There were 19 comments, representing 7% of the total, directed towards the formal structure of the organization. The corporate culture seminars took place approximately 18 to 24 months after the merger of Merita and Nordbanken. Subsequent desires to merge with Norwegian and Danish banks were well known and major announcements were expected from the senior management about changes to the organization's structure.

Suggestions emphasized a trilogy of goals, producing benefits for shareholders, customers and employees. It was suggested that the organization should be customer orientated. The need for customer orientation instead of product orientation was emphasized. All decisions concerning the organizational structure should be based on customer needs.

Having two distinct legal entities was considered to make reporting and follow up complicated. Participants worried that the considerable internal differences between them might make the company look like two or several different organizations from the outside. A simplified organizational structure was suggested. Both customers and employees should

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be able to see the organization as one. One organization with one legal structure was seen to be an important goal. It was suggested that region banks (in both countries) should be organized in a similar way. The organizational model selected should be such that it did not set one organization ahead of the other.

Comments on the incomplete task of integration were included in this category. A lack of clarity in structure, goals and processes was noted. The organizational structure was seen by some to be unclear and difficult to understand. The different regional structure in respective countries was seen to be a hindrance to effective operations. Fears of being left in a secondary position in one country were expressed.

Comments concerning the organizational structure highlighted issues of equality, legal clarity and the importance of one organization and one main office system. Comments concerning the possible distribution of different responsibility areas between the two countries and within them were vague. Comments in this direction were not developed further. This question might have been of special interest. For example, Marschan (28-29) (and according to Marschan Bartlett and Ghoshal) refers to attempts at making multinational organizations interdependent networks in which resources and competencies are divided into different countries. MNB seminar participant's comments reflected a more unitary, hierarchic pyramid-like organization model raised to a multi-national scale. On the other hand, one comment stated that clear directives were still required concerning giving up and receiving responsibilities in various parts of the company to eliminate redundancy.

5.3.3.9 Social factors

The social factors group represents the informal part of the organization, organizing arrangements being the formal part (Porras, 55). Within a seminar aimed at the development of corporate culture it is to be expected that some development suggestions would fall into a group titled 'Culture'. In this sense it can be debated whether 44 suggestions (17% of the total) is in this context a lot or a little, or something in between. Both of the other sub-groups in this category—'Interaction processes' and 'Social patterns and networks'—were the subject of a fairly small number of suggestions (3% each).

5.3.3.10 Culture

Suggestions grouped under the title 'Culture' were divided into four sub-groups: (1) symbols (23, or 9% of all suggestions made), (2) culture in general (8, 3%), (3) identity (7, 3%), and (4) values (6, 2%).

5.3.3.10.1 Symbols

The lack of common corporate symbols was identified as a problem by 23 individuals, representing 9% of the total and just over half of those who chose to comment on social factors.

Gällande	Gemensamma symbolhandlingar saknas.
Topic	Common symbolic action is missing.
Mål	Några få enkla och för alla trovärdiga symboler finns.
Goal	Some simple and universally believable symbols exist.
Åtgärder	Ex. telefonkatalogen.
Action	E.g. telephone catalogue

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It was suggested that the company should have one common name and one share. The current situation was considered to be confusing.

Gällande	Namnet.
Topic	Name.
Mål	En bank behöver ett gemensamt namn.
Goal	A bank needs one common name.
Åtgärder	Koncernledningen bör besluta vilket namn som ska gälla.
Action	Senior management will decide which name is valid.

Symbols were seen as a way to establish a clear corporate identity, both internally and externally. A strong identity was considered to be necessary for owners, customers and employees.

Gällande	Företagsnamn och logotype.
Topic	Corporate name and logo type.
Mål	Nytt kort namn utan kopplingar till de fusionerade bankernas namn.
Goal	A new short name without connections to the names of the merger banks.
Åtgärder	Ta fram ett nytt namn som speglar Norden och Östersjön.
Action	Select a name, that reflects Nordic area and the Baltic Sea.

5.3.3.10.2 Culture in general

There were eight suggestions concerning culture in general, representing 3% of the total. The necessity of spreading information about cultural differences was mentioned. Mutual understanding was considered to be important. It was suggested that the borders between Merita and Nordbanken should be eliminated. More sophisticated comments were also made.

Gällande	Vi kan känna osäkerhet, irritation och hot på grund av att vi inte förstår hur och varför 'den andre' agerar som han/hon gör.
Topic	We may feel insecurity, irritation and threat because we don't understand how and why 'the other' behaves as he/she does.
Mål	Inte ha som självändamål att samordna ledarskapsstilar och arbetssätt, utan istället utforma det genom samarbete och dialog.
Goal	Not to have similar leadership styles as a goal, but to form it through co-operation and dialogue.
Åtgärder	Det måste vara klart uttalat att det är fullt tillåtet och accepterat att vi har olika kulturer och agerar på olika sätt. Fortsatt och fördjupat kulturutbyte. Samarbete.
Action	It has to be clearly said that it is acceptable to have different cultures and to act in different ways. Continue and deepen cultural exchange. Co-operation.

The necessity of having one common corporate culture and the need to take into consideration different national cultures was stressed in several suggestions.

Gällande	Personalen.
Topic	Personnel.
Mål	En bank som har en egen stark företagskultur men samtidigt tar hänsyn till olika nationella kulturer.
Goal	A bank that has a strong corporate culture, but that takes into consideration different national cultures.
Åtgärder	Ett gemensamt utbildningsprogram för ledarskap och kompetensutveckling. En introduktionskurs för alla nyanställda, "indoktrinering". Ett traineeprogram för speciellt utvalda. All utbildning sker med personal från alla länder på en central plats. Ett gemensamt bonus- och incitamentssystem anpassat till lokal lagstiftning och sedvänja.
Action	A common development program for managers and competence development. An introductory course for new recruits, 'indoctrination.' A trainee program for some who are specially selected. All development happens with personnel from all countries in

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one central place. Common bonus and incentive system adapted to local legislation and habits.

It was suggested that organizational self-esteem was to be secured through the right kind of external recruitment and by developing the competencies of existing personnel. The possibility of developing personnel from different countries together was emphasized.

5.3.3.10.3 Corporate identity

Seven suggestions, representing 3% of the total, referred to issues of corporate identity. A common corporate identity was seen to be missing. A common identity as one bank was seen to be needed. The identity should be strong from the viewpoint of owners, customers and personnel.

Topic	MNB identity as one bank.
Goal	Customers and employees experience MNB as one bank.
Action	One (brand) name for the bank. Same legal entity. One (not double/triple) organization.

The comments indicated that at that time employees had a feeling of working in either a Finnish or a Swedish bank. The groups suggested that a PanNordicBaltic identity be developed.

External recruitment identity was seen to be of importance.

5.3.3.10.4 Values

There were six suggestions concerning values (2% of the total). Merita and Nordbanken were considered to have their own separate values and there were no common values for the organization. It is considered necessary to point out that values need to be communicated to the organization.

Gällande	Värden finns i Merita och NB, men vad finns gemensamt?
Topic	There are values for Merita and NB, but what exists commonly?
Mål	Få konkreta och tydliga värden (nyckelord).
Goal	A few, concrete and clear values (key words.)
Åtgärder	Koncernledningen beslutar. Måste kommuniceras ut!
Action	Senior management decision making. Must be communicated out!

Gällande	Det finns inte gemensamma värden.
Topic	No common values exist.
Mål	Gemensamma värden som man inte behöver förändra i samband med kommande fusioner.
Goal	Common values that need not be changed after coming mergers.
Åtgärder	KL bör presentera tre grundläggande värden som skall ligga till grund för en gemensam företagskultur (gäller i alla länder som banken har verksamhet i och gäller all personal).
Action	The senior management should present three basic values, as the basis for a common culture (concerns all countries the bank operates in and all personnel).

Some concrete suggestions for value development were made. According to them the corporate culture should include (1) A feeling of 'search for excellence', (2) a good co-operation climate, (3) a feeling of openness and trust, (4) a clear and well developed risk culture, and (5) a success culture.

5.3.3.11 Social patterns and networks

The small group of suggestions concerning social patterns and networks included 9 suggestions (3% of the total). These suggestions had mostly to do with what was to be communicated and how effective communication could be secured.

Effective two-way working communications at all levels of the bank was set as a goal. In this respect one group considered that communication could be better, especially in Finland. It should be ensured that all members of the organization could receive and send information in a natural way. The interrelation between language and communication was mentioned. (Suggestions concerning language were analyzed in the earlier section titled 'Organizing arrangements'.) Communication through intranet was mentioned and more suggestions concerning this area were made in suggestions to be analyzed in a later section titled 'Technical systems.'

The quality of information provided was criticized. Information was described as dry and incomplete. Instead tempting and important information was requested. What this should be was not exactly revealed. In one comment it was stated that the information provided was aimed at the main business areas of the organization. The other business areas and internal service units may feel their information needs were being neglected. More active communication was requested from the senior management. The need for clear repetition of strategy and goals was mentioned. More suggestions concerning this topic were analyzed in the earlier section titled 'Organizing arrangements.'

Gällande	Anpassad information för x:s personal.
Topic	Adapted information for X's personnel.
Mål	X:s personal har via riktad information en gemensam självbild med affärsverksamheten. Varje individs förmåga att sätta sig in i och arbeta enligt uppsatta mål skall användas.
Goal	Through directed information the personnel of X has a common self-image with the work activities.
Åtgärder	Anpassa informationen efter mottagaren i X, så att han/hon kan identifiera sig med målen. Exempel: Idag är information om bl.a. mål riktad till kärnverksamhet i banken. X personalens verklighet missas (det fanns hundratals personer i X idag).
Action	Adapt the information according to the receiver in X, so that he/she can identify him/herself with the goal. An example: Today the information within the bank is focused on the core business of the bank. The realities in X personnel are missing (and there are hundreds of persons working in X today).

It was said that failure to implement decisions was a problem, and one group suggested that this indicated a need for more clear and precise leadership.

5.3.3.12 Interaction processes

This small group of seven comments (3% of the total) concerned the human aspects of co-operation and management. In one suggestion (cross-national) co-operation was said to be a clear part of bank's action plan. Co-operation areas should be clearly prioritized. The potential created by the merger should be exploited. New things were expected and the organization was seen to be open to implementing changes.

The senior management was described as invisible and a greater presence was requested.

Gällande	Hur ledningen syns.
Topic	How is the management visible.

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Mål	Ledningen bör vara mera synligt internt. Naturlig växelverkan mellan personal och ledning.
Goal	The management should be more visible internally. Natural interaction between the personnel and the management.
Åtgärder	Management by walking around istället för 'högtidliga kontorsbesök'.
Action	Management by walking around instead of festive visits to the branch offices.

The presence of the top management should penetrate through the whole organization and the interaction between the management and the organization should be natural.

Leadership was described as unclear and lacking initiative. Strong and clear leadership was requested.

Gällande	Otydligt, initiativlöst ledarskap.
Topic	Invisible, unambitious leadership.
Mål	Kraftfullt och koncist ledarskap.
Goal	Strong and clear leadership.
Åtgärder	Ledarskapsutbildning. Utformad tillsammans Fi + Sv i samarbete. Inriktning på kraftfullare ledarskap. Ansc. Kompetensutveckling. Klart 2000:12.
Action	Leadership development. Planned together at a Finnish-Swedish level. In force 2000:12.

The actions suggested to reach these goals included skillful use of openness and readiness for change, management by walking around, two-way communication and common forms of management training. All the suggestions, with the exception of the one concerning training, lacked practical detail as to how this could be accomplished. The suggestion concerning the development of a new form of leadership training included the unit responsible and the timetable. The other suggestions were more general in this respect.

5.3.3.13 Technology

There were 21 suggestions made concerning technical systems (8% of the total). The majority of these had to do with the need for common data systems in both organizations. In total 18 suggestions included statements concerning the co-ordination of information technology systems within the company. These included different day-to-day and follow-up systems, data-based information channels, and standardized office software. New technical solutions like internal TV via intranet were suggested.

Overall these suggestions concerning technical systems emphasized the need to provide sufficient resources for information technology development, to have effective modern systems, and to take a lead in technical solutions. Technology being mainly the responsibility of MNB Data organization, it is important to note that technology-orientated suggestions were made mainly by other participant groups than MNB Data.

The technical interface with customers was mentioned four times. In these suggestions it was considered important that customers have access to all the company's in a similar way. This would develop a feeling of being customers of a single unified bank.

From the technical systems group of suggestions it was clear that existing differences in data systems were considered to be a problem that required solution. Different separate systems do not communicate well. This hinders co-operation over national borders within the organization. It was also seen to have an effect on customer relations by blurring the view of an integrated organization. The need to combine systems was expressed strongly in a considerable number of suggestions.

Gällande	Datasystem, intranät.
Topic	Data systems, intranet.
Mål	Gemensamt internet, intranet, e-mail, officesystem.
Goal	Common internet, intranet, office systems.
Åtgärder	Uppdrag till Data att driva frågorna avseende strategi och prioritering.
Action	A task given to Data to forward questions concerning strategy and priorities.

Comments concerning the current technical situation can be interpreted in two ways. In part the comments suggest that the organization is lagging behind and that upgrading is required.

An advanced technical level ('state-of-the-art') should be reached. On the other hand, it was suggested that the company's existing lead in technical issues must be maintained.

Föregångare i tekniska lösningar. (Pioneer in technical solutions.)

These comments can partly be understood as resulting partly from the reality of different technical systems in various parts of the organization and partly from the differing technical views and aspirations of the commentators.

5.3.3.14 Physical settings

There were no corporate culture development suggestions made in the 'Physical setting' category. This is of interest as because a great amount of effort had been expended in each organization to develop branch office or service point space configurations. It could be argued that physically similar service units would have an effect on corporate culture. The absence of comments in this area may have had to do with the participant structure of the

corporate culture seminars. Participants from the branch office network who were most likely to be interested in issues like this were not represented in the seminar groups.

5.3.4 Analysis of first priorities set

Seminar sub-groups prioritized from three to seven suggestions to be submitted to the senior management concerning the development of the corporate culture. In this section I will analyze the suggestions given first priority by each group.

In this analysis I have started from the supposition that the weight given to first priorities may vary in a short period of time. For example if an issue of importance were 'taken care of,' it can be assumed that its place in the priority list would change. Therefore, I have analyzed first priorities in three groups: (1) the first priorities identified in the seminars in the spring of 1999, (2) the first priorities identified in the autumn of 1999, and (3) the first priorities identified by the shop stewards in January 2000.

Several things happened inside the organization between the spring and autumn of 1999. Therefore, I wanted to look at possible effects on the first priorities identified. There was a time lapse between the autumn of 1999 and January 2000. In addition to this, the shop stewards' seminar was useful as a comparison to the main group of seminars.

In the following table absolute and percentage numbers are presented in the 'stream model' framework described earlier. Numbers follow the chronological order. The topmost are from the spring 1999 seminars, in the middle are numbers from the autumn 1999 seminars, and below them numbers from the shop stewards' seminar.

In total, there were 36 suggestions made in the spring of 1999, 22 in the autumn of 1999, and 5 at the shop stewards' seminar in January 2000.

Table 32. First priorities set on corporate culture development by all culture seminar participants.			
1. Organizing arrangements	2. Social factors	3. Technology	4. Physical settings
a. Strategies Spr 99: 17 (42%) Aut 99: 3 (14%) Jan 00: -	a. Culture Spr 99: 8 (22%) Aut 99: 4 (18%) Jan 00: -	a. Technical systems Spr 99: - Aut 99: 2 (9%) Jan 00: -	
b. Goals Spr 99: - Aut 99: 1 (5%) Jan 00: -	b. Interaction processes Spr 99: 2 (6%) Aut 99: 2 (9%) Jan 00: -		
c. Formal structure Spr 99: 2 (6%) Aut 99: - Jan 00: -	b. Social patterns and networks Spr 99: 1 (3%) Aut 99: 1 (5%) Jan 00: -		
0 Administrative policies, procedures and systems Spr 99: 6 (17%) Aut 99: 9 (41%) Jan 00: 5 (100%)			
Total Spr 99: 25 (69%) Aut 99: 13 (59%) Jan 00: 5 (100%)	Total Spr 99: 11 (31%) Aut 99: 7 (32%) Jan 00:	Total Spr 99: Aut 99: 2 (9%) Jan 00:	Total Spr 99: Aut 99: Jan 00:

From the first priorities identified by participants, a clear shift is visible from suggestions concerning corporate strategy (1.a) to administrative policies, procedures and systems (1.d.) between the spring and autumn of 1999. Looking at seminars held in the spring of 1999, autumn of 1999 and January 2000, the percentage of comments concerning group 'Administrative policies, procedures and systems' rises from 17% to 41% to 100%. Of course, we have to keep in mind that the participant profile of the January 2000 seminar was considerably different and that this factor has certainly affected the response in that instance. However, it is clear that the urgency of strategy definition diminished in the minds of the participants over the course of the seminars.

5.3.5 Suggestions made by the shop stewards

In total, the shop steward seminar sub-groups produced 26 corporate culture development suggestions. These suggestions are sorted below according to the 'stream model.' Responses from the main bulk of corporate culture seminars are shown in square brackets.

1. Organizing arrangements	2. Social factors	3. Technology	4. Physical settings
a. Strategies 3 (12%) [51 (19%)]	a. Culture 3 (12%) [44 (17%)]	a. Technical systems 0 (0%) [21 (8%)]	
b. Goals 0 (0%) [14 (5%)]	b. Interaction process 0 (0%) [7 (3%)]		
c. Formal structure 0 (0%) [19 (7%)]	c. Social networks 0 (0%) [9 (3%)]		
d. Administrative policies, procedures & systems 20 (77%) [97 (37%)]			
Total 23 (89%) [181 (69 %)]	Total 3 (12%) [60 (23 %)]	Total 0 (0%) [21 (8 %)]	Total 0 (0%) [0 (0 %)]

The comments by the shop steward group are concentrated in three groups. The biggest of them is the 'Administrative policies, procedures and systems' group that includes 20 suggestions (77% of the total). In both of the other groups, 'Strategy' and 'Culture,' there are 3 suggestions (12% of the total).

5.3.5.1 Administrative policies, procedures and systems

Comments related in some way to personnel policy were the largest group. Strong suggestions were made that a common personnel policy should be developed. This personnel policy should include the following aspects: equality among employees, incentives for all employees, development of attraction as an employer, individual career planning, personnel development, the role of the psycho-social work environment, decentralization, and the ethical and moral rules to be followed, including environmental thinking. It should be coherent and commonly applied throughout the organization.

The role of the union was stressed and common decision making forums for the management and the union were suggested. The Swedish law of 'medbestämmande' was considered to require the development of such a body. The existing function of such meetings was seen to be merely as an information channel, but it was felt that this should be changed to a real decision making forum.

The existing incentive system was criticized and a new one was suggested. All personnel should be rewarded for results.

Greater equality was asked for in various ways such as between managers and employees, men and women, full time and part time workers, and between different departments of the organization.

It was felt that personnel resources should follow the opportunities created through technical development and not precede them. Reductions should end and recruiting begun where needs existed.

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It was suggested that personnel development should take place during working hours, and not during leisure time. The senior management was seen to be too male dominated. Women should be encouraged through training and recruitment. Time should be provided during working hours for employees to keep up with new information.

The organizational language was recommended to be English. The senior management language should also be English. Interpretation should be available when it is requested. All texts should be produced in the languages used within the organization.

Credible leadership should be secured. Discussions between personnel and managers were seen to be necessary. The importance of leadership development was stressed.

5.3.5.2 Strategy

It was suggested that further steps be taken towards developing a credible Nordic financial organization. This was to include all four Nordic countries, the Baltic states, Poland and Russia.

