UNIVERSITY OF AGDER

"To be or not to be" successful in a merger between performing arts organizations

A case study of Kilden Performing Arts Centre

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This master's thesis is carried out as a part of the education at the University of Agder and is therefore approved as a part of this education. However, this does not imply that the University answers for the methods that are used or the conclusions that are drawn.

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Mette Marie Næser Seldal

List of Acronyms

Acronyms

AT	Agder Theater
KSO	Kristiansand Symphony Orchestra
OS	Opera Sør
M&A	Merger and Acquisition
Kilden	Kilden Performing Arts Centre

List of Acronyms

Abstract

Thousands of organizations are merging every year, even though the consensus among scholars is that most, or at least a large part of them fail. And after decades of research into mergers there is no clear consensus as to what it would take to have a successful merger, all though many agree on a handful of success factors being important.

Even though there is a vast amount of research on mergers in general, I have found almost nothing about mergers in the performing arts industry. My thesis is looking into this industry, and what it takes to merge successfully here compared to other industries. I try to give an answer to the research question: *What does it take to have a successful merger between performing arts organizations, and what are the challenges you meet along the way?*

To do so I start by looking through general research about mergers, and also into theory about the performing arts industry and how it differs from other industries. I then look at the case of the merger into Kilden Performing Arts Centre (Kilden). Through indebt interviews with employees and managers I try to find out what have been the factors for success in the merger into this organization. I move on to see if these factors are likely to be the same for the whole industry, and from this I create a research model for a successful merger between organizations in the performing arts industry.

My findings are that some of the factors are the same in both general merger theory and in the performing arts industry. But two of the factors found to be important by scholars in other industries, "Accumulated Experience on M&As" and "Postmerger Integration Team", were found to be unimportant in this industry. I also added four new factors that were found to be important in this case. These were "Premises", "Organizational Growth", "Working With Feelings", and "Caring About the Product". At least three of these, the first, third, and fourth, I believe to be especially important for the performing arts industry.

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1 Introduction

1.1 Background

Mergers are a natural part of the lives of many organizations in both the private and public sector, and it has been for decades. There has been conducted a lot of research on the subject for at least half a century, but even so a vast number of mergers are failing (Gomes, Angwin et al. 2013). And still thousands of organizations around the world choose to merge every year (imaa 2016).

As I dig into the research I realize that, all though many scholars agree on a lot of critical success factors for a merger, they do not necessarily agree on how it affects the success. It seems that it is very difficult to come up with a consensus when it comes to mergers. For this reason I find that it would be interesting to try and contribute to what success factors are really important in a merger process.

Looking at the research that is available on mergers, I find that most of it is conducted in large industries like the bank industry, high-tech industry, pharmaceutical industry, and so on. One industry where the research is almost inexistent is the performing arts industry. In fact, the only things I have been able to find about this industry are two master theses about the merger into Kilden. A reason for this small amount of research might be that this is a very small industry and there have been very few mergers between the organizations in it.

1.2 Motivation

I found that it would be interesting to look into an industry that was so unexplored when it came to mergers. Also the fact that it is an industry that most people have some kind of feeling towards, either good or bad, made it interesting to look into. The timing might be good as well, since the industry is suffering from lack of funds, especially in Europe, since the financial crises in 2008. This makes mergers in this industry more relevant than it has been before. I therefore decided to look at what it takes to create a successful merger in the performing arts industry.

One might say that research from other industries should be sufficient to be able to explain what it would take to merge successfully in this industry as well, but as I will show in this

thesis, the performing arts industry is different from other industries on several points. Because of this I find it interesting to look into whether there will also be a difference when it comes to what it takes for organizations to merge successfully in this industry.

To be able to do the kind of research I wanted to do, I first needed to find an organization that has been through a merger like this in the resent years, and who has done so successfully. In my hometown of Kristiansand, Norway, we have an organization called Kilden Performing Arts Centre, which went through a merger like this four years ago. This is the only organization in Norway, as far as I know, where different performing arts organizations like these have merged into one organization. I therefore decided to use it as a case in my thesis.

1.3 Research Question

I have chosen to angle my thesis towards what it takes to create a successful merger in the performing arts industry. I want to do this by looking at critical success factors, and see how they come into play in a merger between organizations in this industry, and if there are any other success factors for the performing arts industry. I also want to see if there are any challenges in the process that one should be aware of before entering into such a merger. My research question is therefore:

> ***What does it take to have a successful merger between performing arts organizations, and what are the challenges you meet along the way?***

2 Theory

I will now look into prior research and theory of both mergers and the performing arts industry, to try and make a case as to why it is important to research what it takes to have a successful merger between performing arts organizations. I will start by looking into success factors in mergers in general. Then look into the difference between the performing arts industry and other industries. And at last, try to discuss theoretically whether a merger between performing arts industries will be affected by the success factors in the same way as the mergers in other industries.

2.1 Prior Merger Research

The terms Merger, Acquisition and M&A are used interchangeably in the literature (Weber and Tarba 2010, Vazirani 2012). Because of this I will be using research about both mergers and acquisitions in my thesis, and I will also be using the terms interchangeably. There is a significant difference between them though. A merger can be defined as: "*the combination of two previously separate organizations in order to form a new company*" (Johnson, Scholes et al. 2008, Page 311), while an acquisition can be defined as: one company "*purchasing a majority of shares in a target company*" (Johnson, Scholes et al. 2008, Page 311).

The research when it comes to mergers is vast and spanning over half a century or more (Gomes, Angwin et al. 2013). This means that there is a lot of information to draw from when looking into factors for success in mergers. Still, there is a consensus among most scholars in the field that there is a very high failure rate in M&As (Schweiger and Weber 1992, Epstein 2004, Mayer-Sommer, Sweeney et al. 2006, Vasilaki 2011, Gomes, Angwin et al. 2013). But what the different scholars mean when they call an M&A a failure is not always clear (Epstein 2005, Weber and Tarba 2010, Gomes, Angwin et al. 2013). It seems that neither scholars nor practitioners have a thorough understanding of what will lead to a successful merger (Stahl and Voigt 2008, Gomes, Angwin et al. 2013). Many also disagree on how big this failing part is; from scholars stating that most M&As fail (Epstein 2004), to some stating an 80 % failure (Vester 2002), and down to as "low" as a 44 % failure (Cartwright and Schoenberg 2006).

