Table of Contents

Figures

Tables

1   Introduction

The first chapter will serve as a guide for the reader in order to assure a correct understanding of this thesis. It will also include a presentation of the background, problem and purpose.

This bachelor thesis will investigate the effects on corporate culture when companies take part in a merger. The culture is an element that is not always taken into enough consideration when pursuing a merger, and can be crucial in the determining of failure or success of the fusion (Nikandrou, Papalexandris & Bourantas, 2000). When working on this thesis we hope to gain an understanding of how to handle immense changes such as a merger, both as employees and managers, for coming occupations. We would also like to put knowledge gained during our education into effect, by investigating the effects of one of the most widespread measures of business life.

1.1   Background

This background section will firstly deal with the historical research on corporate culture, continue with mergers and then finish off with discussing the integration process of the two concepts.

Even though culture and human relations have existed as long as mankind itself, it is not until the last decades that the focus on corporate culture has grown popular. The organizational culture literature has transcended extensively since the subject heading "corporate culture" first appeared in the *Business Periodicals Index* in 1982 (Lewis, 1996a). However, the first definition of culture in a company can be traced back as far as 1951 when Jaques stated that culture was the customary and traditional way of thinking and of doing things, which is shared to a greater or lesser degree by all its members, and which new members must learn, and at least partially accept, in order to be accepted into service in the firm (Jaques quoted in Potter, 1989, p. 17).

The research on organizational culture has since then followed four broad paths, the earliest focusing on whether culture is directly recognizable behavior or more of underlying shared assumptions. A second matter is whether culture is a variable or a core metaphor of an organization; that is, whether it is something an organization has or something an organization is. Culture's effect on the organization is the third subject. A fourth theme is how culture is formed and passed on; that is, whether behavior leads to shared feelings or shared feelings to behavior (Lewis, 1996a).

During the early 1980´s a wave of culture transformation in order to become more competative on the market took place as a respone to Peters and Waterman's articles on strong organizational culture in 1982 (Beer and Walton, 1987). Later on during the same decade, the focus shifted as many researchers started to question how to implement all the theoretical information and knowledge on corporate culture in real life and more importantly as a managerial instrument. Subsequent of these instances the emphasis in the literature shifted to a more utilitarian view, with efforts to study, implement and measure culture change. Finding ways to combine current culture with the strategy concept total quality management (TQM) that became popular during the 1990´s was also in focus (Lewis, 1996b).

Since 1996 concepts have developed in many new directions branching out from TQM. The theories of business process reengineering (BPR), organizational learning and knowl-

edge management are all related to corporate culture as they all involve culture change or working with an existing culture (Lewis, 2002).

A following concept was the learning organization where the focus is on information sharing and empowered employees working in teams. During 2002 the term knowledge management grew and added significance in the era of refined information systems. There is a visible benefit of using information systems in order to enable knowledge exploitation and thus simplifying the existence of organizational learning as well as changing the way culture is looked upon. Furthermore, the literature has taken a new focus on sustainability both on a personal and corporate level, and from this perspective the area of competence-based management has evolved (Lewis, 2002).

This thesis focuses on the corporate culture aspect in a merger situation. Since the late 1990's there has been a growth in the literature that brings up the issue of culture. This literature focuses on the combination of two different already existing cultures and the possibility that the culture combination might cause problems in the integration process of newly-merged companies.

Over the last two decades one of the principal ways for company growth has been through mergers and acquisitions (Lynch & Lind, 2002). The trend has reached a global level, where cross-border acquisitions and mergers are becoming a normal part of everyday business life, as can be seen with numerous Swedish companies such as Astra and Ericsson.

In the beginning of this millennium much of the research on mergers was done in form of "success formulas" such as Adams & Neely's "The performance prism to boost M&A success" (2000). The research has now taken quite the opposite direction as many articles question the relevance of these success strategies and if they really do work in real life. Kate Lye (2005) points out the importance of stopping, thinking and questioning how much of the recommendations in the M&A manuals that really works effectively. The culture literature has also turned focus on the emerging business trend of strategic alliances, as a response to the merger boom in the 1980's and 1990's.

1.2 Problem Discussion

In this section we will elucidate the problem researched in this thesis which will investigate corporate culture and how it was affected by the merger of ABB Fläkt Division and Woods Air Movement.

We have chosen to work with Swedish-British Fläkt Woods as they have endured multiple mergers and acquisitions during their existence and thus have experience on dealing with integrating values and cultures from different entities into one functioning unit. We also have the element of cross-border culture integration, a matter that is highly relevant in today's global business setting, however, our focus will be on the Swedish manufacturing sites.

Corporate culture can be defined in several different ways because it is heavily influenced by the individual organisation. Corporate culture has become essential in any area of business during the last two decades since it affects employees and organisational operations throughout the entire firm. It is a very important concept since a strong corporate culture can be an essential competitive advantage over competitors (Sadri & Lees, 2001).

The literature on mergers is closely intertwined with acquisitions. However there is a clear difference between these two concepts. An acquisition takes place when one company ac-

quires a majority interest in another company (Investopedia, 2006a). A merger on the other hand happens when two companies become one (Investopedia, 2006b). The motivations for these kinds of strategic decisions might differ but most common are the desires to achieve economies of scale, increased efficiency and a greater market share (Finch, & Nixon, 2006).We will disregard acquisitions since this thesis focus on the merger of ABB Fläkt and Woods Air Movement in 2002.

The number of mergers has steadily increased, despite bleak figures, due to the cost cutting potential as well as the possibility to improve efficiency radically (Tetenbaum, 1999). These two factors can be regarded as highly appealing to organisations. However, the corporate culture is many times neglected and impacts the results of the merger. As can be read in Lynch and Lind's (2002) article on how to escape the M&A madness, many merger failures do not depend on the strategic matter but because the integration process was handled in a poor way. In 1997, Mercer Management Consulting presented research figures that indicated that 48% of all mergers and acquisitions underperform their industry after three years. The failure to bring out the predicted synergetic extra value can be traced back to, among other things, a poor integration process (Balmer & Dinnie, 1999). Lynch & Lind (2002) also emphasize the importance of understanding that culture has a significant influence and that undermining this fact can disrupt the entire deal.

As two companies become one, they are not only combining two existing cultures but at the same time establishing a new one. Pribilla (2002) states that every merger will create a new corporate culture, which is characterized by the interaction of the two separate cultures as well as the desired degree of harmony. The new identity must be cultivated and fostered in order for the stakeholders to identify themselves with the new organization.

By investigating Fläkt Woods' merger integration process from a corporate culture standpoint, we hope to gain insight in the handling of cultural issues. The combination of culture and mergers is not an easy task and there is a lot to be gained from realizing and learning from the cultural aspects of a merger. New power structures, in combination with procedures and rules as well as geographic dispersion can create communication problems (Schraeder & Self, 2003) and thus affect the outcome of the merger. How Fläkt Woods dealt with these issues and the effects of them are of high interest in this thesis.

In order to fully understand the effects of a merger we think it is of importance not only to look at the financial side of the fusion but as well investigate how the corporate culture is affected. Having a strong corporate culture has become an essential part in the business life, but it is many times neglected during the merger process which can have detrimental effects for the company in the long-run. It is therefore of value to investigate how Fläkt Woods handled this delicate issue during the merger in 2002. The relevance of our investigations is captured in the idea of managing the newly emerged culture in a fitting way within the organization in order to reach desired actions and preferred organizational performance.

1.3 Purpose

The purpose of this study is to understand the corporate culture in the Swedish unit of Fläkt Woods and how the integration of corporate culture was affected by the merger with Woods Air Movement in 2002.

The specific research questions are as follows:

- What is corporate culture in the Swedish unit of Fläkt Woods?

- How was the corporate culture affected by the merger with Woods Air Movement in 2002?

1.4 Delimitations

The delimitations presented below underlines the borders of the thesis. Since we are working under a limited time frame it is hardly possible to cover all aspects that we would like to.

In this thesis we intend to investigate the corporate culture and how it was affected by the merger which formed the new company. We will thus disregard the situation of an acquistion in a culture context as the focus is on the most recent fusion Fläkt Woods pursued and not the prior acquisitions. Furthermore, we will only look at the Swedish entity of Fläkt Woods as we regard that as suitable for a bachelor thesis. Working with international mergers is an interesting topic, however, we think it is out of bounds for this level of work.

We will not examine all cultural levels, but the focal point will rather be on the corporate level, and also the management level as we are interested in how Fläkt Woods and the management dealt with the post-merger effects in order to create a synergetic whole.

We do not think that corporate culture can be fully implemented in the short run. It might be possible for the visible part of the culture. However, it takes a lot of time to change the unconscious fundamental assumptions which are the basis of the corporate culture.

It should be noted that culture, being extremely intangible, is hard to put down on paper. Many times it is feelings and thoughts that comes into play. However, we will express our own perceptions of the corporate culture of Fläkt Woods Sweden in order to answer the research questions.

1.5   Disposition

Introduction

•Background

•Problem Discussion

•Purpose

•Delimitations

Methodology

•Primary and Secondary data

•Qualitative and Quantitative Research Methods

•Case studies

•Data collection

Empirical Findings

•Reflections on the Fläkt Woods merger

•Corporate Culture

•Influences of Corporate Culture in the Fläkt Woods Merger

•Empirical Findings – Review and Reflections

Frame of Reference

•Mergers

•Corporate Culture

•Influences of Corporate Culture in a Merger

•Frame of Reference –Review and Reflections

Analysis

•Analysis of the Merger

•Analysis of the Corporate Culture through the Cultural Web

•Analysis of Influences of Corporate Culture in the Fläkt Woods Merger

•Analysis -Review and Reflections

Conclusions

•Conclusions of Methodology and Frame of Reference

•Conclusions of Analysis

References

•Literature

•Scientific Articles

•Internet Sources

End Discussion

•Further Research Suggestions

•Managerial Suggestions

Appendix

•Interview questions for Fläkt Woods AB
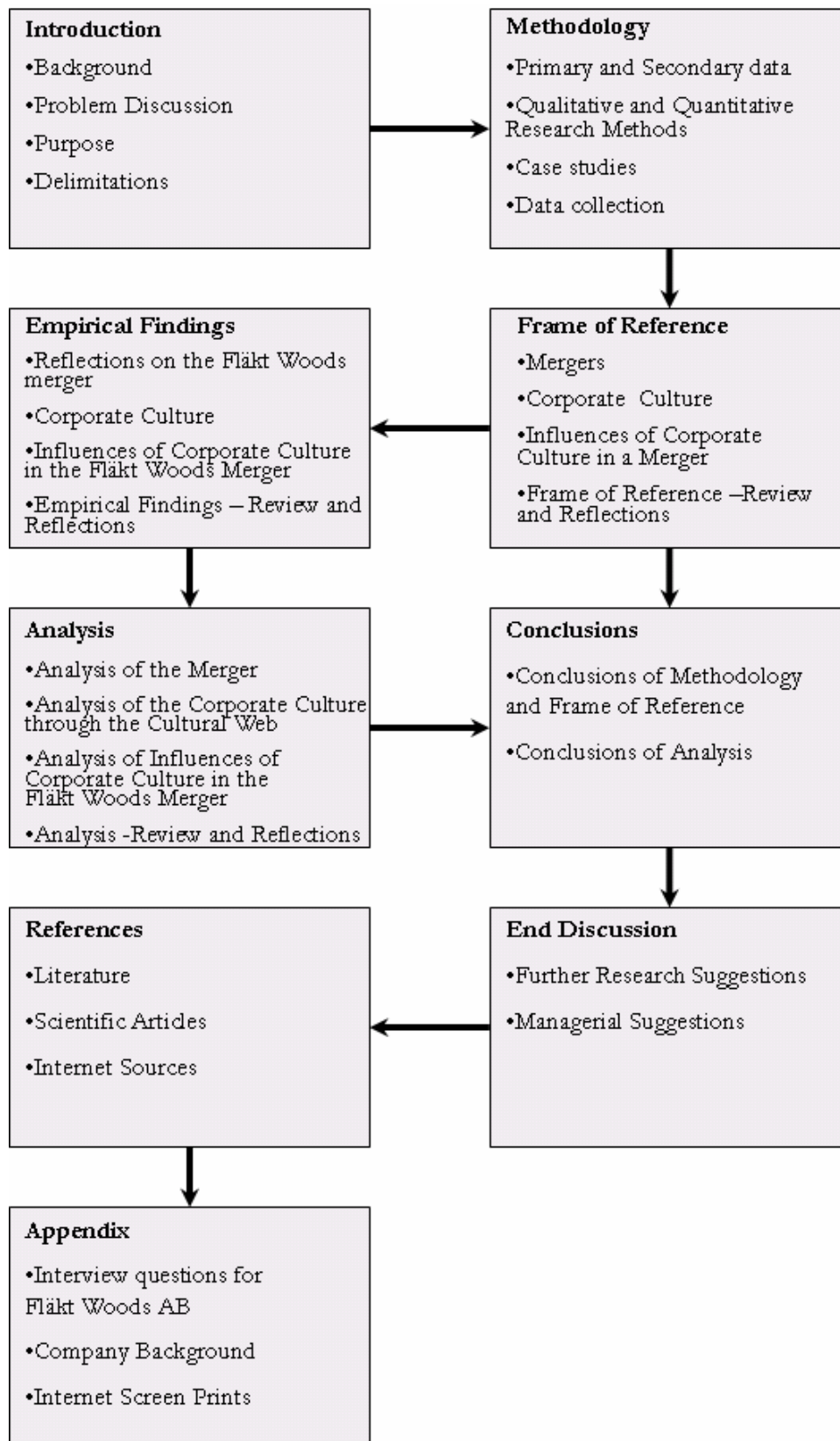
•Company Background

•Internet Screen Prints

Figure 1 - Disposition Model according to JIBS writer (2006) (compiled by the authors).

2 Methodology

This chapter will motivate and account for the methods we have used when conducting our study. It will start with the difference between primary and secondary data. Thereafter a section, elaborating on the distinctions between qualitative and quantitative research, will follow. Furthermore, we will describe and motivate our use of a case study. Lastly, this chapter will discuss the data collection process.

2.1 Primary and Secondary Data

Data gathered through existing sources are termed secondary data (Sekaran, 2000). This type of data does not have to be gathered by the researcher as it already has been compiled by somebody else than the person undertaking the current study. It can be accessed through the use of a computer, or by using recorded and published material (Sekaran, 2000).

There are several advantages of using secondary data; saving time during the data collection, as well as the lower costs of obtaining the data (Sekaran, 2000). However, the sole use of secondary data is not appropriate as there is a risk of the data becoming obsolete and falls to meet the specific needs of the situation or setting researched (Sekaran, 2000).

Primary data is information gathered on the actual site of occurrence of events for some specific research (Sekaran, 2000).

Our major source of data will be the interviews performed on six employees in the Fläkt Woods Sweden organization. This thus constitutes primary data, as it is gathered specifically for this thesis. However, secondary data will be used to some extent during the presentation of the company (found in appendix) and throughout the frame of reference.

2.2 Qualitative and Quantitative Research Methods

Qualitative and quantitative methods are complementary research methods (Umeå Universitet, 2006). Both methods have their own strengths and logics (Maxwell, 1996).

Researchers using a quantitative research method find their answers by analyzing many cases of one specific phenomenon (Umeå Universitet, 2006). This method aims at collecting large amount of data and analyze these using different types of statistical methods. The conclusions drawn from a quantitative research often do not carry depth but on the other hand they are possible to generalize. (Umeå univerisitet, 2006)

Using a qualitative research method, on the other hand, means in depth studies of one or a few cases (Umeå Universitet, 2006). The entire research process should be reflexive and all the different activities should influence each other (Maxwell, 1996).

Since we will focus on the corporate culture on Fläkt Woods and not on many different companies, the quantitative research method is not relevant to our study. Instead we have chosen to perform a an indepth and reflexive qualitative study since this fits our purpose the best.

2.3 Case Studies

Case studies, experiments, surveys, histories and the analysis of archival information are different methods which can be used in social science research. All of them have both advantages and disadvantages depending on the context.

However, we have chosen to perform a case study. Case studies are generally favored when "why" or "how" questions are explored, when the researcher has little control over events and when contemporary phenomena set in a real life framework are in focus. This is why it is most commonly used in psychology, sociology, poltical science, social work, business and community planning (Yin, 2003). Case studies are particularly important in the field of organizational research (Lundahl & Skärvad, 1992). This is the reason why we have chosen the case study method; we are researching within the organizational field and we have a purpose with a "how-question".

The definition of a case says that it is an event created by human activity, set in the real world. It can only be grasped within its context. Furthermore, it exists in present moment and is intertwined with its context to the extent that clear-cut borders are very complex to draw making it hard to see the outer borders of the case (Gillham, 2000).

A *case study* then, is the analysis of a case (Gillham, 2000). It includes studies of individuals as well as organizations, processes and phenomenon (Svensson, 2003). This fits our purpose perfectly since we are investigating the Fläkt Woods merger case.

Case studies can be divided into three different types;

Exploratory case studies are seen as an introduction to some social research. Fieldwork and data collection is carried out before a research question and a hypothesis has been stated. However, the foundation of the study must be created before hand (Tellis, 1997). Fundamental studies make use of *explanatory cases*. In very complex and multivariate cases, the analysis can make use of pattern-matching techniques (Tellis, 1997). In a *descriptive case study*, the researcher is obligated to start off the research with a descriptive theory, or face the possibility that troubles will take place throughout the project. The descriptive theory is required to cover the depth and scope of the case which are being studied (Tellis, 1997).

We have chosen to perform an explanatory case study, since this fits our purpose most idealy when we are going to understand how the corporate culture in the Swedish unit of Fläkt Woods was affected by the merger 2002 on a fundamental level.

Throughout history the case study method have had periods of popularity and infamy (Tellis, 1997). The traditional reasons for disuse of the method include two main areas of criticism (Yin, 2003). Firstly, the lack of accuracy of case study research has been criticized. This has arisen from the fact that researchers has showed repeatedly carelessness, not followed systematic procedures or allowed vague evidence or biased views to influence the direction of the findings and conclusions. This type of inaccuracies is less common when using other methods of research (e.g. experiments, surveys and analysis of archival information) – probably because it exist more methodological texts with specific procedures to be followed for these other methods than for case studies (Yin, 2003).

Secondly, according to critics, case studies offer modest foundation for scientific generalization. This is because it is not based on numerous sets of experiments that have replicated the same phenomenon under different circumstances, which is the ordinary way of gaining scientific facts. On the other hand, case studies, just as experiments, can not be generaliz-

able to populations or universes, only to theoretical suggestions. Following this discussion, the case study, like the experiment, does not represent a sample. Therefore, when carrying out a case study, the goal will be to expand and derive theories and not to count frequencies (Yin, 2003).

We have chosen to use the case study method for our thesis, despite of the criticism, since we believe that we are able to avoid the pitfalls by carrying out our research carefully and not aiming to generalize. The intention is to provide Fläkt Woods, not the entire industry, with more insight to its corporate culture and thus underlining the impracticality to generalize.

2.4   Data Collection

We have chosen a case study approach and will therefore try to follow the common guidelines for this method. This approach is applicable since we are designing our thesis as a critical test for existing theories (Yin, 2003).

Normally the first step in a research is to review literature concerning the field of interest. In a case study like ours, this is done at the same time as we get to know the case and the case setting. This has been a very time consuming part of our research. However, we do not see this as a problem since we agree with Gillham (2000) that it is important not to rush into the actual investigation.

Since the first step takes up as much time as it does, we might not have been able to do a case study in this bachelor thesis if we had not cooperated with Fläkt Woods in the Host Company project at Jönköping International Business School during the last two years. Consequently, we believe that we have a good foundation of knowledge about the case and the case setting.

We will use and equally value all available evidence in our research but our main source will be interviews, both on a face to face-basis as well as via telephone. The majority of the sessions will be held in person to be able to read nuances and interact with the objects as much as possible.

According to Gillham (2000) are interviews best used when a small number of accessible people is involved, when the questions are open, and when trust is needed to be gained. This is applicable to our case study because we are planning to interview six persons and make use of relatively free questions.

Interviewing people in authority is called elite interviews which are conventional in research interviewing. We have chosen this type of interview because persons with authority are capable of giving answers with insight and a comprehensive grasp of the research topic (Gillham, 2000). We have chosen to interview four managers, and two manager assistants at the sites in Enköping, Jönköping and Växjö. However, the focus will be on Jönköping as it is the largest site in Sweden. We believe that six in depth interviews will provide us with enough data to be able to draw approapriate conclusion bearing in mind the limited time frame and the level of a bachelor thesis. The questions can be found in appendix.

The interview were performed in two languages as the questionnaire were written in English, but the majority of the questions were answered in Swedish. We do not pose this as a problem as English is the official language of the Fläkt Woods organization, at the same

time as most of the employees are Swedish and therefore the representatives are used to working bilingually.

We have asked the Fläkt Woods Representatives for their approval on using their names in the thesis. The majority of them did not give us their permission to publish their names, therefore they are referred to as Fläkt Woods Representative 1-6.

3   Frame of Reference

This thesis is focused on the corporate culture effects due to a merger. In order for the reader to fully comprehend our findings, the first part of the frame of reference will deal with the concept of mergers and the rationales behind them. Following this, an explanation of corporate culture is considered. Thirdly we introduce a model that explains how corporate culture is affected by a merger which will be our main tool for the analysis. Lastly, a short review of the concepts used will be presented to underline the connections between the theories.