A metaphor was presented in which the present situation was described as two orphan children without parents. The goal was to be a (new) family with at least four children.

Gällande	Två barn utan föräldrar.
Topic	Two children without parents.
Mål	En familj med minst fyra barn.
Goal	A family with a minimum of four children.
Åtgärder	Profilering av Koncernledning mycket viktig. Barnen får föräldrar som de ser upp till.
Action	The profile of the senior management is especially important. The children should have parents to look up to.

This proposed metaphor was modified within the seminar discussion by the senior management representative to a family in which the four or more children had grown up and become more independent.

5.3.5.3 Culture

It was felt that the goal should be to make MNB an interesting working place and committed to its personnel. Strategies mentioned included competitive salaries, incentives, and career possibilities.

A common organizational brand name and corporate name were requested in order to build a stronger identity.

5.3.5.4 Conclusions

The special position of the shop steward seminar group can be seen from the suggestions made. The emphasis is more on shared decision making and personnel benefits than in the other groups.

5.3.6 Conclusions based on the suggestions made

The suggestions made about corporate culture development needs focus sharply on 'hard issues;' that is, organizational arrangements. This focus on the formal coordination of organizational behavior presumably results from a strongly felt need for such direction, which may be taken to reflect managerialist understandings of corporate realities on the part of the participants. By this I mean a belief that adequate frames, policies and processes will provide the cultural development that is desired.

The noticeably small number of incentive related suggestions does not support Drucker's contention that incentives are the most revealing element of corporate culture. In this area at least it may be assumed that Drucker's view is less valid in the Finnish-Swedish context of MeritaNordbanken.

The clear comments about inadequate corporate policies such as personnel policy, leadership policy and competency policy are noteworthy. The emphasis was on a clear cross-national definition of these policies and basic practices such as personnel development. When looking at these comments it is important to keep in mind that the units involved in the culture seminars were those with daily interaction over the Gulf of Bothnia. Many other parts of the organization may have had different views about the need for cross-national coherence.

The 23% of comments related to issues of corporate culture, interaction processes and social patterns and networks may be taken to indicate a genuine interest in the core issue of culture and common interpretation of the social setting. On the other hand, one might expect that a considerable number of comments concern culture when this is the focus of the seminar.

5.4 Senior management interpretation of advice about cultural needs

The targeted research problem to be answered in this chapter is number four

How did the senior management interpret advice about cultural needs which it received from the middle management?

The main product of MeritaNordbanken's corporate culture seminars were the suggestions made to the senior management concerning the development of MNB corporate culture. It was agreed that the senior management would process the suggestions and report on decisions they made as a result. The first internal senior management public response to the suggestions was an interview of MeritaNordbanken's Vice CEO Pertti Voutilainen in M&N—the personnel magazine of MeritaNordbanken—in December, 1999 (Turpeinen 1999a, 7). This was also the *only* public response.

What I consider most relevant and important to this research is the analysis of materials that are available to the entire organization or at least to all of the corporate culture seminar participants. In a process of common social construction of the social realities within the organization, it is important to analyze the materials available to all parties involved in these discussions. In a strict sense, there are only a limited amount of materials available that meet this standard. The speakers in these discourses are individual representatives of the MNB senior management. The newsletter comments of the senior management form one part of this material, and a written answer forwarded to the participants of the shop steward culture seminar is the other part. In addition to this, because of the scarcity of material, I will

analyze some separate comments made by the senior management that are strongly connected to the setting but not available to all parties involved.

In the same issue with Voutilainen's interview another article related to the corporate culture issue was published. It contained a description of corporate culture development seminars and their goals (Turpeinen 1999b, 7). This article will be referred to subsequently as the technical article (describing the technical details of the culture seminar process). In the same issue of M&N, CEO Hans Dalborg also answered in a separate interview a single question concerning the meaning of cultural differences (Andersson, 2). I have analyzed these interrelated texts below.

M&N magazine is an internal newsletter that is published in two identical versions in Finnish and in Swedish. The length of Voutilainen's interview is two thirds of a tabloid page. Together with the seminar description they fill one full tabloid page. The length of Dalborg's culture commentary is 15 lines. The complete size of M&N magazine is 16 pages.

5.4.1 The technical article

The technical article—'Seminarier utvecklar samarbetet / Yrityskulttuuriseminaareista eväitä yhteistyöhön'—contains about 230 words, and gives an overall description of the corporate culture seminar process (Turpeinen, 1999b). The themes and contents of the article are as follows. (1) The seminar process structure was described. Nineteen groups took part in seminars that were each two days long. These were held between April and October of 1999. (2) The target group was described as containing 300 participants who were leaders and experts working in daily Finnish-Swedish co-operation. Half of the participants were Finns and half were Swedes. Several business areas were represented and the senior management was present to receive the messages given by the groups. (3) The goals were given as analyzing common procedures and making suggestions concerning them. Suggestions were given to senior management and to business area management. In addition to these suggestions, individuals made personal decisions about their role in corporate culture development. (4) The output of the seminars was decisions about practical matters of corporate culture; that is, corporate strategy, policies, language, decision making, culture and identity. (5) Future corporate culture development will proceed according to decisions taken and directions set by the senior management.

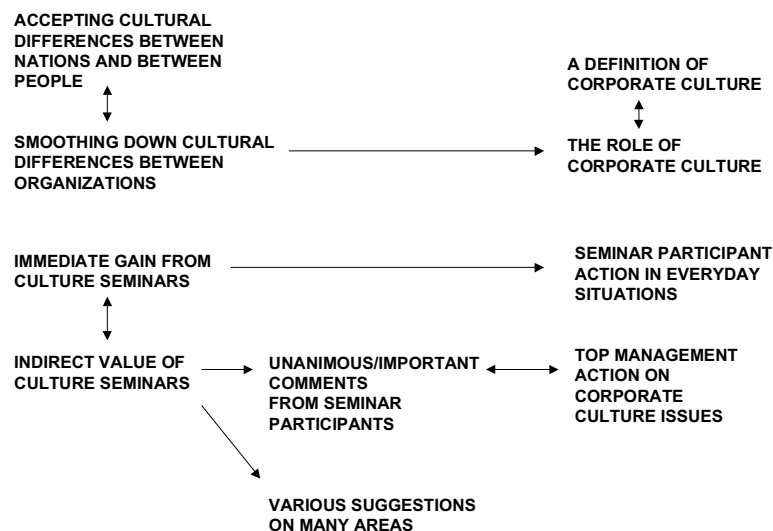
This article contains some interesting links to the other article (the comments of Pertti Voutilainen). The suggestions made to the senior management and to the business area management concerning corporate culture development are mentioned. In his own article, Voutilainen comments only on the suggestions made to the senior management. This is understandable considering his role as a representative of senior management. However, it remains unclear to the reader what kind of action has resulted, or should result, from the suggestions made to business area management. These were forwarded to the business area management in September of 1999 so that they could be used in planning for year 2000. Analysis of processes and interpretations of the business area management is outside the scope of this research,.

5.4.2 Newsletter interviews

Future corporate culture development was said to continue according to senior management decisions and directions. Vice CEO Pertti Voutilainen described in his article what had happened and what would happen in this regard. Individual decisions concerning corporate culture development were described by Voutilainen as being a matter of personal commitment by the seminar participants to forward the change necessary for corporate culture development.

Four themes can be recognized in the interview of Pertti Voutilainen. They are: (1) a definition of corporate culture and the role of corporate culture, (2) the immediate benefits and the indirect value of the culture seminars, (3) the main comments and other suggestions made by the seminar participants, and (4) senior management response. The comments made by Hans Dalborg focused on two issues: (1) smoothing out cultural differences between corporations, and (2) accepting cultural differences between nations and people as valuable. These discourses are presented below in relation to each other.

Figure 43. Themes recognized within the senior management discourse.



The title of Voutilainen’s interview is “Strong corporate culture – a sign of successful companies.” This statement is emphasized by stressing that there is no exception to this rule and that this requires commitment of the personnel to the corporate culture. In defining corporate culture and its role, Voutilainen says that externally corporate culture is to be seen in the way we act and in the way we interact with the external society. Internally corporate culture means following common values, norms and rules of behavior. Dalborg states that this kind of a company is built through certain basic values. Although cultural differences on corporation level are to be smoothed out, cultural differences between nations and people are to be seen as a valuable asset. These were not to be eliminated or suppressed. According to Voutilainen, culture binds together vision, strategies, organization and the course of action.

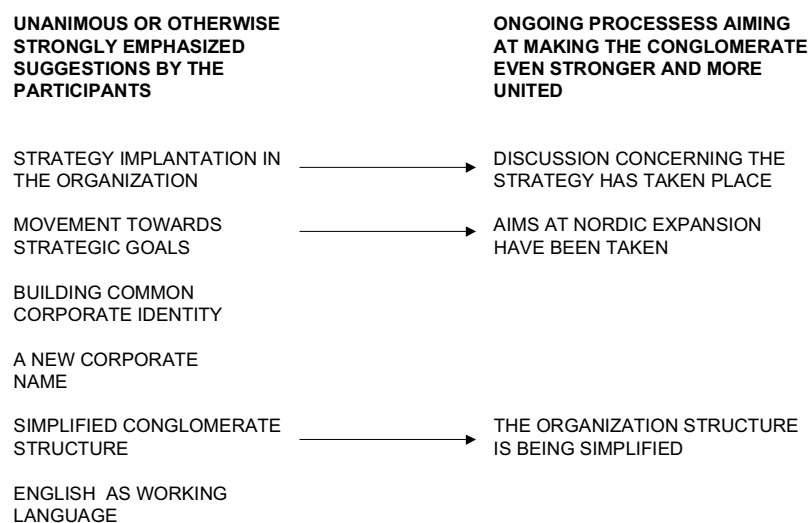
According to Voutilainen, one immediate seminar benefit was the higher commitment of seminar participants to make the changes necessary for development of a common

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corporate culture. Dalborg states that there are always cultural differences between corporations and that these have to be smoothed out.

Voutilainen stressed other immediate benefits of the corporate culture seminars. Getting to know how the representatives of the neighboring country think and act makes everyday cross-border collaboration easier, the risk of misunderstandings is less, and common goals will be easier to adopt. The indirect benefits of the culture seminars were said to be in the broad range of suggestions seminar participants have provided to senior management. The value of these comments was described as derived from the fact that those making the comments were the ones who best knew the realities of cross-national co-operation. The value of the seminar participants' work was emphasized.

Figure 44. Senior management comments on suggestions made.



Voutilainen identified six unanimous or strongly emphasized issues in the seminar results. These were the acceptance of basic strategic directions not yet completely implanted in the organization, a quick movement towards strategic goals, building common identity, a new name for the organization, a simplified organizational structure and a surprising unanimity concerning English as the future company language. A connection between ongoing processes based on decisions made by senior management and seminar participants' suggestions was emphasized. Voutilainen noted actions that were consistent with the suggestions made by the seminar participants: discussion about strategy, Nordic expansion, and changes to organizational structure.

Voutilainen also noted other suggestions made in areas such as decision making and implementation, personnel policy and personnel development, leadership culture and open communication, building common data systems, marketing and selling and so forth.

In conclusion, the following comments can be made about this text. A detailed list of seminar participants' comment topics was presented. No new senior management decisions concerning corporate culture development were mentioned, but previous decisions and practical action in line with the suggestions made was stressed. Three areas in which

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action had already taken place were mentioned: discussions concerning strategy, attempts at Nordic expansion, and simplifications to the corporate structure.

Some suggestions were presented in a way that left high expectations in the air concerning possible future decisions in that direction: a new name for the organization and English as the working language. The broad range of material concerning other areas of action is noted, but left untouched. The text leaves this area free for future consideration, but does not commit senior management to any specific decision.

At the time of the merger between MeritaNordbanken and Unidanmark, a decision was made, that the corporate language would be English. In another interview Voutilainen (2000a) stated that although there were some reasons to choose Swedish as the corporate language, it was a mistake, and that this mistake was easier for the Finns to admit than for the Swedes. This understanding was, according to Voutilainen, emphasized by the culture seminar feedback.

In total, the seminar process was described as finished, with the exception of one seminar in January 2000 for the shop stewards. After this, corporate culture development would take place through the practical daily action of the organization. Voutilainen comments, that direct and indirect benefits of seminar form development of corporate culture will take place in everyday action of the organization. In this sense corporate culture development can be considered to be a separate project with a beginning and an end, although both are somewhat difficult to identify precisely.

5.4.3 Comments given to the shop stewards

On March 9th, 2000 MNB senior management responded in a two-page letter from Pertti Voutilainen to the suggestions made by the shop stewards in the last culture seminar in January 2000. The suggestions had to do with negotiation bodies, leadership development, values, co-operation in corporate level projects, incentive systems, personnel policy and competence development. All seven suggestions from the shop stewards were met with a senior management suggestion for further discussions. Those discussions being a specific issue between senior management and the shop stewards, need not be considered in this analysis. Therefore, I will focus on issues of general interest that were raised in the suggestions of other culture seminar groups as well.

Table 34. Senior management comments on suggestions made by shop stewards.	
Shop steward suggestion concerning the development of corporate culture	Senior management comment on this issue
A different approach to personnel by management was requested. A focus on leadership instead of management within administrative training programs was suggested.	The existing administrative training was described as having a primary focus on leadership development. Qualitative and quantitative measurements would be used to direct training programs.
Valuations. Some form of value discussion should be conducted throughout the entire bank.	Senior management would decide on 4 to 6 of the most important valuations, the contents of which would be communicated through a discussion in which all employees could participate.
Personnel policy. Personnel wish to participate in the process of personnel policy development for the entire organization.	It was reported that discussions had already started with a company proposal as a starting point for discussion.

5.5 Actions initiated at the corporate level to address cultural needs

The research question to be answered in this chapter is number five.

What actions were initiated at a corporate level to address cultural needs?

The focus of analysis is on action that can be seen to take place within the corporation and to be focused on corporate culture. One challenge here is how to make the connection between recognized actions and cultural needs. I will focus on senior management action, because this body is the most important one to take corporate level action directed at cultural development. The speaker in these discourses is mainly the senior management of the MNB organization as a collective.

Symbolic acts initiated by senior management may be conscious and deliberate or subconscious, and their influence on corporate culture may not be realized at the time that the action occurs. Symbolic acts have internal effects; that is, they influence the corporate culture of the organization. Symbolic acts may also have external effects; that is, they may influence customers and other external groups through the corporate image.

My choice here is to examine actions of senior management that lie in the general domain of interest and see if they fulfill one of the following criteria. (1) The senior management states that the action in question is directed towards cultural needs. (2) The action is related to senior management understanding of cultural needs; that is, it is stated by the senior management that this action is important from the point of view of cultural needs. (3) The action is emphasized in the cultural development suggestions made by the culture seminar participants to the senior management.

In practice it can be expected that criterion number (1) is fulfilled in cases (2) and (3). This means that the senior management would probably identify the relation of some specific action to cultural needs if such a connection exists. This can be taken to be the case within the prevailing senior management approach to cultural needs. Culture is most obviously an

issue that is approached in fairly open and clearly expressed terms. The approach was different in previous decades, as will be analyzed more in detail in section 5.6.

Symbolic acts may include such things as selecting the corporate name, model behavior conducted by the senior management, selecting a common corporate language, statements made to employees from 'the own' organization, from 'the other' organization and mixed groups. Some of these can be recognized to be actions directed towards cultural needs, but probably not all.

5.5.1 Selecting the corporate name

Several name changes have taken place in the history of MeritaNordbanken. On the Finnish side, the two biggest corporate banks—Kansallispankki and the Union Bank of Finland—merged in 1995 to form Merita Bank after a process of finding both a 'suitable' and free name. Merita was selected and only some minor problems were encountered concerning a hairdresser operating under the same name in Finland. The Union Bank of Finland also operated nationally and internationally under the corporate name Unitas. This name caused problems in several language spheres. For example, Unitas refers to using the toilet in Russian. The work required to avoid this kind of unanticipated negative connotation is considerable.

The selection of a name for the corporation is clearly a symbolic act that can affect the corporate culture. This deed is clearly directed both inwards and outwards. When the merged organization of Kansallispankki and the Union Bank of Finland was named Merita, senior management gave a statement concerning the etymology of the word and the meaning of it to the new organization. Merita is a female name and otherwise devoid of meaning. However, a connection with the word 'merit' was mentioned when the word's etymology was explained by management.

Several name changes have been occurred on the Swedish side as well. The last one of these took place when the larger PKbanken bought the smaller Nordbanken, and the name of the smaller organization was selected for the new organization. This was an exceptional symbolic act, and it has been reported that many understood it to indicate a desire to adopt the name and also the successful concept of the smaller organization. A different interpretation of the reality of the situation has been reported elsewhere in detail (Reinius 1999, 14-24).

It can be assumed that the effects on the image and the culture caused by the corporate name were very well known and recognized by the MNB senior management. Therefore, the choice of name is an action to be analyzed within this section. I believe the name to be have been considered in senior management thinking as more than a matter of image; that is, directed outwards towards the customers and the society. The implications of the name for building a common culture are also clear.

The name selected for the organization after the merger of Merita Bank and Nordbanken was the unimaginative and grammatically difficult MeritaNordbanken. This name was described by the corporate culture seminar participants as symbolizing the past, and to be problematic because it looked to the past instead of the future. The name was also seen to preserve the different histories, which preferably should have been forgotten.

Merita had selected its name a few years earlier in a most successful way. The new name was adopted well by all the main interest groups. The name of Nordbanken was older, but

fairly new for the main part of the organization using it. The name of MeritaNordbanken can be seen to be a temporary choice for several reasons. It would have to be reconsidered again when new partners joined the organization, and several name changes are not advisable. The intent was to work within each country with the same customer base and same image after the merger as before. There was no need to confuse the customers unnecessarily with several name changes.

For the employees, the continued use of old names, which in one case had itself been created artificially from even older names, did not represent something new, but instead represented a strong symbolic link to the past. The two holding group structure further reinforced the ambiguous situation of not being two organizations, but also not quite one organization either. The ownership structure was simplified in 1999.

After the merger with Unidanmark, the name selected was not MeritaNordbankenUnidanmark, though such examples can be found in other mergers such as PriceWaterhouseCoopers. A new name was sought through the year 2000, and a hopefully more long-lived name of Nordea—explained to be derivated from words Nordic Ideas—was selected in autumn 2000.

5.5.2 The question of corporate language

Promptly after the merger forming MeritaNordbanken in 1997, the senior management announced that Swedish had been selected as the common corporate language within the organization. This decision caused no turmoil in Sweden. The decision was ‘normal;” that is, easy to accept and, according to comments made at the time, also a relief. The other alternative, the selection of English, would have demanded much more effort from Swedish employees. In the Finnish part of the organization, the choice of language was received with mixed feelings. Fluent Swedish speakers were neutral or outright positive towards this decision, which made their competencies more valuable within the organization. Those with inadequate skills in Swedish were shocked, frightened and negative about the language decision made.

Swedes are generally assumed to be fluent in English. Actually, the skill level in this language is about the same as in Finland. The younger generation generally has good or excellent skills in English but the older generation often does not. Swedish language skills are much less developed in Finland. Although this was the general situation in each country, the language skills situation was somewhat different within Merita and Nordbanken. Nordbanken being a totally home-market orientated retail bank, there was very little need to develop or maintain fluency in English or any other language. English was required in customer service situations, but the people that interacted over the Gulf of Bothnia were mostly other personnel such as branch office employees. Merita being more of an internationally orientated commercial bank, English was used more within this organization. In the case of Merita, the need to use English and the chances to develop skills in this language were concentrated mainly in some specific areas of the organization. These were, however, broader than in Nordbanken. In some parts of both organizations English was the normal second language even before the merger; for example, the data departments and the international side in Merita.