When looking for theory on mergers from the field of performing arts, the only thing I could find was two master theses, also about the merger into Kilden. The first one is about the

merging of the cultures (Johnsen 2012), and the second is about the employees openness towards a merger in the premerger phase (Hoflandsdal and Hjelmerud 2010). Because of the lack of other research on this subject in the literature, I have had to use theory on M&As from other industries.

2.2 Success Factors – Premerger

In my research, I have divided the theory on mergers into pre- and postmerger factors. This because there is a clear separation in the process from before the merger is decided upon, and after the documents are signed. I used Gomes, Angwin et al. (2013) article "Critical Success Factors through the Mergers and Acquisitions Process: Revealing Pre- and Post-M&A Connections for Improved Performance" as a starting point, all though I am only using the factors from the article that I find to be relevant for my research. This means that factors like "Pay the right price" and "Future compensation policy" are left out of my thesis.

2.2.1 Choice and Evaluation of Strategic Partner

When a company has decided to find someone to merge with, it is important to find a company that can be a strategic partner in terms of strengths and weaknesses, quality of management team, cultural differences and management turnover, among others (Gomes, Angwin et al. 2013). The literature here is divided between two concepts: strategic fit and organizational fit (Jemison and Sitkin 1986, Lubatkin 1987). Strategic fit can be defined as "*the degree to which the target firm augments or complements the parent's strategy and thus makes identifiable contributions to the financial and nonfinancial goals of the parent.*" (Jemison and Sitkin 1986, Page 146). This has to do with how well the companies' strategies strengthens or compliments each other. Here the managers of the firms has to tread carefully, since potential positive synergies tend to be exaggerated, and negative synergies tend to be neglected (Johnson, Scholes et al. 2008).

Organizational fit can be defined as "*the match between administrative practices, cultural practices, and personnel characteristics of the target and parent firms and may directly affect how the firms can be integrated with respect to day-to-day operations ones an acquisition has been made.*" (Jemison and Sitkin 1986, Page 147). If there is a large mismatch between administrative practices, cultural practices and personnel characteristics, this is likely to cause serious problems with the integration (Johnson, Scholes et al. 2008). Resent studies in the

high tech industry (Weber and Tarba 2011) has shown that if one examine the differences in organizational culture before planning the integration process, this may yield a better M&A performance (Weber and Drori 2011, Weber and Tarba 2011).

According to Johnson, Scholes et al. (2008) both strategic and organizational fit is needed to have a successful merger

2.2.2 Size Mismatches

Similarities between the relative sizes of the companies that choose to partner up seem to play an important role in a successful merger (Hagedoorn and Duysters 2002, Gomes, Angwin et al. 2013). It has been associated with higher announcement returns, like in Finkelstein and Haleblian (2002) research from the manufacturing industries, and has also been found to benefit the integration process and the technological performance of a merger. Hagedoorn and Duysters (2002) found evidence in the computer industry that a large difference in size between merging organizations can indicate a poor organizational fit, and lead to a weaker performance than in mergers between equally sized organizations. Also, research from the telecommunication industry (Wilcox, Chang et al. 2001) and bank industry (Beitel, Schiereck et al. 2004) has found that if a large company acquired a small company this would create significantly higher returns for the target company, but size did not have a significant impact on the bidder companies.

Research from the technology industry showed that if a large company has acquired a small one, there will be confusion as to who among the managers is responsible for the acquired company. Because of this the integration of the company will be poor (Inkpen, Sundaram et al. 2002).

2.2.3 Accumulated Experience on M&As

Experience when it comes to M&As seems to have a positive effect on the success of a merger (Barkema and Schijven 2008). Experience built up through other acquisitions could create routines, which can be useful tools when a company is in a resource redeployment process. But still, since many acquisition problems are case-specific, the previous experience in M&As might have very low value when it comes to solving these problems (Colombo, Conca et al. 2007). Some scholars researching the European bank industry even found that

experience had no significant impact at all on the success of an M&A (Beitel, Schiereck et al. 2004).

Other researchers are now turning their attention from direct experience and towards the ability for companies to acquire indirect learning, e.g. through the use of external consultants (DeLong and DeYoung 2007).

2.2.4 Courtship Period

According to Gomes, Angwin et al. (2013), a courtship period, which is a time where the different companies can spend time getting to know each other before a merger, can either enhance or thwart the merger process. During this period, the process of the implementation of the merger is decided upon. On top of this, key decisions in leadership and structure are made, among others (Epstein 2005). In order for an M&A to be successful, a lot of issues have to be managed in this period, since a lack of careful evaluation will often result in an M&A failure (Schweiger and Weber 1992, Epstein 2005).

In a merger process, as in any other negotiation process, you are dealing with individuals. Even if your purpose is to influence the whole organization, what is important is to know who is actually involved in the decision process, and what roles the different individuals play (Sebenius 2002). From researching the bank industry, Epstein (2005) found it critical to be able to, with confidence, present the merger to key constituencies.

2.2.5 Communication Before the Merger

To avoid uncertainty among the employees before a merger, Gomes, Angwin et al. (2013) claim that the company needs to put a special effort into adequate communication. Schweiger and Weber (1992) are pointing to the negative outcomes of uncertainty among employees in this process. Some negative outcomes of this uncertainty could be higher absenteeism, stress, health problems, lower productivity and so on. And, in their study from the technology industry, Inkpen, Sundaram et al. (2002) found that if the communication is lacking, the most immediate downside is that employees will leave the organization.

But not everyone agree that you should communicate to employees early. Buono and Bowditch (2003) make a point for carrying out M&A negotiations in secret to minimize uncertainty. They claim that no matter how informed employees are, they will never feel fully informed, and so they will still feel suspicious.

2.3 Success Factors - Postmerger

The legal and financial aspects when completing an M&A are usually handled well. It is in the consideration of how to operate and manage the new operation after the deal, which is where the managers fail (Gomes, Angwin et al. 2013). Even in the very best cases, a merger can change the nature, orientation and character of the companies so much that it is typical for the employees to need between five and seven years to feel truly assimilated into the new merged organization (Appelbaum, Gandell et al. 2000). A change like that will necessarily create many challenges.