3.1   Mergers

The purpose of this section is to inform the reader on fundamental theories concering mergers and the rationales behind them. However, as the merger itself is not the focus of this thesis, we have chosen not to elaborate extensively on this topic.

A merger takes place as two or more formerly independent business entities forms a single company (Encyclopaedia Britannica, 2006). This kind of strategic fusion is often done by a holding company buying one or more firms and combining them. It can also be the case of two companies of equal size and resources that choose to unite forces in a newly started company (Alarik, 1982). Furthermore, Alarik claims that a merger is also possible from a large company perspective, as they buy a smaller firm as a part of an offensive growth strategy. We would like to emphasize the fact that it is difficult to establish one single definition of a merger as they all seem to vary depending on the context in which they are pursued. When we use the term merger, we refer to Alarik's definition of a holding company buying two firms and combining their businesses into one.

There are four main types of mergers; vertical, horizontal, market-extensional and unrelated (Encyclopaedia Britannica, 2006). The vertical one occurs when a firm merges with a supplier or a customer whereas the horizontal version entails a strategic combination of two companies that produces the same goods or service for the same market. If a company on the other hand merges with a company that produces the same goods and services for different markets it is seen as a market extensional merger (Encyclopaedia Britannica, 2006). Lastly, an unrelated merger takes place as two completely unrelated companies unite and thus form a conglomerate.

The numbers of mergers follows the business cycle, during the highs there are far more mergers pursued than in the recessions (Finch & Nixon, 2006). This can be traced back to the fact that companies lack the financial resources to undertake a merger during the downturns (Finch & Nixon, 2006).

The underlying motives for merger activities are very wide-spread although the most common reason is to achieve decreased unit costs due to increases in the amount of production, i. e. economies of scale (Finch & Nixon, 2006). Furthermore, the reasons can range from efforts to increase efficiency and competitive advantages, product diversification and product line extension to tax reduction and international expansion strategies (Finch & Nixon, 2006).

3.2   Corporate Culture

Corporate culture is a complex concept to understand and manage, especially in a merger situation. Below follows the definition of corporate culture that we will use throughout this thesis, and a model which will provide tools for measuring it. For simplification, we refer to corporate culture as culture.

3.2.1   Definition of Culture

The concept of culture is heavily influenced by several different factors such as the industry in which the company operates, its geographic location, events that have occurred during its history, the personalities of its employees, and their patterns of interaction (Sadir & Lees, 2001). It can be thought of as the personality of the organisation (Rashid, Sambasivan & Johari, 2003).

Culture refers to the underlying values which the organisation appreciates, expects and encourages. Furthermore, it concerns the norms that enclose and strengthen the policies, practices and procedures of the organisation. Thirdly, the concept of culture contains the shared sense by employees of what the norms and values of the organisation are (Wilson, 2001). Culture also covers the emotional, behavioral and cognitive elements of total psychological of functioning of the members of the group. It is the added shared learning of a group of people (Schein, 2004).

The formal definition of culture we have chosen to work with is formulated as follows:

"A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and therefore to be taught to new members as the correct way to perceive, think and feel in relations to those problems."
<div align="right">(Schein, 2004) p. 17</div>

3.2.2   The Cultural Web

The cultural web is a tool used for analysis of a corporate culture; in order to create a broad and somewhat general view of the organizations customs (Johnson, Scholes & Wittington, 2005). It is hard to form an opinion about a corporate culture, as the underlying assumptions and beliefs which is constituted in the *paradigm*, are hard to find in text. It is more likely to be evident in the day-to-day activities and conversations of employees. These everyday manners not only give indications for the existence of the paradigm but also underpin the taken-for-granted assumptions; it is based on (Johnson et al, 2005).

To gain an understanding of the paradigm, it is therefore essential to talk to people in the organization, as opposed to trying to read your way into a culture. Each of the units of the web needs to be investigated through interviews, to ensure that the variables of a corporate culture are fully covered and to be able to get a grip of the paradigm (Johnson et al, 2005). On the following page an illustration of the model is available.
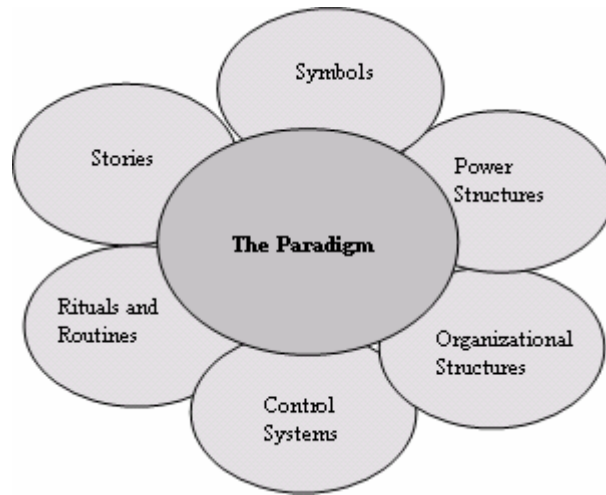
Figure 2 - The Cultural Web (Johnson et al, 2005) p. 202

As can be seen in figure 2, the cultural web is made up of the paradigm itself, and six connected cultural aspects. They are connected through a vital coherence in the culture, which makes the organization function effectively (Johnson et al, 2005). Each connected cultural aspect is discussed further below:

The *routines* makes up the way people behave towards each other and also to the people outside the organization. It can be seen as 'the way things are done around here' and is many times taken for granted. It can at its best act as a lubricant for the work in the organization or may provide a characteristic corporate competence. On the other hand, it can also be very hard to impose changes on and thus slow down the development of a company (Johnson et al, 2005).

The special events and happenings that reinforce the particularly important aspects of organizational life are called *rituals*. They emphasize and strengthen 'the way we do things here'. Training programs, interview panels, promotion and assessment procedures are all examples of rituals. However, the rituals do not have to be big events, but are also comprised in having a drink after work or chatting by the coffee machine (Johnson et al, 2005).

The *stories* told by employees and management to each other, outsiders, new recruits all entrench the contemporary and historical organizational culture as well as personalities and important events. Most often they include some form of success, disaster, heroes and villains who in some way deviate from the norm. Stories are used to bring forward what is regarded as important in a company, and legitimize certain behaviours (Johnson et al, 2005).

Symbols are logos, titles, offices, other perks and benefits that are visible, and also the language and terminology that make up a flash of organizational life and the nature of an organization. For instance, strict lay outs of offices; deviating privileges between the levels in the organization and the use of titles are symbols which may represent hierarchy or respectfulness in the organization. It should be noted that many aspects in the cultural web comprise some form of symbol as they comprise messages beyond their functional rationale (Johnson et al, 2005).

The *power structures* of an organization are formed in the hierarchical layers of a company and takes time to build up. They are linked with the paradigm itself in form of being a key construct. It is likely that the most influential managerial groupings are closely related with

this set of core assumptions and beliefs; however, power can steam from many sources (Johnson et al, 2005).

Control systems are the metrics and reward systems that put an emphasis on the important aspects of the organization and are used to monitor and draw attention to certain activities (Johnson et al, 2005). The features put under close attention become more valued in the organization than those it chooses not to look after as much.

Organizational structure is likely to reflect the power structures of an organization and define important relationships as well as bring forward what is important. This aspect of culture entails the formal and informal relationships among employees, but also involves some aspects of control (Johnson et al, 2005).

This tool is used for analysis, by observing the way the organization actually operates through the cultural artifacts. From that clues about the paradigm will be revealed and answer the question of what corporate culture is (Johnson et al, 2005).

3.3   Influences of Corporate Culture in a Merger

The following section will present concepts and a model which help organisations to handle the issue of cultural integration.

3.3.1   Corporate Culture and the Integration Process

Corporate culture is a multifaceted and entail drivers that are complex and hard to control since it is founded in the past and rely on basic assumptions. Therefore it is impossible to manage the process of corporate culture integration in the same way as in manufacturing and distribution processes. Merging two cultures are consequently a complicated task. The fact that culture is often not given enough attention by management adds to the integration problem (Pribilla, 2002).

Managing the process of corporate culture integration guides the incorporation in the right direction. Members of the organization adopt each others different way of thinking and doing. As a result, a new corporate culture will slowly emerge, which is characterzed by the interaction of the two separate cultures as well as the desired degree of synchronization (Pribilla, 2002).

The success and also pace of cultural integration depends mainly on four things:

- Dominating behavior of the stronger company

- Attitudes of employees and managers toward the merger

- Desired degree of synchronization

- Degree of cultural freedom conferred upon the merger

Successful cultural integration has many and sometimes very beneficial advantages; the stronger the culture becomes, the less effort from management and control is needed in the future. Furthermore, in companies where a strong culture is evident employees at various levels know what is ex-pected of them in the majority of situations as they all share the same basic values, goals and directions (Pribilla, 2002).

3.3.2 Results of Culture Integration (RCI)

The RCI-model describes how the corporate culture is affected by a merger. It presents four different outcomes, namely harmony, assimilation, culture loss and segregation. Harmony and assimilation is the two preferred outcomes of cultural integration in a merger context. Culture loss and segregation on the other hand has no beneficial outcomes and should be avoided (Pribilla, 2002). The actual model is illustrated below.
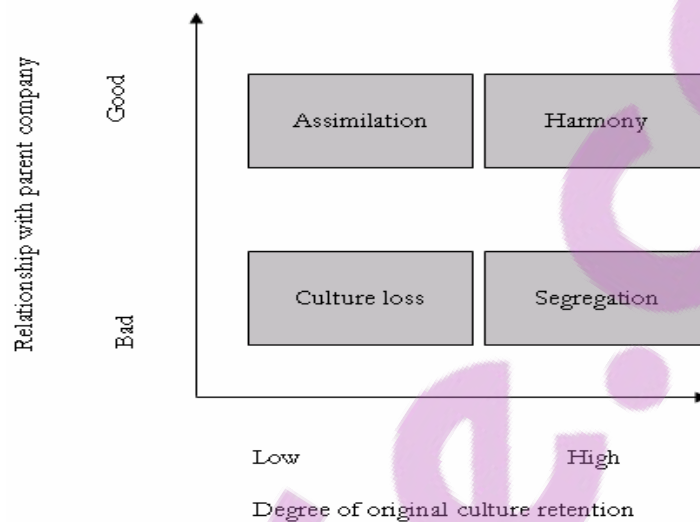

Figure 3- Results of Culture Integration by Sewing (1996) p. 168 found in Pribilla (2002).

Harmony can be expected when the members of the organizations are proud of their own cultures but at the same time fully commited to the integration. The conclusion is that a new corporate culture will emerge containing the best parts from the two former corporate cultures (Pribilla, 2002).

Assimilation occurs when none of the companies have a desire to preserve their own cultural elements and are open to change, which thus implies a good relationship between the companies. There is a smooth integration and the companies adjust to values and cultural features rather easily. The members of both organizations share healthy and good relationships towards eachother (Pribilla, 2002).

The following two outcomes make the cultural integration more difficult as the relationship between the companies is somewhat strained. These outcomes are many times due to a lack of communication during the merger process. *Segregation* occurs when one of the companies cling on to their culture and are hesistant to take part in the integration process. Even worse is the case of *culture loss* where neither of the companies care about their culture and the employees take on the new situation without any interest in cooperating. It0 can therefore constitute a threat to the merger itself, and the integration process must be carefully planned and implemented in order to secure a successful outcome (Pribilla, 2002).

A major challenge for management is to create excitement about the fusion since this is vital for synergies to be able to grow. A tool for reaching this is the use of a joint vision, in order to ensure a strong identification for every member of the organisation. On this foundation, it is important to create shared values and a joint direction as soon as possible fol-

lowing the merger itself. This will form a foundation for a shared identity, strengthen co-operation and guide the organization toward common objectives (Pribilla, 2002).

3.3.3 Three Instruments to Support Culture Integration

To ensure a positive cultural integration outcome, three tools are recommended by Pribilla (2002). These are presented below:

Building trust and mental networking is easiest to achieve through the involvement of as many members of the organization as possible. This can be done by forming integrated teams that include people from both companies. This type of networking speed up the process of getting to know each other, and creating shared experiences and reducing prejudices. Concurrently, the feeling of creativity, willingness to learn and tolerance improves. Mental networking is achieved when all parts of the network think and act along the same lines (Pribilla, 2002).

Developing shared values and a joint vision minimizes friction losses and coordination efforts, especially for global companies. Joint visions are the foundation of trust building because similar values offer a basic level of stability and continuity and are an essential requirement for loyalty towards the company. The actual content of the vision is not as important as how it is used and valued in the daily work. The vision should be incorporated in the cor-porate goals, strategies, operations and processes. This creates a company-specific envi-ronment that forms and moulds the behavior and motivation of employees (Pribilla, 2002).

By comparing intended values with everyday business reality, it is possible to set off a painful and significant process. One of the companies usually has precise goals for the merger and can expect the other company's employees and management to internalize and accept these objectives as their own. If there was a cultural due diligence performed, the outcome can be used here in order to compare and integrate the cultures. This can also be done through integration workshops with people from both companies who are going to work close together in the future. Within these groups, there is the chance to develop tangible action plans for what to do, by when and how. This kind of commitment is the first step towards an effective cooperation (Pribilla, 2002).

3.4 Frame of Reference - Review and Reflections

This section will sum up the frame or reference and describe how the different concepts will be exercised when analysing the empirical data presented in chapter 4.

Mergers are defined previously in this chapter as two or more formerly independent business entities which are aligned by a holding company to form a single company (Alarik, 1982). Each company has its own culture beforehand and combining the two implies that a new culture will emerge (Pribilla, 2002). Culture can be defined as taken-for-granted assumptions which are used to solve problems and tought to new members of the group as the correct way of behaving (Schein, 2004).

The cultural web model (Johnson et al, 2005) underlines the complexity of the culture concept. It implies that six different themes needs to be scrutinized to be able to develop a picture of what culture is. Together the symbols, power structures, organizational structures,

control systems, routines and rituals and stories bring forward the cultural paradigm of an organization, and thus allow us to determine what the culture in Fläkt Woods is.

The relevant information needed to be able to perform the cultural web analysis will be gained from interview questions based on the different units within the model. This analysis will explain what corporate culture is and consequently help us to answer our first research question.

To be able to answer our second research question we will apply the RCI-model, as used in Pribilla (2002), as well as the other theories presented in section 3.3, to see how Fläkt Woods' post-merger culture positioned itself in the matrix (see figure 3) and from that deduce how the corporate culture was affected by the merger. We perform this analysis based on the answers to interview questions created from the defintitons of the four modes, the feeling we get while visisting the company and the management own perception of their culture.

By using the Cultural Web to answer the question of what corporate culture is and the RCI-model to answer how the corporate culture is affected by the merger, we believe it is possible to reach a sufficient answer to our research questions.

4   Empirical Findings

The findings in this chapter are based on a summary of interviews with managers at the Swedish part of Fläkt Woods. It is divided into five sections, the first one commenting on the merger itself, and the remaining ones corresponding to the production sites in Enköping, Jönköping and Växjö where interviews have taken place. The last section of review and reflections brings together the most important findings. A summary of the company background is found in Appendix.

The information presented here will serve as a foundation for next chapters analysis of the corporate culture at Fläkt Woods and how the integration process affected the outcome of the merger in 2002.

Below follows a summary of Fläkt Woods Representatives that took part in the research for this thesis, including their position, years at Fläkt WoodsAB and main responsibilities in order for the reader to easily follow the presentation and sources of empirical findings.

Name	Position	Years at Fläkt Woods	Main Responsibilities
Fläkt Woods Representative 1	Sales Manager	21	Handle Sales Relationships
Fläkt Woods Representative 2	Production Process Manager	4,5	Process Development
Fläkt Woods Representative 3	R&D Manager at Fläkt WoodsEnköping	10	New Product Development
Fläkt Woods Representative 4	Site Manager at Fläkt WoodsVäxjö	10	Financial and Site management
Fläkt Woods Representative 5	Site Manager Assistant Travel and Web Manager	29	Handle traveling, the intranet and assist site manager in Jönköping
Fläkt Woods Representative 6	HR Assistant	31	Support HR function and editor of company newspaper

Table 1 - Fläkt Woods Representatives at Fläkt WoodsSweden (compiled by the authors).

4.1   Reflections on the Fläkt Woods Merger

Below follow thoughts and opinions which the Fläkt Woods Representatives expressed during the meetings concerning the merger. The background details of the merger can be found in the appendix, under Company Background.

The merger with Woods in 2002 was preceded by a large amount of due diligence analyses and most of it was kept secret from the people of the organization. Only a few persons

knew what was expected to happen, and the amount of negotiation and work resulting in the merger was tremendous (Fläkt Woods Representative 5, personal communication, 2006-05-09).

The motivation for the merger was to create breadth, and a strong brand name. The merger was pursued with the intention to increase the value of the company (Fläkt Woods Representative 2, personal communication, 2006-04-24). Fläkt Woods Representative 1 expresses the same opinion. He says that the motivation for the merger was *"to restructure, earn profits and make money"*. The motive was purely financial as the holding company all along planned on using their financial capital in combination with their competence create financial synergies (Fläkt Woods Representative 1, personal communication, 2006-04-24). Bringing the two ventilation system providers together was a way for both companies to survive and blossom as the production was so similar in many aspects (Fläkt Woods Representative 6, personal communication, 2006-05-11). Also, the merger allowed for the extensive amount of knowledge within Fläkt to stay alive. *"There might not had been a Fläkt today if the fusion had not been pursued"* says Fläkt Woods Representative 6.

Fläkt Woods Representative 1 claims to be *"highly affected, both on a professional as well as personal level"* by the fact that the organizational structure changed drastically from a flat structure to a matrix structure with managers spread more widely in the organization". The communication between managers has gotten worse at the same time as the managers are no longer locally situated. Additionally, the amount of reports and data transferred within the company has become ridiculously large as a result of the new matrix structure (Fläkt Woods Representative 1, personal communication, 2006-04-24).

Fläkt Woods Representative 2 agrees with Fläkt Woods Representative 1 that the *"immense change in the organizational structure personally affected him"*. Furthermore, the detailed ruling from Zurich is found to be frustrating but the fact that the management in Sweden gets more responsibility successively is considered more appealing (Fläkt Woods Representative 2, personal communication, 2006-04-24).

Although the merger has been a though journey, it has been beneficial. As a part of ABB, Fläkt was not included in the core business leading to lack of priority and after the merger this changed as Fläkt Woods became the main concern of business within the new organization. The merger forced the company to develop and grow; this view is shared among many members of the organization (Fläkt Woods Representative 5, personal communication, 2006-05-09).

The physical current integration process is not yet fully over either, as the organizational structure still is not optimal (Fläkt Woods Representative 2, personal communication, 2006-04-24) and probably never will be, since it is an ongoing process (Fläkt Woods Representative 1, personal communication, 2006-04-24). The lack of coherence is especially present when working in projects (Fläkt Woods Representative 2, personal communication, 2006-04-24). The separation of Fläkt and Woods, as well as the departments in Sweden, is not optimal as there are different agendas and goals for the separate units. Fläkt Woods Representative 2 thinks that *"it is better to have more general goals and from that extract more narrow objectives for each department and employee"*. This has come into some realization as Fläkt Woods now work with Global Productivity Initiatives (GPI) which can be thought of as an attempt to create a more unified approach (Fläkt Woods Representative 2, personal communication, 2006-04-24).

4.2   Corporate Culture

Below follows a presentation of the Fläkt Woodsculture through the Fläkt Woods Representatives personal perception. The section is divided into several parts covering a multitude of cultural aspects.

4.2.1   Rituals and Routines

Underneath this heading the rituals and routines for the Enköping, Jönköping and Växjö site will be accounted for.

4.2.1.1   Enköping

A normal day at Fläkt Woods in Enköping starts around 7.30. Different meetings take up larger part of the day, as the site in Enköping mostly engages in project work. Many of these projects are focused on development together with colleagues in Finland and Jönköping. Due to this, most of the meetings are so called phone meetings, to avoid unnecessary traveling (Fläkt Woods Representative 3, personal communication, 2006-05-04).

Fläkt Woods Representative 3 thinks that *"the routines are more or less the same as before the merger"*. The key change is that Enköping now have more contact with Jönköping, compared to before. The two different sites are now discussing more freely with each other.

Furthermore, the members of the organisation in Enköping have different managers to a certain extent today compared to earlier. However, it has not affected the positive atmosphere at the site (Fläkt Woods Representative 3, personal communication, 2006-05-04) Fläkt Woods Representative 3 also spend almost one day a week working at the Jönköping site and has not experienced any effect on their work either.

The people working in the Enköping organization try to have lunch together. They eat together independently of if they are white or blue collar workers (Fläkt Woods Representative 3, personal communication, 2006-05-04).

Fläkt Woods Enköping is like a family from two perspectives. Firstly, *"everyone shall feel part of the organisation and thus take part in the decision making process"* says Fläkt Woods Representative 3. This in such a way that all knowledge is taken into consideration, independently of where in the organisation they work. Secondly, they spend a lot of time together, even outside work. (Fläkt Woods Representative 3, personal communication, 2006-05-04). When they meet outside work they do sports or just socialise in general (Fläkt Woods Representative 3, personal communication, 2006-05-04).