To clarify the situation concerning language competencies, the personnel structure has to be taken in consideration. The age profiles, years with the organization and educational background were fairly similar in both. The average age was over 44 years in Finland in 1999 and a little lower in Sweden. The average time spent working for Merita or

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Nordbanken, or their predecessor organizations, was over 20 years and the number of employees with academic training approximately 10% to 2%. It can be expected that those with an academic degree would have better language skills than those without, although this would also depend on how long it had been since the employee had completed language training and how much opportunity or necessity there had been to practice since.

From the senior management point of view, the question of corporate language was obviously considered to be one of the practical issue to be solved among several others. Even if implications concerning power are ignored, the practical decision concerning language can be seen to be difficult. If Swedish were chosen, at least one partner would be fluent with this language. Swedish being the other official language in Finland, all employees of the Merita organization had had extensive school education in this language and some of them had it as their native language. If English had been the choice, there was a risk of paralysis of the organization, or at least parts of it, if English had not worked as a communication language. In addition to this, all Nordbanken materials and a large proportion of Merita materials were available in Swedish to begin with.

It was suggested in an external consultant's report made in Sweden (Anon. 1998d), that (1) the decision to make Swedish as the corporate language should be upheld. It was said, that there were practically no objections to this state of affairs within the organization. (2) Because an unbalanced power situation was acknowledged in the report to exist between those Finns who spoke Swedish fluently and those who did not, it was said that this situation could cause problems of internal competition in Finland. (3) It was suggested that the language decision could be reconsidered after any additional mergers with Danish and Norwegian banks and that perhaps all partners could then use their native languages; that is, Swedish, Danish and Norwegian. It was suggested that Finnish could be excluded as 'a clearly low priority language.'

The consultant's suggestion that there were no objections to selecting Swedish as the corporate language was obviously based on experiences over a very short period of time and with a very limited number or unrepresentative sample of comments. This distortion could have been caused, for example, by selecting Finns speaking Swedish as their native language as the interview subjects. The comment about a new power situation between Finns who spoke Swedish poorly and well was the only one of the suggestions made that is easy to understand. The third suggestion made, concerning the use of all three Scandinavian languages, seems poorly motivated given that Swedes have been shown to have problems in understanding Danish (comprehension approximately 48%), as reported in chapter 3 (Language and corporate culture). The situation is even worse for Finns, who have been shown to understand less than 5% of Danish. This situation would make the recommendation very problematic to implement in practice. Some minimum understanding is clearly required (e.g., 70-80%) to be able to run business in a reasonable way. In total, the advice given can be seen to be poor and misleading in light of the practical experience gained from the merger process.

A strong recommendation was made that Swedish be the 'senior management language' and that the organizations would mostly continue to use local and customer languages, whatever they were in different parts of the organization. Swedish would be the communication language in the top echelons of the organization and used when presenting plans or reporting to senior management. In practice, all materials directed to senior management had to be written in Swedish. A considerable proportion of the central planning functions started to prepare their materials in Swedish. In some cases the preliminary planning phases were conducted in Finnish and the final version was translated

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into Swedish. This sometimes resulted in double work compared to working in one fluent language only. Consequently, it can be expected that in many cases the work was conducted in Swedish right from the start. It can also be said that some preliminary Swedish materials are written in very 'bad' Swedish which is difficult to understand.

The emphasis on Swedish as the 'senior management language' was, according to comments made in the seminars, recognized only in Finland. The 'toning down' of the expectation that Swedish would be used was not known to Swedish participants in the corporate culture seminars and they made no distinction between the corporate language and the senior management language. Both were understood to be Swedish.

Native Swedish speaking employees in Merita found their value to have risen after the language decision and this feeling was fairly obvious and easy for fellow employees to see. The number of fluent Swedish speakers was unfortunately not nearly enough to meet the needs of the organization. In addition, managerial or expert positions, deep substance matter knowledge and language competencies did not always coincide. The end result in the worst cases was that a top Finnish expert in an area of Finnish 'best practice' had considerable difficulty communicating his/her views in meetings or reports conducted in Swedish.

The negative feelings towards the Swedish language within Finnish society must be taken into consideration when analyzing the choice of corporate language. Swedish is an obligatory language in the Finnish school system but the need for this has been debated for years. Elements of this debate could be felt within the Merita organization after the language decision. In general, the feelings were more negative towards the 'obligatory' Swedish than towards the 'neutral' and all-penetrating English. The negative feelings may have been strengthened by the fact that practically all Merita employees had had an opportunity to learn Swedish for years, and still many had not achieved adequate proficiency. Overall, Swedish was generally only the second best (or even lower) foreign language for Finns, English being the clearly superior one.

What was needed when texts were to be written in Swedish or presentations were to be made in Swedish? High levels of anxiety had been reported on some occasions when an expert had to present a report in Swedish to the higher echelons of the organization. The stress caused by these situations could be expected to be high. There were a variety of strategies for dealing with situations in which fluent skills in spoken and written Swedish were required of those who did not have them. Some transferred to parts of the organization where Finnish would be sufficient. Such Finnish speaking safe-havens could be found, for example, within the branch organization. A minority of determined Finns with poor Swedish language skills decided to express their views with the language skills they had and to continue working as before no matter what the language of the organization. A great many employees tried to recall their previous and partly forgotten Swedish skills and to upgrade them.

It is sometimes difficult to determine what is fluent written Swedish, this being somewhat a matter of personal opinion or style. A Finnish colleague with very good Swedish skills reported to me that texts written in Swedish were sometimes checked with the help of native Finnish-Swedish speaking colleagues. Fairly fluent text versions were sharpened in this way to be 'fit' for use in the MNB context. At times it happened that such 'corrected' texts were again 're-corrected' with the help of Swedish colleagues in order to be 'fit' to be used from the Swedish point of view. It can be assumed that such a text correction and reshaping process requires high self-esteem from native Finnish users of Swedish who see their work

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being modified by colleagues before it is deemed 'acceptable.' One solution to this problem was the use of professional translators to help produce high quality internal texts.

On the other hand, Swedish comments on Finns' Swedish skills were practically always positive. It was said that the ability to use the language was good and that the skills were very adequate. In light of research and experience that has shown Finns' Swedish language skills to be often rather rough, one must assume that some part of such Swedish comments was motivated by politeness. It may have been difficult for Swedes to express negative comments directly and honestly.

It has frequently been commented that the need for frequent short work trips to Sweden and the use of emergent Swedish language skills made the work in the newly merged organization more exhausting than what it had been before for Finns. A typical comment was that after a working day in Sweden one was totally exhausted.

From the point of view of language competencies, it was clear, that extensive training in Swedish was needed within the Finnish organization to ensure fluent communications. However, the actual language competencies of the organization were not known with any precision. Personal language skills were one aspect of the evaluation of employment applications for all employees. In this case the language skills were evaluation on a subjective personal basis and expressed on a rough scale. Moreover, in most cases the evaluation had been made years previously and the records were therefore outdated. Because of this, organization level information concerning skills in Swedish and other languages was not available. On the unit level, language skills were better known in those cases when there had been an active need to use the languages in question.

A common language exam (Yleinen kielitutkinto) had been in use to some extent in Merita in order to evaluate the acquired level of language skills. This exam defined language skills on a scale from 1 to 8. To improve skills by one level was normally estimated to take one study year of training. Many employees were on the levels 3 or 4 in Swedish according to this evaluation scale. Normal fluent communication can be taken to demand language skills of level 5 at least. To bring the organization to this level would have required several years of broad-based language training.

Language training had taken place in a planned way both in Merita and its predecessors. The most popular language had been English. Swedish training had taken place to a lesser degree and also other languages as needed on a language club basis.

A language policy had been defined for the needs of Merita in 1995. This language policy was redefined in 1997 for the new needs after the merger. This new policy was intended to keep language training costs in hand and to focus effort on those units and individuals most in need of better language skills. Naturally, the language policy included the competency needs of all languages, but at the time of the merger the focus was on Swedish.

After the new corporate language was announced, language training needs arose in all parts of the organization. An interest in learning Swedish became very popular in a short period of time. This was the case both in the central units of the organization and in the remote branch offices in the non-Swedish speaking parts of Finland, albeit to a considerably lesser extent.

The language policy included a variety of language training opportunities, beginning with self-study and basic external training courses, and ending up with personal training and

intensive courses abroad. The decision concerning language development effort and resources set on this task were dependent on the position of the person in question (i.e. the real needs to use the language), and naturally the superior of the person had a right to influence the decision of action towards developing the language (Anon. 1998f).

An range of skill building and learning needs arise in an organization following a merger. There is always more to learn than what the learning capacity (however defined) allows. Language training is a demanding exercise that requires time, motivation and effort. The choice of corporate language is, therefore, a question of crucial importance. The implications of this decision in the case of MeritaNordbanken are worth considering. The corporate language choice was Swedish in the year 1998 and English in the year 2000. This situation placed double demands on Finnish speaking employees who had to develop their Swedish skills first and then their English skills. This takes time and energy away from other possible learning activities. If there is a need to use both Swedish and English in internal communications then, of course, this may be beneficial, which may well be the case in MNB.

An interesting finding was that there two different Swedish languages within the organization. Finnish-Swedish was not seen to be normal Swedish from the point of view of Nordbanken employees. For example, Swedish written the Finnish way was not considered to be 'Rikssvenska,' but more like an interpretation from the Finnish language. The Finnish-Swedish was not accepted in Sweden. Texts written by a Swedish speaking Finn sometimes came back to Finland in a 'corrected' form. This situation had the practical implication that internal newsletters were written in two Swedish versions. One was written in the type of Swedish used in Finland and the other in the type of Swedish used in Sweden. The texts of these two versions were considerably different. Similar comments were made about other materials written in Finland and not considered adequate in Sweden but no problem was reported with Swedish written in Sweden to be used in Finland. However, this should not necessarily be taken to indicate that such problems did not exist. The end result of this situation was three-fold: two different written Swedish languages were used, Finnish was used in Finland, and English was used when comprehension was not achieved through Swedish.

The Swedish used in Finland was described by the Swedes to be historical or archaic language. Nordbanken colleagues commented that the Swedish used in Merita sounded like Swedish from some centuries or longer ago. This comment was taken to be insulting by Finnish-Swedes, who considered themselves to be speaking a modern language. Such feelings were reinforced when papers written by Finnish-Swedes in their native language (Swedish) were sent back from Sweden in a 'corrected' form.

MNB corporate culture seminar participants worked in sub-groups representing different business areas. These sub-groups were asked to define areas where MNB corporate culture should be developed. Their suggestions were structured in terms of the area of activity, the goals to be achieved, and the action suggested. The language question was heavily debated within MNB corporate culture seminars as was the main subject of 22 (8%) of the 262 suggestions made to senior management. A strong message was delivered that Swedish was not the best choice as the company language. Both the Finnish and the Swedish participants agreed that the decision to choose Swedish as the corporate language was not working and that English should be selected as an alternative. Both felt that English would work better and would put both parties in an equal position. It is noteworthy that these comments were all made in mixed Finnish-Swedish groups. The Finnish participants argued

strongly against English as the corporate language. To work against this opinion would have demanded a strong effort and would have caused considerable argument. It is possible that the attitude towards Swedish would have been more positive within an all Swedish group (Säntti 2000).

The employees selected to participate in MNB corporate culture seminars were clearly those with better Swedish skills than the average in their units or and in the whole organization. The selection of seminar participants was, according to comments made, affected by their skill to speak Swedish. This was a “natural” choice, as it would have been hard for badly Swedish speaking persons to be sent to the seminars. On the other hand, maybe participants should have been selected according to their position, and not according their language skills, to make the real language skills of the organization more visible. This exercise of 20 seminars with over 300 participants can be taken to be a good indicator of prevailing language skills. It was easy to see that the two-day long discussion process tired the Finnish participants. At times the discussion was conducted mainly by the Swedish participants. ‘Rikssvenska’ was also reported by Finnish participants to be much more difficult to understand than the Swedish spoken in Finland.

It is worth asking how Swedish could, in the long run, have been the common language within an organization active in the Baltic Sea area. The organization aims to be active in 8 countries: Finland, Sweden, Denmark, Norway, the Baltic states and Poland. The only language common to the countries and organizations involved is English. After the MeritaNordbanken merger with the Danish Unidanmark, a predictable decision was made in the spring of 2000 that the corporate language would be English. A change of corporate language is a big practical and psychological challenge for those who have to change. With the switch to English, it happened twice in short order for the Finnish departments of MNB.

Having multiple languages causes many difficulties for an organization. In the preceding analysis the focus has been mainly on the relation of Finns to the Swedish and English languages. There are also other areas worth considering. One of still missing elements in MeritaNordbanken is the ability of Swedes to speak Finnish. The goal is to rotate personnel between countries; that is, to operate on the organizational level and not on the national level. Swedes generally do not understand Finnish and this shortcoming makes it very difficult or impossible for Swedish managers to lead parts of the organization with only Finnish speaking employees. In another bank that was originally Swedish but active in Finland, for example, the local Swedish manager forbade the use of Finnish within the branch as a language he could not comprehend, which was understandably problematic for the personnel who were mainly Finnish.

The problem of Swedes not knowing Finnish was, to my knowledge, discussed in only one MNB culture seminar, and very little practical action was taken to solve it. Some Swedes have made some attempts to learn some Finnish, but such examples are rare and have had very little effect on organizational practices. Within the corporate culture seminars many Swedes expressed an intention to study Finnish but no information is available concerning the actual progress of these studies. Given the typical lack of any foundation in Finnish, it can be expected that some 4 to 5 years of considerable effort would be required to reach an adequate level of proficiency. It can be expected that the difficulties involved will limit the number of Swedes who actually learn Finnish. An interesting symbolic act was made by MeritaNordbanken CEO Hans Dalborg, who reported that he would concentrate on learning more Finnish. He then very quickly demonstrated considerable skills in spoken Finnish. This was taken as a good will gesture from the senior management within the organization.

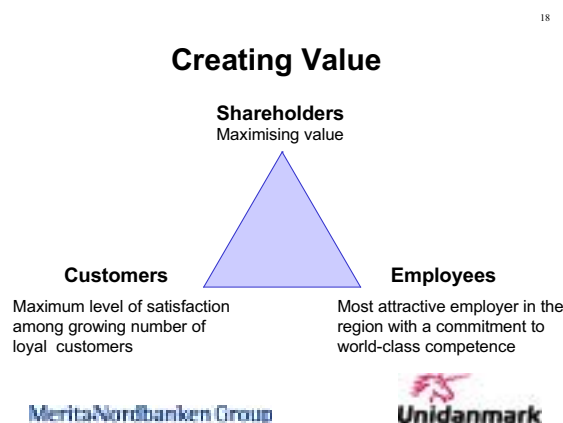
However, it might also lead to the incorrect conclusion that Finnish (or any other language) can be learned fairly rapidly.

5.5.3 Speech acts during the time of the following merger

From the point of view of this research and the time perspective involved, I consider external senior management statements made in May 2000 in connection with the merger between MeritaNordbanken and Unidanmark, to be speech acts. Therefore, I have analyzed them in this chapter in relation to actions initiated at the corporate level to address cultural needs.

Several public comments concerning corporate culture related issues were made by the MeritaNordbanken and Unidanmark senior management in press releases in March 2000 (Pedersen, Høeg Jørgen et al. 2000). Hans Dalborg, CEO of MeritaNordbanken focused on one transparency concerning the creation of value for shareholders, customers and employees (original picture below); the overall objective being creating shareholder value. Benchmarking and best practice for the optimal use of resources was emphasized. This model for creating value is analyzed further in section 6.2 under the sub-title 'Value elaboration.'

Figure 45. Creating value (Pedersen, Høeg Jørgen et al. 2000).



Vesa Vainio, Vice Chairman of the Board of MeritaNordbanken Group, used a transparency titled “Why the merger will succeed” that focused on shared vision and common values and objectives (Pedersen, Høeg Jørgen et.al. 2000). Under the title “Nordic Board and Management,” he noted the bank’s sophisticated knowledge base and experience of business and cultural conditions in all principal markets, plus balanced national employee representation on the board.

Another senior management press release in the form of transparencies was related to the merger of MeritaNordbanken and Unidanmark (Anon. 2000c). It commented that Unidanmark had similar core assets and values as MeritaNordbanken (i.e., a retail focus and culture). MeritaNordbanken was described as an excellent partner for Unidanmark because “We have common values and culture.” Under the title “Compelling Business Case” it said that the corporate cultures were similar.

The senior management view of social and cultural realities within the organization is limited by its perspective. This group interacts mostly with outside interest groups and with the next management level. Thus, senior management understanding of organizational realities is

filtered through several layers of interpretation within the organization and 'original' observations of the organizational reality may be rare or difficult to make. Its understanding of organizational realities is often based on second-hand and summarized information.

In a merger situation the information available about the social and cultural realities within the organizations in question is even more complex and limited. Information collected about its 'own' organization and the 'other' organization by senior management can be expected to be in different forms that do not fit together easily. It is difficult to 'see' within the new partner organization and thus understandings are liable to be based on the new partner's senior management's comments and previous analyses. The actors involved may have considerably different understandings on the concept of culture and its meaning for organizational life. Analyses and measurements can be limited in their scope and ability to represent reality, as I have described in the theory part of this study as well as in the analysis of data about the MNB merger. Even if it is assumed that the cultural measurements made are descriptive, they may be evaluating different aspects of corporate culture and thus be difficult to amalgamate into a full understanding of the situation.

How, then, are the senior management comments above to be interpreted? In the first place it should be noted that the organizational evaluations are made between MeritaNordbanken and Unidanmark. The focus of this research, MeritaNordbanken, is not directly addressed. It can be inferred that the cultures and values of Merita and Nordbanken are seen by senior management to be similar since MNB is treated as if it had a single culture in the statement that MeritaNordbanken and Unidanmark have similar cultures.

The conclusions made in the preceding analysis of cultures on the basis of corporate culture seminar participant observations reveal some experienced differences in the corporate cultures of Merita and Nordbanken, which were reported to the senior management. Considering this, there are several possible interpretations of senior management comments concerning the corporate culture. (1) It can be that on basis of previous external and internal measurements of corporate culture, internal atmosphere and related subjects, senior management has concluded, notwithstanding the comments from culture seminar participants, that the cultures are fairly similar. This conclusion would be reasonable if the evaluation is made on a fairly rough and generalized basis. (2) Differences may seem relatively small in comparison to other possible merger partners. (3) The focus may be on the senior management cultures and values that are evaluated to be similar. The senior management culture may then be projected onto the rest of the organization as an expectation because of a belief that senior management culture is decisive for the development of the culture of the whole organization. (4) The talk concerning culture and values may be reflect management rhetoric that describes a future goal state more than present reality.

From the point of view of social construction of cultures, the only actors involved in building corporate culture at the time of the merger were the representatives of senior management. No others had yet been involved in these processes, and their comments and experiences were still to be seen.

5.5.4 Speech acts within the Nordea organization

After the acquisition of Norwegian Kreditkassen the conglomerate was renamed as Nordea. The focus of this research is MeritaNordbanken, an organization that can be considered to cease its existence in the merger with Danish Unidanmark. I have though decided to present one important senior management speech act within the Nordea context, that I

consider to be a continuation of corporate culture related discussion within the organization. The speaker is previous MeritaNordbanken and present Nordea CEO Hans Dalborg, and the corporate culture is taken forth as one issue of importance.