2.3.1 Integration Strategies

The expected value from an M&A will not be materialized unless you have an adequate and effective integration process (Gomes, Angwin et al. 2013). This integration process begins in the premerger phase with proper planning, and is continued into the postmerger phase where every part of an organization have everything they need with respect to knowledge, resources, and commitment to move forward (Epstein 2005). If one fails to deal properly with integration, this can lead to a demoralized staff and employee defections (Inkpen, Sundaram et al. 2002). One of the reasons for this could be the knowledge that there is an almost inevitability of reduction in force during an M&A (Schweiger and Weber 1992).

When it comes to explaining synergy realization, which is often a main reason for companies to merge, integration seems to be the single most important factor (Larsson and Finkelstein 1999). From their study of the pharmaceutical industry, Almor, Tarba et al. (2009) found that the integration level will affect performance in either a positive or a negative way, depending on how disruptive the effects are, and on the degree of synergy potential that is exploited. On the other hand though, the extent of integration that is needed to achieve this synergy, may actually result in destruction of the company's acquired knowledge-based resources because

of employee turnover, disruption of routines, and dissolution of ties in the acquired company (Gomes, Angwin et al. 2013).

Some times though, there is a need for more organizational autonomy. In cases where a company has a very distinct culture or is dominated by prima donna professional or star performers, one might face a very difficult integration. In these cases, it might be a good idea to give this company high level of autonomy. (Johnson, Scholes et al. 2008)

2.3.2 Postmerger Leadership

One factor that has gotten a lot of support as being critical for a successful merger is leadership (Nemanich and Keller 2007, Waldman and Javidan 2009, Vasilaki 2011, Gomes, Angwin et al. 2013). If the decisive action from the top is lacking, and there is no clear company direction for managing the changes during the integration process, this will in all likelihood result in a failed merger (Gomes, Angwin et al. 2013). It is therefore important that the source of final authority, direction, and responsibility is clear (Epstein 2005).

Some of the scholars are tying the success of a merger to transformational leadership (Nemanich and Keller 2007, Vasilaki 2011). This is a kind of leadership where the leader stimulates, inspires and empowers their employees (Bass and Riggio 2006). Nemanich and Keller (2007) have related transformational leadership to better subordinate performance, job satisfaction, and acquisition acceptance in the acquisition integration in their study of mergers between well-established manufacturing and marketing companies.

Another feature that comes up about postmerger leadership is top management change. On average, about 70 % of the managers from the target companies depart within five years after the merger (Cartwright and Schoenberg 2006). There seem to be a general agreement that this change in top management is a major part of the postmerger phase, all though some find that top management turnover is negatively associated with company performance and others find a positive association (Lubatkin, Schweiger et al. 1999, Gomes, Angwin et al. 2013).

2.3.3 Speed of Implementation

There is debate as to how important speed is for the implementation period of a merger (Angwin 2004, Homburg and Bucerius 2006). The main debate is about whether one should

act fast or take ones time with the implementation. The timeframe of 100 days has become important as a kind of benchmark for progress amongst scholars who find that the implementation should go fast (Inkpen, Sundaram et al. 2002, Angwin 2004, Epstein 2004, Epstein 2005). When companies are acquired, change is inevitable, and so some scholars looking at mergers in the technology industry, found that the best thing is to create the change as quickly as possible (Inkpen, Sundaram et al. 2002). In research of bank mergers, early completion was found to reduce risk and give an earlier realization of the benefits with the merger (Epstein 2004). Vester (2002), who researched the Xerox merger, even claim that one should move so quickly that everyone is consistently feeling a little uncomfortable with the high speed. The cost of losing momentum would be much higher than the mistakes made through quick decisions (Light 2001).

On the other end of the scale you have the scholars who claim that the implementation should not be rushed. Since a merger implies the reconstruction of a new social identity, it is obvious that it will take time (Olie 1994). When researching the high-tech industry Ranft and Lord (2002), found that knowledge barriers, which are underlying the acquired company's technologies and capabilities, require a company to implement in a slower and more cautious pace to gradually learn, without damaging technologies and capabilities.

2.3.4 Postmerger Integration Team

One of the challenges with M&As is that the process is so complex that managers often will end up spending most of their time on the M&A issues, in stead of the day-to-day activities (Vermeulen and Barkema 2001, Gomes, Angwin et al. 2013). To deal with some of these challenges, like reconciling the differences in culture, structure, and management systems, and minimizing the likelihood of clashes, companies should have integration approaches like integration teams to promote learning and problem solving (Schweiger and Weber 1992). These teams should consist of the best people who should be assigned on a full-time basis (Tetenbaum 1999), and the members should come from both companies (Epstein 2004).

2.3.5 Communication During Implementation

Communication during the implementation process is something that is mentioned a lot as a critical success factor in M&As (Schweiger and Weber 1992, Hubbard and Purcell 2001, Epstein 2004, Weber and Tarba 2010, Gomes, Angwin et al. 2013). After the decision to

merge is made, the top managers are able to provide employees with a lot more information. But at the same time, the employees concern about their jobs will become more specific. This is why communications remains critical throughout this stage (Schweiger and Weber 1992).

When researching the bank industry, Epstein (2004) found that communication is especially important in the beginning part of the implementation phase. Communication from the senior management has to be significant, constant, and consistent. It is important that managers are able to build confidence in the merger among the employees. Because of the individual concerns about how a merger will impact employees and customers, over-communication is an element of success at this phase. (Epstein 2004)

If there is an absence of reliable information after a merger announcement, it could lead to employee anxiety, uncertainty, lack of trust, and other negative feelings (Schweiger and Denisi 1991, Weber and Tarba 2010). Uncertainty has been found to be more stressful than change. If managers have an immediate, honest, and consistent disclosure of information, this would help with the negative employee reactions towards the merger. (Weber and Tarba 2010)

But even if an organization decides to be as open and communicative as possible, there will always be questions that managers do not know the answers to until the whole process is done. Because of this, employees might still feel suspicious that they are not getting enough information. (Buono and Bowditch 2003)

2.3.6 Managing Organizational Cultural Differences

Organizational culture can be defined as "*the taken-for-granted assumptions and behaviours that make sense of people's organizational context and therefore contributes to how groups of people respond and behave in relation to issues they face*" (Johnson, Scholes et al. 2008, Page 147).