4.2.1.2   Jönköping

Members of Fläkt Woods Jönköping have one hour flextime in the mornings and in the evenings (Fläkt Woods Representative 5, personal communication 2006-05-09). They have morning and afternoon coffee together, and most of people in the organization eat lunch at the site, in one of the two dining halls (Fläkt Woods Representative 1, personal communication, 2006-04-24) which are cell phone free zones (Fläkt Woods Representative 6, personal communication, 2006-05-11). During the entire day, office doors are open as long as

nothing confidential is discussed (Fläkt Woods Representative 2, personal communication, 2006-04-24).

Routines rather than rules have divided the company so that people working in the production eat in one dining hall, mostly talking about things outside work, and the managers and administration staff eats lunch in a connected dining hall, mostly discussing work during lunch (Fläkt Woods Representative 1, personal communication, 2006-04-24). Fläkt Woods Representative 1 blames the job talk during lunch among managers *"on the new structure of the company since nowadays this is just about the only chance to communicate with people outside the own department"*. Fläkt Woods Representative 5 agrees with Fläkt Woods Representative 1, that the lunch hour in the dining hall *"is a good opportunity to meet people from the other derpartments"*.

The routines at Fläkt Woods are different now than before the merger (Fläkt Woods Representative 1, personal communication 2006-04-24) in a way that members of the organization do not work together as they did before due to the new structure. Fläkt Woods Representative 1 even feel that he is *"sometimes working against the others as a result of the new organizational structure"*.

The merger has fractioned the company; the different departments have different agendas and different goals. In the beginning this led to a very strict division between the different departments. This division is still notable at the site and new recruits might feel that there are certain invisible borders which limit the collaboration between different departments (Fläkt Woods Representative 5, personal communication, 2006-05-09).

Before the merger, Fläkt Woods Representative 5 experienced that *"people cooperated more freely across departments and that the Jönköping site was more a common entity"*. People stood up for each other at that time, today however Fläkt Woods Representative 1 feels that *"whenever people from different departments are involved in the same project there is a struggle on who to blame if something goes wrong"*. Furthermore he has experienced that the employee turnover has increased, after the merger in 2002.

Fläkt Woods Representative 2 agrees with Fläkt Woods Representative 1 and Fläkt Woods Representative 5 that the division of departments is negative for the organization. However, Fläkt Woods Representative 2 also points out that *"the members of the organization are easy to cooperate with and are slowly starting to accept the changes due to the merger"*. The process towards acceptance is due to the fact that there is a more united approach emerging now compared to the initial divided structure imposed during the merger which allows for the old culture from the Fläkt-days come alive again (Fläkt Woods Representative 2, personal communication, 2006-04-24). Yet, divisional borders are crossed in the many and common project works at Fläkt Woods Jönköping. In the long run this will slowly tear down the borders, and change the structure to a more unified entity (Fläkt Woods Representative 5, personal communication, 2006-05-09) *"Zurich must understand that the situation today will not hold for long"* Fläkt Woods Representative 5 tells us. However, this does not apply to the cooperation with Woods, according to Fläkt Woods Representative 2, as *"some of the divisions, especially at the site in Växjö, are integrated, yet Jönköping view Woods as a separate company with its own production and sales functions"*.

Despite the changed routines and rituals due to the merger, the atmosphere in general still is positive at Fläkt Woods. This is much due to the fact that the organization is making profits. Members of the organization seem to experience the new pressures put on them from Zurich in a positive way, even though *"some of them are starting to look a bit tired and some*

grumbling can be heard in the corridors" (Fläkt Woods Representative 6, personal communication 2006-05-11).

Additionally, an important routine to note at Fläkt Woods is that there are very few written down instructions in some areas of business. In this organization, the members are learning by doing. This is visible especially with the MPS system which has been developed internally. There is no manual and the knowledge is transferred from mouth-to-mouth. Therefore it is important not to be afraid to ask questions as a new recruit at Fläkt Woods (Fläkt Woods Representative 2, personal communication, 2006-04-24)

When it comes to rituals Jönköping has an employee club, sponsored by Fläkt Woods, which organizes small events that enable members of the organization to spend time with each other in their spare time. Examples of activities are bowling and visiting a shooting range (Fläkt Woods Representative 2, personal communication, 2006-04-24). Fläkt Woods Representative 5 is personally involved in the golf-section of the employee club. She says that *"the fact that the employee club includes all members of the organization is a good way to meet people from other divisions, which in the long run also make the daily life at work smoother and easier."* Fläkt Woods Representative 5 also takes part in a group of women who meet and have sauna sessions together. Moreover, Fläkt Woods Representative 2 tells us that he sometimes *"go fishing, take part in study trips or goes for a beer after work with his colleagues"*. He also says that they are thinking about implementing an After Work at the site in Jönköping.

Before the merger there were much more activities and parties for the members of the organization to take part in. However, parties are not part of the new culture. Zurich does not encourage these kinds of activities in the same way as the management did before the merger (Fläkt Woods Representative 5, personal communication, 2006-05-09).

Additionally, Fläkt Woods offer discounts at gyms and massages. At the Jönköping site, the members of the organization have a gym, sauna and massage. Furthermore, Fläkt Woods is affiliated to an industrial health service company called Företagshälsan. Företagshälsan makes it possible for employees to get medical help and service (Fläkt Woods Representative 1, personal communication, 2006-04-24)

4.2.1.3   Växjö

The Fläkt Woods site in Växjö was forced to shut down its own production division and lay off a lot of workers as a result of the merger. The production is now outsourced and the routines have therefore changed considerably on the site (Fläkt Woods Representative 4, personal communication, 2006-05-12). Even though the Växjö site historically has been exposed to several lay offs the atmosphere at Fläkt Woods Växjö is very optimistic. The situation has changed at the site and it is profitable today (Fläkt Woods Representative 4, personal communication, 2006-05-12). Nowadays there is a much stricter evaluation of the financial state of the organization, which is positive according to Fläkt Woods Representative 4. Additionally, the distribution of information has increased and the distance to the top of the organization has decreased significantly (Fläkt Woods Representative 4, personal communication, 2006-05-12).

Fläkt Woods Växjö has also started to cooperate over divisional and national borders as far as it is possible after the merger. All cooperation which generate synergy effects is carried out (Fläkt Woods Representative 4, personal communication, 2006-05-12).

The members of the organization have lunch either in the restaurant situated in the building, bring their lunch with them or go home to eat (Fläkt Woods Representative 4, personal communication, 2006-05-12).

There are no organized clubs at the site but there are spontaneous gatherings, where members of the organization go out for a meal, arrange a beer night or similar (Fläkt Woods Representative 4, personal communication, 2006-05-12).

4.2.2   Stories

In this section the empirical findings concerning stories in Fläkt Woods in Enköping, Jönköping and Växjö will be presented.

4.2.2.1   Enköping

"Stories do almost not affect Fläkt Woods Enköping at all, for good or bad" according to Fläkt Woods Representative 3. History impacts the company to a very limited extent. Instead, they are working in the present and more focused on a future perspective (Fläkt Woods Representative 3, personal communication, 2006-05-04).

Therefore, as new recruits start at Fläkt Woods they will not hear stories about heroes or villains which have worked there before. Instead Fläkt Woods Representative 3 would tell them that *"Fläkt Woods is good at what it does, that working at Fläkt Woods involves making an impact on humans and the environment and finally, that Fläkt Woods improves the way humans feel by providing high-quality air"* (Fläkt Woods Representative 3, personal communication, 2006-05-04).

4.2.2.2   Jönköping

Fläkt Woods Representative 1 and Fläkt Woods Representative 2 agree on that there are no new real stories about heroes or villains after the merger. The only new stories Fläkt Woods Representative 2 can think of is *"talk about former site mangers and their both good and bad performance"*. Moreover, there were some stories about Woods right after the merger. These were mostly concerning the big changes that were about to happen (Fläkt Woods Representative 2, personal communication, 2006-04-24)

However, stories were common before the merger (Fläkt Woods Representative 1; Fläkt Woods Representative 2, personal communication, 2006-04-24). Fläkt Woods Representative 5 can account for several stories from the time before the merger. For instance she mentions an employee *"who was a small, hot-tempered man with very strong opinions about everything. He did as he liked, both good and bad things, while he was part of the organization"*.

Fläkt Woods Representative 6 tells us another story, from before the merger, which is frequently brought up at the company. It is about a person who worked at the finance department, who for many years managed to sneak in his personal invoices in the Fläkt Woods accounting system. When he got caught he had embezzled company funds for one million SEK in total. *"The embezzler had abused the company's confidence completely, ended up in prison. It was very traumatic and a lot of members of the organization are still talking about him"* Fläkt Woods Representative 6 tells us.

A hero from the past, which is also important in today's Fläkt Woods, is Gustav Olsson, who was one of the founders of this organization. He left a memorial fund to the company where members of the organization can apply for scholarships when they want to educate

themselves outside work or when they want to go on field study trips (Fläkt Woods Representative 6, personal communication, 2006-05-11).

The kind of stories mentioned above are not given enough space in today's Fläkt Woods. The history of the company is important, both for the company itself and for Jönköping as a city although the management teams both in Jönköping and in Zurich sometimes seems to have forgotten about this (Fläkt Woods Representative 6, personal communication, 2006-05-11).

As no new stories have been created after the merger, no obvious role models have emerged in the organization either Fläkt Woods Representative 1 does not see that there are any role models in the company at all (Fläkt Woods Representative 1, personal communication, 2006-04-24). However, Fläkt Woods Representative 2 names Patrick Pouliquen in the Executive Team in Zurich as *"a role model who he looks up to since he is very professional and easy to co-operate with"*. Fläkt Woods Representative 5 adds Bengt Staude, site manager in Jönköping, as another role model in the organization. She says that *"he has a lot of knowledge and a good personality"*. Fläkt Woods Representative 6 agrees with Fläkt Woods Representative 5 and adds that she admires Bengt Staude's *"strength and ability to see things clearly"*. He has introduced a simple and understandable information process for everybody in the organization (Fläkt Woods Representative 6, personal communication, 2006-05-11).

4.2.2.3   Växjö

Before the merger, there were a lot of stories at Fläkt Woods Växjö, especially about salespeople who promised customized solutions and homemade agreements to customers even though they only were allowed to provide standardized products (Fläkt Woods Representative 4, personal communication, 2006-05-12).

No new stories, positive or negative, have emerged after the fusion in 2002. This also makes it difficult to point out specific heroes or role models at the company. Fläkt Woods Representative 4 does not see that there are any role models at the Växjö site. However, he knows that *"on the group level there are a lot of people who admire Bengt Staude"* (Fläkt Woods Representative 4, personal communication, 2006-05-12).

4.2.3   Symbols

The most important symbols at the Enköping, Jönköping and Växjö sites are presented here.

4.2.3.1   Enköping

The most important symbol at Fläkt Woods is the logotype (Fläkt Woods Representative 3, personal communication, 2006-05-04). *"It stands for the new Fläkt, in other words a future filled with new and exciting challenges and possibilities"* says Fläkt Woods Representative 3.

4.2.3.2   Jönköping

The Fläkt Woods Representatives identified two key symbols: the company logotype and the alpha code denotations (Fläkt Woods Representative 1; Fläkt Woods Representative 2, personal communication, 2006-04-24)

The Fläkt Woods logotype is the symbol which first comes to mind among the Fläkt Woods Representatives. It summarizes in a good way the time before the merger, the actual

merger and the things that happened after the merger (Fläkt Woods Representative 5, personal communication, 2006-05-09). The logotype has kept the same font that was used during the Fläkt era and the fan wings are a part of Woods old logotype (Fläkt Woods Representative 6, personal communication, 2006-05-11). *"It was a good decision to keep both company names as they are strong brands"* says Fläkt Woods Representative 2.

The second symbol is the special language of abbreviations, exemplified in the alpha code system, used throughout the entire production process. It is four letters and a series of numbers that is used by all members of the organization to make the production a lot more efficient (Fläkt Woods Representative 2, personal communication, 2006-04-24). There are also other types of abbreviations. One example of a frequently used abbreviation is LCC which stands for low cost countries (Fläkt Woods Representative 5, personal communication, 2006-05-09). According to Fläkt Woods Representative 5 the number of abbreviations has increased after the merger. There even exists a special dictionary page on the intranet for all abbreviations which are used at the site (Fläkt Woods Representative 6, personal communication, 2006-05-11).

Beside the symbols mentioned above, the official language at Fläkt Woods is English. The language at the Jönköping site can be classified as informal. Furthermore, there are no differences in the size of offices or similar, depending on where in the organization you work in Jönköping (Fläkt Woods Representative 2, personal communication, 2006-04-24). It is not possible to decide which rank a person, who works at Fläkt Woods, has by looking at his or her clothes. The company does not apply any dress codes (Fläkt Woods Representative 1, personal communication, 2006-04-24). An earlier operations manager in England tried to implement tailored trousers and shirt with collar as dress code but that was quickly voted down in Sweden (Fläkt Woods Representative 5, personal communication, 2006-05-09).

4.2.3.3   Växjö

The only symbol, which Fläkt Woods Representative 4 could identify at Fläkt Woods Växjö, was the company logotype. To him the logotype means *"innovativeness and the future"*. *"Before the merger, the progress of the company was slow and it felt a bit state owned"* says Fläkt Woods Representative 4. Today, people are working harder which is positive. It is all about performing and producing good results which is summarized in a good way in the logotype (Fläkt Woods Representative 4, personal communication, 2006-05-12).

There are no general signs which symbolize power at Fläkt Woods Växjö. However, the managers are restricted to a dress code which only allows them to wear suits during working hours (Fläkt Woods Representative 4, personal communication, 2006-05-12).

4.2.4   Power Structure

This section will account for how the Fläkt Woods Representative experience the power structure at Fläkt Woods Enköping, Jönköping and the Växjö and how it has changed after the merger.

4.2.4.1   Enköping

All members of the organisation at the Enköping site are allowed to take part in the decision making process as far as it is possible (Fläkt Woods Representative 3, personal communication, 2006-05-04).

Since the merger the power structure has become slightly more focused as the Executive Team in Zurich has made sure that all members of the organisation are aware of its power (Fläkt Woods Representative 3, personal communication, 2006-05-04). However, Fläkt Woods Enköping has not been affected by it on a daily basis, as the organisation over all is flat and that it is easy to communicate outside the divisional borders (Fläkt Woods Representative 3, personal communication, 2006-05-04).

4.2.4.2 Jönköping

Before the merger the manufacturing site in Jönköping had more of an own responsibility that came with the entire set of HR, finance, production and warehousing (Fläkt Woods Representative 1, personal communication, 2006-04-24). Now, however, the power structure is changed, as the company is divided into many fractions – all with their own manager (not always locally sited) and own agenda. The change was drastic as the company went from a local approach to a global one. (Fläkt Woods Representative 2, personal communications, 2006-04-24).

To strengthen the influence from Fläkt Woods Sweden, two initiatives have been brought forward, and Zurich does not mind any of these initiatives:

- *Working Group Committee*: four persons from different parts of the structure trying to increase the communication between departments. (Fläkt Woods Representative 1, personal communication, 2006-04-24)

- *Swedish Management Team:* managers from the different production sites in Sweden working together to create a strong Swedish unit (Fläkt Woods Representative 1, personal communication, 2006-04-24).

The power structure is very different from the organizational structure according to Fläkt Woods Representative 1. Members of the organization report to one person, but get their paycheck from somebody else. "*It is hard to find a power structure that resembles the organizational structure perfectly. It has never been done during my carrier*" claims Fläkt Woods Representative 1. Fläkt Woods Representative 5 expresses a similar opinion. The power structure and the organizational structure differs since many members of the organization know who to turn to in order to get things done and this person does not necessarily have to be ones manager (Fläkt Woods Representative 5, personal communication, 2006-05-09). Fläkt Woods Representative 2 on the other hand, says that the power structure does fit with the organizational chart, since the true power lays at the top level, which is with the Executive Team in Zurich. However, he is not satisfied with this power structure since "*the Swedish managers are disregarded many times as the top management gets involved in details. This leads to faulty decisions as the top management many times do not have correct or enough information*" says Fläkt Woods Representative 2. Fläkt Woods Representative 6 agrees with Fläkt Woods Representative 2 that the power structure corresponds to the organizational structure. Yet, she adds "*that if anybody at a lower level in the organization has a constructive solution to a problem, the management will listen to his or her suggestions*" (Fläkt Woods Representative 6, personal communication, 2006-05-11).

4.2.4.3 Växjö

Fläkt Woods Representative 4 (personal communications, 2006-05-12) does not think that the power structure deviates from the organizational structure. "*It was different before the merger since we were much more people in the Växjö organization*" says Fläkt Woods Representative 4. The larger organization provided possibilities for strong-willed members of the organiza-

tion to affect weaker managers. Today this is not as frequent since the organization is much more slimmed and the number of managers has declined severely (Fläkt Woods Representative 4, personal communication, 2006-05-12).

4.2.5   Control Systems

Beneath the different control systems used at the Enköping, Jönköping and Växjö site will be presented.

4.2.5.1   Enköping

The control system first mentioned at Fläkt Woods Enköping is a reward system for good ideas, which is consistent throughout entire Fläkt Woods Sweden (Fläkt Woods Representative 3, personal communication, 2006-05-04). As any other unit within the group there is an extensive amount of reports sent to Zurich to make sure that the site works as it should (Fläkt Woods Representative 3, personal communication, 2006-05-04) Furthermore, the ISO 9001 and 14000 certifications are apart of the company's quality and environmental management (Fläkt Woods AB, 2006i) and can thus be regarded as a control system.

4.2.5.2   Jönköping

There are basically three different control systems at Fläkt Woods Jönköping. Firstly, ISO 9001 and 14000 certifications for quality and environmental control are achieved, as well as other working environment certificates. Representatives from the ISO agencies come every year and revise the work on the entire site (Fläkt Woods Representative 5, personal communication, 2006-05-09). After the revision, their suggestions and reprimands need to be met in order to keep the certificates. *"This is a very important control system for us at Fläkt Woods"* says Fläkt Woods Representative 6.

Secondly, Fläkt WoodsJönköping applies a finished product control before delivery of goods. During this end check, it is noted who has been doing something wrong, and then an attempt to correct it is made to make sure that it does not happen again (Fläkt Woods Representative 5, personal communication, 2006-05-09).

The third control system consists of an extensive reporting system, which provides the Executive Team in Zurich with information. This is done on a weekly, monthly, quarterly and yearly basis (Fläkt Woods Representative 1, personal communication, 2006-04-24). In Sweden the reporting has been streamlined through the use of a special database, custom made for Fläkt Woods Sweden (Fläkt Woods Representative 1, personal communication, 2006-04-24). In order to further speed up the reporting system, a color coding system (red, yellow and green) has been brought into use (Fläkt Woods Representative 2, personal communication, 2006-04-24). England, on the other hand, has serious problems with the reporting issue, as it extremely time consuming without the application of a database. *"It is not optimal, as this kind of reporting takes up a lot of time, and there is overlapping in the reporting"* says Fläkt Woods Representative 1.

Before the merger, there were almost no report systems at all. *"The new system is demanding but maybe necessary. When focus is set, members of the organization know what to do and what is demanded of them to reach the set target"* Fläkt Woods Representative 5 tells us. Fläkt Woods Representative 6 agrees that the control systems have become more sophisticated after the merger

An additional control system worth mentioning is the suggestion box for employees to suggest improvements, which can lead to rewards up to 10 000 SEK (Fläkt Woods Representative 2, personal communication, 2006-04-24).

For the managers and board there is a bonus pay system and cars. *"The managers are more driven by bonuses than before, but nowhere near England"* says Fläkt Woods Representative 1, Otherwise, the rewards system and amount of praise given by Zurich is very scarce. *"Often it is only an email saying well done, but always containing the word BUT"* Fläkt Woods Representative 5 says.

4.2.5.3   Växjö

At Fläkt Woods Växjö, three different control systems are in use. Firstly, the site is certificated according to ISO 9001 standars, mostly for the customers' sake (Fläkt Woods Representative 4, personal communication, 2006-05-12). Secondly, to make sure that the employees come and go at the right times there is a time control system in use, where they have to indicate the exact time they enter and leave. *"Växjö also have the same reporting system as they use in Jönköping"*, states Fläkt Woods Representative 4 as a third control system.

4.2.6   Organizational Structure

The following section will account for the organizational structure at Fläkt Woods and how the Enköping, Jönköping and Växjö sites perceives it.

4.2.6.1   Enköping

The organizational structure at Fläkt Woods Enköping is flat and informal. After the merger the site has been severely reduced and now only employs 27 persons, seven of which are white collar workers (Fläkt Woods Representative 3, personal communication, 2006-05-04).

Despite the fact that the site is reduced, the Fläkt Woods Enköping site has not in their daily work been affected by the merger with Woods (Fläkt Woods Representative 3, personal communication, 2006-05-04). However, if Fläkt Woods Representative 3 was to change something in the organizational structure he would *"move the R&D department closer to the production department and increase the communication between them. This improvement would make Fläkt Woods more efficient and profitable"* Fläkt Woods Representative 3 thinks.