A video newsletter (Anon. 2000f) was distributed to all branch offices and all units within Nordea in December 2000. This newsletter can be considered to be the testament of Hans Dalborg to the organization. He was to become the head of Nordea Board in the beginning of 2001. Within this video Hans Dalborg presents his thoughts on Nordic thinking, on common corporate culture and management, on how the organization can benefit from differences, on value production to customers, personnel and shareholders, and on the general meaning of culture within a society.

The video speech was Swedish, with Finnish subtitles. The Finnish text was—as in the culture video—shorter, slightly clumsy Finnish, and even contained clear mistakes. For example the video talks about producing values (“Arvojen luominen”, “...tehtävä on arvojen luominen”, “luoda arvoja asiakkaille”), when the meaning is to produce value (“luoda arvoa, tuottaa arvoa”).

In the end of the video Hans Dalborg talks for a while in Finnish. This part of the speech is fairly demanding Finnish, and well spoken.

I shall here only summarize issues pointed out within the video, and in this way point out the continuation of corporate culture related discussion from the MeritaNordbanken setting. Following questions are discussed within the video:

- The importance of customers to the organization and the importance of the value of the share. An organization has to produce value for owners. This happens through value production to customers, which in turn demands value production for the employees.
- The interaction of cultures demands a mind, that is open, curious, willing to learn and respectful. There exists a tendency to believe, that our way of thinking is normal, and differences from this are abnormal. It is important to understand, that we all are bound to this kind of one-sided thinking. Disappointments (in cultural interaction) are also valuable experiences.
- Corporate culture is a source of inspiration and creativity. These make innovations, reforms and ideas possible—all things organizations are dependent on.

5.6 The incorporation of the parent organizations values into the a new culture and remaining challenges

5.6.1 Introduction

The research question to be answered in this chapter is number six.

How are the values of the parent organizations being incorporated into a new corporate culture and what challenges remain?

Both Merita and Nordbanken did have a set of defined organizational values, or at least goals that suggested values. To explore the values questions I will first analyze the corporate values of Merita and Nordbanken and the approaches taken towards the question of values. I will begin by analyzing previous organizational values and then evaluate their incompatibility. My interest is also to reveal the way values were approached and used

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within the organizations analyzed. Finally, I will draw some conclusions about the value approaches and processes analyzed. The speakers in these discourses are mainly unrecognized representatives of the previous senior managements of Merita and Nordbanken organizations.

Merita's values were defined in a process that took place partly within and partly in connection to the KIDE corporate culture development process. Within Nordbanken, the corporate values called 'mål' (i.e., goals) were defined within other organizational planning processes. No separate corporate value definition activities took place. From this point on, I will refer to both Merita's values and Nordbanken's goals as 'values.'

The corporate values of MeritaNordbanken were never defined. The process for creating basic values for MeritaNordbanken did start, but was not finished (Andersson, 2). Material that can be interpreted to define future values has been presented to the organization. This material includes the strategy of the organization, internal newsletter articles and a value-related structure to be found within an internal attitude survey. This attitude survey was conducted for the third time within the Swedish organization and for the second time within the Finnish organization in the spring of 2000.

After the MeritaNordbanken merger, Merita did not emphasize the previous values at the organizational level; that is, they were not referred to anywhere in official policies or statements. It was known that some units continued to monitor their activities through the previous values, but no organization level direction to this effect was given. Nordbanken, at least within the internal management training programs, continued to refer to the previous values, and even printed cards to be given to participants in management programs. All managers are believed to still carry these value cards in their wallets.

5.6.2 The values of Merita analyzed

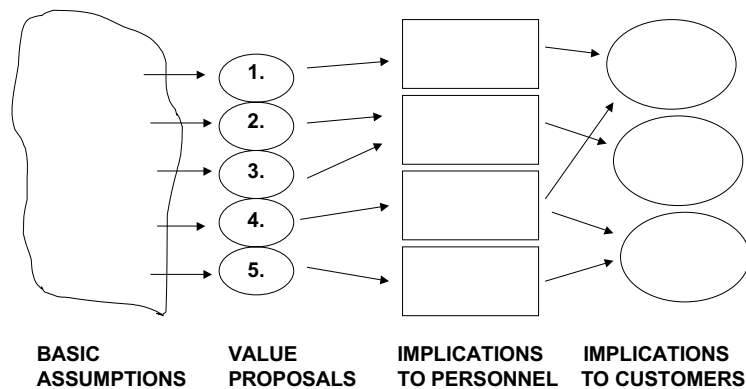
The following table summarizes value related thinking within Merita and it's predecessors, especially the Union Bank of Finland (e.g. Vihola 2000, 69-73; Anon. 1996a).

Period of time	Special features in value related thinking
1960's	Definition of the business idea. Values of profitability, growth and mutual trust were defined. Values defined were 'secret' and not made public within the organization.
1970's	At the end of the decade a large culture survey was conducted within the organization. A booklet containing business principles and values was given to the highest levels of the management.
1980's	In the middle of the decade the cornerstones of the corporate culture and the bank's values were announced to the entire organization. The meaning and practical implications of values were discussed.
1990's	Within the KIDE process the corporate values were defined with a larger group of management personnel, and their implications were discussed at the unit and personal level.

Merita's values were recognized within the corporate culture development process KIDE and confirmed by the top management in February of 1996 (Anon. 1). KIDE is a shortening of the words Culture (K) and Identity (IDE) in Finnish. The material available for analysis also includes the value proposal that was presented to the personnel at the beginning of Merita's KIDE process. Within the KIDE process a discussion was conducted in which the organization's basic assumptions were examined and value suggestions critically discussed, but representatives of the upper levels of the organizational hierarchy also had an active say in the values to be chosen. Value definitions were redefined and changed during this process. In later seminars, after the values were confirmed, the focus was on defining practical implications of values in the participants' units' daily practice.

The framework through which value definition was conducted in Merita is shown below (Anon. 1).

Figure 46. Value definition framework in Merita Bank.



Merita’s value proposals, and the values ultimately selected, are presented in the table below. The basic assumptions behind each value proposal and the implications of value proposals within the organization and to the customer were defined in detail.

Proposed Values for Merita (Meritan arvoehdotus)	Selected values for Merita (Meritan arvot)
Customer satisfaction (Asiakastyytyväisyys)	Satisfied customer (Tyytyväinen asiakas)
Trust (Luottamus)	Trust (Luottamus)
Mutual respect (Kunnioitus)	Companionship (Kumppanuus)
Profitability (Tuloksellisuus)	Know-how (Osaaminen)
Readiness for change (Muutosvalmius)	Profitability (Tuloksellisuus)

Based on suggestions made within the corporate culture development process, three out of five value proposals were redefined or changed. In practice the value definition process between value propositions and selected values included several different written combinations of ‘the value world of Merita.’

The value proposal ‘readiness for change’ can be taken as an example of value development within the process. This value proposal was commented to be more like a demand from the senior management than a real value. Therefore, ‘Know-how’ was suggested and accepted to replace this value. As an interesting feature of the continuation of this thinking, Merita employees commented within a separate value seminar, that ‘Know-how’ was not a good value, it being more a demand or end result, and that it should be replaced by ‘Development opportunities,’ this being a real value and not a demand or an end product.

All of the Merita values in have an additional definition of a few extra words. For example. the value ‘Know-how’ is explained the following way. ‘We use our broad professional skills in versatile ways. We encourage ourselves and others to continuous learning.’ No measurement instruments were developed to evaluate the development of the values

defined. Values were seen more as organizational and personal guidelines and drivers, and not necessarily something that could or should be measured precisely. Values were considered to have indirect manifestations in organizational practices and through them in the customer's experience.

In conclusion, a special feature of value definition within Merita was the openness of the process. This openness consisted only those actors involved in the process i.e. the upper levels of the management. On all levels the approach was in principle compatible with what the theories suggest; that is, values were not offered as a rigid whole, but individual and unit level interpretation was emphasized. These steps make it theoretically more plausible that values identified would have some practical and action-orientating influence.

5.6.3 The values of Nordbanken analyzed

Nordbanken's goals ('mål') have been presented in 'Den blåa boken' (Anon. 1996b, 2). The statements identifies as goals ('mål') can also be analyzed as the values of the organization. These goals are referred to whenever Nordbanken's values are sought.

Nordbanken's goals were defined through a strategic planning process. No other specific corporate culture or value definition projects have taken place in this organization.

The Nordbanken values and the way they are to be evaluated are presented in following table. All Nordbanken's values start with K in Swedish and they are referred as the four K's. There may have been an intention to help people memorize the goals by using same starting letter as in McKinsey's 7 S –model (presented in Peters and Waterman, 8 – 11, also for example Karlöf, 184).

Nordbanken's goals (Våra mål. Vi koncentrerar oss på att uppfylla)	A way to measure the level of achievement of the value
Conglomerate result (Koncernresultatet)	Return on equity as compared to Competitors' similar key figures.
Customer satisfaction (Kundnöjdheten)	Customer satisfaction compared to competitors' figures.
Competitiveness (Konkurrenskraften)	Product integration and price, production expenses.
Competence (Kompetensen)	Repayment time for investment made in competence development.

The relationship between values and goals is of interest. According to some definitions values cannot be concrete goals, but more starting-points of behavior and criteria in the separate choice of goals (e.g. Lahti-Kotilainen 1992, 13). However, the role of values/goals in Nordbanken is obscure. According to a strict definition these goals should not be taken as values. On the other hand, in the organizational practices within Nordbanken, goals are understood to be values.

Material from the goal/value definition processes of Nordbanken is not available, and therefore it is not possible to analyze the situation as deeply as in the case of Merita.

5.6.4 The compatibility of the values of the parent organizations

In the following I will analyze Merita's values and Nordbanken's goals in relation to each other in order to understand the value base for the development of corporate values for MeritaNordbanken.

Merita's values and Nordbanken's goals are presented below. In the original value material there was a more detailed definition of what the precise value in question actually meant. In Merita's case, value processing material is also available. The following analysis is based on all these texts.

Merita's values (Meritan arvot)	Nordbanken's goals (Nordbankens mål)
Satisfied customer (Tyytyväinen asiakas)	Conglomerate result (Koncernresultatet)
Trust (Luottamus)	Customer satisfaction (Kundnöjdheten)
Companionship (kumppanuus)	Competitiveness (Konkurrenskraften)
Know-how (Osaaminen)	Competence (Kompetensen)
Profitability (Tuloksellisuus)	

Nordbanken values are clearly more economic and business driven, and focus on the level of the whole organization. In this sense Nordbanken's values can be taken to be the senior management values that are meant to help drive the organizational whole in desired directions. Merita's values are more soft, personal and human. Merita's values can be taken to be meant for use within the organization, by all units and all employees. The soft values of 'trust' and 'companionship' are totally missing from Nordbanken's goals.

The value of 'Satisfied customer' focuses on each individual customer and the feeling of satisfaction produced in the customer relationship. 'Customer satisfaction,' on the other hand, is an abstraction of a sum of satisfied customers, and can best be evaluated through customer satisfaction measurement instruments. The value of 'Profitability' can be used in unit or branch office level, whereas 'Conglomerate result' is, as the name indicates, the net result of all organization level returns and expenses, extra returns, extra expenses, write-offs and taxes.

At the level of definition there seems to be a difference between Nordbanken's goals and Merita's values. Merita's values represent a phenomenon recognized within the organization (values existing in practice) that are of importance to the practical activities of the organization. The aim was to find such values that firstly exist and secondly support action towards strategic goals. Nordbanken's goals are, by contrast, important outcomes to be achieved through organizational practices.

Values that seem to be similar or fairly close to each other have to do with customers, results and know-how. These three related value pairs are: (1) satisfied customer versus customer satisfaction, (2) profitability versus conglomerate result, (3) know-how versus competence.

Differences in the customer value/goal are minor. Merita emphasizes customer experience in the service situation. Nordbanken stresses good outcomes for the customer in comparisons to other options in the market. The results value/goal is more significantly different in these two organizations. Nordbanken emphasizes corporate level results and return on investment (ROI). Merita stresses profitability at the unit level and the effect of efficient practical action, methods and prioritizing activities. The competence value/goal is the most similar. In Merita the focus is on continuous learning and in Nordbanken know-how, motivation and ability.

What is noteworthy in the comparison of values, are the ‘soft’ values espoused by Merita and totally missing in the case of Nordbanken. Nordbanken emphasized hard organization level views and Merita focused on more locally adaptable and more human or personalized features.

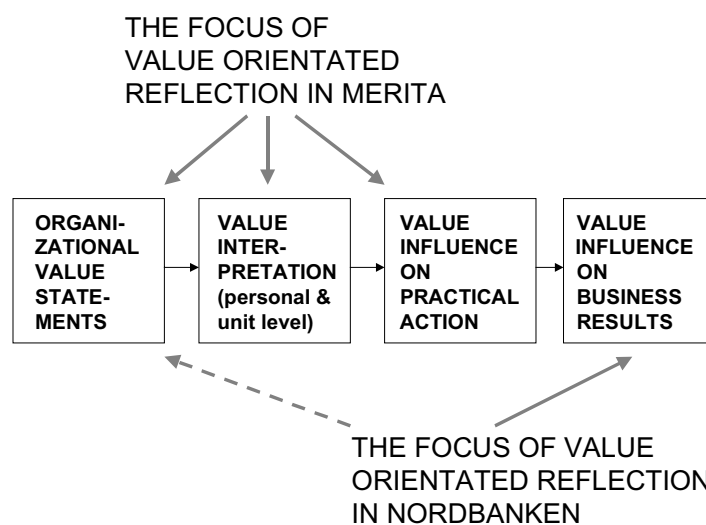
Competitiveness is mentioned as a value/goal only in Nordbanken. Measuring indices are offered for evaluation of the level of this value. Confidence and companionship are values mentioned in Merita only. Confidence has to do with accepting differences between people. Companionship refers to long term internal and external networks.

The value orientations of the two organizations are that much different—Merita focusing on more personalized and unit level values and Nordbanken focusing more on organization level issues—that it seems improbable, that both value organizations could be attained within the same organization simultaneously. What is to be done is to choose either of them, or to develop a new different approach towards the issue of values.

5.6.4.1 Different orientations towards organizational values

Merita and Nordbanken have approached the question of values in a different way. An analysis of the two approaches is presented below.

Figure 47. Different value orientations in Merita and Nordbanken.

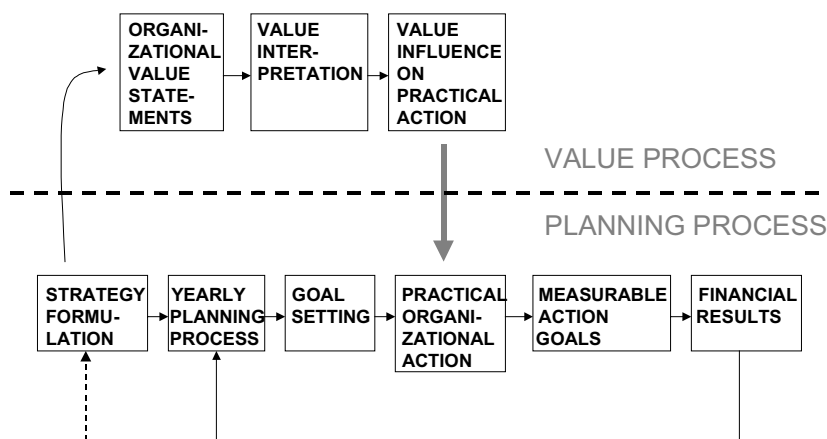


The value orientated thinking in the two organizations focuses on different parts of the process. Merita’s process started from defining the value statements with outmost care, moved to value interpretation and then to reflecting on the influence of values on practical customer interaction. Nordbanken took a considerably different approach. The importance

of value statements was not as great as in Merita. Naming the value goals or business goals brings the focus closer to the end of the process. What seems to be the focus is how values/goals have an influence on business results. How the value statements as such affects these is left unsaid.

Considering the compatibility of the value reflection models in Merita and Nordbanken, it may appear at first glance that a combination of both processes would cover the whole picture. This may not be the case in practice if we look at different processes taking place within business organizations. Value reflection may be considered to be a different type of activity altogether than practical goal setting processes. Whether it is possible or sensible to combine these two processes is a question left to be answered. The picture below describes the situation.

Figure 48. Organizational value processes and planning processes.



5.6.5 The definition of values for MeritaNordbanken

The analysis of work done to define the values for MeritaNordbanken can be seen to have ended in March 2000, when the merger with Unidanmark took place. As a result, official commonly defined values were never defined for the MNB organization. Both merging organizations continued to act more or less according to their previous values, and to apply these values more overtly or covertly to the new organizational practices of MNB. In the autumn of 2000 a selection of ten “challenging group values” were made known to the new organization. These being outside the focus of this research will not be considered further here.

Corporate culture was discussed by the MNB senior management in the spring of 1998. Two separate strategic planning sessions took place. The first set of value definitions is to be found within the MNB corporate strategy published within the organization in 1998. This strategy was also used as material for corporate culture development seminars until the summer of 1999, when a second version of strategy was published. I will analyze here only value related parts of these two published strategies.

The 1998 MNB strategy was distributed within the organization as a set of 22 transparencies with separate short written explanations of 17 pages (Anon. 1998c). The strategy was

distributed to managers in June 1998 with a suggestion to go through it with the personnel by the end of August 1998.

The 1998 strategy material includes a sub-title starting “This is a presentation of the vision, strategies and culture of MeritaNordbanken.” However, no explicit statements of organizational values were included in the 1998 strategy, although some value directed intentions can be inferred from this material listed below.

The 1998 strategy material was discussed within the corporate culture development seminars and considered to be difficult to comprehend. One symbolic element commented upon by the participants was the fact that the map of Finland was incorrectly drawn.

According to a senior management comment, the closest value related expression was to be found within the fifth transparency titled “Our vision: One bank. One volition. One wallet.” From the explanatory material the expression ‘one bank’ can be interpreted to be mean the importance of co-operation. The organization is to be felt (inside) and experienced (outside) as one. One volition has to do with the business focus. One wallet refers to common and effective use of available resources.

Table 39. An analysis of the main value statement within the 1998 strategy.	
Sub-statement	Value related viewpoints included
One bank.	A unitary feeling and interpretation of one organization. The importance of co-operation. Similar customer interface.
One volition.	An understanding of common objectives and goals.
One wallet.	An effective approach towards common planning and other uses of common resources. A focus on profitability and shareholder value. More resources through profitability for learning and other needs.

This vision statement consisting of three elements has to be considered not to be what it purports to be (i.e., a vision statement). It is actually a wish declaration that could well serve as preparatory material for development of a set of organizational values. This statement seems also to serve special purposes unique to a starting phase of co-operation after a merger has taken place. Within the explanatory part, strategic goals and value viewpoints are intermixed. The statement can not be taken to be a statement of organizational values.

Strategy transparency 22 was titled “Organization and corporate culture.” It included comments on decision making principles, economy management, structures, reporting and credit culture. In it, the senior management was said to have the responsibility for organization and corporate culture. Competitiveness is secured through the way resources are organized and the culture built, through the relation with external world and through the way co-operation is conducted. This is said to be the putty holding together different organizational units.

Material was also found among the explanations of the other transparencies. A summary of comments found is as follows.

- Mutual learning and mutual respect.
- An interest in knowledge and a wish to learn is necessary.
- Co-operation and companionship.
- Strong and open leadership.
- High ethics.

Data Analysis

- Good self esteem.
- Equality between sexes.
- An understanding of customer needs.