Several scholars claim that cultural differences between merging organizations can be negatively correlated with a successful merger (Cartwright and Cooper 1993, Weber, Shenkar et al. 1996, Weber and Tarba 2010, Vaara, Sarala et al. 2011). Some found that these differences could cause stress and negative attitudes toward the other organization, which

again could lead to a lower commitment and less cooperation, and also high turnover of executives (Weber and Tarba 2010). Similarly, others found that cultural differences caused social conflicts, and through that had a negative impact on postmerger performance (Vaara, Sarala et al. 2011).

2.4 Summarizing Success Factors

When looking through the research above, I find that the scholars seem to focus on either industry or region/group. The ones that focus on industry seem to be drawn towards the large industries like the bank industry (Beitel, Schiereck et al. 2004, Epstein 2004, DeLong and DeYoung 2007), high-tech industries (Wilcox, Chang et al. 2001, Inkpen, Sundaram et al. 2002, Ranft and Lord 2002, Weber and Tarba 2011), pharmaceutical industry (Light 2001, Almor, Tarba et al. 2009), or manufacturing industries (Schweiger and Denisi 1991, Finkelstein and Haleblian 2002, Nemanich and Keller 2007). The ones focusing on region or group do not seem to care about industry, but will choose a group of companies from a stock exchange (Lubatkin, Schweiger et al. 1999, Vermeulen and Barkema 2001), a country (Weber, Shenkar et al. 1996, Angwin 2004, Colombo, Conca et al. 2007, Weber and Tarba 2010, Vasilaki 2011, Vaara, Sarala et al. 2011), or from members of an organization (Schweiger and Weber 1992).

From the theory above I have listed 11 success factors that the scholars have found to be important in a merger process. It is tempting to say that all of these need to be present to be able to assure a successful merger, but seeing as it is not always clear among the scholars as to what effect each factor has, or which factors are important, I find it difficult to make that claim. But at least I have found that, according to the merger theory, these factors seem to have some effect on the success:

Premerger:
1. **Choice and evaluation of strategic partner**
   It seems important to merge with an organization that has a strategic and organizational fit with ones own.
2. **Size mismatches**
   It seems to matter that the companies are of about equal size.

3. **Accumulated experience on M&As**

   There is no real consensus as to whether or not experience is a factor for success. Some scholars say it is others say it has no significant effect, but it doesn't seem to have a negative impact.

4. **Courtship period**

   It seems important that the companies get to know each other and plan the implementation face. It also seems smart to figure out which individuals are the most important in the process.

5. **Communication before the merger**

   Most scholars seem to agree that you should communicate early with the employees to eliminate uncertainty, but some find it is best to wait until the merger decision is made.

Postmerger:

1. **Integration strategies**

   It seems important that the integration is taken seriously. If not, this can lead to a demoralized staff and employee defections. It may also be important if one wants to take advantage of synergies.

2. **Postmerger leadership**

   If the decisive action from the top is lacking, this could result in a failed merger. Also, transformation leadership seems to have a positive effect.

3. **Speed of implementation**

   There is no clear consensus when it comes to the speed of implementation. The scholars are divided into either a fast implementation – e.g. 100 days, or a slow implementation, which can take years.

4. **Postmerger integration team**

   It seems important for companies to have integration teams to promote learning and problem solving, and so that managers can focus on their day-to-day activities.

5. **Communication during implementation**

   Communication seems to be important in the implementation phase, especially in the beginning, and it should be significant, constant, and consistent.

6. **Managing organizational cultural differences**

   Cultural differences seem to have a negative impact on a successful merger. It is therefore important to focus on these when they occur.

2.5 Characteristics of the Performing Arts Organizations

Existing knowledge about M&As seems to be mostly centered on large for-profit industries and public companies. I have yet to find a single article on a merger in the performing arts industry. And as very few of the performing arts organizations are public; I doubt that there are many of them in the research on public companies either. There might be a very small percentage in the general research on all mergers in a country, but I highly doubt it will be enough to make a difference in the overall research. Because of this I find that it is relevant to research M&As in the performing arts industry.

In his book "Creative Industries: Contracts Between Art and Commerce", Caves (2000) has come up with seven basic properties that distinguish the creative organizations from organizations in other industries. Caves claims that the production, preferences and tastes differ between artists and their colleagues in the rest of the economy, and that we therefore need to look at how this affects the way they work. His book is very highly cited, and clearly very important when it comes to describing how the creative industries differ from other industries. It has been mentioned in almost every article and book I have read on the subject, so for this reason I have chosen to use it as a basis for this part of the theory chapter.

Creative industries entail organizations " *in which the product or service contains a substantial element of artistic or creative endeavor*" (Caves 2000, Page vii). In the creative industries terminology, performing arts are occupying a core position (Towse 2010).

Caves has come up with seven properties that differentiates the performing arts industry from other industries: Demand Is Uncertain, Creative Workers Care about Their Product, Some Creative Products Require Diverse Skills, Differentiated Products, Vertically Differentiated Skills, Time Is of the Essence, and Durable Products and Durable Rents. Since durability is not very relevant when it comes to the performing arts (Haunschild 2003), I have chosen not to include this.

2.5.1 Demand Is Uncertain

This is also called the *nobody-knows* property. What Caves is focusing on here is that one can never know how a creative product will be received. No matter how much research is done beforehand, there will always be a great uncertainty as to whether or not something will sell.

This focus on the impossibility of knowing the consumer response is something that several scholars have focused on (Garnham 2005, Hesmondhalgh 2008, Townley, Beech et al. 2009, O'connor 2010, Phillips 2011). A reason for this unpredictability could be the result of the creative works having a non-utilitarian value (Townley, Beech et al. 2009).

When we on top of this unpredictability add on the high costs usually associated with these kinds of products and services, and know that these costs will all, or at leas mostly, be sunk, we see that the risk in this industry is very high (Caves 2000, Garnham 2005, Townley, Beech et al. 2009). This risk is coupled with the relative high costs of production. Even if there is a lot of marketing and promotion available, it is impossible to know which products or creators would be successful (Hesmondhalgh 2008). The reproduction costs, however, are usually very low, and because of this ratio of production to reproduction costs the big hits are disproportionally profitable (Hesmondhalgh 2008, O'connor 2010). However there are limits to the reproduction, since consumers do not want to only consume the same thing. Because of this there is a short shelf life for cultural products, and so income should be maximized before the interest runs out (O'connor 2010). Economies of scale and audience maximization are important (Garnham 2005). Marketing costs are becoming higher and higher in an effort to try to create the big hit that will pay for the inevitable flops (Garnham 2005, Phillips 2011).