4.2.6.2   Jönköping

The organisational structure consists of a very complex matrix structure. The structure is flat in Sweden, but gets more hierarchal in Zurich (Fläkt Woods Representative 2, personal communication, 2006-04-24). The decision making process is formal, whenever a decision is to be made it has to reach higher instances. However, this does not mean that it is impossible for employees further down in the organizational structure to go round the system and contact higher instances directly (Fläkt Woods Representative 2, personal communication, 2006-04-24; Fläkt Woods Representative 6, personal communication, 2006-05-11). Fläkt Woods Representative 5 says that the organization is flatter than before the merger. She also says that she feels closer to Zurich than to the ABB-management team. This is probably due to the fact that the new corporation is much smaller than ABB (Fläkt Woods Representative 5, personal communication, 2006-05-09).

"The company was run smoother before compared to today and there was much more of a "one company"-feeling" according to Fläkt Woods Representative 2. Ever since the merger the organization has become much more formal; employees are no longer friends with the executive team. *"Earlier the working environment was much friendlier, now everybody is more concerned with their profits and results"* says Fläkt Woods Representative 1.

To improve the organizational structure, Fläkt Woods Representative 1 would like to see more confidence and autonomy from the Executive Team. As of today, the management in Zurich is trying to supervise in too much detail and there is a lack of a feeling of entirety. *"Everything concerns producing a good EBIT-figure"* says Fläkt Woods Representative 1. Fläkt Woods Representative 5 adds that she also *"would like to see the Jönköping unit more unified in some way. It is both economically and culturally inefficient to have such a fractioned organization, since it complicates the cooperation between the departments.*

Getting back to a simpler structure is also what Fläkt Woods Representative 6 would like to do if she were allowed to change the organizational structure. She would also like to see that the maintenance department would come to life again. It was severely reduced after the merger which is considered as a negative thing according to Fläkt Woods Representative 6. She thinks that the work site is slowly falling apart since maintenance issues are not prioritized enough in the existing company (Fläkt Woods Representative 6, personal communication, 2006-05-11).

4.2.6.3 Växjö

Fläkt Woods Representative 4 would describe the Fläkt Woods organization as flat. *"There are few levels to the top and not many middle managers"* he tells us.

Furthermore, he states that *"the organization is somewhere in between formal and informal. The organization is formal in the way that it is the different bosses who make the decisions and has the power. However, it is at the same time possible for anybody in the organization to contact the CEO, without anybody questioning it"*. This implies that the organizational structure can be considered as partly informal as well (Fläkt Woods Representative 4, personal communication, 2006-05-12).

Before the merger, the organizational structure was slower and the top management seemed to act from a much further distance. Today, on the other hand, this has changed. The organization is slimmed and more efficient. This is at least the feeling that Fläkt Woods Representative 4 has experienced and he also adds that "their *profitable results speaks for themselves"*. He would not want to change anything, since he thinks that *"the new organization is improved and much better than the old one"*

4.3 Influences of Coporate Culture in the Fläkt Woods Merger

Fläkt Woods has experienced a lot of restructuring, which has deeply affected some of the members of the organization. Below follows the interview results regarding the cultural effects on the merger. Firstly, we will consider empirical findings of the integration process, followed by the results of cultural integration-model and the three steps toward cultural integration.

We are aware of the differences in structure in the following section compared to the rest of the thesis. However, as our findings were so closely intertwined it was not possible to separate them according to the three theories presented in the frame of reference.

4.3.1 Enköping

Fläkt Woods site in Enköping has little or no interaction with Woods in England and the employees do not know more about the company that they merged with in 2002 than they did before the fusion (Fläkt Woods Representative 3, personal communication, 2006-05-04). This is because none of them share product ranges, and seldom work within each others field of interest.

The people working at the site in Enköping have clinged on to their own culture to a high extent. The fundamental values of the organisation, such as being open and innovative as well as hard working, have remained the same after the merger thus keeping the culture intact (Fläkt Woods Representative 3, personal communication, 2006-05-04). He also claims that *"the members of the Enköping organisation still share the same feeling that they had as a part of ABB years ago"*.

The relationship with the parent company is not bad, but the people working in Enköping have some trouble with understanding the logic behind the merger. They do not see the synergy effects that were awaited, but rather the fact that two Swedish large units became one as described in the Company Background found in Appendix, which resulted in a loss of market share (Fläkt Woods Representative 3, personal communication, 2006-05-04).

4.3.2 Jönköping

There are several factors that affects Jönköpings relationship with the management. Firstly, the management style of the team in Zurich has an impact. (Fläkt Woods Representative 2, personal communication, 2006-04-24). The amount of extensive reports demanded from Zurich also influences, since it puts pressure on the site. Thirdly, the detailed way of managing the organization has lead to complications for the Swedish managers as it creates frustration to work without enough autonomy, and in that way also affecting the relationship (Fläkt Woods Representative 1, personal communication, 2006-04-24). All this has lead to unsatisfied employees that continuously share negative thoughts and feeling about the Executive Team in Zurich. An example of this is the claim that the board is constituted of friends (Fläkt Woods Representative 1, personal communication, 2006-04-24). Fläkt Woods Representative 6 tell us that *"the Executive Team pressures the entire organization to perform, and reminds everybody constantly that the budget targets needs to be reached"*. Before the merger this was never really openly discussed, but today everybody has a sense of numbers which provides a consciousness which has never earlier been seen in the company (Fläkt Woods Representative 6, personal communication, 2006-05-11).

Fläkt Woods Representative 2 tells us that *"the relationship with Woods is not at an optimal level either"*. This is because the expected level of cooperation is unclear to the people in the organisaion due to a lack of knowledge regarding Woods (Fläkt Woods Representative 6, personal communication, 2006-05-11). Fläkt Woods Representative 6 had expected *"a higher level of collaboration between Sweden and England, especially within the HR function, however, this has not occurred"*. Fläkt Woods Representative 2 (personal communication, 2004-04-24) claims that *"it would only be difficult to cooperate production wise with England, as the product ranges are completely different and thus there are no synergies from working together"*.

However, there have never by any means existed hard feelings in officially in Jönköping toward Woods as an organisation, even though they were thought of as competitors before the merger (Fläkt Woods Representative 5, personal communication, 2006-05-09). Yet,

members of the organization do, to some extent, talk negatively about the people in Colchester (Fläkt Woods Representative 5, personal communication, 2006-05-09).

Production wise, Fläkt is stronger than Woods, with almost 4/5 of the manufacturing (Fläkt Woods Representative 1, personal communication, 2006-04-24). It should therefore be noted that some people at the site in Jönköping hold Fläkt as the more dominant part of the constellation as they are performing better financially than Woods, and thus they feel stronger than their counterpart in England (Fläkt Woods Representative 5, personal communication, 2006-05-09). The problems in Colchester can be traced back to their recent move to a new production site, and the following disorder that occurs as a result of this. Fläkt Woods Representative 6 (personal communication, 2006-05-11) believes that "*the dominance will shift to a more equal level as the new Woods comes into order and their production capacity can be fully exploited*".

In spite of the Swedish unit feeling dominant, they are seen as equal with Woods from the management's perspective (Fläkt Woods Representative 2, personal communication, 2006-04-24). However, right after the merger there was a cultural clash, as Zurich brought Woods forward as the better company in combination with claiming that Fläkt was the more unstructured division with high production but no profits. This led to Fläkt feeling undermined by Zurich (Fläkt Woods Representative 1, personal communication, 2006-04-24). This has changed now; there is no preferential treatment for any of the two companies (Fläkt Woods Representative 2, personal communication, 2006-04-24).

Many of the employees at Fläkt Woods Sweden view the merger as a break which would bring the old Fläkt culture from the time before ABB back to life (Fläkt Woods Representative 1, personal communication, 2004-04-24; Fläkt Woods Representative 5, personal communication, 2006-05-09). "*It can be hard to let go of a positive culture, especially when there is nothing to replace it with*" says Fläkt Woods Representative 5. However, this spirit is diminished continuously, much due to the new structure that separates people in the organization rather than bringing them together (Fläkt Woods Representative 1, personal communication, 2006-04-24).

The organizational structure in the company has led to segregation. The matrix structure that the Executive Team has chosen to apply in the organization has lead to a division between people that is far from natural (Fläkt Woods Representative 2, personal communication, 2006-04-29). Almost every manager at Fläkt Woods Sweden does not have his/her manager present locally as they are situated in Zurich. Every department has their own agenda and their own objectives that are not aligned at the top level, thus distracting the organizational members from achieving the company's profit goals (Fläkt Woods Representative 2, personal communication, 2006-04-24).

There were some mixed messages concerning the integration right after the merger, and the Swedish unit went back to using the Fläkt logotype that was used before the time with ABB (Fläkt Woods Representative 6, personal communication, 2006-05-11). Shortly after this, new guidelines and a new logotype came from the Executive Team in Zurich and it became evident that the companies were more of one entity than two separate ones. However, the members of the organization do not feel like they are one company yet, but rather two separate parts held together by Zurich (Fläkt Woods Representative 5, personal communication, 2006-05-09).

"*The parts of the organizations that have been integrated so far are where overlapping in the production occurred, such as at the sites in Växjö and Colchester*" Fläkt Woods Representative 1 explains. Oc-

casionally, there has been some project work, mostly regarding IT-solutions, where people from both Sweden and England have cooperated, but this is not the norm (Fläkt Woods Representative 5, personal communication, 2006-05-09). Furthermore, there is some cooperation between the two units within the Operations division as the manager in France brings together people from Sweden, Finland and England to come up with and refine best practices that are later used throughout the Operations division (Fläkt Woods Representative 5, personal communication, 2006-05-09).

However, the attention to culture in the corporation could be increased. *"The softer parts of organizational life, such as corporate culture, cannot be measured in money and is therefore of low interest to the owners"* Fläkt Woods Representative 2 continues. He also thinks that "*the merger would have been more beneficial in the long run if there had been some attention paid to the culture*". Fläkt Woods Representative 5 agrees with this as she claims that *"the more culture is communicated and discussed, the faster the integration goes"*.

However, culture has acctually been discussed to some extent in Sweden but not on the group level where everything is focused on business. The importance of culture for the Swedish unit can be exemplified with the management for Operations go on a yearly conference, where these kinds of matters are brought up and evaluated (Fläkt Woods Representative 5, personal communication, 2006-05-09). The staff feels that culture permeates everything they do in their work, and that it is a very important aspect of their work (Fläkt Woods Representative 5, personal communication, 2006-05-09). *"Yet, a lot of the people within the Swedish organization still hold the old Fläkt close to their hearts, even though the new FläktWoods culture is embraced"* Fläkt Woods Representative 6 tells us. As the employees born in the 1940's move closer to retirement, there is more space in the organization for new ways of thinking which speeds up the creation of a Fläkt Woods spirit (Fläkt Woods Representative 6, personal communication, 2006-05-11).

It should also be noted that the company does not show its segregated inside towards the outer world. This is visible at the homepage (www.flaktwoods.com) where both companies are presented together as a unit. The parallel historical facts are portrayed alongside each other, and there is no separation of the product ranges depending on where they are produced (Fläkt Woods Representative 5, personal communication, 2006-05-09).

4.3.3 Växjö

Before the fusion the site in Växjö regarded Woods in Colchester as competitors, something that changed as the merger was announced and the two became one. The members of both organizations were well-mannered and polite in the interaction as they were trying to get a feeling of each other (Fläkt Woods Representative 4, personal communication, 2006-05-12). Now, as some time has passed, there are mixed emotions from the Växjö site, as many feel that Woods is not performing as well as expected, but at the same time they are aware of the fact that moving the production site in Colchester has had a negative effect on the production level and thus profits (Fläkt Woods Representative 4, personal communication, 2006-05-12).

"A new Fläkt Woods culture has emerged after the culture" according to Fläkt Woods Representative 4. He claims that they have not clinged on any ABB spirit which disappeared rather quickly after the merger, and that this is valid for the entire organization. The new owners got rid of the old culture quite fast which is considered as positive (Fläkt Woods Representative 4, personal communication, 2006-05-12). Furthermore, Fläkt Woods Representative 4 claims that *"there is no situation where one of the two companies is dominant"*.

However, "*One always holds their own company closest to the heart*" says Fläkt Woods Representative 4. Before the merger, and even before the time as part of ABB, there was a strong Fläkt spirit which a lot of people thought would re-emerge as they no longer had to be apart of ABB (Fläkt Woods Representative 4, personal communication, 2006-05-12). A lot of people would gladly have been only Fläkt, but being Fläkt Woods is at the same time a better alternative than still belonging to ABB (Fläkt Woods Representative 4, personal communication, 2006-05-12).

The people working at the site in Växjö reacted positively to the announcement of the merger. However, initially the site had to partially close down due to overlapping in production and this led to layoffs. The people that are still working within the organization have remained positive, at least to 99 % (Fläkt Woods Representative 4, personal communication, 2006-05-12).

Fläkt Woods Representative 4 thinks that "*the intention with the merger was to integrate the two companies into one unit as they cut the overlapping parts leaving the sites with unique production*". Therefore, each site has a responsibility to contribute to the entirety (Fläkt Woods Representative 4, personal communication, 2006-05-12).

There are a range of specific benefits that can be traced back to the merger with Woods; the proximity with the Executive Team has improved the decision making process which is now faster and more effective. The new organization is also more focused and driven on reaching its targets (Fläkt Woods Representative 4, personal communication, 2006-05-12).

"*There are integrated teams working within the Fläkt Woods organization*" says Fläkt Woods Representative 4. The purchase function cooperates internationally, whereas the R&D department has focused its collaboration on England. Fläkt Woods Representative 4 does not think that "*there will be an increase in the integration of function, but that it rather will remain on the same level as today*".

The integration process is not completed, as it is continuously developing (Fläkt Woods Representative 4, personal communication, 2006-05-12).

The joint vision and shared values are developed on the group level. There is a management conference yearly, where 100 top managers go through company directions, visions and goals which are unitary for the entire organization (Fläkt Woods Representative 4, personal communication, 2006-05-12).

4.4 Empirical Findings – Review and Reflections

This section will sum up the empirical findings and describe the most important results. This will provide the reader with an easy overview as well as give clarifications in order to fully grasp the following chapter of analysis.

Table 2 summarizes the most important empirical features of the different aspects of the cultural web.

Cultural web	*Enköping*	*Jönköping*	*Växjö*
Routines and Rituals	Project work Family feeling	Differing routines depending on department Employee club Few written down instructions within certain areas	Positive atmosphere Enjoy cooperation with Woods
Stories	Low effect on people History irrelevant	Multitude of stories History important Site Manager admired	Lots of stories before merger
Symbols	Company logotype	Company logotype Alpha code denotations Company abbreviations	Company Logotype
Power Structure	Deviates from org. structure Easy to communicate	Fractioned structure Partly deviates from org. structure	Corresponds to org. structure Formal dress code for management
Control Systems	ISO 9001/14000 Reward system for good ideas Extensive reports	ISO 9001/14000 Finished products check Extensive reporting Bonus system for management	ISO 9001/14000 Employee time control Extensive reporting
Organizational Structure	Flat and informal at site Aware of Zurich power	Complex matrix structure on group level Partly formal Fractioned structure Wish for more autonomy	Flatter structure than before merger on group level

Table 2 - Summary of Empirical Findings in Cultural Web (compiled by the authors).

Many of the empirical results found are alike among the sites in Sweden, such as the ISO certifications (Fläkt Woods AB, 2006X). Also, the ideas for improvement-box are the same for the entire Swedish organization (Fläkt Woods Representative 3, personal communication, 2006-05-04). However, as visible in table 2 there are also big differences among the sites. The table gives an overview of the many concerns that influence the culture at a company.

Culture in a merger situation	*Enköping*	*Jönköping*	*Växjö*
Interaction with Woods	Little or no interaction	Some, project work and R&D	To a relatively high extent
Extent to which they have clinged on to own culture	To a high extent	At a medium level.	Low; new culture goes
Relationship with Woods	Not bad, but having problems to see the logic behind the merger	Not on an optimal level	Good
More Dominant than Woods	Yes, as there is close to no knowledge of Woods	Partly; production wise but not from a management perspective	There is no Woods, only Fläkt Woods
Level of integration	Low level, close to non existent	Semi-integrated	High

Table 3 - Summary of Empirical Findings on Culture in a Merger Situation (compiled by the authors).

Table 3 gives a review of what has been said in the empirical part concerning the culture in a merger situation.

5 Analysis

In this section, the frame of reference and empirical findings will be brought together in order to investigate the different viewpoints on the corporate culture of Fläkt Woods Sweden and the effects it had on the merger in 2002. We will start by describing our perception of the actual merger, and continue with the corporate culture paradigm through the cultural web. Thereafter, the results of cultural integration-model will provide insight to how the culture was effected by the merger. Lastly, we will round off this chapter with a review and reflections-section.

We have chosen to compare the different sites to each other even though they are of various size, have dissimilar purposes and levels of complexity. We are aware of that this might give us a simplified picture of the reality, but this is counterbalanced by the fact that all the sites are part of the same Fläkt Woods paradigm.

5.1 Analysis of the Merger

Below, a short analysis of the merger between Fläkt and Woods in 2002 are presented. This in order to increase the understanding of the cultural aspects of the merger, following in the next sections.

The merger of the former Fläkt division of ABB and Woods Air Movement in Colchester was done through Compass Holdings acquirement and combination of them, as explained in Company Background found in Appendix. This resulted in that two of the strongest brands within the air handling and treatment industry joined forces (Fläkt Woods AB, 2006e).

The fusion can partly be classified as horizontal, as the two firms produced the same goods, for the same market. There are some features of an extensional merger as in part they were operating in different markets, therefore a combination of a horizontal and extensional merger would be the most accurate description of the Fläkt Woods fusion in 2002. As a result of the merger, parts of the organization experienced overlapping in the production function as the companies had prior operated partly in the same market with the same type of products. The overlapping factor led to reorganization, two examples being the move of production from Enköping to Jönköping as well as the outsourcing of the production in Växjö. We believe that this kind of rationalizations in the structure helped the company to become more stream-lined and efficient in its strive for synergetic effects.

The underlying reason for Compass Holdings to acquire and combine the both companies is regarded as financial, with the aim to create a profitable company. The sole focus on money and profits has dimished their attention to the cultural aspects of this merger.

The merger is viewed as beneficial for both companies. ABB's low prioritizing of the Fläkt division would not have been durable with time, only damaged the ventilation company in the long run. Therefore, a sale of this division was necessary. The merger with Woods has been traumatic for the members of the Fläkt organization. The process of creating a functional and efficient entity is still in work. There are evidence of that the process have come further in some divisions than in other parts of the organization, as will be further discussed in later sections. However, the work is continuous and will keep going as long as the company is allowed to stay in the same format as of now.

5.2 Analysis of the Corporate Culture through the Cultural Web

Here our perceptions of the corporate culture, based on Schein's definition (shown in section 3.2.1) in Fläkt WoodsSweden, will be presented. However, it should be noted that a culture is not something that can be fully understood until one is part of it, if even then. It is also hard to describe culture in writing as it can be considered as more of a feeling than something tangible. Therefore, we have chosen to present the most critical values and assumptions which we think best symbolize and represent the Fläkt Woods paradigm.

5.2.1 Routines and Rituals

The *routines* and *rituals* can be described as 'the way things are done and the way we do things around here' (Johnson et al, 2005). They have two basic effects on the organization; either they work as a lubricant for the work and can also make it very hard to impose changes (Johnson et al, 2005).

A routine which is applicable to all the sites is the fact that they communicate in English, since this is the official language in the company. The fact that all parts of the organization are using the same language on a daily basis ease the understanding and paves the way for a more straightforward integration process.

5.2.1.1 Enköping

The routines and rituals of Fläkt Woods Enköping are incused of codetermination and friendliness which works as a lubricant of the work in the organization.

The indication of codetermination is emphasized by the fact that all people at Fläkt Woods Enköping are allowed to express their opinions and take part in the decision making process as far as it is possible. All knowledge is highly valued and taken care of independently of the rank in the hierarchy of the person who possess it.

The friendliness is underlined by the fact that all members of the organization spend a lot of time together both at work and outside. For instance they try to have lunch together and they do sports together in their spare time.

5.2.1.2 Jönköping

At Fläkt Woods Jönköping people spend a lot of time together on breaks and during lunch. They also spend time together outside work, participating in different events and activities which the employee club arranges. All this bring the members of the organization together and contributes to a positive and strong culture

However, when working, the site feels individualistic or at least departmental, as it is the own department that is closest to ones heart. The divisions have different agendas and goals and there are invisible borders between them. Yet, we do believe that the goals are aligned at top management level and then trickled down in the organization. Unfortunately, the motivation for the objectives are lost on the way. This makes the perception of the goals, when they reach the various departments at the sites, unlike when compared. The same goes for the agendas that are results of the specified goals. Since, the routines of the members of the organization are perceived as separated we think that it is difficult for them to see the whole corporate picture. This fact adds to the problems of aligning the site to the corporate culture.

Furthermore, even though there is a positive atmosphere in general at Fläkt Woods Jönköping, the sub-division of departments with managers in other countries, is causing frictions. The reason for this might be that the Executive Team has not been good enough at making every one in the organization fully aware of the logic behind the new routines at the site. However, we experience that this is descending as the Executive Team slowly is making changes, by for instance allowing for the Swedish Management Initiatives to act, which give space for a more autonomous site and also encourages project work which crosses the divisional borders.