In these statements, senior management is assigned the responsibility for organization and corporate culture. Competitiveness is secured through the way resources are organized and

5.6.5.1 Missing values searched

Values are not defined in MeritaNordbanken, but these can be deduced from the central value resembling strategy material. A triangle consisting of statements that the organization is to produce value for employees, customers and owners is central in this respect. (Anon. 1999, 11)

These three elements are very central for any organization and a focus on them is therefore to be expected. For example, Otila (49) reports very similar values for Nokian Renkaat Oyj: customer satisfaction, personnel satisfaction, environmental satisfaction and owner satisfaction. In this organization values were made into strategic goals and specific objectives were established for each. At the individual level, each employee has to consider the meaning of each strategic goal—that is, value—for his/her personal work.

The three strategic elements in MeritaNordbanken producing extra value are presented in the form of a triangle. Employees are to think about the best ways to increase customer satisfaction through their personal roles. By improving customer satisfaction, extra value for owners is guaranteed, and this way it is possible to produce extra value for the employees as well.

The logic included in the models of both organizations is clear. By making the central interest groups happy and exceeding their expectations, the employees will be able to receive their own share of the common good. However, it is doubtful that these three or four statements can be considered to be corporate values. A value is something an actor can take as a guiding principle in his or her work. Looking at these strategic goals, only a few of them fulfill this criterion. Customer, owner and employee satisfaction are more an end result—that is, a goal—not a value.

It is possible to see customer satisfaction as a value. Employees can be reasonably asked to satisfy and exceed customers expectations in order to produce customer satisfaction. Owner satisfaction, however, is more difficult to use as a value, and seems more like the end result from a long causal chain in which a variety of internal and external actors are involved. There are only a few jobs within the organization in which owner satisfaction can easily be taken as a value that can guide individual practice. For most of the employees it would require enormous skills in analytical and strategic thinking to be able to see meaningful connections between their own daily work and the effects of it on ROI. Unit level results are probably the highest level at which it is reasonable to set goals and expect their direct implications for practice to be understood by the personnel affected. Personnel satisfaction is also difficult to interpret as a value. How can personnel produce personnel satisfaction, by being nice to colleagues? Personnel satisfaction is an understandable goal for different levels of management, but not very easily understood as a common value that has implications for daily practice for all.

What conclusions can be drawn from this analysis of values or strategic guiding principles? Are these statements values or something else? Values are usually meant for the whole organization. Only one or two of above statements can be logically interpreted as common corporate values with implications for the practice of all personnel. Nokian Renkat has defined customer satisfaction, personnel satisfaction, environmental satisfaction and owner satisfaction organizational values. MeritaNordbanken considers producing value for employees, customers and owners to be long term goals and has not defined these statements as values. The latter choice is probably the better one where corporate values are concerned.

A distinction can be made between organizational values and senior management values. One's interpretation of value statements and their implications for practice depends on one's place in, and consequent view of, the organization and it's parts. This affects whether one sees organizational values as something related specifically to 'my' work or only in a more general and distant way to the work of the organization as a whole. For the senior management these two perspectives can easily overlap, but for other organizational actors their personal role may be difficult to connect to overall organizational purposes and outcomes except in the most general and abstract of ways, which does not result in practical guidance in their day-to-day role. They can and should understand organizational goals, but implications for daily practice will require more personalized values on a scale that is relevant to them.

5.6.5.2 The value statements within an internal atmosphere survey

There was value related material built right into the MNB 1999 and 2000 internal corporate climate surveys. This material is analyzed below. The value statements have been expressed in this form within material presenting the results of an internal atmosphere evaluation.

Table 40. Value related material within internal corporate climate surveys.
Aspired action is represented by
Customer orientation (Asiakassuuntautuneisuus)
Orientation towards results (Tulossuuntautuneisuus)
Loyalty (Lojaalisuus)
High quality in action (Korkealaatuinen toiminta)
Willingness to develop know-how (Halukkuus kehittää osaamista)

These 'value proposals' presented are described as a continuation of Nordbanken's previous values (goals). In this way Nordbanken values can be seen to exist in a modified form in business practices over two years after the MNB merger.

5.6.5.3 Other value related comments

It is difficult to discuss and work out values in a second and less familiar language. In the MeritaNordbanken setting, value discussions were conducted in Swedish and thus a clear risk of misunderstanding existed, particularly for the Finns but also for the Swedes when in conversation with Finns. For example, I have personally experienced the use of words

values (värde = value = arvo) and valuations (värdering = valuation = arvostus) to be confusing. In some discussions it has been emphasized that the word to be used is valuations, and not values. The difference between these terms is considerable and gives different emphasis on the phenomenon under discussion. “Value” describes something more permanent and stable, whereas “valuation” is something more variable and more easily changed.

In practice, both in written and spoken comments both concepts are intermixed in an illogical way. In Finland the word most commonly used is organizational values. It is an unanswered question whether the word for value in Finland is equivalent to the word for valuation in Sweden. My own interpretation is that the meanings of these definitions are not necessarily thought through very deeply in the organizational contexts, and the words that feel most appropriate to a particular speaker are used.

The language related difficulties in value work were changed and possibly amplified with the decision to use English as the corporate language. Now all actors—that is, Finns, Swedes and Danes—have to use a foreign language in this discussion of abstract values.

5.6.6 Conclusions

At the outset, the values of both organizations were fairly similar. Out of four or five values, three were very close to each other. The differences lay in the manner in which the values were understood and used in organizational practices. Nordbanken values were clearly more economic in nature and more business driven, with a focus at the organizational level. Merita’s values seem to have been meant for use within the organization, by all units and all employees. A choice of either approach or some alternative way to tackle values has to be made. Values being at the very core of organizational being, different parts of organization cannot take fundamentally different approaches towards values.

Taken that values are considered to be a phenomenon of importance to the organization or a tool used to develop the organization, there are clearly discontinuities involved in value related thinking. Models and approaches related towards corporate values can be taken to be even more varied, than models of strategic thinking. Therefore it is difficult to continue ‘value-work’ over considerable changes caused by mergers, without having to define the whole setting anew. In a way value related action seems to take several steps backwards in new mergers and specially in cases, where no previous management continues as such, but new mixed responsibility structures are built anew and none of the previous managements can be seen to ‘take over’.

6 IMPLICATIONS

6.1 Introduction

The purpose of this chapter is to answer the question posed as the general focus of the research, which was:

How can corporate practices intended to address organizational culture in the merger of Merita and Nordbanken be understood in the light of cultural theory, and what does this reveal about cultural challenges in international mergers, and about the theoretical structure for understanding cultural issues in general?

This question has been partly answered in sections 5.1 through 5.6, where I focused on the targeted problems of this research. In this chapter I will elaborate on the results in chapter 5 in order to address the guiding question of the research by articulating the culture-related corporate practices that followed the merger that created the Swedish-Finnish organization of MeritaNordbanken, understandings and perspectives that arise from looking at these practices through the lens of culture theories, and what can be learned from this example about international mergers in general and the theoretical structures available for understanding cultural issues in these situations.

There are three foundations for this discussion: (a) the analysis of the corporate practice in MeritaNordbanken from Chapter 5, (b) relevant cultural theory as discussed in Chapter 3, and (c) my own perspectives and opinions as the author of this research and an active participant in the discourses previously analyzed.

There are three issues to be considered.

1. Corporate practices intended to address organizational culture. These practices include a variety of different measures. From a social constructivist perspective, deliberate measures intended to affect corporate culture, that focus on building common understanding over corporate culture, are of special importance.
2. Corporate practices related to cultural theory, or theories. It is necessary to review the various theoretical approaches available to understand cultural issues broadly, and corporate culture issues more specifically.
3. The nature of cultural challenges in international mergers. By analyzing corporate practices and relating these actions to cultural theories it is possible to draw conclusions about the strengths and shortcomings of current theory. The question of cultural challenges in international mergers is, or should be, of considerable practical interest to organizations involved in such activities.

The discussion will show the challenges involved to be more complex than what many mainstream quick-fix managerialist corporate culture approaches suggest the case to be. It will also demonstrate the possibility, but also the great difficulty, of changing corporate culture. Changing a culture requires enormous skill and considerable investment. The word investment should be understood broadly here, meaning time, people, effort and also money. It is important to recognize whether, and when, a change in corporate culture is necessary and when it is not. A common corporate culture may not always be necessary, or

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may vary in different organizational settings and in different parts of a particular organization without creating problems for the organization.

If a culture has to be “changed,” it must be asked whether this change must occur across the whole organization or just in specific parts of it. When proceeding with the change, the social constructionist nature of reality building in social organizations has to be taken into account. These social constructs (i.e., cultures) change only through the active involvement and deep engagement of those who are called upon to change. In principle this means the personnel as a whole, and in practice it means a critical mass of the personnel. Because the management, although a major player in the culture building discussions, cannot change the culture through its actions alone, the personnel of the organization has to be directly and actively involved. When involving the personnel, it is advisable that they understand and agree on what is to be done in advance, have a realistic appreciation of the possibilities and challenges involved in a changing social realities, and enter into the process positively and voluntarily (i.e., are motivated to do it).

Cultural change is not a senior management act, although the activity of this group is critical to initiating, conducting and consolidating such activities. It is also not something that can be conducted by the personnel, or by some special internal body within the organization on its own. Neither is cultural change something to be conducted by external consultants. Not only must cultural change involve a critical mass of the personnel, it must also be connected to overarching organizational processes and goals rather than conducted in isolation.

In the rest of this chapter I will outline the thinking that has led me to these conclusions.

6.2 Elaboration of empirical analysis

In this section I will further elaborate on two important items that arose from the empirical material analyzed in section 5. The first of these is decision making—an item of special importance within the discourses conducted. The second is “value triangle” focused thinking—an issue emphasized in cultural discourses.

6.2.1 Decision making

Decision making is clearly an area in which the empirical material shows significant problems. It is of utmost importance for a business organization that all those involved in a decision, or affected by it, know what has been decided and what is the substance of that decision. It is also important that the actors can accept the decisions made. This is not necessarily the case on either the Finnish or the Swedish side. Finnish decision making is problematic for the Swedes because decisions are made too quickly and the opinions of those involved may not be sought or considered. Swedish decision making is problematic for the Finns because it takes far too much time for their liking, because they are partly blind to the non-verbal discussion taking place within the meetings, and because decisions made outside the formal procedures—for example, by the managers—are less overt than in Finland.

The concept of consensus is important in Swedish decision making. Swedes themselves, as well as outside observers, often refer to their decision making style as consensus-based. The concept of consensus is complex and requires careful definition, both in theory and in practice. However, it seems that the problematic nature of the concept and the need for clarifying discussion is not understood and/or not accepted in Sweden. One reason for this may be the legislation that requires consensus-based decision making in organizations, and

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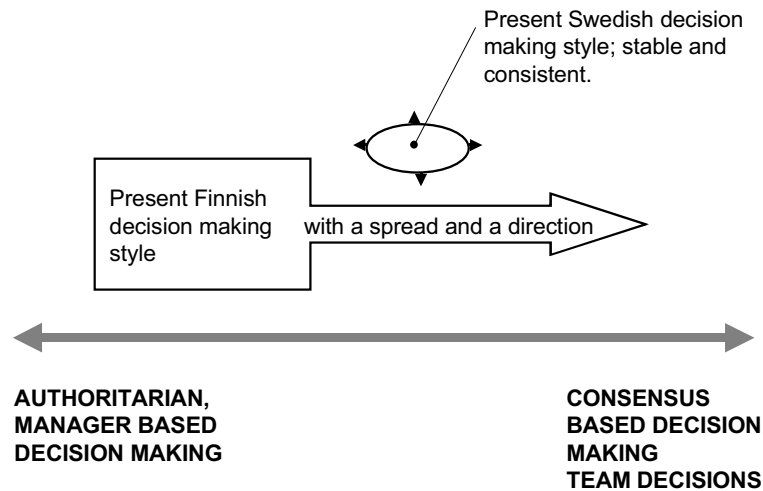
the consequent need to be seen to be making decisions in this way, which may become more important than the underlying reality.

According to Mezirow (1995, 28), we hardly ever attain an ideal level of consensus because (1) complete information is never available, (2) we are seldom free from external or psychic pressures, (3) we are not always open to unfamiliar and differing perspectives, (4) we may have a limited ability to conduct rational and critically reflective discussion, (5) we seldom ensure that all discussion participants have the freedom and similar opportunity to participate fully (to speak out, to question, to criticize, to defend), and (6) it is rare that we actually base our decisions on evidence and coherent reasoning. These factors make consensus an extremely difficult state to be attained. To claim, that any decision should be consensus based, is almost always untrue.

Most of these problems, or all of them, are present in Swedish decision making situations. My evaluation on the basis of the material analyzed is that consensus is over-emphasized in Swedish decision making. Form seems to be more important than function; that is, it is more important that decision making situations have the appearance of consensus than this actually be the case. This problem takes the reality even further away from the ideal of consensus. Finnish decision making may seem somewhat dictatorial to a Swedish observer, but Swedish decision making can be described, which presents itself as inclusive, actually often has the character of enlightened dictatorship; that is, the decision maker listens carefully and considers options, but then makes the decision very much by him/herself. Even if conducted with complete integrity, this process is one of consultation, not consensus.

In the figure below I have represented Finnish and Swedish decision making styles on the basis of the data collected in the MNB experience, and have formulated an understanding of national preferences in decision making on a two dimensional scale of authoritarian and consensus-based decision making.

Figure 49. Finnish and Swedish decision making styles.



Finnish decision making is comparatively more on the authoritarian side. However, there are efforts to move it towards more co-operative and team-based decision making; that is, towards and past the Swedish mode. Swedish decision making is more unified and possibly also less conscious of its nature because of the social requirement for it to conform, or appear to conform, to the consensus model. My interpretation is that the appearance is not the same thing as the reality and that decision making in Sweden is not necessarily any more democratic than it is in the supposedly more authoritarian Finnish style. Finnish decisions may be dictated more explicitly by the managers and Swedish decision more covertly following a ritual of a discussion in which all actors have an opportunity to express their views but in both cases the managerial power to drive the decision is considerable.

6.2.2 Value triangle elaboration

New and emerging organizational concepts can have fairly weak connections to everyday organizational practices, or at least the relationship between ideals and realities may be more complex than one might at first assume from appearances. The previously mentioned value triangle involving customers, owners and employees is illustrative. In everyday corporate speech statements that are seen to be “practical,” “anti-theoretical,” “applicable” etc. are highly valued. In contrast to this, theory is considered to be of less practical value in everyday organizational life. Practice and theory are often seen as opposites rather than two sides of the same coin. For example, the idea of value production for the owners is a highly abstract conceptualization for the average employee that he/she may find difficult to connect to his/her daily activities. Value production for the customer, on the other hand is easier to understand in practical terms. Thus, these two apparently similar ideals may be very different in terms of the complexity of their explanation and implementation.

Abstract value statements that are extremely important to the organization as a whole, are continuously referred to in senior management speech. The question is, how are they understood by the organizational actors who are asked to follow the chain of logic connecting their practical daily duties and activities to overarching organizational goals expressed as value statements. Value statements can be seen as organizational necessities that express broad intentions but have very little direct consequence, or they may be seen as critical guidelines for individual and unit-level action. In practice this latter approach is demanding, and perhaps unrealistic. This is even more likely if organizational

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practices do not support the use of high-level value statements as guidelines for local actions. Of course, value statements may be seen purely as a higher level of understanding that is not meant for everyday use, but only to give scope and perspective to broad strategic thinking. The actual lived experience of employees may be that some value statements are useful for active everyday use (e.g., value for customers), some are helpful when discussing the focus of activities for the organization as a whole (e.g., value for shareholders), and some are symbolic statements of senior management understanding of the importance of some element (e.g., value for employees).

I will analyze the logic of the “value production triangle” below in detail, treating it as an important part of the senior management message to the organization. In general, the message is very clear. All three groups are important to the organization and can expect to have their needs met. They are all the intended benefactors of value production and thus their needs are important to the organization when it defines its values.

Senior management of any organization is liable to advocate the creation of value for customers, shareholders and employees. This is not unique to MNB. As I pointed out in the theory chapter, these three interest groups are generally taken to be the main ones for any business organization. As I also pointed out, the tendency to emphasize the importance of owners is particularly strong in the Swedish banking world, which can be taken to reflect a similar international, and especially American, focus on satisfying the owners’ expectations continuously in the short run. However, the very familiarity of the model may obscure the importance of the model and some of its critical features.

I consider the emphasis put on customers, shareholders and employees to reflect something very central to the definition of organizational values. A comparison of the MNB Annual Report for 1999 and press release material after MNB-Unidanmark merger of 2000 is provided in the table below. This comparison clearly shows the continuation of the kind of thinking focused on the aforementioned three main interest groups over the course of the new merger and illustrates that this kind of thinking is generally accepted in all corporate settings.

	MeritaNordbanken Annual Report 1999 (Anon. 1999b)	MNB-Unidanmark press release material 2000 (Anon. 2000c)
Customers	Important customers have the highest customer satisfaction.	Maximum level of satisfaction among growing number of loyal customers.
Shareholders	Extra value produced and rising dividends.	Maximizing value.
Employees	Most desirable employer in the area.	Most attractive employer in the region with a commitment to world class competence.

Different viewpoints and narratives can be developed to describe the interrelated logic of the relationships between these three interest groups, and value production for them. Within American and Central-European contexts the emphasis on owners has traditionally been strong. This has also been the focus of Swedish attention, and is increasingly the case in Finland as well because the growing role of international investors within the Nordic banks has forced them to emphasize benefits for owners (e.g. Huolman et al. 2000).

According to one narrative, customers are the key focus in this model. Short and long term customer satisfaction is the cornerstone for a profitable business. High quality customer service results in good return on investment, and the increase in share values that owners expect. Owner satisfaction, in turn, makes it possible to offer value elements of importance to the employees, such as adequate salaries, development opportunities, and job security.

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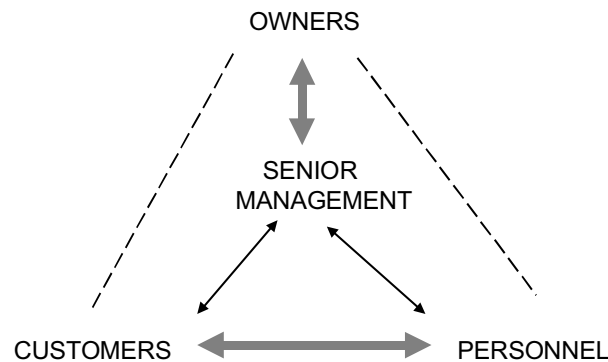
Another narrative would agree that in the long run customer satisfaction is the essential element because without satisfied customers there will eventually be no business to run, but would see personnel as less critical because salaries have to be paid no matter what kind of results the organizational action produces. In this narrative, personnel satisfaction is conceptualized purely in terms of salary and the owners have the lowest priority, as they get their share last, and only after the personnel and the customers have been satisfied.

One more variation on the value production triangle for employees, customers and shareholders was developed by participants in a separate value seminar within Merita organization in the autumn of 2000. This group felt that basic values were the driving force behind the most important relationship in this model, the relationship of the customers to the personnel. "Trust" and "partnership" were named as key driving values. Short- and long-term customer satisfaction makes the profitable conduct of business possible. This, in turn, makes it possible to produce extra value for the shareholders. In this version, the model was even drawn upside down, the driving values being on the top, the customer-personnel relationship in the middle, and the share holders on the bottom. It was suggested that it is irritating and misleading to draw a model triangle in which the shareholders are on the top and the two more important elements on the bottom.