2.5.2 Creative Workers Care about Their Product

This property, also called the *art-for-arts-sake* property, has to do with how much the artist cares about the product or service that is being produced. A normal worker will usually not care about the traits and features of a product. They will mainly care about salary, working conditions and how much effort they have to put into their job. The artist, however, will care a lot about the originality, technical prowess, and harmony that is achieved in what is created (Caves 2000). If we use the example of a musician, according to research, he or she would rather put effort into playing something difficult that would be recognized by other professionals, than putting effort into something that may make a performance more attractive and valuable to the consumers. (Caves 2000, Phillips 2011)

The *starving artist* syndrome, Caves sais, talks about how the taste for creative work will increase the amount of effort put into something by diverting it from other tasks. He claims that an artist can turn out products that are more creative than they would have been if the

creator only valued their income. Some of the features in the work going on in the creative industries are an excess of temporary, irregular and uncertain jobs. People are working long hours, there are often no clear boundaries between work and play, the pay is poor and there is a high level of movability, among other things (Haunschild 2003, Gill and Pratt 2008). Even though these findings do not sound very positive, Gill and Pratt (2008) state that one of the most consistent findings in this industry is that the experience, by most of the people involved, is found to be profoundly satisfying and intensely pleasurable – at least some of the time. But they have also found that features of cultural labor involve fatigue and exhaustion, fear and competitiveness, and the anxiety, insecurity and individualized shame when you are judged on what you produce. All of the negative aspects can make it look as though the cultural worker is being exploited, but this may also be a result of a passionate engagement and creative self-expression (Haunschild 2003, Gill and Pratt 2008).

2.5.3 Some Creative Products Require Diverse Skills

Caves is distinguishing between creative inputs and humdrum input, defining humdrum inputs as someone who is only in it for the money and who do not care who are employing them. These are workers who will demand at least the same wage as they would get in other organizations for the same kind of work (Caves 2000). In creative industries like the performing arts we have a mixture of creative and humdrum workers in (almost) all cases – a motely crew (Haunschild 2003). And so Caves calls this property the *motely crew* property.

Many creative outputs require diverse skilled and specialized workers. In these situations all the workers bring their personal tastes and other regards into the mix. These different tastes will complicate the process, as we can imagine when looking at the art-for-arts-sake property. If they also have to create something that is viable within a timeframe, this complicates the matter even more. (Caves 2000)

In economics we usually assume that all the inputs we use are substitutable. This is not the case in creative industries. Here everyone has to be present and do their job the way they are supposed to. If not, it will not be possible to create any value. Kremer (1993) called this the O-ring theory, pointing at how the value of a product could be dramatically reduced if one task is not done properly.

2.5.4 Differentiated Products

No two cultural products or services are identical. They can differ in many ways, like their traits, their moods, their styles, and so on. There are an infinite variety of products and services in every part of the cultural industry. If one e.g. play two different songs, they may be quite similar in both the character and quality, but they will never be identical. This is what economists call horizontal differentiation. Products like these could have the same price, and some consumers will favor one, other consumers will favor the other. In creative industries, there is usually a mix of both horizontal and vertical differentiation. There is a huge amount of ways that one product could differ from another. Some consumers might think that play A has a higher quality than play B, but they prefer the main actor in play B so they will watch that one in stead. This enormous amount of possibilities and choices is what Caves calls the *infinite variety* property. (Caves 2000)

2.5.5 Vertically Differentiated Skills

It is not only in the cultural products and services that we see a difference in quality levels. Also in the artists themselves there is a differentiation of skills, originality, and proficiency. The differences in the quality of these products can be unpredictable, but in the artists this difference is less so. Because of this we find a consensus between e.g. Hollywood's screenwriters, directors, and producers as to who are the "A list" and the "B list" screenwriters. Caves calls this the *A list/ B list* property (Caves 2000). In a creative industry like theatre, both rehearsals and performances are always observed by someone, be it colleagues, audience and/or critics, and so this evaluation and raking will always be a part of their work (Haunschild 2003).

This differentiation in quality might make us wonder as to why B list artists get any work. But then again, we cannot be sure that the A list is the same for the producers and the consumers. Another reason why we do not only see A-list starts working is money. Since an A list actor probably will bring in more money because consumers usually are willing to pay more to se a play or a film with an A list star rather than a B list star, this means that an A list star can also demand a higher salary. (Caves 2000)

2.5.6 Time Is of the Essence

This property has to do with the necessity to finish a project within a certain time frame. Because of this, Caves calls it the *time files* property. In the creative industry the inputs do not only depend on their qualities, but also on whether or not they are available at the right time. If someone is not an A list performer, chances are that they have less to do and will be available at a set time. The problem of coordinating a project with the wanted inputs have to be seen in the light of what the value of the project will be with the passage of time. (Caves 2000)

One of the aspects of this essence of time is the sunk costs after a production is on its way. If the production of e.g. a play has not started yet, the sunk costs will be relatively low. It will therefore not be a big problem to postpone a project to make sure you get the inputs you want or need. But if the rehearsals have started, the sets and props are made, and the tickets are sold, a delay will be very costly. (Caves 2000, Haunschild 2003)

2.6 Defining a Successful Merger in the Performing Arts Industry

In my studies I am looking to find the answer to what it takes to create a successful merger between performing arts organizations. I will therefore need to research a merger that I can define as a success. Seeing as I have found no definition for this, I will now try to define what this kind of success entails.

A lot of things could be a result of a successful merger in the performing arts industry. I guess the most obvious one is the rise in audience numbers, since this is something that these kinds of organizations are frequently measured on to begin with. A rise in number of productions and higher quality in productions would also point to a successful merger, since this would suggest that they are capable of doing more together than apart. Higher recognition could be a sign of success, and with that a larger number of A-list artists and others who wants to work for the organization. Another thing could be whether or not they manage to cooperate in setting up productions or whether they are operating in the same way that they did before the merger. At last I also want to add an economical factor. Even though most of these organizations are non-for-profit, it is never the less important to have sound economical results so as to be able to keep producing more in the future. All this leads to my new definition for a successful merger in the performing arts industry:

A successful merger between organizations in the performing arts industry is one that results in a rise in audience numbers, production numbers, quality, cooperation, and/or recognition, along with a sound economical result.