Another reason underlining why the atmosphere is not optimally affirmative is what we experienced as a backwards mentality at the site, that allows people to hold on to the old routines and rituals from the time before the merger. The Fläkt Woods Representatives miss the old days when everybody at the site had the same manager and cooperated freely over the divisional borders and there were more activities and parties for the members of the organization.

Furthermore, many of the instructions are not written down, which makes it difficult for new members of the organization to be fully integrated until they have learned how things are done at Fläkt Woods. In turn this makes it more difficult to changes routines, which may also be holding the site back in its development towards the new Fläkt Woods culture.

5.2.1.3 Växjö

The corporate culture in Växjö is dominated by a feeling of a safe and pleasant working environment. This can be drawn back to many of their routines and rituals which all together create a feeling where everybody is valued equally independent of their position at the site. Many times the members of the Växjö organization spend time, often spontaneously, outside work which helps to improve this feeling.

The outsourcing of the production in Växjö has transformed the site completely, and thus had an effect on the culture as well. We believe that as the production disappeared, it got more difficult to hold on to the old culture as a core part of the organization was lost.

Historically, the site in Växjö has been exposed to layoffs and cut-downs, which we think resulted in a custom where people are not afraid of change and know how to deal with a crisis situation which in turn creates security and an optimistic approach to the future. We found a sense of "we can get through it all" in Växjö.

As the site has managed to improve the profitability there is currently a positive wibe at the working site. The amount of cooperation with other parts of the Fläkt Woods organization is also a factor that contributes to the optimistic and encouraging culture which reinforces what is important in the culture. There is a constant search for synergies which emphasizes the innovativeness of the company. Yet, the relationship with Woods is somewhat fragile at the moment as their profitability have decreased due to their production site move. As they get the chance to settle in, we believe that the affiliation will regain its stability.

5.2.2 Stories

The use of stories within an organisation, told by employees and management to eachother as well as to outsiders, reinforces what is regarded as important in the organization, and can at the same time legitimize certain behaviours (Johnson et al, 2005).

5.2.2.1   Enköping

Stories are not highly valued at the Enköping site, since it is only the future that counts. Therefore, no stories circulate in the organization. This attitude among employees are highly questionable as they have been part of an extensive history, and we are sure that people share stories from the past even though they do not reflect upon it. However, the reason why the organization has chosen to disregard their cultural history can be because it is painful. Before the merger Enköping has one of Sweden's largest productions sites and today they are only 27 employees. The members of the organization are happy to have kept their work and have chosen not to grief the glory days but to continue forwards and look into the future.

5.2.2.2   Jönköping

History is extremely important at the Jönköping site since this is where the fan production started 1918. From that time on, Jönköping has always been the key site for the company and also meant a lot for the people in the town. There are many stories about people who worked at the site many years ago circulating at the site which still have an impact on the way the culture is shaped today. Members of the organization remember their past and value it. We believe that this to a certain extent hold the organizational culture back and makes it close to constant.

However, some parts of the history also brings the culture forwards as Gustav Olsson being one of the founders of the organization, and leaving a memorial fund to the company. This fund finances field study trips to for instance Colchester, in England, and in this way the history also encourages the members of the organization to look into the future and accept the new circumstances.

Bengt Staude, the site manager at Fläkt Woods Jönköping, also helps the organization to get a more futuristic perspective on the culture. He is relatively new at the top of the organization but has already got role model status at the site. For instance, he is very good at keeping everybody informed. This in turn, helps people to understand the changes that are constantly going on at the site and will maybe help them to let go of the past and better appreciate the new situation.

5.2.2.3   Växjö

There have always been stories to support the culture, however, they have disappeared gradually. Växjö was a major player within the organization early on, and has in many cases shared a parallel history with Jönköping. However, as the production was outsourced the heroes and villains disappeared as did the stories about them. This has led to an ambition for the organization to develop and prosper as there are no stories holding back. It is plausible to think that some stories have remained a part of the culture, as the members of the organization still carry knowledge of the past. However, they might have lost some strength and are not affecting the culture to the same extent anymore.

5.2.3   Symbols

Symbols are visible features as well as language and terminology, which together constitutes a snapshot of organizational life (Johnson et al, 2005).

5.2.3.1 Enköping

The most important symbol at Fläkt Woods Enköping is the logotype. The symbol stands for *"the new Fläkt and future challenges and possibilities which it brings"* according to Fläkt Woods Representative 3. The fact that he thinks that the symbols stands for future challenges and possibilities further underlines the feeling of a positive and inspiring culture. However, the reference to the "new Fläkt" also implies that the culture at the site has put distance between themselves and the Woods. They are more or less seeing themselves as an own entity instead of a part of the whole corporation, even though the interaction with Jönköping has increased. In our view, this will cause the site to experience a slower process toward finding themselves a part of the Fläkt Woods paradigm.

5.2.3.2 Jönköping

The main symbols at Fläkt Woods Jönköping are constituted by the company logotype and the alpha code denotations. They contribute to the culture in different ways; the logotype is new from the merger, yet it has kept the same font as the old Fläkt logo. Furthermore, the fan wings are green, which was the original color of the old logotype before the merger. It summarizes the history of the organization as well as it stands for the new, and the future. We think that this is an optimal way of making people proud of the new organization at the same time that the historical events are not disregarded. This has probably made the logotype accepted and initiated conviction in the members of the organization, and in this way strengthened the culture at the site.

The language of abbreviations, embodied in the alpha code denotation, makes it difficult for any outsiders to understand what is going on at the site. This makes the members of the organization feel special and it brings them together and in turn empowers the culture.

There are no official titles or dress codes in use, internally in the company just as there are no differences in the size of offices or other symbols of power either at the site. This implies that the site values all the coworkers equally and all are appreciated for the work they contribute with, something that is deeply rooted in the company, and part of the Fläkt Woods paradigm.

5.2.3.3 Växjö

As Fläkt Woods Representative 4 stated, the logotype expresses innovativeness and the future, which can be seen as a glimpse of the organizational nature as it expresses values that are very reflexive of both the culture and the company. As there are no real signs of power within the Växjö organization except for the manager dress code, it is implied that everybody are considered as equal but still the managers have a certain authority. This can also be traced back to the underlying values where everybody's opinions are taken into consideration and valued in the same way, which once again reinforces the paradigm of the company.

5.2.4 Power Structure

The *power structure* is normally very closely linked to the paradigm itself (Johnson et al, 2005). However, this is not true in this case since parts of the culture existed long before the Executive Team entered the picture.

5.2.4.1 Enköping

The existing power structure deviates a great deal from the organizational structure and is very egalitarian. Even though Fläkt Woods Representative 3 is the manager, everybody gets to participate in the decision making process and make their voices heard as far as it is possible. All knowledge is valuable, disregarded of the position the person who possesses it has. The power structure therefore implies that the culture at Fläkt Woods Enköping is very open and democratic.

5.2.4.2 Jönköping

The power structure at Fläkt Woods Jönköping is experienced differently among the Fläkt Woods Representatives. We believe that this is due to the fractioned structure. Fläkt Woods Representative 1 and Fläkt Woods Representative 5 feel that the power structure deviates from the organizational structure. They know which people to go and talk to, which do not have to be one of their managers, to get their point across. Fläkt Woods Representative 2 and Fläkt Woods Representative 6 acknowledge the power structure to correspond to the organizational structure, since it is the Executive Team that has all the real power and then it trickles down. This split vision of the power structure underlines confusedness in the culture and a lack of communication.

To cure this disorientation at the site, managers are working towards a more autonomous structure, where more power is situated in Sweden. This is for instance done through the Swedish Management Team initiative, which we conclude to have a positive and strengthening effect on the culture, as the organization becomes more attuned and tied together.

5.2.4.3 Växjö

The fact that the power can be found at the top management level implies that the power structure resembles the organizational structure. As the power structure is a key construct of the cultural paradigm, the most influential people within the organization, the Executive Team in Zurich, will have a great effect on the basic values of the company. However, as the team in Zurich is fairly new in comparison to the time it takes to create a culture, and also has been inactive in the communication of the "softer issues" of organizational life, their impact on the paradigm can be regarded as doubtful in the case of Fläkt Woods.

5.2.5 Control Systems

Control systems are the metrics and reward systems upon which the employees and their work are evaluated. There were three major control systems in use throughout the entire Fläkt Woods Sweden organization; the extensive reporting to the Executive Team in Zurich, the ISO 9001 and 14000 certifications and the reward system for beneficial ideas (Fläkt Woods AB, 2006i)

5.2.5.1 Enköping

The control system which Fläkt Woods Representative 3 first mentioned was the suggestion box for the employees. We assume that this therefore is the one control system which he thinks is most important. This also underlines the fact that the Enköping site is very flat and the empowerment of the members of the organization is essential in the paradigm.

5.2.5.2 Jönköping

The control systems at the Jönköping site are in general accepted as necessary to make the company more efficient. However, the extensive report system, has been criticized for being highly time and energy consuming as well as forcing them to report on too much details. This affects the culture in the way that the feelings for the Executive Team are split. However, we think that as the members of the organization grow more used to the report systems, this will almost certainly slowly withdraw and might even turn into a positive feature as they know that their results are brought forward and paid attention to.

5.2.5.3 Växjö

There are three different control systems in use at the site in Växjö. These are the certification, the time control of employees and the reporting system. We got the impression that the control systems are working very well at the site and are creating an encouraging culture. The reporting system, especially, since this makes people work hard but also allows them to see positive results. The results are important for Växjö since it increase the positive spirit at the site and in turn enhance the culture. However, we think some people might consider the reporting system as exhausting as it is very comprehensive and time demanding.

5.2.6 Organizational Structure

The organizational structure describes the formal and informal relationships within the culture. It can help to extract what is regarded as important among the people working at the company (Johnson et al, 2005).

5.2.6.1 Enköping

Fläkt Woods Enköping is flat and informal organisational wise. This might be due to the fact that it is a very small site and that everybody is working close together, mostly in projects. The fact that the organisation is as tight and relaxed as it is, mirrors the culture at the site. We believe that the feeling of tightness and familiarity can to some extent be regarded as negative since it isolates the site and hinders the development of the members of the organizations more than make them a part of the corporate culture of Fläkt Woods. Further, if worked with, Enköping will continue the process towards becoming more aligned with the entirety.

5.2.6.2 Jönköping

The organizational structure consists of a very complex matrix system which separates the divisions. Additionally, many of the managers are placed in other countries. This organizational structure has caused a lot of perplexity since nobody seem to be able to account for the use of it. We believe that this lack of understanding for the structure has lead people to turn away from the adaptation of the new features of the culture.

The Executive Team seems to have under valued the importance of motivating decisions and this has also led to dissociation between them and the Jönköping site, consecutively creating a negative 'them and us'- sprit which will lead to inefficiency. However, the friction separating Zurich and Jönköping caused by current employees will decrease as a result of the awaited generation shift.

Further, the fact that the Executive Team have reduced the maintenance department severely has affected the organization in a way that the working environment is no longer of priority. This affects the culture by creating a less pleasant and inspiring work place.

5.2.6.3   Växjö

The organizational structure is considered among the people at the Växjö site as flat with small distances between the hierarchical levels of the organization. The structure defines the most important relationships as well as brings out what is regarded as important in the organization; that people are looked upon as equals no matter where in the organization they work. The fact that each persons knowledge are seen as important in order for Fläkt Woods to prosper gives the people confidence and comfort which in turn creates a positive environment to work in.

5.3   Analysis of Influences of Corporate Culture in the Fläkt Woods Merger

In this section, our perceptions of the corporate culture was effected by the Fläkt Woods merger. At first, the pace and success of the integration process is discussed, followed by an analysis of the RCI-model. Lastly, we will look at how the integration process can be supported in order to create a successful outcome.

5.3.1   Corporate Culture and the Integration Process

The pace and success of the cultural integration depends on four major factors; the domination of one company, the attitudes toward the merger, the degree of synchronication among the merged companies and the degree of cultural freedom. This determines how far the culture has come in the integration process, in other words where in the matrix they are to be placed. Below follows the analysis of these four steps and the effect they have had on the cultural integration, site by site.

5.3.1.1   Enköping

At the site in Enköping, Fläkt is seen as the more dominant company among all the employees. This can be traced back to the non-existent cooperation between them and Woods. Looking upon the Colchester site as subordinate has slowed the integration process down and are holding them back in the absence of the new culture.

Furthermore, the employees and managers claim to be neither positive nor negative towards the merger as they have the same feeling about the ownership as they did apart of ABB. Also, there is a lack of synchronization among the two companies, as the members of the Enköping organization have trouble seeing the synergy effects that can be traced back to the merger. We assume this to be a result of no cooperation with the other part of Fläkt Woods.

They have, to a large extent, been left alone by the Executive Team in Zurich in a sense that as long as the targets are reached there is no need for integration of any kind. The greatest effect the merger has had on this site is the move of the production to Jönköping leaving the members even more tight nit without any interest to be an active part in the larger entity.

Thus, the cultural integration is a rather slow process for Enköping, which can be traced back to the lack of willingness to cooperate with Woods, the high retention of the old Fläkt culture as well as that they do not see any synergies.

5.3.1.2   Jönköping

At the site, Fläkt is seen as more dominant on a production level, but the members of the organization realizes that there is no company which is more dominant than the other, even if it at times feels like it. This can have a minor effect on the integration process, as this kind of mindset can interfere with the culture integration.

The merger was looked upon as a break from ABB where the Fläkt division was low in priority, creating a positive atmosphere in the company. However, numerous members of the organization wanted, and not the least expected, the old Fläkt culture to reappear. This might have a hindering effect on the integration process.

The site in Jönköping exists in sync with the site in Colchester. This is confirmed by the fact that the cooperation between the two is increasing through project work in both production development as well as product R&D. However, the history at the Jönköping site is still a factor that is regarded as highly important for many which somewhat holds back the cooperation.

Holding on to the own culture, as opposed to joining the Fläkt Woods culture, is an issue that has to be dealt with at the Jönköping site. Jönköping has always been a core part of the organization, and has remained as that even after the merger.

Conclusively, the integration process for Jönköping is not completed in any sense, as it is on its way to find a level where the cooperation with Woods is at a more optimal level than today, and where the two cultures are transformed into one.

5.3.1.3   Växjö

In Växjö there are no longer any distinction between Fläkt and Woods, as the company is looked upon as an unanimous whole. Thus, there is no dominance between the companies resulting in a speedy process toward the integration of cultures.

The merger was looked upon positively, as it was a split from ABB where Fläkt's work was not valued as much. A fusion with Woods was the best alternative, as being an own company was not an option. This optimistic attitude made it easy for Woods to be accepted and the best parts of their culture was added to the good features of the Fläkt culture, resulting in a united approach.

The amount of cooperation with Woods is at a high, if not at a maximum, level and the relationship is regarded as very synchronized. The outsourcing of the production at the site in Växjö was a result of the merger, which led to a complete transformation of the organization at the site. The cultural freedom was thus at a low level, almost forcing Växjö to quickly comply with the new situation. At the moment, the relationship with Woods has taken a different turn, due to the Brits poor performance. This has put a strain on their collaborations, however, as Woods are allowed to settle in at their new site, and production can go back to normal, this will disappear.

Finally, the site in Växjö has reached a level where the previous culture has been exchanged for a new one considered as more optimal for they way they work and the amount of cooperation they have with Woods.

5.3.2   Results of Culture Integration

The model beneath describes the outcome of the culture integration after the merger in 2002. However as we think of the integration as an ongoing process, this is picture will change over time. If nothing interrupts the process, Enköping and Jönköping will catch up with Växjö and together all sites will form a single dominating corporate culture where there are no differences between a prior Fläkt or Woods employee.

We have chosen to hold Woods as parent company, even though Fläkt is not regarded as the subordinate in any case. They are both equal counterparts, but in order to apply the model this assumption had to be made.
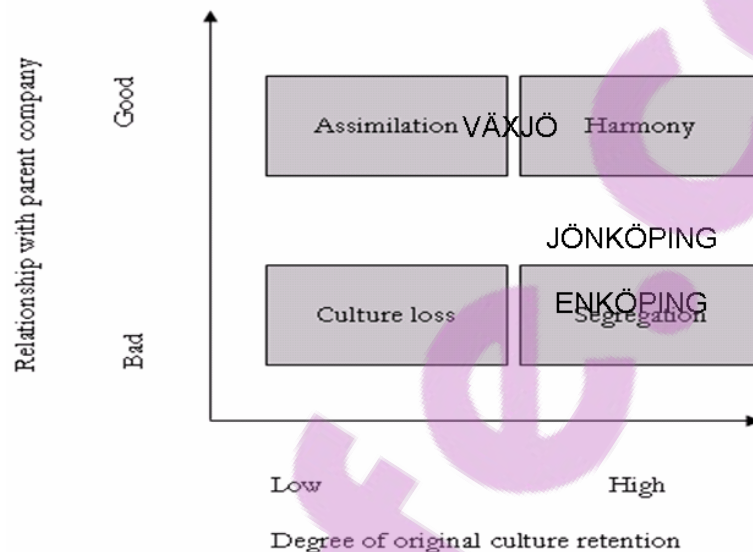
Figure 4 – RCI-model including the Placement of Fläkt Woods Sweden Sites (compiled by the authors).

5.3.2.1   Enköping

The Fläkt Woods site in Enköping, according to our perception, is placed in the segregation area of the RCI-model (see figure 4). This is due to the fact that there is no interaction with Woods. The members of the Enköping organization claim to not know more about Woods now, than they did before the merger when they were regarded as competitors. It should also be noted that they show no interest of trying to get closer to Woods as there are no synergies, in their view, to be gained from this. This has led to them holding on to their own culture, which in many parts is very similar to the old Fläkt spirit. Of course there have been large changes as a result of the merger, such as the move of production to Jönköping, but they have still held on to the old culture.

5.3.2.2   Jönköping

The answers provided by our Fläkt Woods Representatives on where to place FläktWoods in the RCI-matrix were fractioned as they ranged from between harmony and assimilation to segregation. This fact underlines the different perceptions of the culture, which can be traced back to the transformation process as some units of the Jönköping organization are more integrated with Woods in Colchester than others.

However, we place the Fläkt Woods site in Jönköping in between segregation and harmony as can be seen in figure 4. This is motivated by the fact that the members of this site want to find and be apart of the new Fläkt Woodsculture, but are experiencing troubles with letting parts of the old Fläkt culture go. Another issue contributing to a more segregated approach is the reluctance among people to let go of their own culture as there is nothing to replace it with yet.

Jönköping partly suffers from the immense history attached to the site. As the Swedish part of the Fläkt Woods Group descend from Jönköping, and this site always have been the core of all the Swedish operations, it is hard for the people in the organization to overlook this fact as it has had an enormous effect on traditions and the way people behave. This is not something that can be easily changed, as it is deeply rooted in the organization, and thus time will have be an important variable in the transformation of culture.

Furthermore, the lack of information and motivation for decisions from the Executive Team in Zurich plays a role in the adoption of the new Fläkt Woods culture. As they are deficient in explaining their choices and decisions, a resistance in the organization is created. This can also increase the retention of the original culture, and prolong the integration process.

Also, the imposed matrix structure resulting from the merger, has led to members of the organization not thinking of Fläkt Woods as one unity, but they rather see the fractions of the company. Therefore, the approach in Jönköping is more individualistic, than for instance in Växjö, which also keeps them from completely incorporating them in the Fläkt Woods culture.

The fact that speaks for the site in Jönköping moving away from the segregated corner of the matrix is the fact that they are experiencing more and more cooperation with Woods which implies that their relationship is getting better and better as time passes.

5.3.2.3   Växjö

When asked to place FläktWoods in the RCI-model, Fläkt Woods Representative 4 chose Harmony. This point to a perception of a unified culture where the best parts of the culture are embraced and melted into one. The people are proud of their heritage, which is the case of the Växjö site, but still fully committed to the integration with the new company. We believe that Fläkt Woods Representative 4 perception is accurate, however, our placement was more towards assimilation.

Our placement implies that the relationship with Woods is beneficial for both parts, and that they enjoy working together. The people working at the site claim to be committed to the integration with Woods, because the positive parts of their culture has been allowed space in the newer Fläkt Woods culture, resulting from their cooperation.

The amount of cooperation and the use of integrated teams have left the employees feeling that there are no longer two separate companies, but only Fläkt Woods exist in their minds which further validates their position in the matrix. Yet, they are disappointed and worried about Woods current bad financial performance, however, they still feel comfortable in what they are doing, and also in how they are doing it. The relationship with Woods is effective and fruitful, underlining the united culture. The emerged Fläkt Woods culture, in turn, implies that the original culture retention for the site in Växjö has decreased, and will continue to do so as time passes. We believe that the newly formed corporate culture will, over time, spread throughout the whole organization.

5.3.3 Three Instruments for Supporting Cultural Integration

As understood by the previous discussion, we think that cultural integration of Fläkt Woods Sweden can be seen as a process which will end up with one single dominating corporate culture.

To support the process and make sure that it generates a strong and positive culture, three tools can be used; the first is to build trust and mental networks by making use of integrated teams. Secondly, shared values and joint visions should be created. This is to reduce friction and coordination efforts. The last tool is to make sure that people who probably will work closer together in the future, meet in for instance workshops to make the cooperation run more smoothly once it is started (Pribilla, 2002). Here follows an analysis of how far the Fläkt Woods sites have come in the integration process and if it can be traced to Pribilla's three tools.