I propose a further alternative to the interpretations presented above. This is somewhat more complex, taking into account the different interrelationships involved. There exists a logical chain of effect between organizational results, return on equity and the value of the share. Owners are interested in all three and especially the two last ones. Day-to-day employee interaction with the customers in accordance with organizational goals can be taken to have an effect on results at the unit level. In this sense, organizational results are partly affected by employee action, but in the case of a banking organization they are also greatly affected by changes in interest rates, by changes in customer portfolios, by extra income from property sold, and by other such influences. Individual employees have relatively little to do with these forces. Even more complex are the mechanisms that affect share value. These mechanisms have to do not only with the practical achievements of the bank but also with market trends and expectations that are, to a great extent, beyond the influence of employees and only weakly connected with their actions. It is well beyond the analytical capability of most employees to understand these macro-forces and their relationship to the employees' daily actions.

My interpretation is that the model includes two logical levels that are not easily consolidated within a single model that can be used as a guide by employees. One level is the relationship of the organization to its customers, and the other is the organization's relationship to its owners. The internal logic of these two relationships is different and should be treated separately. The customer relationship is attended to by the employees and the owner relationship by the senior management. For this reason, the senior management is added to the model as a fourth interest group. The model is presented graphically below.

Figure 50. The value triangle elaborated.



The foundation of the business is the customer-employee relationship. The main task of the organization is to produce experienced real value for the customer, both in the short and long run. This relationship is attended to by the employees and monitored by the senior management. Customer satisfaction and profitability, and employee satisfaction, competence and motivation are the main elements to be managed. Profitability at the organizational level makes it possible to add value for the owners. This is taken care of in the owner-management relationship. By monitoring different activities within the organization and their levels of profitability, and by making appropriate decisions, the senior management ensures that the owners' expectations are fulfilled, and exceeded if possible.

In this model the focus of employee attention is only on the customers and takes the form of conceptually understanding the different needs of the various customers and developing the means to satisfy those needs. The senior management monitors the customer-employee relationship and nurtures it through attention to such things as employee motivation and satisfaction. The relationship between senior management and owners is a separate one, dependent on the outcomes of the customer-employee relationship and a variety of other factors such as national and international finances, developments in various business fields, the attractiveness of the financial sector as an investment vehicle, possible business arrangements, purchases and sales of property, and so on. The personnel have very little to do with these issues, which are primarily the responsibility of senior management.

This model is guided by corporate directive mechanisms and measurement systems. For example, the logic of external and internal climate measurement focuses on customer satisfaction and employee satisfaction (Anon 1999c). A model is presented in which correlations between these and the factors of profitability and margin are shown. Connections to owner expectations and ROI are vague or missing in this model.

What seems to be important is that the two different levels of logic are kept separate. Unit-level customer service and profitability is one thing, and organization-level ability to produce dividends is another. The logical chain that connects returns and costs at the product and unit level with organizational share values is highly theoretical and obscure from the point of view of a single employee or a single branch office. Profit calculations can be expected to be made at the unit level, but there are no means to make unit level calculations on ROI. Owner satisfaction is also a theoretical value with very little connection to practical daily unit life and reality for most employees. It can easily be understood in general terms, but is

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difficult to operationalize. Thus, the connection between the owners' interests and employees' actions is experienced as weak. There is, however, a strong and highly visible connection between the employees and the customers.

This is evident in the incentive systems designed by senior management in an attempt to distribute responsibility for producing value for the owners more broadly throughout the organization. The enlarged group focusing on this goal still represents only a small minority of the personnel as a whole. The system of "synthetic options" published in September 2000 is an example of such an incentive system. Synthetic options is a way to pay option-type revenues to employees on the basis of overall organizational results. This particular strategy was developed to exploit characteristics of Swedish tax law with respect to options. The program offers considerable personal benefits for a group of 300 persons in the top management functions of Nordea. This arrangement makes the goal of increasing share value and share revenues more concrete for this group, but it has no direct effect on the rest, that is, on some 38,000 employees in the organization.

Corporate governance within large Finnish companies has been studied in recent research (Huolman et al. 2000, 7-8, 20-22, 46-49, 62-66). In this research special attention is paid to the connection of shareholder value based goals to other organizational goals. The analysis points out that shareholders are only one important interest group, whose interests should not be over-emphasized. One-sided emphasis on shareholder interests is seen to be an overdoing trend in present business thinking. The logic of investor thinking is by nature different from the managerial thinking needed to guide the organization towards long-term business success. Short-term emphasis on shareholder value is described in this research as specially problematic. "Short-termism" is an invented term used to describe the growing owner influence on corporate action.

6.3 The culture carriers

Culture carriers may be persons or processes. The key persons identified as main speakers keeping the cultural discussion alive have an important role in cultural development. The cultural processes that carry culture are the specific deeds and activities intended to promote development of corporate culture. MNB corporate culture seminars are an example of such processes.

6.3.1 Persons involved in culture development

Senior management cannot build corporate culture itself, but does have considerable influence over the direction of cultural development. It is worthwhile to study the main carriers of culture in the MNB senior management. They can be recognized (1) through their position in the organization, (2) through public comments made on cultural issues, and (3) through other activities in corporate culture development processes (e.g., active involvement in MNB culture development or previous culture development activities.)

The corporate culture discussions directly involved most of the MNB senior management members, but it was also clear that some of them were more involved with these issues than others. CEO Hans Dalborg commented on cultural issues through the internal media. His profile was raised within the culture seminars through the use of the culture video in which he was featured. The CEO was, however, not personally present at any of the culture seminars. The main speaker within the organization was the vice CEO and MD of Merita Bank, Pertti Voutilainen. The series of culture-related articles emphasizes his role. One more person can be recognized within the MNB senior management. He is Kalevi Kontinen,

who was actively involved in the Merita culture project, and was also active within the MNB setting. These three actors are recognizable as the prime movers of culture development.

What is interesting in the MNB-Unidanmark setting in the spring of 2000 is that both of the Finns mentioned retired during 2000 and that the Swedish CEO has moved to board responsibilities at the beginning of 2001. It is interesting to consider how much or the cultural discussions were connected to these persons, and how the cultural processes will continue in their absence. Although it is outside the scope of this research, it is also worth asking how the prominent role of the Finnish representatives in these discussions affected the Swedish part. In any case, the new CEO who took over in January 2001 has to define anew his attitude towards work in the field of corporate culture.

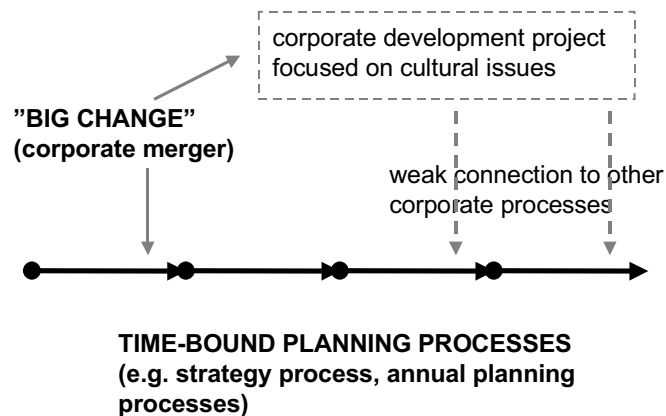
6.3.2 Corporate culture development processes

The corporate culture development project was an important activity in the field of corporate practices intended to address organizational culture in the merger setting. I have decided not to focus the research problems directly on the culture seminar process, but I consider it necessary to analyze the process under the general focus of the research. This developmental activity is of special interest, as a considerable proportion of the material analyzed in this research was produced within the corporate culture seminars or in relation to them. These corporate culture development activities have been described in section 2.4.

It is important to emphasize that I was responsible for planning the MNB corporate culture seminars for the senior management and also for conducting the seminar process. MNB senior management was the body that ordered the activity. Vice CEO Pertti Voutilainen was the person who represented senior management in this regard. Several people from various organizational levels were involved in the different parts of the process, and the end result was a kind of interpretation of the desires of the senior management and a compromise between the various actors involved. Naturally, some may consider that I would have a problem looking at this activity critically. However, my personal feeling is that even though I was actively involved in it I am able to review it dispassionately and objectively.

The picture below represents a model of the process and can be used as a tool for examining the MNB corporate culture development experience. The need to look specifically at corporate culture within the organizational context was motivated by a considerable external event; specifically, a cross-national merger. A corporate culture development project was launched as one of 50 to 100 other important projects following the merger. The development of corporate culture was not among the top priorities on this project list. This seems to have resulted in the project being conducted primarily by officials and weakly connected to other corporate processes in the minds of employees.

Figure 51. Corporate culture development in relation to other corporate processes.



A corporate culture development activity was considered necessary and was therefore launched. There were obviously contradictory views in the senior management about the need to focus on corporate culture development, which was primarily advocated by the Finnish partner. An agreement was reached to run this project, but it can be asked whether there was a deep commitment to it. It can be assumed that all parties involved looked at corporate culture development from a more or less managerialist viewpoint; that is, that they viewed culture as a property that could be changed through direct intervention in the form of discrete activities.

A considerable shortcoming in the planning of this initiative was that its outcome was left open. The corporate culture seminars were organized but no activities were planned to support follow-up activities for the individual participants or their units. The original project plan included such a continuation at the unit level but this aspect was dropped for unknown reasons. Weak commitment to the process is one plausible explanation for that.

Another considerable shortcoming was the absence of linkages between the culture seminar process and other corporate processes. The seminars produced an understanding of the cultural setting in the social worlds of the participants involved and a comprehensive set of suggestions for future development of corporate culture. The suggestions were received by the senior management and comments were made concerning them, but there was no clear link between cultural thinking and other aspects of corporate strategy or action.

The method chosen for gathering information about development of corporate culture through the seminars was interesting. The significant amount of material produced resulted in problems of absorption for the senior management. In fact, this research represents the first time a thorough analysis of comments has been made (section 5.3). Previous attempts to examine the seminar materials were fairly general and superficial.

An issue included in the seminar plan, but left out of many seminars, was the level of personal activity involved in development of corporate culture. Depending on the person responsible for the conduct of that particular seminar group, this question was included or omitted. It is interesting that many seminar leaders felt this question unnecessary or difficult to motivate for the participants. The question to ask was plainly, what can I personally do to develop the corporate culture of MNB? The problem for seminar leaders was two-fold: how

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to motivate such a question, and whether it was appropriate to gather decisions made anonymously for further analysis. Consideration of these questions is not included in the research design, and the material available is left for possible future analysis.

6.3.3 Future mergers and acquisitions

Merita and Nordbanken attempted a merger of equals. According to theory, this is a task that is close to impossible. One or the other partner is said to always dominate. The following merger with Unidanmark in Spring 2000 is of interest. This organization has been taken as a third equal partner within the organization. Perhaps a merger of three is easier than a merger of two “equals.” The acquisition of Christiania Bank from Norway in the autumn of 2000 is also interesting. This is not a similarly equal merger, but an acquisition. It can be expected that attempts to build a common corporate culture within Nordea organization will be more broad than was the case within MeritaNordbanken.

A full discussion of the present Nordea situation is beyond the scope of this research, but a brief comment is in order. The organization is completely “ready” in the strategic form planned. In addition to the four Nordic countries, Poland and the three Baltic states constitute its home market. This setting provides an excellent opportunity for corporate culture development activities. This is the time when the required culture can be constructed with the involvement of all important actors; that is, key representatives of all the various functional and geographic units.

6.4 Conclusions made based on discourses analyzed

In this section I will focus on conclusions based on the analysis of empirical material and the implications for both corporate theory and organizational practice. Section 6.4 contains the main findings, and the main contribution of this research to corporate practice. The findings are further elaborated in following sections.

6.4.1 Emerging discourses

I have focused extensively on three separate approaches to culture and corporate culture in chapter 3. The philosophical approach provides an in-depth understanding of cultural phenomenon in human reality. This approach then forms the broad foundation for the more focused organization theory and learning theory approaches.

Two separate meta-narratives can be seen to be emerging from the theory materials analyzed. The first is what I have chosen to call the “managerialist approach,” which focuses on the control aspects of culture and intends to monitor and manage organizational cultures so that they best support the achievement of corporate goals. In this discourse culture is “a tool” or “a part of the machinery” to be used to direct the corporation towards strategic and practical targets. This control narrative seems to prevail both within corporate theory and within reported organizational thinking. The alternative theoretical narrative focuses on the social constructivist nature of our interpretation of culture. According to this view cultures are constructed in our minds. There are several alternative ways to construct the “realities” organizations face and live through. Organizational culture is seen to be more of a metaphor helping to shape our understanding of social realities within the organization than something real and “factual” that could be monitored, manipulated and changed.

This social constructivist approach is my theoretical choice for this research, and it is necessary to consider the relationship of this approach to the organizational discourses

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analyzed. In general the discourses analyzed can be seen to be within the managerialist tradition. Social constructivist approaches are not totally neglected, but their position within the discourses is a minor one.

I consider managerialist attempts to formulate organizational cultures to involve considerable risks. To assume that cultures are manageable easily leads to limited and short term interventions aimed at development of culture. The culture seminar process producing the main bulk of materials of this research can be seen to be—within the organizational setting in question—a fairly marginal effort to approach cultural issues.

The social constructivist approach towards cultural issues requires more time and effort, but considerable benefits can potentially be achieved through this approach. Within the managerialist tradition, culture is seen as an uncontrolled problem factor to be brought under control through direct, rational intervention, but this approach is flawed in that there is no clear, credible and demonstrated proof of managed cultures; that is, of situations in which such an approach has succeeded. The social constructivist approach could be utilized to deal with culture much more realistically and effectively and thus to the greater benefit of the organization. However, this requires significant and fundamental changes in perspective.

In order for an organization to deal with its culture in a more sophisticated and effective manner, it must accept the socially constructed nature of culture and the important implication that it is not possible to manage culture within the rational managerialist tradition. It must be understood and accepted that culture is a powerful force that is not subject to the direct control of senior management, whether or not the management might wish that to be the case. Consequently, while management has perhaps the greatest potential for influencing culture development and nurturing its evolution in directions which strengthen the organization and improve its effectiveness, neither management nor anyone else can control that development directly, and attempts to do so will be ineffective and quite possibly counterproductive. The only way to harness this powerful force for the good of the organization is to give up on attempts to control it and work instead to motivate, influence, acknowledge and reinforce it through facilitative actions. Thus senior management takes on more the role of a 'gardener' than of the 'captain of the ship.' They can prepare the soil and plant the seeds, but actual development of the culture is something that must be left to nature, or in this case, the organization as a whole.

Of course, while such an approach creates the possibility of increased success at culture development and thus the possibility of considerable good for the organization, it also involves risks. Managers may be threatened by the suggestion that such an important aspect of organizational life is beyond their control. They may be unwilling to accept the long-term nature of culture development and incapable of dealing with its subtleties. Finally, senior management may be unwilling to accept that the directions of culture development are beyond their direct control and that they must empower the organization as a whole to undertake that task and to define the directions that it will take without the direct intervention or authorization of management at every stage. This may sound irresponsible to those with managerialist assumptions.

Culture is a social phenomenon. In order to understand and utilize it one must unleash the social forces within an organization. Of course, those social forces are always at work anyway and acknowledging them is probably the wisest thing to deal with them, but this realization may simply be too much of a leap for some. Empowerment of the personnel requires that senior management 'let go' and have confidence in others and in the collective social forces of the organization. While 'power through' the distributed intelligence and will

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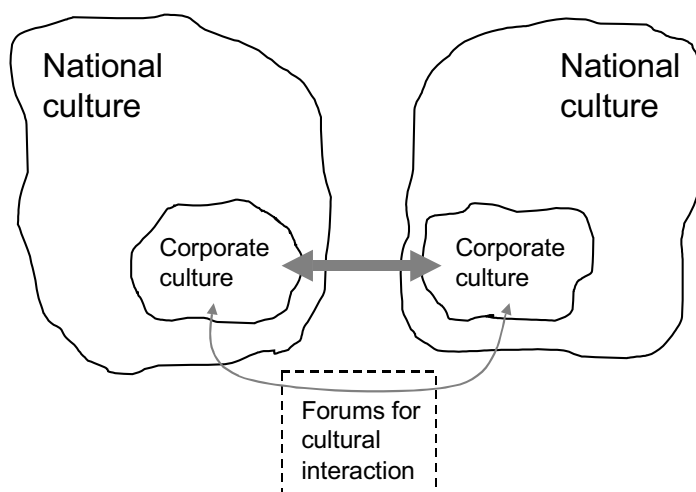
of an organization will ultimately be much greater than 'power over' the organization, this approach requires a deep inner transformation of assumptions and behaviors for all involved. Successful culture development requires that management give way to leadership.

I shall elaborate on this thinking in subsequent sub-sections.

6.4.2 Emerging national cultures

In the theory section, national cultures were expected to have a considerable role, as figures 9 and 35 show. Within the employee discourse, the role of national cultures and their clear differences became very clear. National differences were not suppressed within the senior management discourse, but there was a tendency to focus on similarities between national cultures rather than differences. There was a stated belief that cultural differences were not so strong that they would jeopardize goal orientated development within the organization. Acceptance and even enjoyment of cultural differences was suggested. From these comments it can be concluded that the senior management saw national cultural differences as a potential risk factor, but not a major or uncontrollable one.

Figure 52. Forums for cultural interaction.



In the organizational setting analyzed the main bulk of personnel was situated in separate national organizations according to previous Merita and Nordbanken organizations. The discourses revealed that in this setting forums for cultural interaction and common cultural construction were limited. Even within newly combined units working across national borders on a daily basis cultural interaction was limited. The cultural interaction took place primarily in meetings, Swedes travelling to Finland and Finns to Sweden for such occasions. The interaction was different from interaction after a national merger when employees have more opportunities to interact in an ongoing way and all meetings need not be agreed upon beforehand and arranged through cross-border travelling. These limited and missing opportunities to interact and construct common understandings in the new cultural setting made the MeritaNordbanken merger different from previous mergers at the national level.

MeritaNordbanken culture seminars offered one forum—for a limited number of personnel—to focus on the questions of corporate culture. This kind of arrangement, as well

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as exchange of personnel over national borders, are needed to facilitate the building of understandings of the new culture. Building a new corporate culture requires a considerable degree of interaction between representatives of previous cultures. Different forums for cultural interaction are needed, and have to be actively organized to facilitate culture focused discussions within the organization.

6.4.3 Interaction of theory and corporate practice

The approach to corporate culture within senior management was focused on actively shaping this aspect of organizational reality. Some consultant advice analyzed in section 5.1.4 encouraged this interpretation. Corporate culture theory was known to members of senior management as the analysis in section 5.1.4.1 shows, but that knowledge was apparently uneven between individuals. The Finnish management was reported to be more familiar with culture-related issues than the Swedish, and aspects of understanding of corporate culture development was spread between several individual representatives of senior management.

I would suggest the following premises for corporate culture development in organizational settings. (1) The results of culture-focused discussions cannot be predetermined. The emerging culture is, to some extent at least, unknown to all parties taking part in the construction of a “new” culture”. This gives culture a degree of inherently unmanageability and thereby creates a challenge for managers. If cultures cannot be reliably installed by the senior management, and if the outcomes are not clear beforehand, there is a “risk” involved in all culture change initiatives. There is no alternative to relying on the ability and will of employees to work actively for the benefit of the organization. Trust is required, and a willingness to empower employees. (2) The risks of culture construction can be decreased by the active involvement of senior management in culture focused dialogue. The role of senior management is critical, both in facilitating such discussions and in focusing their contents. Cultural discussions can be influenced, but not dictated. (3) The decisive element in all culture development processes is the active involvement of the personnel. A substantial portion of the personnel should have a chance to personally participate in these discourses.

I have elaborated on some important elements of cultural change processes below.