2.7 Why Research Mergers in the Performing Arts Industry?

Through the properties above from the creative industries (Caves 2000) I think it is quite clear that the performing arts industry is different enough to defend my further research. One thing that seems to be obvious is the impossibility to fit this industry into a model of mainstream economics. Even though it will always be difficult, in any industry, to prove the difference in consumption between two products with a mathematical formula, in the creative industries it seems almost impossible. An example of this could be two bands, which, on paper might seem to be almost identical, end up having vastly different income on their very similar music. We will not be able to find that the value is equal to the contribution, like the neoclassical economists claim, because in this industry, perhaps more than in other industries, it isn't. (Caves 2000, Phillips 2011)

In the next part of my thesis I will try to discuss how I believe the performing arts industry might differ from the other researched industries, when it comes to the M&A success factors. I will look at one success factor at a time, starting with the premerger factors, and discuss how I believe Caves different properties might affect each factor.

2.7.1 Premerger

The Choice and Evaluation of a Strategic Partner

In organizations within the performing arts industry I would find it natural that they have a kind of strategy to help them create the best performances that they are capable of. Their way of getting there though, might be very different. A symphony orchestra that play a new concert almost every week will probably make very different long term plans than a theatre who might have 5 – 15 productions a year. Since they all care so much about the result of their work though (Caves 2000), they might be willing to work hard to make sure that they find a new strategy after a merger that will fit them both, so that they are able to keep producing good performances, or maybe even better once. On the other hand, this might also create a problem, since the creative workers might be scared that a change will hurt their

process. It might be difficult for an actor to believe that a musician will want to work in a way that makes a theatre performance as good as possible. Especially if it moves the musicians job in an unwanted direction. But I do believe that many in this industry will find a merger interesting, strategy wise. Whether it is between two organizations within the same genre, or two different ones. Since this will most likely enable them to create strategies for bigger and more varied performances.

Looking at organizational fit we find that culture and personnel characteristics come in to play. And with properties like "Creative workers care about their product" (Caves 2000), we can imagine that the culture and personnel characteristics in most, if not all of these kinds of organizations, will be very strong. Because of this, finding a partner with an organizational fit might be extremely difficult. The question is then; do I believe that two organizations without a good organizational fit will have a lower possibility of a successful merger? In a way I believe that these organizations will be able to handle these differences better than many others. My reason for this is that creative workers are used to working with new people all the time. If you work at a theatre you will find that for almost every play there will be a new director, some new actors, maybe a new choreographer, and so on. This familiarity with new people coming and going on a regular basis might be helpful when trying to merge two performing arts organizations into one. And maybe, since they care so much about the product (Caves 2000), they won't care so much about the organization they are producing it in, as long as they can go on producing. On the other hand though, getting more people in might make the creative workers feel threatened, one might also see an "us and them" culture developing, which would make it very difficult to cooperate and take advantage of synergies.

Size Mismatches

In the research about size mismatches above I found that it was seen as important to partner with someone with a somewhat equal size (Hagedoorn and Duysters 2002, Gomes, Angwin et al. 2013). Will this matter in the performing arts industry as well? Here I would like to focus on how the creative workers care again (Caves 2000). It seems to me that if a small and a large organization in the performing arts are going to merge, it might be that the many in the large organization, with their strong will and passion, might "run over" the few in the small organization. Because of this, I do think that it will be easier to merge successfully in this industry with equally sized organizations.

But there might be some positive sides for the small company to merge with a large one as well. Since diverse skills are needed in the creative productions (Caves 2000, Haunschild 2003). Skills that a small company might not have. A merger might be a good way for them to acquire those skills.

Accumulated Experience on M&As

Seeing as almost no one has any experience with mergers in the performing arts industry, experience with other M&As would probably have to come from the outside. At least for now. Whether this experience is going to be of much help is doubtful. Since scholars have trouble finding significance in the experience within the same company and industry (Beitel, Schiereck et al. 2004, Colombo, Conca et al. 2007), I believe that their experience will not make much of a difference on the success here. Also, when we look at all the differences listed in the properties above(Caves 2000), it might be difficult for someone from the outside to understand the industry to begin with. If someone has experience with mergers, but no experience with the performing arts, it might make it very difficult for them to navigate a merge in this industry.

The Courtship Period

The fact that the creative workers care so much about their work(Caves 2000), coupled with the fact that there are very few jobs available in creative organizations, makes me think that there might be a possibility of resistance towards a merger in this industry. At least if it meant that their jobs might be in danger. On the other hand though, if they believed their jobs to be safe throughout a merger, it might also be that they wouldn't care all that much about a merger possibility. Since they seem to care more about the products and services they produce, than the company they work for.

I do believe that the courtship period will be very important either way. Getting to know the workers and trying to plan an implementation phase in a way that will be welcomed by most of them, is most likely important if one wants a smooth merger. It is probably also smart to try and figure out who the real leaders / decision makers are, both formally and informally. Since the informal leaders might be just as important to get on board as the formal once. Resistance in an organization like this, where every skill is needed to create a good performance, might become a huge problem.

Communication Before the Merger

When it comes to communication before a merger I'm a bit back and forth. Employees will most likely want to know if there is a possibility of a merger with another organization, and so might feel betrayed if they hear about it from e.g. the media. Also, one of the big reasons not to communicate was because it might lead to employees leaving the organization (Inkpen, Sundaram et al. 2002), but in these organizations you usually do not have many other choices if you want to stay in the industry. Therefore, I believe that most of the employees will stay. The ones that might leave though, are probably the most talented once, the ones on the A-lists. The ones who will always be able to find other work. But if one makes sure to communicate to them that their jobs are safe, the chances of this happening will hopefully go down.

Another aspect that was stated above is that communication at this stage might lead to suspicion and uncertainty (Schweiger and Weber 1992, Buono and Bowditch 2003). Seeing as these kinds of jobs are already stressful enough, the knowledge of a possible merger might make it even more stressful. This might be a reason against communicating before the merger. But I still think that communication before the merger seems to be important.