5.3.3.1 Enköping

The Enköping site has experienced several lay offs as the production was moved down to Jönköping (see Company Background in Appendix). This was a vast change which the site had to tackle, but since then the site has been left more or less alone. The site has carried on its work profitably and the Executive Team has not had any objections. This is why we argue that Enköping has kept the old culture more or less intact and close to no integration has taken place. Consequently, this follows that they have applied nearly none of the three instruments for culture integration. No integrated teams has therefore been introduced as the different productions sites are too diverse. Furthermore, they have not taken part in a creation of shared visions, values, any workshops or similar either. The members of the organization at the site have no interest in integrating with Woods since they claim that no synergy effects will arise from it Jönköping

5.3.3.2 Jönköping

The Fläkt Woods site in Jönköping are applying the first of the three tools used for culture integration on the production and the R&D side. In these departments incorporated teams are working together thus speeding up the integration process. However, the site has not taking part in the creation of shared visions or values. The closest they get to this is through their homepage where they present themselves and Woods as a single unit. This is a step which they have to work more with, to be able to speed up the process and form a stronger united culture. The third tool, concerning workshops, is fulfilled to a certain extent by the Gustav Olsson memorial fund. The Gustav Olsson memorial fund promotes field study trips to, for instance, England to meet up with colleauges, which may develop more cooperation and intensify the cultural integration process.

Jönköping is consequently more integrated than Enköping since it has made better use of the three tools.

5.3.3.3 Växjö

Växjö has reached furthest in the integration process of the three sites in consideration. It has fulfilled all three steps towards culture integration. The site is cooperating with Woods on a daily basis. It is appropriate to claim that the Växjö site has developed shared values and a joint vision since the members of the organization no longer thinks in terms of Fläkt or Woods. All that exists is Fläkt Woods. The use of a joint vision helps the people to establish similar values which in turn creates a foundation for loyalty and stability. Further-

more, they have passed the stage where they gain anything from workshops since the cooperation already is at its maximum. However, Växjö still needs to be aware and work with these intangible issues to help the Fläkt Woods culture spread within the organization.

5.4 Analysis – Review and Reflections

The purpose of this section is to provide the reader with a summary of the most important findings in the analysis and thus simplify the understanding of the conclusions in the following chapter.

The Fläkt Woods merger in 2002 was a combination of an extensional and horizontal merger. The merger streamlined the organization and made it more efficient in order to increase financial profits. We found that the physical integration process is still in work and it is obvious that the lack of attention to culture from the holding company has created some problems. Since the Executive Team in Zurich has not given culture any attention the existing new one is rather due to the new applied structure.

At the moment, the corporate culture at Fläkt Woods Sweden varies at the different sites and this causes a lack of an autonomous feeling for the company. For instance Enköping views itself as an own entity which slows down the cultural integration process while Växjö distinguishes themselves through their strong feeling of 'we can get through it all' which encourage them to open up their cultural mindset.

Jönköping is the site which contains the most differences from the other two. This can be explained by the fact that they are a much larger organization with more people having to accept the changes. Important factors separating Jönköping from the other two sites are their complex matrix structure and the importance of history. The new organizational structure has caused confusion and a lack of communication between hierarchical levels. It has as well created a 'them and us'-spirit when discussing the Executive Team which is causing inefficiency if not consciously taken into consideration. The Executive Team is encouraging the current idea called the Swedish Management Initiative to decrease this problem. We see this as a positive step towards the new integrated corporate culture.

The attention given to history in Jönköping separates the site from the others. The historical aspects are two folded. At the same time as it creates a strong foundation which justifies employee behavior and gives confidence, it also holds the site back in the development towards a new corporate Fläkt Woods culture.

Site manager Bengt Staude, referred to as a role model at FläktWoods Jönköping, is highly admired among the employees at Fläkt Woods Jönköping for his personality and way of working. We see him as a key player in the process of creating one uniform Fläkt Woods culture as he has the possibility to exert a lot of influence.

However, there still exists an underlying paradigm, which is a summary of the basic assumptions that entails the same values across the organization independent of site differences. The paradigm needs to be further reinforced by management to decrease the possible cultural clashes which arise from differences in culture and increase production efficiency on all sites. The present Fläkt Woods paradigm can be described by the four following features:

All members of the Fläkt Woods organization are equally valued no matter where in the company they work. This can be seen in the very democratic and open decision making

process where everybody is allowed to express their opinions that are truly valued. The organizational structure also underlines this, as it is rarely regarded as hierarchical.

The atmosphere at the sites can be described as positive which is expressed in a sense of pride of the company logotype, which many hold as very important. The Employee club and people spending time after work further underline the positivistic attitude of the organization.

The third aspect of the paradigm that we found was safety and confidence among the members of the organization. This was not explicitly spelled out, but was rather a feeling communicated to us during the interviews. This can partly be traced back to the company's immense history which still serves as a foundation and guides the people of the organization expressed in Jönköping. Also, the feeling of being a family at work as in Enköping as well as Växjös positive atmosphere reinforces the safety and confidence feelings.

The last aspect of the paradigm can be expressed as an embracement of the future, which exists in harmony with the company history. Fläkt Woodshas historically always explored opportunities and come up with new inventions, which is still reinforced today. These values combined can be regarded as a proof for a living and dynamic culture, which, at the moment, is experiencing a transformation as a result of the merger with Woods in 2002.

That Fläkt WoodsSweden is going through a cultural transformation process is clear from the results of the analysis. The three sites investigated are all at different phases in the process of forming a new culture together with Woods. In this process Växjö has reached furthest into the Fläkt Woodsculture, while Enköping is still clinging on to the old culture, and showing no interest of Woods. Jönköping, being the intermediate is faced with a more complex change due to its many more co-workers and its much more complex structure.

When asked to place the corporate culture of Fläkt Woodsin the RCI-matrix the majority of the respondents chose dissimilar placements. This further underlines the ongoing transformation process as the culture is very differently perceived among the different units. As Fläkt Woods Representative 5 and Fläkt Woods Representative 6 at the Jönköping site wanted to put the culture between two results further indicates the dynamic of the current culture

Over time and with the generation change when people born in the 1940's retire, the different sites will most likely catch up with each other in the integration process and form a new integrated culture, consisting of the best parts of both of prior Fläkt and Woods, in harmony. This will make the different sites in the long run more efficient than they are today, since they will be cooperating on more than a functional level.

A different scenario, opposite to the transformation theory, might be that the different sites will develop their own subculture, which will stay the same independently of the changes at the corporate level. This will continue to build invisible borders between the sites and the different divisions as well as slow down the development of the organization, since the members of the organization will experience a cultural clash every time they are forced to cooperate with somebody at another site. The complicated structure of the organization and the existing differentiations between the sites motivates this theory. However, we still believe that Fläkt Woods Sweden is part of a process, which over time will create a new autonomous corporate culture due to the fact that we see signs, as in the increased coop-

eration in Jönköping, that it is already started and is in a dynamic face where it will be further developed.

6   Conclusion

The conclusion is meant to summarize the analysis and answer the research questions. Below you will also find a conclusion of the choice of method and frame of reference to further increase the credibility of this thesis.

6.1   Conclusions of Methodology and Frame of Reference

This section reviews and concludes our choices of method and theories, which we have based our thesis on. The decisions taken in these chapters have permeated the whole thesis and therefore we found it important to evaluate them.

6.1.1   Methodology

In a retrospective perspective, our choice of method for this type of study has been appropriate, as a qualitative technique, in the form of a case study, has served our purpose well and has been effective in the gathering of data.

We chose to perform in depth interviews, as in our opinion, necessary when trying to describe something intangible. Corporate culture is not something which is possible to describe and pinpoint as one is seldom aware of it until asked to think about it. Therefore, our extensive interviews allowed us to get a feeling of how things were said, and not only what was said.

Even though our method has worked well, nothing is perfect. Looking back at our research, we found some critical issues that may have had an effect on our results. Firstly, we have only investigated Swedish sites, making this a one-sided reflection of the culture in the company. The intention to focus on Sweden was stated in our purpose, however, if it would have been possible for us to perform interviews with people in Colchester, this would add another dimension to the study.

Also, the number of interviews performed could have been increased and the time spent at the company in general. Even though we experience that we were able to gather enough data to make an accurate analysis of our findings, more interaction with further Fläkt Woods Representatives could have increased the trustworthiness and supported our findings to a larger extent. This could for instance been done by following a member of the Fläkt Woods organization during his or her work for a day.

Lastly, the interviews with the Enköping and the Växjö site were done over phone which limits the ability to get a feeling of how things were said. For instance, we missed out on the Fläkt Woods Representatives body language which is important when trying to read the deeper meanings of what they have said. However, since our main focus was on Jönköping, we regard the phone interviews as satisfactory. Even though the phone interviews did not bring out as much information as the face to face interviews, they still served our purpose.

6.1.2   Frame of Reference

This thesis focus on what corporate culture is at Fläkt Woods Sweden and how it was affected by the merger in 2002. Organizational culture is an area which is flooded with literature. However, the models and definitions used in the frame of reference were carefully

chosen to fit this purpose. They were selected after extensive reading on the topic and we found them most helpful in our analysis.

The logic behind the frame of reference section is as follows. Firstly, we wanted to make sure that the reader knew what a merger actually is, by providing a fundamental definition. It should be pointed out that we are aware of that the section concerning mergers is very shallow, however, we found this appropriate since the purpose of this thesis was not to understand the merger itself as much as understanding the corporate culture and how the merger has affected it.

As culture is intangible it is hard to investigate. However, we chose the cultural web (see page 17) since we found it very extensive, covering as many as six different aspects of the culture, to give an all-embracing picture of the culture. The cultural web was used to analyze what the corporate culture is at Fläkt WoodsSweden today. When analyzing we believe that the cultural web gave us an insight to the corporate culture which we would not have gotten if we used a more general model, as for instance the Schein's model.

The section on corporate culture and the integration process added a tool which helped us analyze how the corporate culture of Fläkt Woods Sweden was affected by the merger. We found the theories presented in this section very helpful, especially the RCI model (see page 20). However, as the RCI-model is applicable to both merger and acquisitions, the labels of the axis can be puzzling. In the analys we have chosen to apply the relationship with Woods as opposed to involving the parent company in form of Compass Holdings.

We think that the theories and models chosen was superior enough to draw conclusions from and served our purpose and helped us add to the discussion of the importance of corporate culture in a merger context.

6.2   Conclusions of Analysis

The corporate culture in Fläkt Woods Sweden was analyzed by the application of the cultural web on the empirical data gathered through in depth interviews. By considering six visible aspects of culture, we were able to extract parts of the paradigm which we hold as representative for the corporate culture.

The corporate culture of Fläkt Woods Sweden was found to be positive, democratic, future oriented and safe. It is positive because the members of the organization share time together, enjoy their work environment and share a sense of pride for the company. It is democratic because everybody is looked upon as equal, opinions are taken into consideration independently of position and the organizational structure is flat and partly informal. It is future oriented because employees look forward to challenges and possibilities and the history of the company embraces development and innovativeness. Finally, the corporate culture is safe because the members of the organization have a strong historical foundation which provides them with confidence and trust.

How corporate culture was affected by the merger with Woods Air Movement in 2002 was analyzed through the theories of corporate culture and the integration process, the RCI-model as well as the theory concerning three instruments for supporting cultural integration.

The corporate culture was affected by the merger with Woods Air Movement in 2002 in a way that it started an ongoing transformation process. This is indicated by the fact that

Enköping, Jönköping and Växjö currently are in three different phases. In this process we have found that Växjö cooperates the most with Colchester and thus experience the new culture as more unified than Enköping does, as no interaction take place. Jönköping has reached an intermediate stage where they are partly clinging on to their own culture, but at the same time, through the interaction with Woods, are exposed to new aspects of the corporate culture.

We believe that the corporate culture at Fläkt Woods, today, will continually change until the different sites become more attuned with each other. The transformation will not stop until Enköping and Jönköping have caught up with Växjö and start to embrace the new culture. However, as the owner of Fläkt Woods, Compass Holdings have not put any pressure on the Executive Team to consciously work with the issues of corporate culture the integration process will take longer than it would have if the matter was of higher priority.

7   End Discussion

In this section we would like to point out the possibilities our study provides for further research as well as point out some managerial suggestions for the Executive Team to consider.

This thesis concerning the corporate culture of Fläkt Woods and how it was affected by the merger in 2002 brings up several different interesting topics which could be studied further. One example of this is the merger itself which could be explored extra. It would for instance be interesting to compare this type of merger with mergers involving only two companies.

Another topic which could be futher researched is the issue of having an Executive Team in one country and the production in another one. National cultural clashes are bound to occur and it is important to know how to tackle them and what precautions one could take.

Moreover, we have come up with some managerial suggestions for the Executive Team at Fläkt Woods, which we would like to emphasize further. Our main suggestion is to increase the information flow in the company. None of the Fläkt Woods Representatives, a part from Fläkt Woods Representative 4 in Växjö, could really explain why the organization was restructured as it was and what the actual synergy effects of the merger is. By making sure that everybody are informed about what is happening in the organization and why, the management could create a positive atmosphere among the people of the organization, both toward the merger and Woods.

This bachelor thesis has been very interesting to work with, as it has given us the opportunity to gain insight in one of the most important aspects of organizational life. We have gained important knowledge about the delicacy of the cultural issues and even though we consider the generalizability for the findings in this thesis to be limited, we still think that some features of the discussion can be applicable to other organizations as well and be usefull in our future business life. These common features include the importance of communication and motivation throughout the organization as well as the significance of working actively with the corporate culture to increase efficiency. The conclusion of this is that the thesis is also useful for others than the Fläkt Woodsorganization, if they disregard the special features of this explicit organization.

8   References

We have chosen to separate the bibliography section into three headings in order to simplify the process of re-covering sources and where to look for them.

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9 Appendix

Below follows the interview questions used when gathering data, the company background as well as screen prints of all internet sources used in the thesis.

9.1 Interview Questions for Fläkt Woods

9.1.1 General Questions

1. What is your position and for how long have you had it?
2. What responsibility comes with this position?
3. How long have you been employed at Fläkt Woods?
4. Were you personally affected by the merger 2002? In what way?
5. How do other persons view the merger?
6. Which issues was most critical, before, during and after the merger?
7. Has the merger been beneficial? And fulfilled what you expected?
8. Is the integration completed?
9. Where is culture created? Is it controllable?
10. What do you think about the management's commitment before and after the merger?
11. What is the motivation for the merger?
12. Is the result coherent with the expected outcome?
13. Who do you view the present merger trend in business life today? And the fact that more than half of them do not become successful?
14. In what way can these failures be derived from underestimated culture problems, according to you?
15. What are according to you the characteristics of corporate culture? Can Schein's definition be seen as valid for what you define as a corporate culture?
16. Is it possible to predict cultural clashes in mergers and if that is the case, how can this make the coming integration process easier?

9.1.2 Cultural Web

Rituals and Routines
17. How would you describe the atmosphere at Fläkt Woods?
18. Do you spend time with any other person in the organization on your free time?
19. What does a normal day look like at Fläkt Woods?
20. What kind of rituals can be found at Fläkt Woods? Kick offs? Company parties? Clubs?
21. Where do you eat lunch, when you are working?
22. How much flex time do you have?
23. Do you work in projects?
24. Which benefits do you and other employees have when working at Fläkt Woods?
25. How much do you cooperate between divisional functions?
26. Which routines have changed after the merger? Positive and negative changes? Where they easy or hard to change?

Stories

27. Do you have any role models in the company?
28. What is the first thing you tell a new recruit about Fläkt Woods?
29. Are there any stories that are based on an important event that includes a hero or a bad guy?
30. Are there any stories about rivalry or cooperation between Fläkt and Woods before the mergers? Where these positive or negative?
31. Are there new stories that have risen after the merger?

Symbols

32. What symbols come to mind when you think of Fläkt Woods? What do they mean to you?
33. Which are the most important symbols at Fläkt Woods? What are their meanings? How have they been created? Has any changes in the symbols changed after the merger?
34. What kind of titles do you have at Fläkt Woods?
35. What type of language do you use? Formal? Informal? Special terminology?The same office layout?

Power structure

36. Please explain the power structure in Fläktwodds, especially in the Swedish division. Who has the power? Where do they gain the power?
37. Is there anything visible which symbolizes power? Clothing? Tags? Etc.
38. Does the actual power structure deviate from the organizational structure?
39. Has any changes occurred in the power structure after the merger?

Control systems

40. What kind of control systems do Fläkt Woods use? Where in the organization are they situated? What are they used for? Do they work?
41. Are the employees/ you closely monitored? Reward system?
42. Has changes occurred after the merger?

Organisational structure

43. How do you look at the organizational structure today? Is it flat/hierarchical or formal/informal?
44. Have any changes occurred after the merger?
45. What specific changes have occurred?
46. In your opinion, should more changes be done in order to improve the organizational structure?

9.1.3 Result of Cultural Integration Model

47. How was your relationship with the other company, during and after the merger? And why?
48. How much have you clinged on to you own culture? And in what way?
49. Do you feel that one of the companies is more dominant than the other?
50. How were the attitudes of the members of the organization towards the merger? What was the reason for this reaction?
51. Where the intent to fully or partly integrate the two companies?
52. What benefits have you experienced from the merger?

53. Did the employees at Fläkt and Woods both have strong feelings and attitudes for their companies?
54. Have you integrated the employees in teams?
55. What have you done to develop shared values and a joint vision? Do you feel that it exists shared values and joint vision between the companies

Please put Fläkt Woods in one of the four outcomes and motivate your choice.

9.2   Company Background

In this chapter a presentation of Fläkt Woods Sweden will follow, in order for the reader to gain an understanding of the background and underlying facts when reading the empirical findings.

9.2.1   Fläkt Woods AB

Fläkt Woods AB is a global ventilation provider that offers solutions for ventilation and air treatment as well as fan solutions for industry and infrastructure (Fläkt Woods AB, 2006a).

The Fläkt Woods Group was founded in 2002 through Compass Holdings inititive to merge Swedish Fläkt and British Woods Air Movement (Fläkt Woods AB, 2006e), both companies with a great deal of history ranging back to the early 1900's. The group also owns several of the worlds leading brands in the ventilation and air movement sector, namely Solyvent Ventec and American Fan (Fläkt Woods AB, 2006e).

Since 1932 Swedish Fläkts history can be traced back to 1918 when Svenska Fläktfabriken was founded in Jönköping by entrepreneurs Sven Söderberg and Robert Sundström. After that, the fan company was bought by Swedish Match, and later sold to the Krüger empire (Fläkt Woods AB, 2006e). Ever since the Krüger crash in 1932 Fläkt has had a close relationship with electrogiant ABB, through the Swiss Swedish conglomerates majority or complete ownership. Fläkt continued to grow as a part of ABB and in 1987 Bahco Company in Enköping is aquired and made a part of the Fläkt Group. A year later, Asea merged with Brown Boveri to form ABB and at the same time the remainder of the Fläkt shares are bought by ABB (Fläkt Woods AB, 2006e). In the early nineties restructuring took place, and Fläkt expanded further through the acquisition of Fläkt Klimatprodukter AB, Stratos Ventilation, Fläkt Veloduct and AB Richard Pettersson. Together they formed ABB Fläkt Produkt AB which operated as an entity until 2001 when Global Air Movement SARL with headquarters in Luxemburg bought the company (Fläkt Woods AB, 2006e).

In 1909 British Maurice Woods formed a company in Colchester that produced single phase motors as their main product. During the two following decades the focus shifted to propeller fans (Fläkt Woods AB, 2006e). The company faced a steady growth and in 1937 Maurice's son Geoffrey takes over the presidency, which lasts until 1964 when GEC buys out the Woods family share capital. 20 years later, there was an addition to the Woods brand as GEC acquired American Fan. In 2000 Global Air Movement of Luxemburg obtained the Woods company (Fläkt Woods AB, 2006e).

The newly formed group brought together Fläkt and Woods, two of the worlds leading companies in the air movement and treatment business (Fläkt Woods AB, 2006e). Today, the company has manufacturing and engineering sites in over 30 countries worldwide that employs over 3000 people (Fläkt Woods AB, 2006b). The 500 Million Euro turnover-company's headquarter is located in Zurich, Switzerland and has market presence in more than 95 countries (Fläkt Woods AB, 2006c). Didier Forget has the leading position in com-

pany as the CEO and the board holds many nationalities to represent the various fractions of the global company (Fläkt Woods AB, 2006f).

Today, the Swedish unit of Fläkt Woods has operational sites in Jönköping, Enköping, Järna and Aneby and a sales force with nationwide coverage (Fläkt Woods AB, 2006g).

The Fläkt Woods Group provide air handling solutions and ventilations system to just about any line of business as can be seen in the numerous types of industries they work with (Fläkt Woods AB, 2006h). Ranging from hospitals, chemical and pharmaceutical companies and hotels to paper/pulp, fire safety, airports, agriculture and mining companies there is an extremely wide spread of products and solutions that are provided (Fläkt Woods AB, 2006a). They also work in marine environments and with offshore industries that face severe environmental conditions. The same demands holds for hospitals and clean rooms where the need for totally clean air is at its greatest (Fläkt Woods AB, 2006a).