My conclusion is that most popular corporate culture postulates are misleading. The following statements express important differences between prevailing, although outdated, views and the results of this research. (1) Corporate cultures are by no means monolithic, but show variation within “one culture” and actually represent a mixture of different cultures. (2) Corporate cultures are very hard to measure. What is measured by simple instruments is not the core of culture, but only some distorted reflection of it. (3) Corporate cultures are by nature not manageable, or are at least very difficult to manage. The most realistic approach is to assume that cultures cannot be managed. They can, however, be influenced and may change through common discussion and reflection. In order for these discussions to be effective, a critical mass of the population has to participate “deeply” and “authentically.” (4) Values and basic assumptions cannot be deliberately changed. Valuations (i.e., those things consciously considered important to some person or some group) can be agreed upon and changed somewhat more easily. Values may, and do, change through processes that extend over long periods of time, or within crisis situations. Personal values develop through a growing process and through family and other important influence groups. To change values requires a similarly deep motivation and engagement. Basic assumptions being deep subconscious values, change even less readily and less

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rapidly. It requires dramatic personal processes to open one's eyes to see a personal illusion that is assumed to be personal and cultural truth in a new way.

Some of the practical goals of corporate culture development activities can be expected to be reached. In the case of MNB, a considerable number of suggestions were produced, and some practical issues were tackled (e.g., language). Because the process was fairly short and limited, however, the potential for deeper levels of cultural change was limited. I would assume that as a consequence valuations, not to mention values and basic assumptions, were not affected to any significant degree.

In conclusion, basic principles of popular corporate culture development were followed in the activities following creation of MNB, and the viewpoints presented by the senior management reveal many of the assumptions of a managerialist view towards corporate culture change. If future efforts are to be more successful, more sophisticated understandings of the social constructivist nature of culture must be developed within the organization and corporate initiatives must be based on these principles.

The culture-related thinking currently underway within the organization offers an excellent platform for this exercise, given that the will to develop cultural thinking further can be found. The number of essential and important projects within complex international mergers necessarily means that some of them must take priority over others. If culture-related work is done, it should be given a high profile and cultural processes should be connected to other organizational processes, especially the strategy, planning and policy making processes.

The purpose of this research is not to evaluate the corporate culture development project. It is clear that the depth of the project was limited. It involves a very small sampling of the employees, and no follow-up processes were conducted. Therefore is not known to what extent personal culture development decisions made by the participants were followed. The use of the main product of the seminars—that is, the suggestions to the senior management concerning culture development—was somewhat unclear. These conclusions are by-products of the research, not its focus. The primary purpose has been to analyze the process in some depth, and provide guidance for further development activities within the organization, or other organizations.

Two different approaches to corporate culture are presented and evaluated below.

Table 42. Two different approaches to corporate culture.		
	Traditional approach	Learning orientated approach
Features	Corporate culture and corporate values are defined by the senior management and taught to the employees	Corporate valuations are constructed together using strategy and goals as a starting point and in a way that offers all employees a real possibility to participate.
Employee view	Employee understanding, commitment and motivation is low.	A critical mass of employees are deeply engaged in the cultural dialogue.
Management view	This is a traditional and “safe” managerial approach to corporate culture.	May be considered risky and uncontrollable from the point of view of the management.
Expectations	Very little real changes take place.	Common valuations can be redefined. With time and in “optimal” circumstances new common values and culture may emerge.
Metaphor of this approach	Culture is a part of a machine to be installed by competent experts.	Culture is a metaphor of organizational realities helping to understand the setting.

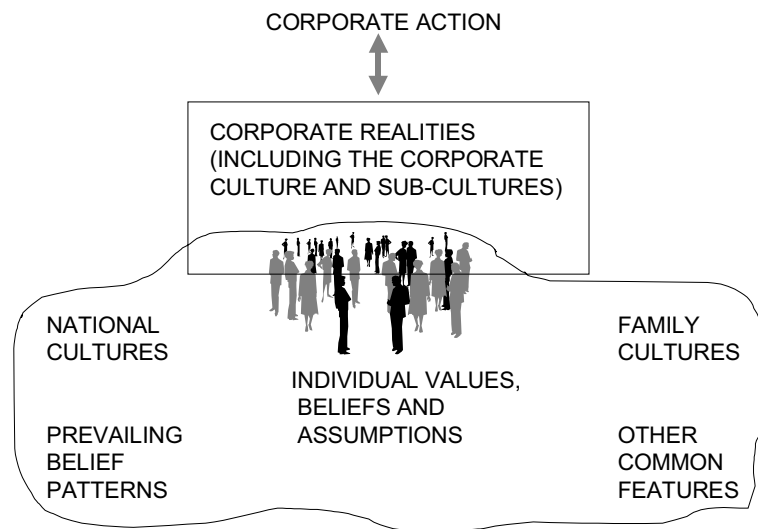
Only the learning-oriented approach offers the possibility of real change that goes beyond grand words by the leadership and actually embeds itself the understandings and practices of employees.

6.4.4 Critique of mainstream cultural theory

As one step in this discussion I will present a critical reflection on the interrelationship between an individual and an organization. Individual and organizational realities seem to be more complex than basic models assume. To me, the interrelation between the individual and the collective is crucial. Collective (i.e., organizational) means may be entirely inadequate to reach the depths of the psyches of individuals, as is assumed to occur in several cultural models in which organizational values are expected to have an effect on individual values, and even on individual basic assumptions. This may occur to some extent, but if it does it is probably the result of other mediating factors rather than a direct consequence of corporate activities.

I take Schein’s model of culture as my primary reference point. I have chosen this model because it is clearly the most popular cultural model in practical use, and it was also used within the MNB culture seminars, as well as within the previous Merita Kide process. To me, individual and organizational realities seem to be much more complex than what the basic model implies. Therefore, I present in the picture below an interpretation of what seems to be taking place in the interaction between organizational realities and individual psyches.

Figure 53. Interaction of organizational realities and individual psyches.

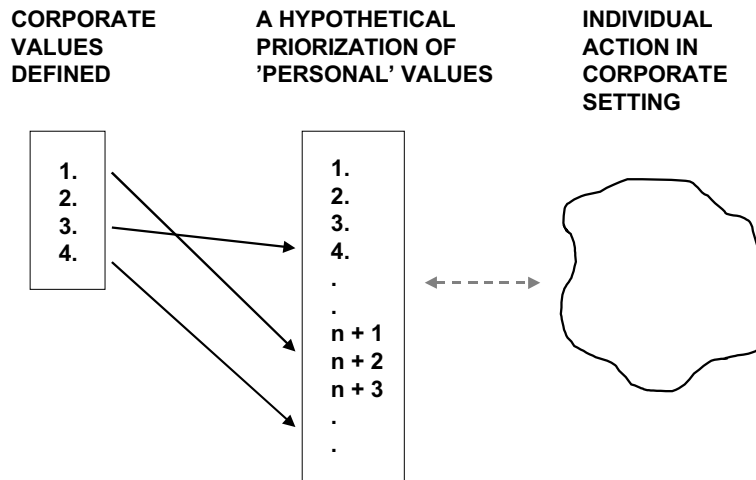


Schein’s model of culture seems to be more valid at the national level; that is, when considering phenomena on a broader level than organization. Especially in present turbulent organizational realities there is little time and possibility to develop deep and penetrating basic organizational assumptions.

The question of values seems to be multi-dimensional. It is expected that individuals have values at different levels, from weak valuations to deep-level basic assumptions (i.e., values so strong that they have become personal “truths”). Organizations also have values that represent common ways that employees interpret “reality.” Neither organizational nor individual values should be taken to be expressions of exact phenomenon in the mental world. They should be considered more as metaphors that help individuals and organizations to interpret experiences and determine their responses.

The following model represents the relationship between “corporate values,” “personal values” and practical action.

Figure 54. Relationship between corporate values, personal values and practical action.

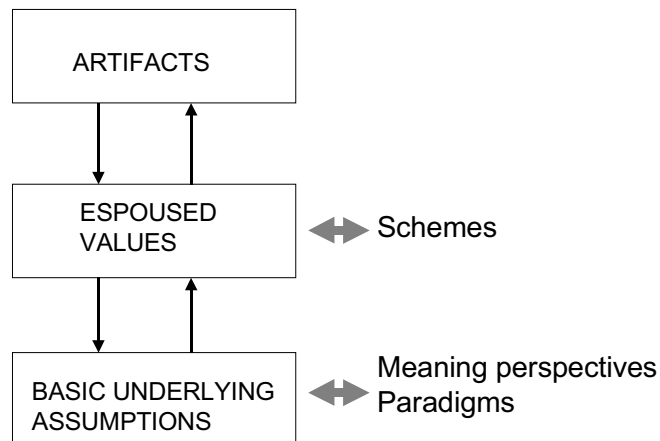


It can be expected that corporate values would not be on the top of a list of personal values. Personal values are more liable to parallel a priority order of concerns such as life, health, security, family, work, human value (e.g., Turunen 1997, 269-278). Corporate values probably lie somewhere lower in the list of personal values, or may be missing from this list altogether. Individual action taking place in a corporate setting is probably influenced more by personal values than corporate values, but the link between corporate values and individual action is complex and no straightforward interpretations of this relationship can be made.

The setting is even more complex when contradictions between values and action are considered. Human action does not always take place according to anticipated or expressed values. For example, health, social relations or work may be valued, but the actions an individual takes may be opposite to those values, despite the fact they are sincerely held. This may be because of the effect of contradictory values that oppose each other in the practical situation. However, a more plausible and common explanation is that it is not easy to know and recognize one's own values. Deep level values (basis assumptions) are, by definition, not fully accessible to conscious consideration. A third, more postmodern, explanation is that such things as fixed values do not exist and that we redefine our values in different situations.

At the level of national cultures, the following interpretation and development of Schein's model seems plausible and reasonable.

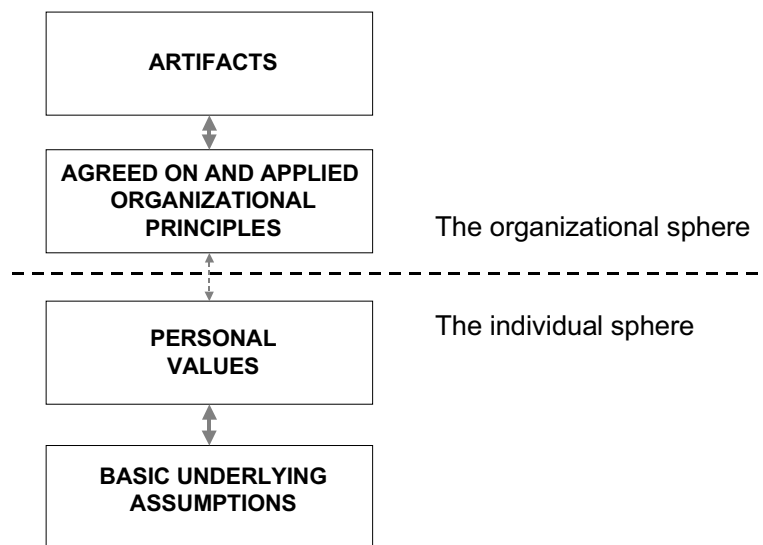
Figure 55. Interrelationship between levels of culture, schemes, meaning perspectives and paradigms.



There is a connection between schemes and espoused values, and between meaning perspectives and paradigms and basic underlying assumptions. The implications of this suggest the means to approach values and basic assumptions. Values can be approached through the same process as schemes; that is, through critical reflection. Some basic assumptions are approachable in the same way. However, the most fundamental basic assumptions can be approached only in the way paradigms are changed. This implies a deep level change in prevailing paradigms and basic assumptions as they are replaced with new ones.

Schein's model can be seen as a projection of a model of the individual psyche onto the organizational level (conscious mind, subconscious mind, Id). Though I am very happy to use this model as a metaphor for building understanding, I am also very skeptical about its plausibility in an organizational setting. It can be assumed that there are processes that build common understandings and interpretations of organizational realities. Cultures are constructed by the actors involved. But whether the end-result is a monolithic organizational culture with different levels of phenomenon is more doubtful. Even more importantly, the rapid changes within the so called new economy leave very little time to develop common organizational basic assumptions in relation to external and internal pressures. This implies that certain modifications to Schein's basic model of culture are required.

Figure 56. Modifications to Schein’s model of culture.



To my way of thinking, there are two separate spheres: the organizational and the individual. Artifacts and common organizational principles are features of the organizational sphere. The individual sphere is composed of personal values and deeper level basic assumptions. These can be seen in terms of Schein’s original definition as more and less conscious values.

Artifacts are visible and organizational principles are also often to be found in written form or are embedded in tacit organizational knowledge (i.e., commonly used but not necessarily consciously known by the actors involved). The individual (i.e., particular, separate and inseparable) sphere contains the personal values and basic assumptions of each separate individual actor within the organization. The interaction of variables inside both spheres is much stronger than between variables in different spheres. Organizational activities aimed at actually changing values or even more at changing subconscious and thus difficult to access basic assumptions would have to be very considerable in their magnitude. Organizational psychoanalysis might be a suitable term to describe such an approach, and indeed such a term is actually in use.

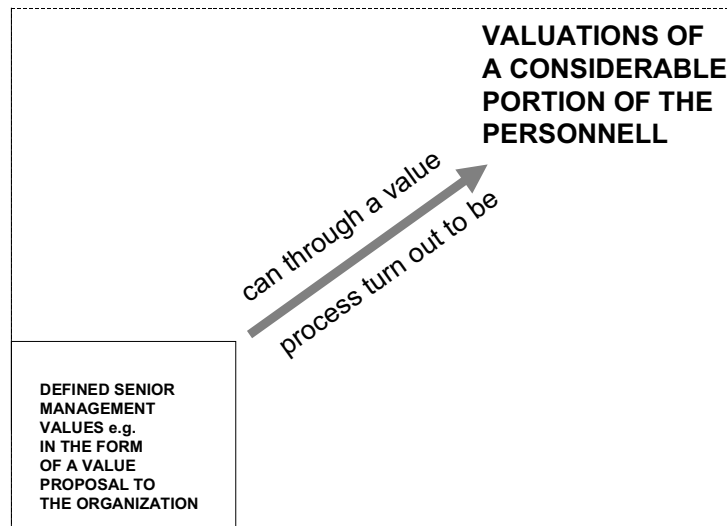
The discussion that took place within the corporate culture seminar project concerning the terms “value” and “valuation” (which was reported in section 5.6), may be of importance to this analysis. The term generally used when theories and practical business orientations focus on this sphere of culture is “value.” This may be quite a misleading approach. As an alternative, the focus might be set on valuations (i.e., things that senior management considers worth valuing and about which a general agreement can easily be built within the organization). It is much easier to accept the existence of corporate valuations than corporate values. Long lasting valuations may slowly evolve into values, but direct leaps to forming new values are probably more a matter of empty business liturgy than something that actually occurs within an organization. The effect of turbulent business environments and rapid organizational changes may even make common values an unattainable ideal in practice.

What then seems to happen when organizational actors orient and adapt to changes made within organizations that involve new principles and new courses of action? To me it seems that the flexibility of the human mind is implied in the picture. Actors adapt themselves to

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new principles. If these are not strongly and totally contrary to their personal values and assumptions, this may well be possible. In case of severe contradictions, however, the actors may leave the organization. Thus, the best way to build a new organizational culture may be to recruit personnel whose values fit the intended organizational values. Such an approach can be seen in some fast growing organizations as long as they are able to find enough suitable, and amenable, candidates for the positions available.

Figure 57. Development of organizational valuations.



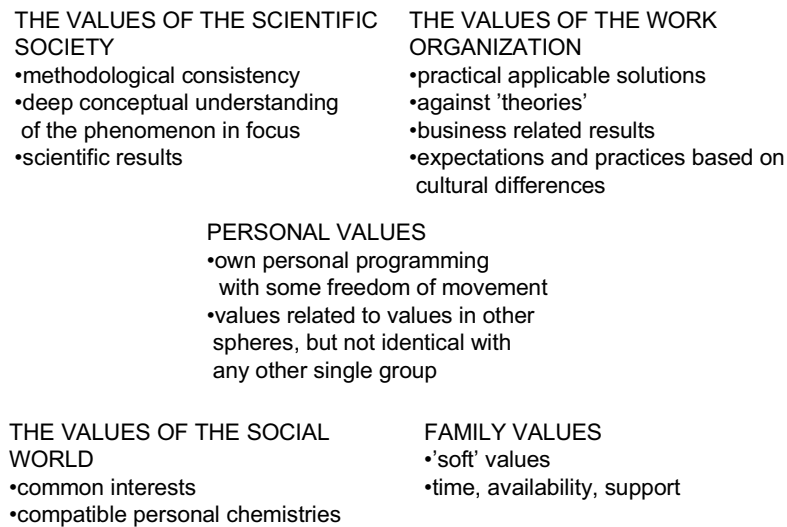
It is important is to have a realistic understanding of what corporate culture is, what can actually be done, and what cannot be done, so that realistic activities and processes can be planned. The participants should be involved in strategy-based processes aimed at understanding present realities and at defining acceptable guidelines for action. Through such continuous open reflective processes, changes in values may occur that are beneficial to the organization in achieving its goals. Under any conditions, however, I would omit changes in basic assumptions from the objectives for these activities.

6.4.5 Personal reflection over organizational cultural realities

Finally, I will examine the ideas above through a personal experience. I am a member of the organization I have studied and here I will evaluate the experience introspectively. I have recognized some different cultural worlds of which I am a member and thought about the different value structures that exist in those different arenas. To me it seems that it is very much possible to work with several different value sets simultaneously, or in succession, without necessarily compromising or changing your personal values. I suspect that most employees who encounter clear organizational expectations can meet these expectations without compromising their personal values and also without actually changing those values or their basic assumptions (which, as I have noted, is very difficult and virtually impossible in a short period of time).

The situation is represented below.

Figure 58. Personal reflection over different value spheres.



This is just a rough picture of some of the different value spheres that I personally presume to influence me. The picture is even more complex and subtle if we look more closely at our roles within different sub-groups, both inside and outside the organization. Personal values change only slowly, if at all. Therefore, the focus should be on the flexibility we can achieve in the other value spheres of our personal programming. While this may be greater, it must still be seen as a considerable challenge to change one's values in any fundamental way.

This being the case, the most effective way to change corporate cultures seems to be through recruiting. The selection of significant numbers of the "right kind" of new employees can have a rapid and significant, if somewhat volatile, effect on the culture. The problem, of course, is that (a) we may not know precisely what kind of person we need, (b) it is next to impossible to reliably evaluate the value traits of job applicants, and (c) it is not necessarily the case that suitable applicants will even be available in the required numbers.

This leaves us, in most cases, with the much more complex and longer term task of changing the corporate culture by working with the existing personnel to encourage them to evolve their values in a direction that supports the business strategy and goals. This requires a social constructionist approach towards culture, long term commitment by the senior management, deep understanding of the issues involved in cultural interaction and change, realistic appreciation of what can be done and what cannot be done, careful consideration of the ethical questions raised by intervention in human values, and sophisticated use of the understandings and methods available in cultural change theory.

6.4.6 Cultural change through learning

Some very popular approaches used by consultants and other pragmatic corporate culture development models seem to be misleading. The evidence speaks against easy manageability of culture and the sort of easily applicable cultural change methods that are often suggested in these models. What seems to be missing from popular cultural theories is an emphasis on the importance of common interpretation and reflection as the main prerequisite for cultural change. The advice given suggests that management can use a simple and straightforward process such as the following to change culture: (1) recognize

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present culture, (2) define gaps in culture in relation to strategy implementation, (3) fill these gaps, and then (4) a new culture will emerge.