2.7.2 Postmerger

Integration Strategies

This is seen as one of the most important factors above (Larsson and Finkelstein 1999, Gomes, Angwin et al. 2013), and I a think it will turn out to be important in the performing arts industry as well. Having a clear plan as to how to go thorough with the merger seems very important. Also having the knowledge as to where one can create synergies seems important. Seeing as the products are differentiated (Caves 2000) and one might need different things for the different organizations, the managers should also know what employees they need to hold on to, and which ones they can let go. If you let people go who are crucial to a process, this might damage the productions a lot.

Also, since people care so much about what they are creating (Caves 2000), one can probably assume that they will also care a lot about whether they will be able to continue creating in the way they have before. This makes it especially important to try and keep them happy in this phase, and be clear and concise in the process. Confusion could probably lead to resistance.

There was a statement above about cultures that are dominated by prima donna professionals needing a higher level of autonomy than others (Johnson, Scholes et al. 2008). I guess if there is one industry, which this applies to, it has to be the performing arts. Because of this I think it might be smart to keep the organizations somewhat separate in the merger, so that they can still feel a sense of commitment to their old organization in the new one. All though, not so separate that one can't take advantage of the synergies.

Postmerger Leadership

Decisive action from the top will most likely be important in this industry, as was the case in the other industries where this has been researched (Epstein 2005, Gomes, Angwin et al. 2013). Clear messages from the top seems to be something employees appreciate everywhere.

In this industry time is of the essence (Caves 2000), so if the management is not able to make decisions and take decisive action, this might hurt the timeframe of some productions. As we know, if these are already underway, this might become very expensive (Caves 2000, Haunschild 2003). All though, it might be important to remember that these workers need room to create their products and services, and might not always appreciate the decisions the leaders take. If they disagree with some of the decisions, this might also create problems and ruin the timeframe.

There was not a consensus among the scholars as to whether a change in leadership is positive or negative in other industries. In this industry I believe that, though it might not be a factor for success, it should at least not create too much of a problem. My reason for thinking this is that very few top managers in the performing arts have a permanent position to begin with. They are there on fixed-term contracts, and when the contract is up they leave and someone else takes their place. Since this is something they are so used to, I cannot see why it should create much more of a challenge with a change of leadership in a merger process. Whether it will be a factor for success though, I find it difficult to say.

Speed of Implementation

With this factor I also see that there can be good arguments for both a fast and a slow implementation. If we look at the fast implementation first, we have seen that time is of the essence in this industry. It is important to keep on schedule, or a great deal of money can be

lost (Caves 2000, Haunschild 2003). Because of this it might be a good ide to try and implement as fast as possible since "the show must go on".

On the other hand, there are many who care a lot about their jobs here. And because they care so much it is easy to step on their toes and create resistance. It is not a given that strong cultures like these will be easy to merge together fast, and it might be smart to take one's time to make sure everyone is as comfortable with the change as possible.

Postmerger Integration Team

When looking at the properties above, we find that the creative workers already work a lot (Caves 2000, Gill and Pratt 2008). To have to take on more in relation to a merger would probably be very difficult. It therefore seems smart to create a team that is taken out of their other positions to work only on the merger (Tetenbaum 1999). This might be a bit difficult though, seeing as everyone is so important to the productions. They might not even want to be in an integration team, if it takes them away from what they really care about – the creative work.

Communication During Implementation

In this industry, along with other industries, I believe that communication in general is important. Once more I find the fact that creative workers care will be important (Caves 2000). Because of this, they might be more anxious about whether their job will change and whether they will be able to keep their job, than other workers are. Communication during the implementation could therefore be even more important here than in other industries. But this is not necessarily so. If the fear of loosing their jobs is not really relevant, they might not care all that much about the rest of the merger, and a great deal of communication might be redundant. Although, since so many diverse skills are important (Caves 2000), it does seem important to make the people with these skills know that they are needed. This confirmation might make them more relaxed and able to do their job well.

Managing Organizational Cultural Differences

There seems to be a general consensus among scholars that cultural differences are negatively correlated with a successful merger (Cartwright and Cooper 1993, Weber and Tarba 2010, Vaara, Sarala et al. 2011). As mentioned before, the culture in performing arts organizations is usually very strong. We can also expect organizations, at least from different parts of the

industry, to have very different cultures, seeing as they work in very different ways. When we think about how much the creative workers care about their jobs (Caves 2000), and that they now will have to communicate and work with people who might have a very different approach, this have the potential to create many difficult situations.

One aspect that might add to the difficulties is the vertically differentiated skills in this industry(Caves 2000). If "everyone knows" you're e.g. the best set designer in the organization, and suddenly your organization merges with one where "everyone knows" there is one that is even better, this might make you feel threatened. In a prima donna dominated culture like we might find in these kinds of organizations, something like this could potentially create a lot of problems. On the other hand, it might also lead to the creation of even better products and services combined, which might rise the recognition of the organization, and through that the recognition of the creative workers, and this knowledge might help smooth the process of merging different cultures.