The business has been divided into Buildings and Industry/Infrastructure (Fläkt Woods AB, 2006d), where the first one focuses on providing clean and fresh air to people through air climate products and solutions. The Industry division on the other hand provision of fan and cooling systems increases efficiency and safety. To ensure constant improvements Fläkt Woods are certified according to ISO 14000 standards (Fläkt Woods AB, 2006i). It should also be noted that Fläkt Woods does not work directly towards the final customer, but are B2B oriented meaning that they supply industrial users.

9.2.2 Fläkt Woods Enköping

The main production at the site in Enköping is focused on residential ventilation applications. Most of the cooker hoods distributed in the organisation are manufactured here.

Fläkt Woods Enköping was one of the sites that were severely struck by the merger as almost all the production was moved to Jönköping. At the moment, there are 27 employees working at the site (Fläkt Woods Representative 3, personal communication, 2006-05-04).

9.2.3 Fläkt Woods Jönköping

Fläkt Woods production site in Jönköping is the largest one in Sweden. On top of the production, there is also a large sales office and a R&D department as well as admin staff. The products manufactured here are very diverse as the product range is very broad and versatile including everything from air handling units, such as Sting, to marine applications and air diffusers (Fläkt Woods AB, 2006h).

As Svenska Fläktfabriken was founded in Jönköping early in the twentieth century, this site has always had a strong presence within the company, disregarding the ownership of the company (Fläkt Woods Representative 5, personal communication, 2006-05-09).

9.2.4 Fläkt Woods Växjö

The head office for industrial ventilation is situated in Växjö, with 25 employees. At this site, axial fans are the main industry (Fläkt Woods Representative 4, personal communication, 2006-05-12).

This site was also severly affected by the merger as the products manufactured here overlapped with the production in Colchester resulting in that a larger part of the production in

Växjö had to close down (Fläkt Woods Representative 2, personal communication, 2006-04-24).

9.3   Screen Prints of Internet Sources

The following figures are screen prints of the internet sourced presented in the list of references. They are sorted in the same order as the references themselves.
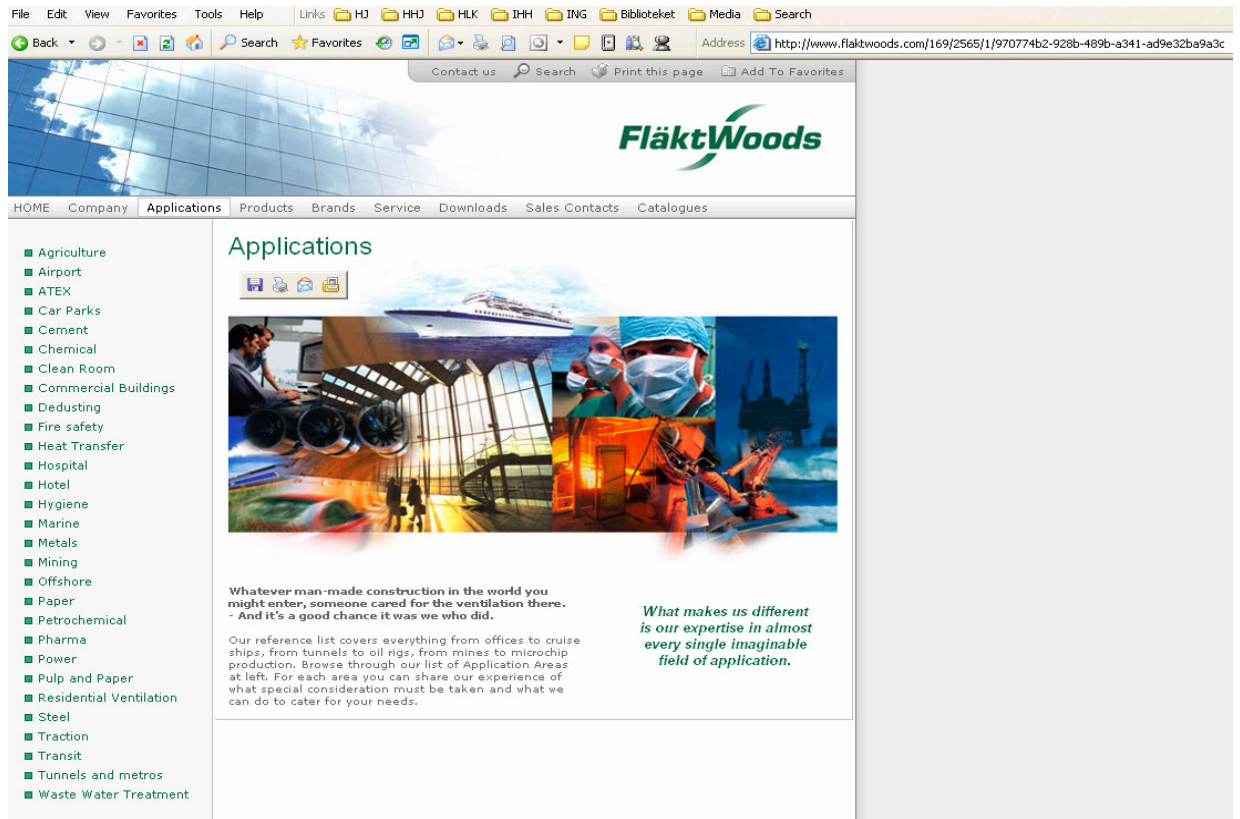

Figure 5 - Screen Print of Mergers

Figure 6 - Screen Print of Applications
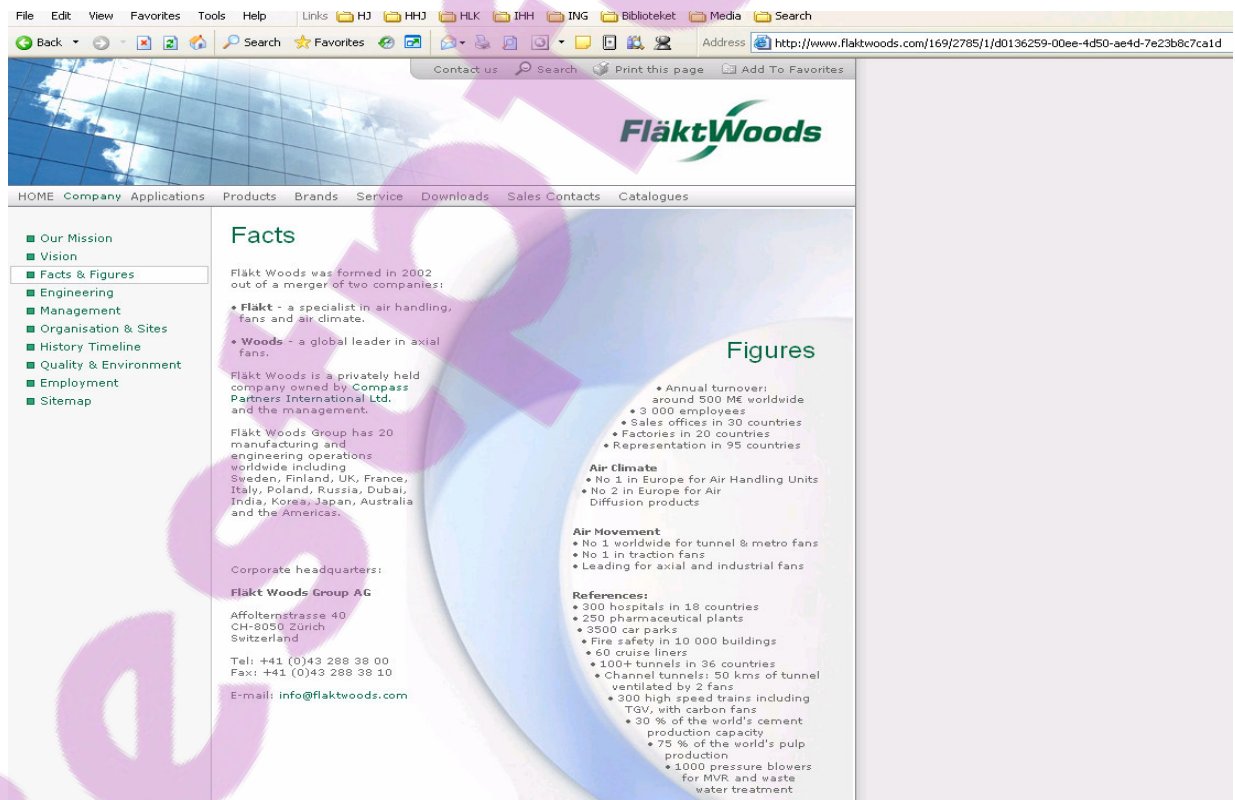
Appendix
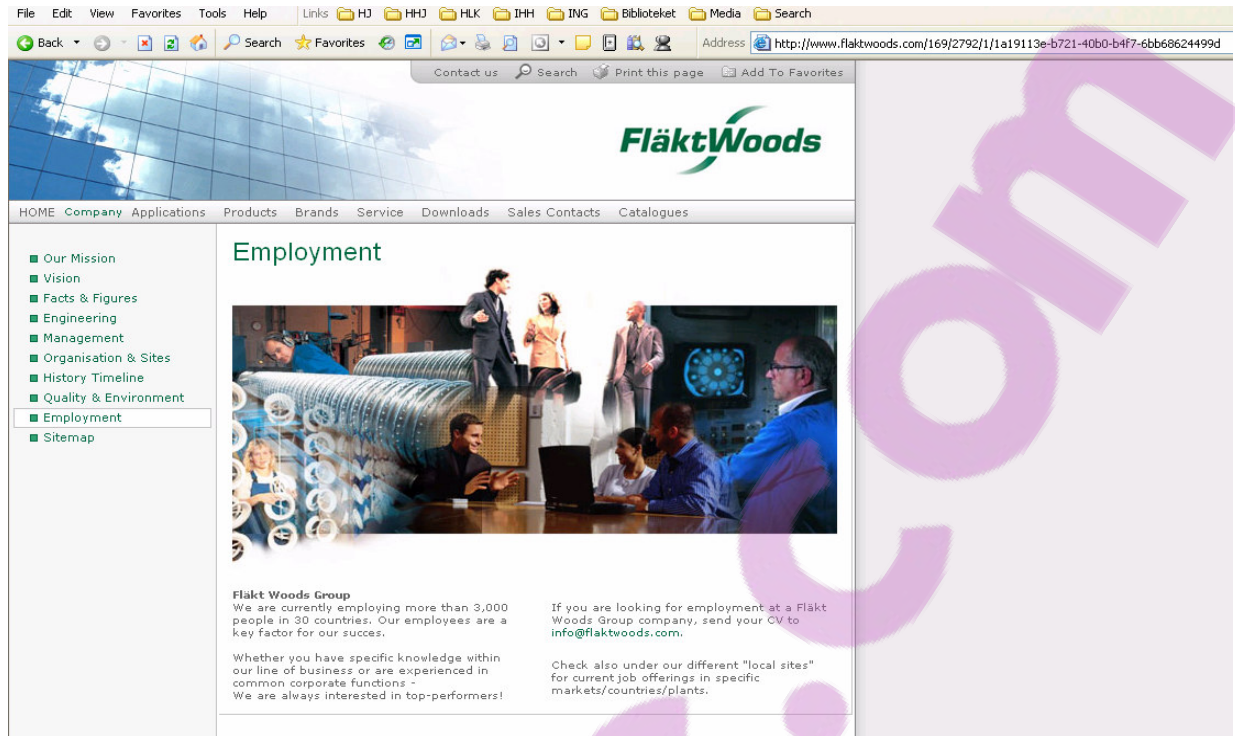
Figure 7 - Screen Print of Employment

Figure 8 - Screen Print of Facts and Figures

Appendix

Figure 9 - Screen Print of Fläkt WoodsGroup Mission Statement
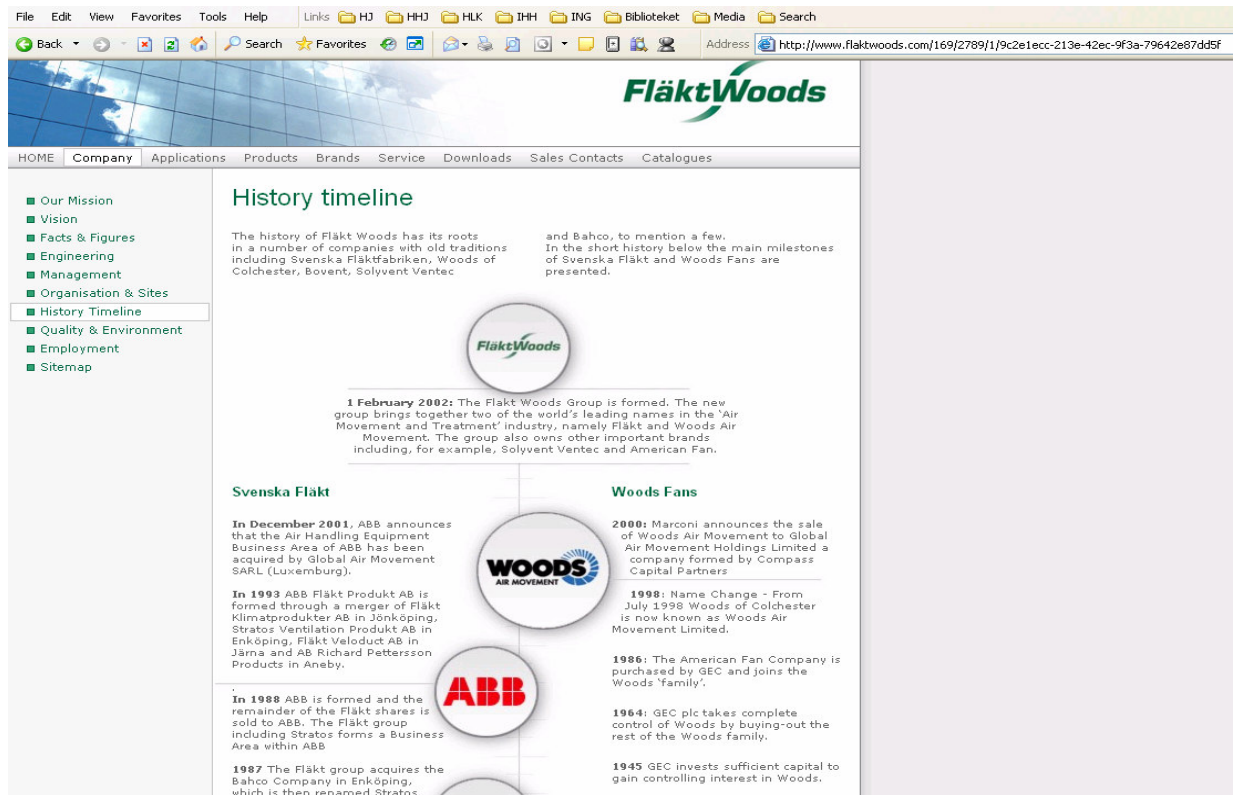
Figure 10 - Screen Print of History Timeline
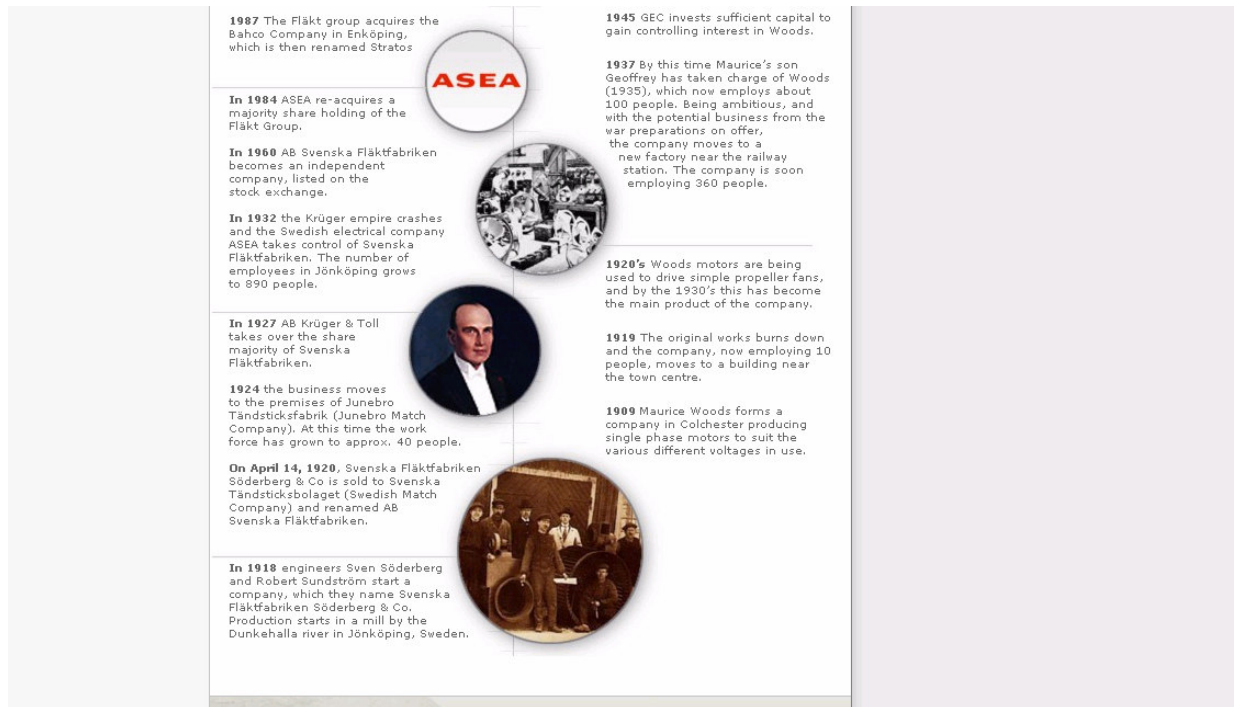
Figure 11 - Screen Print of History Timeline cont.
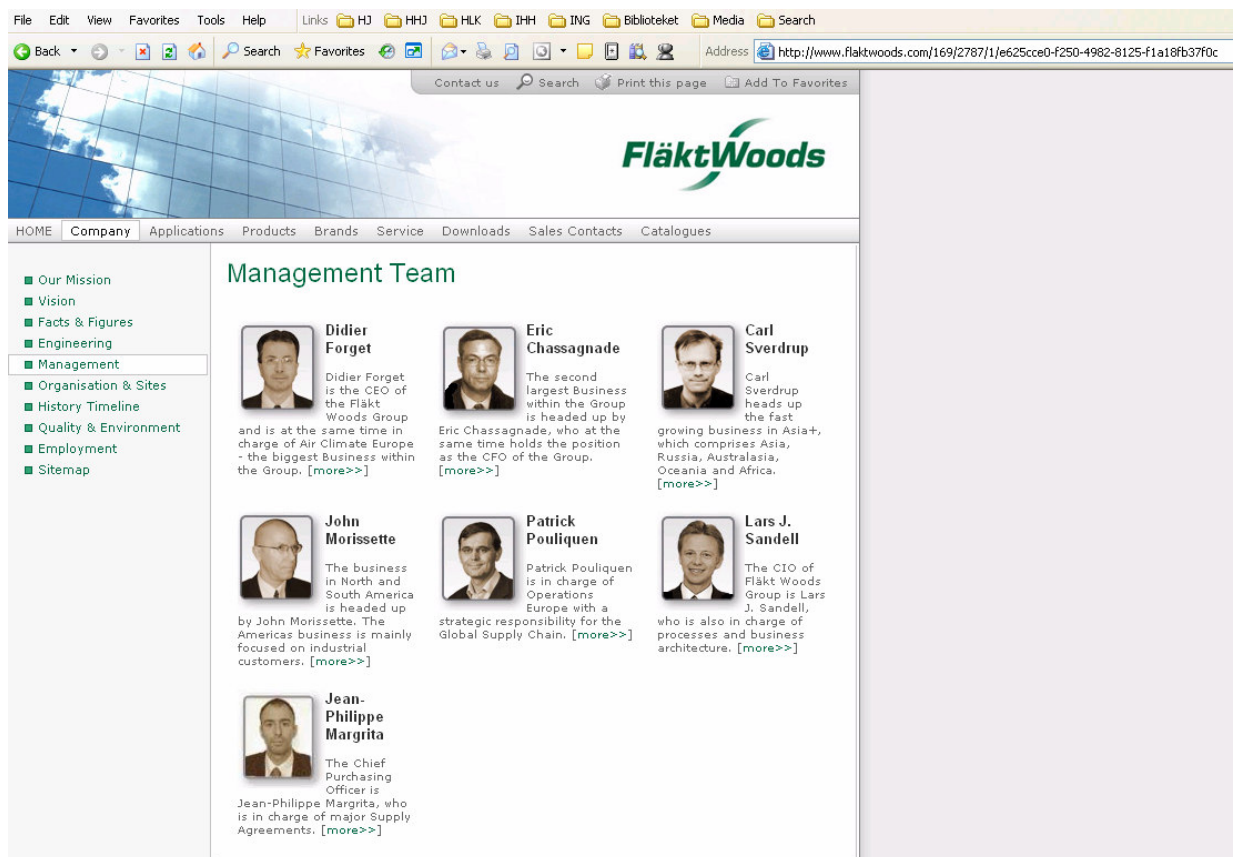
Figure 12 - Screen Print of Management Team