Corporate cultures do change and can, to a certain extent, be affected by managerial action, but the relationship between managerial intentions and actual emergence of a new corporate culture is by no means either direct or simple. The most important factor in cultural change is the individual and his/her personal attributes in the affective, conative and cognitive spheres. Culture related factors such as attitudes, beliefs and values exist in all these aspects of the individual psyche. The pivotal question is whether attitudes, beliefs and values can be accessed, and, if so, how. The affective sphere in particular, which is very important in this regard, is very deeply rooted and difficult to change. Thus, this important aspect of culture may be fairly unreachable. The aspects of culture that can be accessed through cognitive and conative processes may be more malleable.

Cultural change is a collective phenomenon based on an individual process that occurs within a number of people in a similar way at the same time. Individual change can be motivated and supported by management action, but only to a limited degree. While management can create hospitable circumstances for cultural change, it remains a voluntary and largely subconscious individual process.

Corporate culture change is easier to accomplish when the personal values of the individuals involved are consistent with the cultural change that is desired. In this case it is simply a matter of identifying and emphasizing the desired aspect of the existing values. This may be what actually happens when organizations experience successful cultural changes, either consciously or subconsciously they have changed emphasis within a framework of existing values, beliefs and attitudes rather than introducing new characteristics.

Value change is much more difficult when corporations try to implement values that are unfamiliar to, or uncomfortable for, a significant portion of the personnel. Such situations may arise in cross-national mergers because of differences in the national cultures. In this case the existing value-base that is common to employees may be quite limited, and with it the options for convenient cultural shifts. It may be easier to recruit new personnel with the "right" values than to try to change the values of the existing personnel. This, however, may not be possible for ethical or other reasons.

Cultural change takes place through learning. Appreciating this fact is imperative for understanding what happens when cultures are formed and changed. Probably the most frequently cited cultural theory, by Schein, postulates that culture is a set of basic assumptions a group has developed in relation to external and internal challenges and pressures (Figure 16). This model is quite rigidly monolithic and does not help to explain how cultural learning takes place. Hatch has developed Schein's model into a more dynamic form that takes into consideration the interaction of values and assumptions (Figure 17). The model is presented in chapter 3. This deepening of Schein's original model is welcome and interesting. One promising approach towards the social constructivist nature of cultural processes is presented by Brannen and Salk (Figure 18). I would prefer to use this model as a starting point in building understandings about what really takes place in organizations when cultures interact.

The transformational learning approach to culture has four important features. (1) The model focuses on conative issues while largely ignoring affective and cognitive areas. This is problematic because culture exists in, and is influenced by, all three aspects of the

psyche. (2) The model focuses on individual learning and change. Culture, however, is more a group phenomenon and should be approached from a collective angle. (3) Important personal experiences are the trigger that starts the transformational learning processes. It is unclear how these could be produced at the organizational level, and also whether it is ethical to do so. (4) Transformational learning focuses on individual interpretations; that is, personal and internally mediated views. Corporate cultural change is goal orientated and the outcomes and interpretations are very much defined from the outset by those who initiate it. Senior management may not be willing to allow emancipatory interpretations of corporate culture that could lead in unanticipated and uncontrolled directions.

Transformational learning insights reveal important aspects of cultural learning, but they do not explain the process well at the organizational level, particularly how independent individual transformations result in overall changes in organizational culture. This is important to know if one is interested in intentional changes in organizational culture for specific purposes. While transformational learning helps us to understand what is not possible—that is, rapid or predictable change in values and basic assumptions—it does not tell us how to go about such intentional change.

My view is that the emerging cultural model must take into account the social constructionist nature of organizational realities in order to provide an understanding of the differences between individual and organizational spheres, and must consider the complex processes involved in adult learning. The volitional and motivational aspect of the process is of utmost importance. Very little cultural learning takes place unless the actors understand the setting and are willing to participate in group activities. Culture development is not a top-down project, nor purely a bottom-up one, but a dialogue based on interpretation and construction of new meanings in varied settings.

6.7 Culture development in practice

Corporate culture development (i.e., goal-orientated changes in prevailing corporate culture) is a difficult, discrepant and uncertain process. The accurate assessment of an existing culture is problematic. There are very few reliable ways to determine precisely what kind of a culture would best support the accomplishment of business goals, and the means for making the changes—assuming they could be defined with confidence—are limited. My understanding is that such corporate culture development processes seldom achieve the desired goals. At best they are only partially reached, and at worst the social corporate reality ends up in some unintended, and perhaps not desired, state.

Corporate culture development attempts are, however, a reality in today's business organizations. Companies are advised that culture is an important consideration and they are recommended to focus on corporate cultures and to change them if necessary to better suit changing business surroundings and needs. Consequently, corporate culture development will be undertaken and it is important to consider the possibilities for and limits to such processes. Managers are often left at the mercy of fashionable but oversimplifying populist corporate culture gurus or business consultants who do not consider it important to reveal their theoretical points of departure, if such exist. One way or another, managers do not quite know what kind of advice they are actually buying.

Seriously intended corporate culture approaches are very much in the need of a conceptual understanding of the way human relations develop within social groups, in this case organizations. Social constructionism seems to offer the best explanation of social realities.

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Individual and organizational learning is another indispensable perspective since cultural change takes place through learning. There are no quick-fix solutions to corporate culture development needs. Any consultant who offers easy answers to complex questions can be disregarded and should be immediately released. Valid approaches are based on solid theoretical understandings and include a credible process for effecting cultural change through broad-based long-term multi-faceted dialogue.

Corporate culture development competencies are also necessary within the organization. These are needed at all organizational levels and in all functional units. Senior management should have a sophisticated understanding of cultural issues in order for it to provide effective leadership for cultural change. Other key actors who require corporate culture development competencies include management at all levels, human resource development units, and information units.

Finally, I will make some comparisons between the Swedish Nordbanken and Finnish Merita organizations in terms of cultural issues. These comments are based on the theoretical perspectives described and the preceding data-based analysis and discussion.

Table 43. Special features in the approaches towards culture related issues.	
Nordbanken	Merita Bank
The Nordbanken approach to cultural issues is focused primarily at the organizational level. The personalization of values is limited.	The Merita approach to cultural issues is focused on the practical realities of the actors involved. Cultural discussions were conducted at the individual and unit level.
Issues of culture and values were handled as part of the strategy process in a traditional top-down manner.	Some elements of "genuine" value discussions were undertaken within the Merita Kide project, although the whole process may have been a top-down attempt to influence corporate culture.
The concept of organizational valuations is brought into the discussion in addition to organizational values. Valuations are easier to change and the change in them may well be sufficient to construct the new common identity that is needed.	Members of senior management took time to become acquainted with present corporate culture theory and apply it to their own organizational setting.

Below I have summarized important points of cultural theory and practice.

1. Human beings have values and nations have orientations that are very similar and can be considered to be values. Business corporations have commonly agreed corporate valuations, but corporate values are to an extent an exaggerated concept. Such values may emerge during a long common corporate history, but this may be more an exception than the normal case today.
2. Several theoretical and more pragmatic models are available for corporate management to take corporate culture under planned control and to develop it in desired directions. Such models are popular and fairly pervasive in present management thinking.
3. Planned culture change, including changes in values and basic assumptions, is a very imprecise process. The effort required of the organization to change a culture is huge, and what is more important is the social constructive role of the people involved. Culture changes only if the actors involved are willing to discuss cultural issues in depth, and through these discussions to change it.

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4. Real deep penetrating culture change requires courage from the senior management. Cultural change requires empowerment; that is, giving the actors room to maneuver and decide how the cultural change should evolve. These decisions may be beneficial for the corporation, but the senior management cannot know what the decisions will be in advance.
5. Issues of power have a considerable effect on corporate cultures. Power is valued and sought after. Unhealthy power relations—that is, keeping the power and not letting go—may effectively prevent any attempts to change a culture.
6. Cultures change only through learning. Learning takes place within individuals and within groups of individuals. The core of cultural change is individual learning capacity.
7. Cognitive, affective and conative constructs are involved in cultural learning. A great part of culture is in the affective area, which may be very difficult to reach through deliberate development attempts. The conative area (i.e., the volitional aspects of learning) have the least effect on cultural learning. Religion is an example of this situation. It is a strong form of culture and deliberate attempts to change “my” religion may be expected to be very difficult or impossible.

6.8 Future research problems

Following are some ideas for relevant future research problems related to this study.

Table 44. Future research problems and some preliminary hypotheses.	
Future research problem	Preliminary hypothesis
How should a corporate culture development project be planned to best facilitate transformational learning?	The process should have active senior management involvement. The limits of organizational preparedness to allow transformational learning should be defined.
What is the attitude of senior management towards cultural change through transformative learning?	The emancipating nature of transformative change makes it uncontrollable and difficult to direct. The outcomes of the process may be unexpected and unwanted.
How are the cultural issues and a discussion concerning them conducted over a series of mergers and acquisitions?	Changes in the management may cause considerable breaks in the culture discussions. A concept of culture carriers—i.e., senior management representatives who are responsible for the cultural issues—is important.
How are corporate culture issues addressed after the overt merger and acquisition process is finished (i.e., the organization has been initially formed and now ‘exists’)?	There is some continuation from the past experiences. New players with unknown, possibly limited corporate culture development experience affect the process.
How many of employees of an organization are and should be able and willing to get involved with transformational learning in order to achieve real and deep cultural change within this organization?	Transformational learning is decisive for cultural change. This ability may be practically unavailable to a large enough proportion of the organization’s personnel. The emancipating nature of transformative learning may be uncomfortable for management and the personal responsibility involved may be uncomfortable for some employees.
What are the different personal orientations of representatives of senior management	There are widely varying national, organizational and personality bound views of

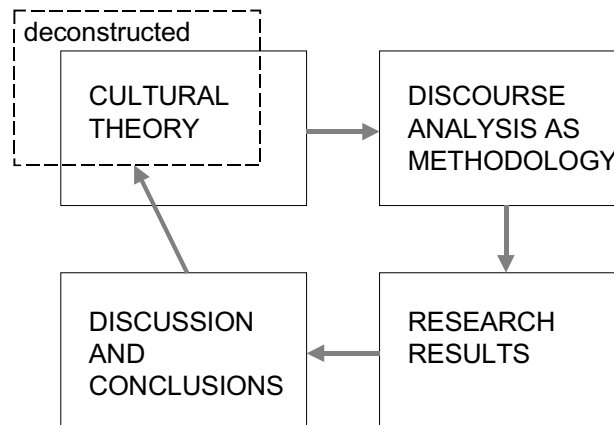
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towards corporate culture and what are the consequences of these orientations?	corporate culture. These views affect processes directed towards corporate culture change.
How has customer, owner and employee directed value thinking developed and been felt at the various organizational levels?	The emphasis on these three main interest groups is generally accepted in principle. The practical implications of these three aspects vary considerably and therefore the directive force of this model is diminished. Within each of the three aspects there are several alternative approaches to be analyzed (e.g., emphasis in the customer side, on management of measurement-based active selling, or on management of customer focused action).
What are the differences in pedagogical orientations within the Finnish and Swedish (and Danish and Norwegian) competence development units within the organization? What are the practical implications of these orientations for organizational action?	Finnish thinking is more based on interrelationships between pedagogic theory and practice and generally theory and practice. Swedish thinking is not concerned with pedagogic or general theory, but focuses on applicable practical solutions.
How are the three Nordic languages (i.e. Finnish, Finnish-Swedish and Swedish) used in internal media (newsletters)?	The variations between the dialect of Swedish used in Finland and the dialect used in Sweden are considerable and reflect cultural differences worth considering.
How are large bodies of material that are produced within corporate settings (e.g. culture seminar participant suggestions to the senior management) analyzed and what kind of conclusions are reached?	Materials are analyzed with insufficient methodological means, resources available to do the analysis are scarce, and the time pressure to produce results is considerable.

6.9 Evaluation of the research

In this research I have followed the procedure described in the introduction.

Figure 59. The research process revisited.



I have focused on cultural theories from three broad perspectives that I consider to be of importance to understanding cultural phenomenon in organizations: the philosophical approach, the organizational theory approach, and the learning theory approach. I consider all three to be essential for conceptualizing cultural phenomenon. The potential and the limits of cultural learning are especially important for understanding cultural challenges. Cultures are constructed in social interaction and the process that makes this construction possible is learning.

The methodology I selected for the research is discourse analysis within a broader framework of social constructivism. The discourse materials selected for study have been reviewed through an interpretative discourse analytical method. The materials have been varied in their form, including management speech on video, internal paper articles, consultant reports, material produced in specific corporate culture seminars, statistical material, and corporate strategy materials. The focus in selecting the materials has been their relevance to the research questions posed. My aim has been to understand, describe and criticize phenomenon described in the discourses selected.

I have chosen to answer the underlying research questions in separate sections of chapter 5 and tried to make clear connections between the findings in each section. In this conclusions and discussion chapter I have focused on the overall research questions of how corporate practices intended to address organizational culture in the merger of Merita and Nordbanken can be understood in light of cultural theory, and what this reveals about cultural challenges in international mergers. My purpose has been to look critically at possible areas of corporate action and to present a critique of those areas of cultural theory that seem to be problematic in their descriptive or explanatory power. I have also proposed new approaches for future theory development.

I have used what I have termed “postmodern methodology” as a general “research paradigm” or “framework.” The interpretation I have made of the social realities within the

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interaction of cultures in an international merger is a 'serious' one. This research text is an interpretation, and according to the views of Derrida it will be contradictory by its nature and open to endless new interpretations through new readings. It is also by its nature inconsistent and probably partly incomprehensible from the perspective of some of the popular understandings of social reality described in detail in the text. Therefore, the interpretation omits some understandings that would be made available through some other readings of the text or the social realities involved. Some of these understandings I would have most certainly been happy to have included in this interpretation if they had been available to me. In total, although serious, and I hope significant, my interpretation is doomed by the very nature of reality as I have described it to be partial, imperfect and incomplete. I understand and accept this situation, and hope that the reader does also.

Appendix 1

The corporate culture development project timetable	
Time	Project phase
Spring 1998	Senior management decision made to start to plan corporate culture development.
Spring 1998 – October 1998	Corporate culture development process planned.
October 1998	Senior management decision to run a pilot corporate culture seminar.
November 1998	Pilot corporate culture seminar.
January 1999	Senior management decision on a series of corporate culture seminars.
January – March 1999	Refined corporate culture development plan, participant selection, practical arrangements.
April – June 1999	The first series of culture seminars.
June 1999	The first report given to senior management on participant suggestions made focused on culture development.
August – October 1999	The second series of culture seminars.
October 1999	The second report given to senior management on participant suggestions made focused on culture development. A report given focused on the whole culture seminar process.
November 1999	Senior management decision to run a separate culture seminar for the shop stewards.
November 1999 – January 2000	Shop steward corporate culture seminar planned and participants selected.
December 1999	Senior management public statement on culture development needs based on suggestions made by culture seminar participants.
January 2000	Shop steward corporate culture seminar conducted.
March 2000	Senior management response given to shop steward culture seminar participant comments.

Appendix 2

The representation of business areas in corporate culture seminars	
BUSINESS AREA	PRESENTATION (%)
Corporate	29
Retail	14
Data	12
Kapitalförvaltning	9
Betalningar och bankservice i datanät	7
Koncernstabber	6
Markets	6
Treasury	6
Economy and control	5
Other	6
In total	100

Appendix 3

Culture related articles in UutisMerita/MeritaInfo 1998		
Date	Article title	Main topics
Feb/1998	Hans Dalborg: Transformation of organizational schema to real life	New organization structure and life within the structure. Strategy information.
13.2.1998	Pertti Voutilainen: Organizational bites at their places	A promise to write a series of commentaries on the merger process. What kind of shall the new corporate culture be.
13.2.1998	Sven Gustafsson: The identity is being formed	The corporate name and logo.
13.2.1998	Eira Palin-Lehtinen: One bank – two cultures	One organization, two countries, two languages, two cultures. Communication through modern technology. Information.
20.2.1998	Time to plan slogan	A competition concerning corporate slogan/'tagline'.
20.2.1998	Pertti Voutilainen: The backgrounds of the two banks	Financial and corporate histories. Merita's and Nordbanken's corporate culture.
27.2.1998	Pertti Voutilainen: Similar and different histories	Basis of individual and national cultures.
6.3.1998	Pertti Voutilainen: Big brother Sweden – little brother Finland	A 'half fairy tale' of the relation between big and little brother.
27.3.1998	Pertti Voutilainen: A new bank is being formed	Internal workbook published to help build new corporate culture. A program planned to plant a new corporate culture in the organization.
30.4.1998	Markku Pohjola: Best practice	Concepts benchmarking and best practice
22.5.1998	Pertti Voutilainen: Leading bank in the Baltic sea area	Cultures and trade in the Baltic sea area.
29.5.1998	Pertti Voutilainen: Strategy is important	Strategic lines presented to personnel. Strategic knowledge essential for common culture.
5.6.1998	Pertti Voutilainen: Journey of discovery to neighbour country	Holidays spent in Finland/Sverige.
12.6.1998	Pertti Voutilainen: One for all, all for one	One bank, one will, common cash desk.
25.9.1998	Pertti Voutilainen: Did the message go through	Evaluation of strategy material presentations. The importance of building common corporate culture.
23.10.1998	Pertti Voutilainen: Best practice	Best practice in practice.
18.12.1998	Pertti Voutilainen: Deserved break	Only first steps taken in building common corporate culture. Previous culture seminar held.

Appendix 4

Culture related articles in MeritaNordbanken Nyt/Nytt, M&N and Nordicnews (NN) January 1999 – June 2000		
Date	Article title	Main topics
18.3.1999	What is important now - corporate culture seminars shall start	Corporate culture seminars for 200 participants will start. Corporate culture development will later influence all MNB employees.
15.4.1999	Corporate culture seminars started in Tanskarla	Seminar process and goals and participant comments from the first seminar.
3.6.1999	New corporate name under construction	New name and new identity.
M&N 8/1999	Towards a new millennium	The meaning of cultural differences within the corporation
M&N 8/1999	Strong corporate culture is a symptom of successful corporations	Voutilainen comments suggestions made by corporate culture seminar participants.
M&N 8/1999	Means for co-operation from corporate culture seminars	Corporate culture seminar process and outcomes described.
8.3.2000	A decisive step	Merger between MNB and Unidanmark. A new national culture.
M&N 2/2000	Common values and goals	Values of MNB and Unidanmark commented.
NN 1/2000	We want to have the best personnel	Corporate language. Four Nordic cultures integrated.
NN 1/2000	Common Nordic values – a strong cultural background for the merger	Common Nordic and corporate values summarized.
20.4.2000	A work group set speed on merger process	New processes planned and overlapping tasks searched.
NN 2/2000	Merger projects to be started	Merger tasks defined.
NN 2/2000	How shall we call ourselves	New name and identity searched.

Appendix 5

The corporate culture seminars

The basic corporate culture seminar program is presented below.

Day one

11.00 - 12.00	Senior management message including culture video and 'godfather' presentation.
12.00 - 13.00	Lunch
13.00 - 13.30	Presentation of participants
13.30 - 14.00	Day order and program
14.00 - 14.15	Coffee
14.15 - 15.00	International corporate cultures: models and practice, discussion
15.00 - 15.15	Pause
15.15 - 17.45	Present cultural situation (1999), views on self and on the other, the most important threats and possibilities
17.45 - 18.30	Definition of desired goal in cultural setting, a wish state for 2003
18.30 - 20.00	Free time
20.00 -	Dinned (the process continues)

Day two

08.45 - 11.30	Definition of desired goal in 2003 and development areas 1999-2003. Group work.
11.30 - 12.00	Process control.
12.00 - 12.45	Lunch
12.45 - 13.30	Report writing. Group recommendations to the senior management, to own business area and own culture development decisions.
13.30 - 15.45	Presentation of comments to the senior management representative ('godfather').
16.00	End of seminar

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