Appendix
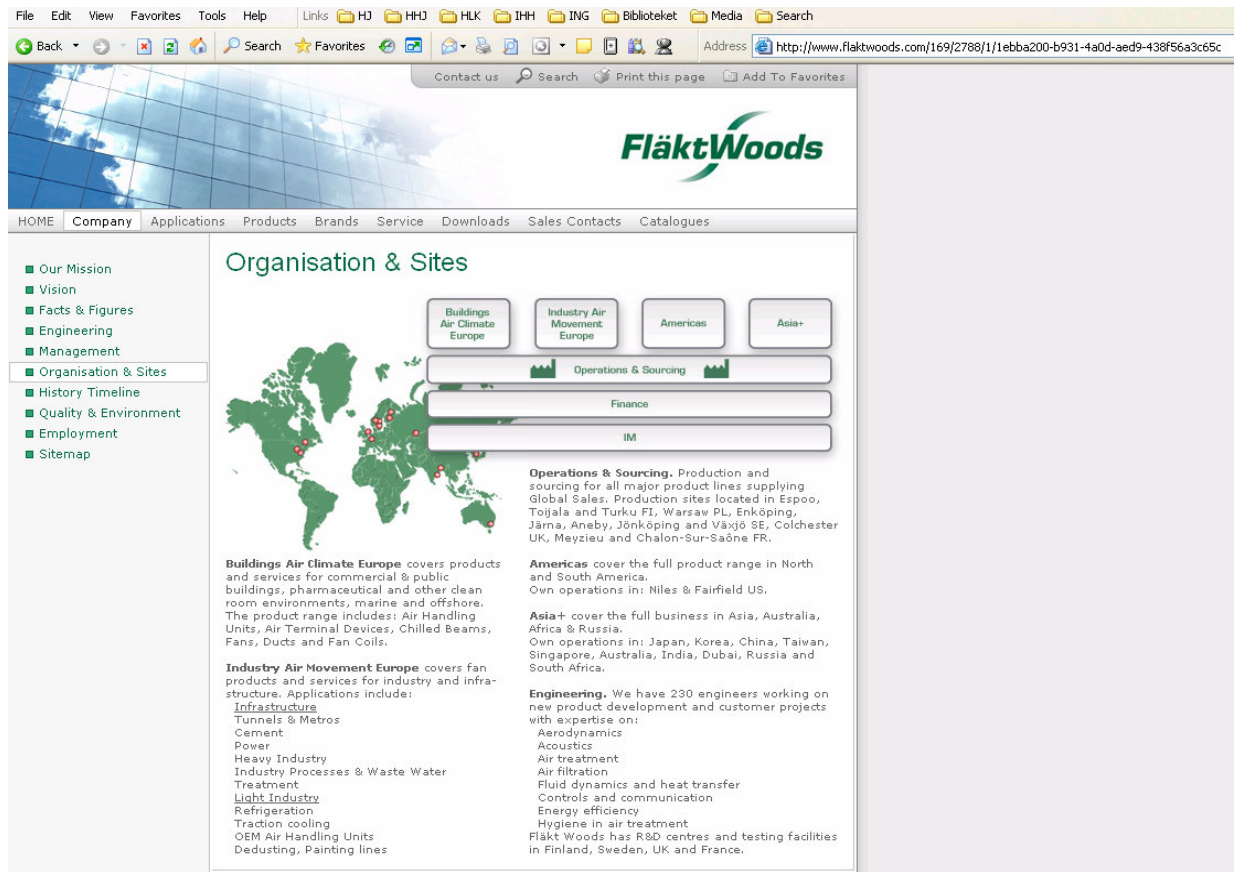
Figure 13 - Screen Print of Organisation & Sites
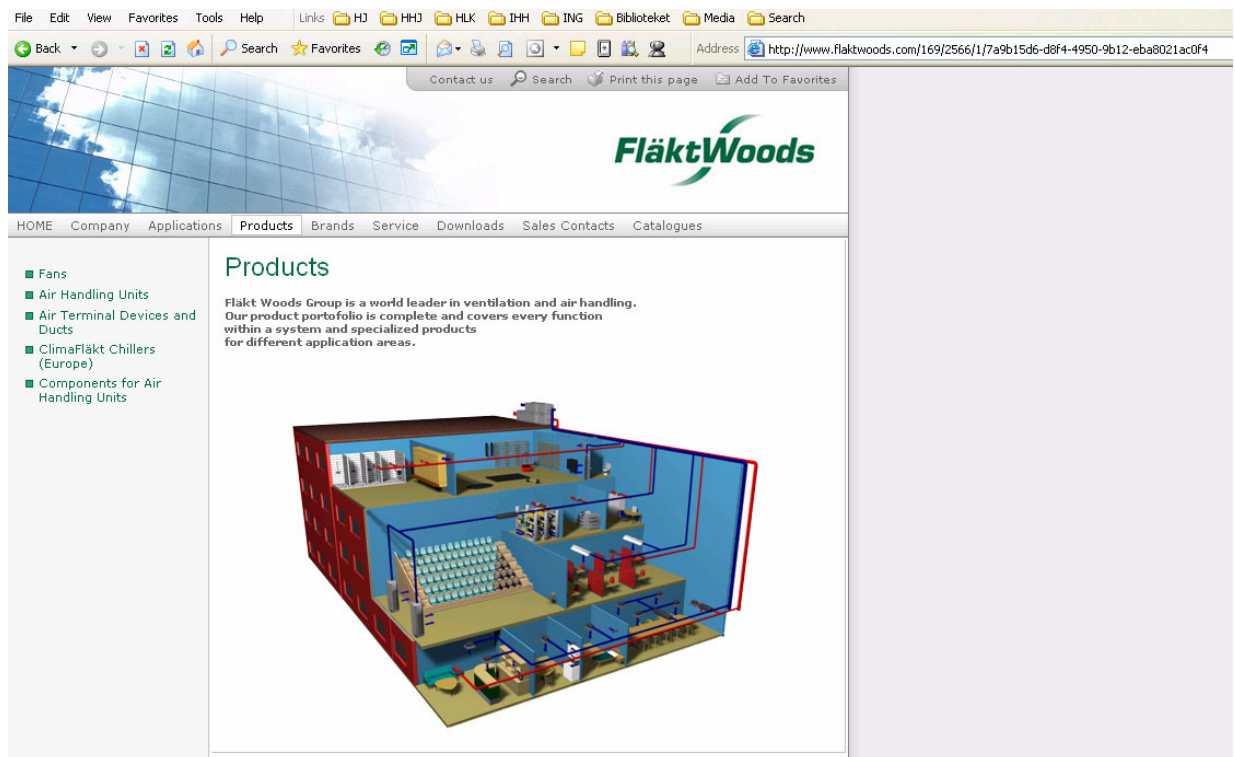
Figure 14 - Screen Print of Products
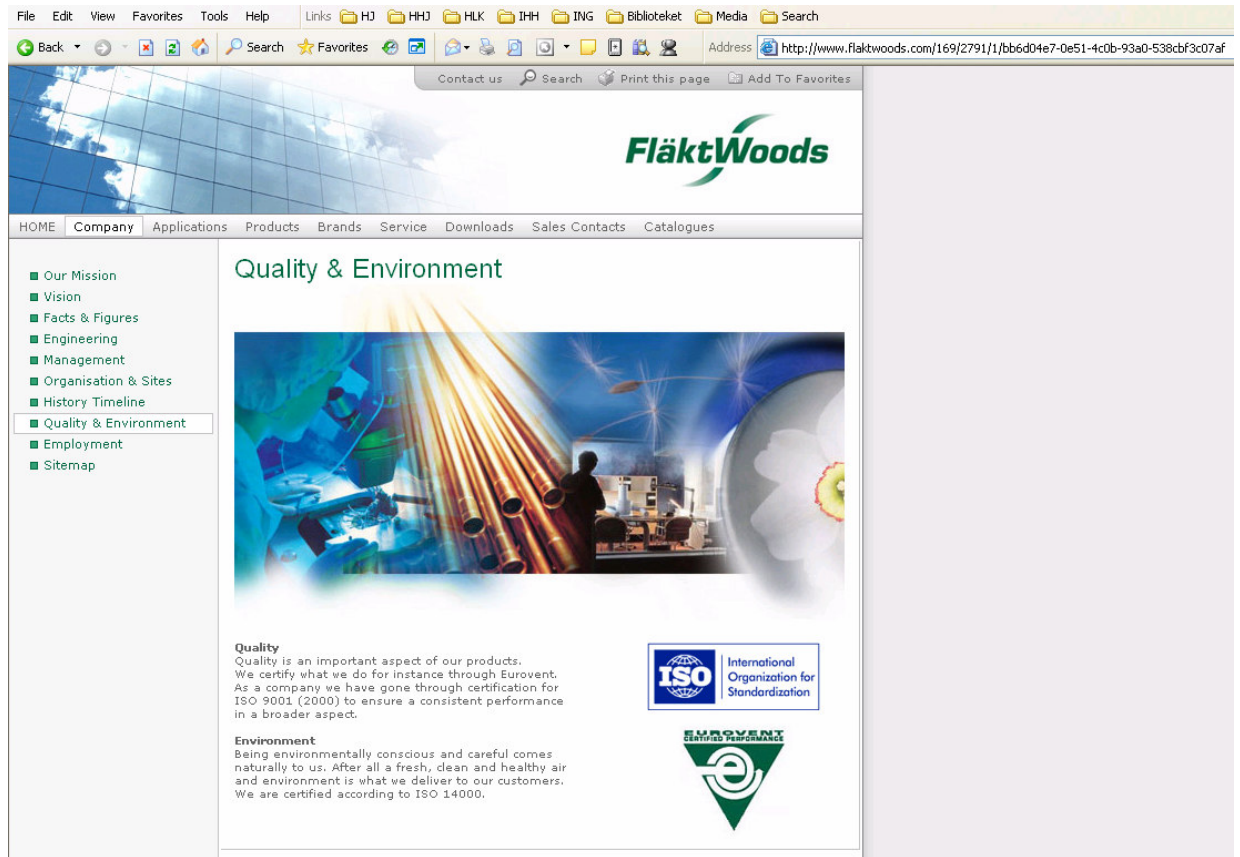
Figure 15 - Screen Print of Quality & Evironment
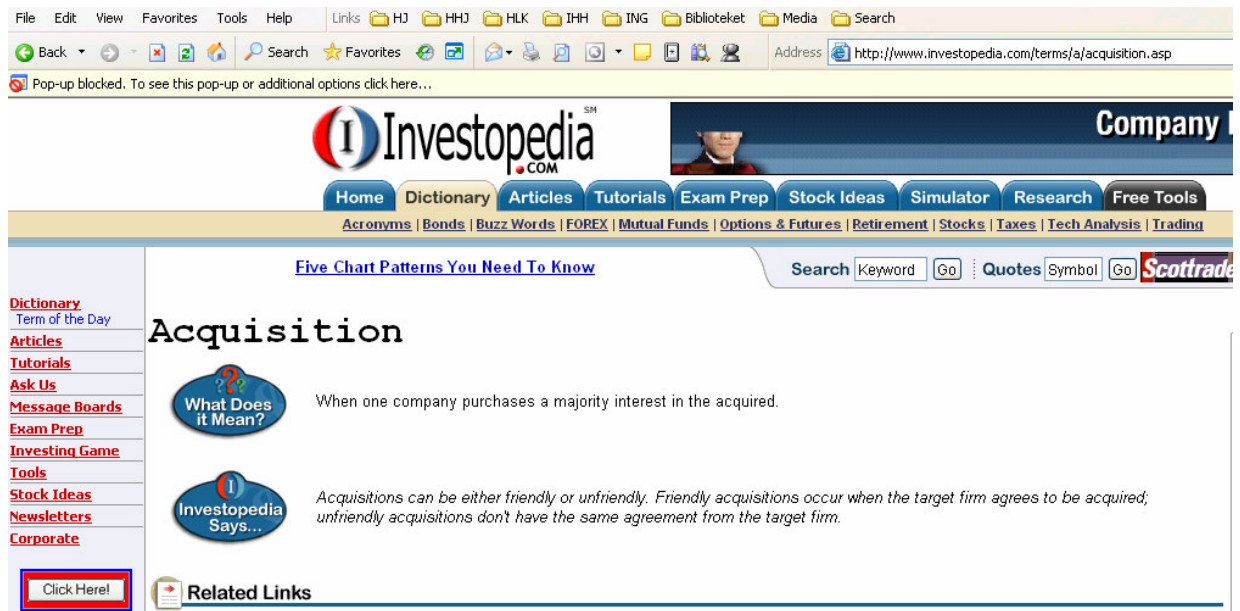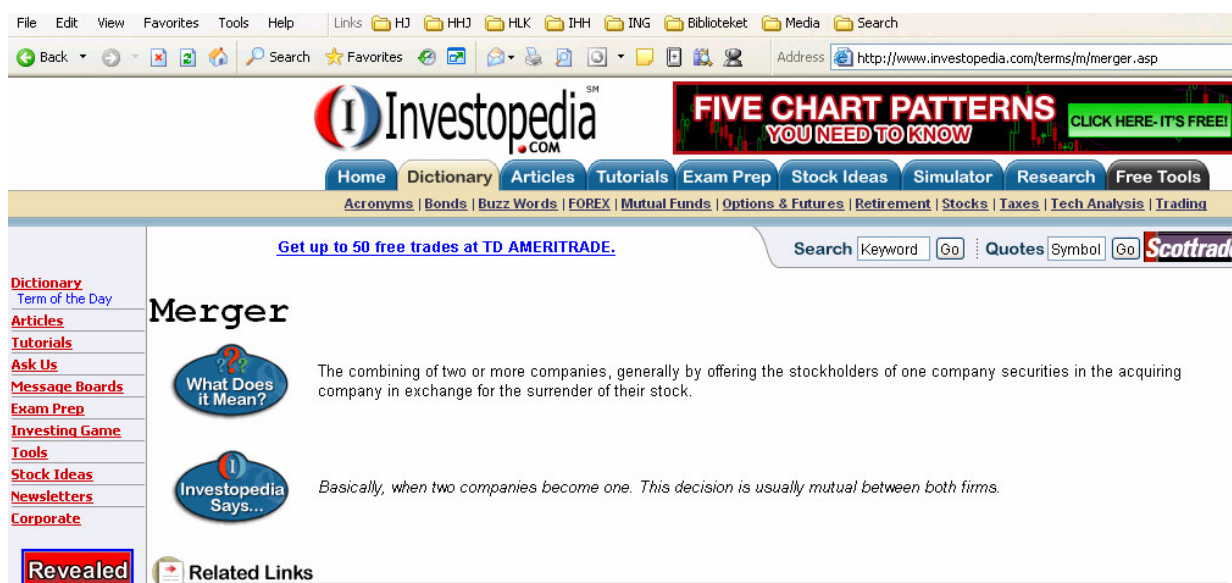

Figure 16 - Screen Print of Acquisition
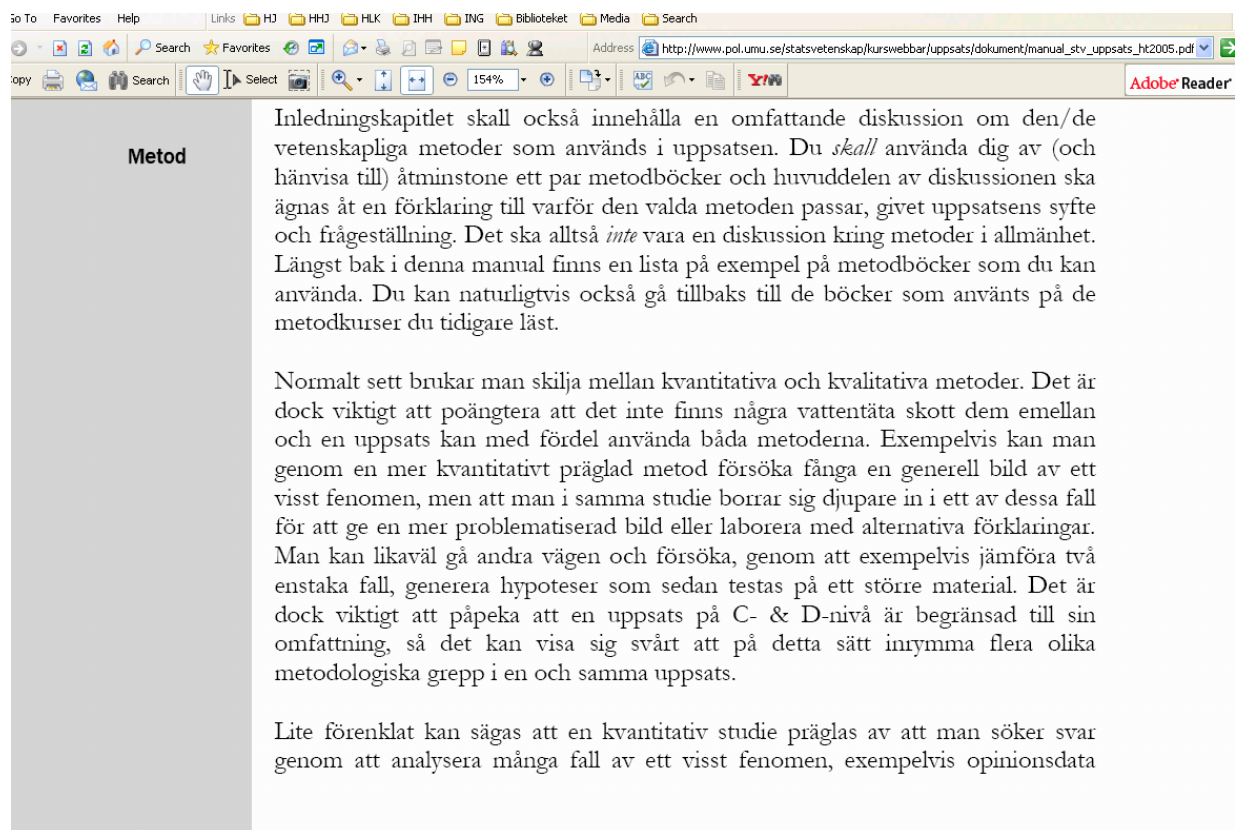
Figure 17 - Screen Print of Merger
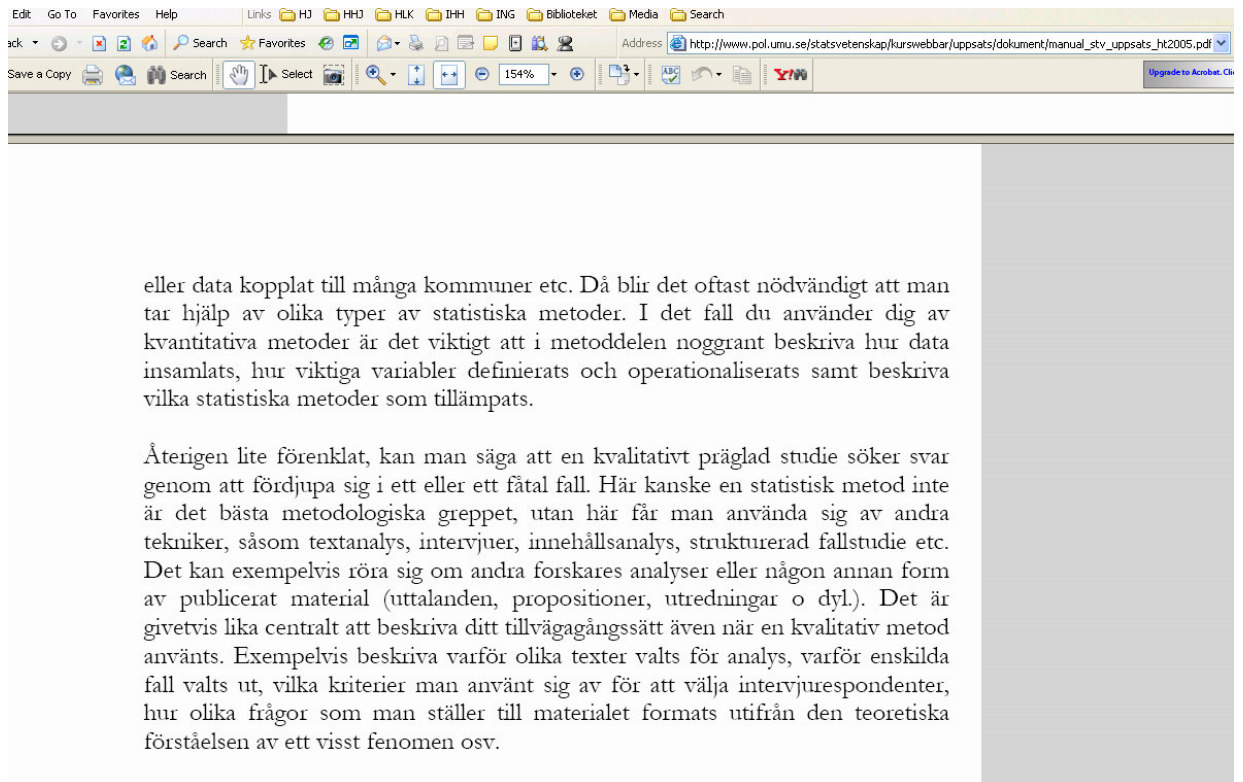

Figure 18 - Screen Print of Uppsatsmanual

Figure 19 - Screen Print of Uppsatsmanual cont.