2.8 Research model

From the theory above I have ended up with this research model where I will look at the 11 success factors and whether they have an influence on the success of a merger in the performing arts industry. In my research I will also try to find out whether there are some other success factors that were not found in the other industries, but which can be important in the performing arts industry.
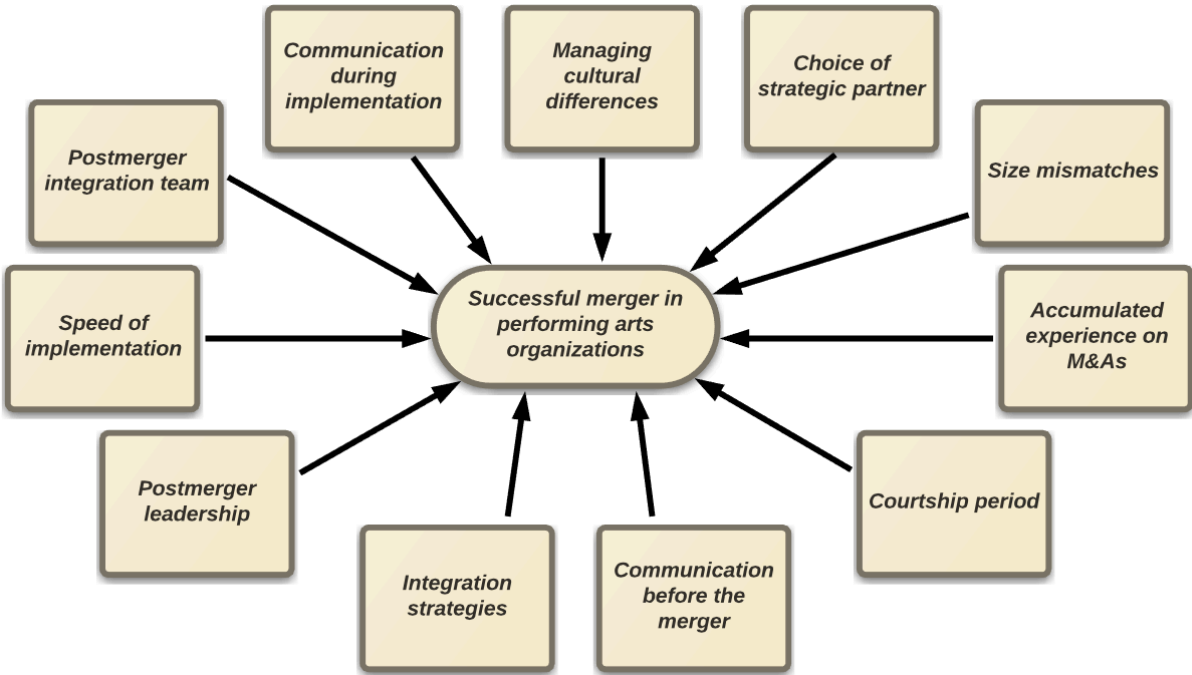
3 Research Methodology

To try and make sure I get the information I need, and to diminish the possibility that the results I come up with are created by my research, I need to be using methodology (Jacobsen 2005). In this part of my thesis I will explain how I chose my research method, what kind of data collection I use and how I selected respondents. I will also give a case description of Kilden.

3.1 Choice of Method

It is important to keep in mind what kind of data is needed to answer the research question. This will be a guide towards what kind of research method to use (Myers 2009). My study will be somewhere in between a deductive- and an inductive study. I will be looking at a phenomenon (what it takes to create a successful merger), in a new context (the performing arts industry), and I hope to be able to contribute to the building of new theory about this phenomenon, which is an inductive approach (Jacobsen 2005). But I will also look into whether existing M&A theory is relevant in a new setting, which is a deductive approach.

When looking at the type of research method to use, the most common way of dividing them is between quantitative and qualitative research (Myers 2009). Quantitative research "*is used to study general trends across a population, with a focus on numbers* " (Myers 2009, Page 260). Qualitative research "*is used to study social and cultural phenomena in depth, with a focus on text.*" (Myers 2009, Page 260). Since I am doing a partly inductive study and there is next to no research on M&As in the performing arts industry, I found that the best method to use here is the qualitative. This will help me to dig deeper and get a better understanding of the answers I get than if I were to use a quantitative method. Another important reason for choosing the qualitative method is that the research that is available about M&As from other industries is lacing consensus on many points, which makes it more difficult for me to deduce what information I can expect to get when looking into the performing arts industry.

There are several different ways of conducting qualitative research. Some of the most used are: Action research, ethnography, grounded theory, and case studies (Myers 2009). The one I believe will fit my research best is the case studies. According to Merriam (2010), what makes a case study a case study, is the unit that is being analyzed. This includes a system, a single entity, or something else, around which there are boundaries. It is the unit of analysis

and not the topic that is being investigated, that define a case study (Merriam 2010). In my research I have chosen to get my data from one unit: Kilden. My reason for choosing only Kilden is because it is, as far as I know, the only organization in Norway where a theatre, a symphony orchestra and an opera have merged into one new organization, and it looks to be a successful merger.

3.2 Kilden – A Case Description

The decision to build the new building that would house Agder Theatre (AT), Kristiansand Symphony Orchestra (KSO), and The Regional Opera Company - Opera Sør (OS), along with the towns culture house, was taken as far back as in 2002 (Baardson, Fortun et al. 2013). But there was much resistance towards merging the organizations instead of just moving into the buildings separately, and it took several years for them to agree upon a merger. By May 2010 however, the boards in the different organizations had all decided upon merging, and September 1st 2011 the merger went through. They had their first official production at Kilden in January 2012 (Hoflandsdal and Hjelmerud 2010).

Before merging into Kilden, AT, KSO, and OS were three separate producing performing arts organizations. Agder Theatre was originally established in 1991, and became the regional theatre for the southern part of Norway in 1995. Along with setting up their own theatre productions, they were also responsible for the administration of the towns' culture house. By 2010 they had 50 employees in both fixed-term and permanent positions, and both alone and together with other organizations, they were responsible for producing around 15 different productions a year (Halvorsen and Robstad 2010, Halvorsen, Aukland et al. 2011).

Kristiansand Symphony Orchestra was, and still is, one of seven professional symphony orchestras in Norway. Before 2003, there were two smaller orchestras in Kristiansand, the Armed Forces District Band Sørlandet and Kristiansand Chamber Orchestra. But in 2003, the Armed Forces District Band Sørlandet was discontinued, and the musicians were offered to continue to work with Kristiansand Chamber Orchestra, and with that they became KSO. Before the merger KSO were performing many concerts, and the last three years before moving into Kilden they held 111 concerts in 2009, 247 in 2010, and 161 in 2011 (Kulturdepartementet 2010, Kulturdepartementet 2011, Kulturdepartementet 2012). By 2011 the orchestra were employing 76 people, where 53 were musicians (Grunni and KSO 2011).

Opera Sør was a regional opera company that was formed in 1997 with KSO and AT as two of its seven founders. It had only one employee, and would therefore cooperate with others when they were producing operas. They usually produced one full-scale opera every other year, along with smaller productions and concerts, before moving into Kilden (Kilden 2016).

When merging into Kilden, the managers decided to have the former different organizations as departments in the new organization, but moved the employees working in production, business and administration, staff, and marketing into two new departments. They also created a new department called Kilden Dialog, which is focusing on outreach productions where the original organizations are cooperating in making productions with a social commitment. On December 31st 2012, after the first year of production at Kilden, they had 228 employees in permanent positions, originating from 26 different nations, and working in 60 different professions (Baardson, Fortun et al. 2013). By the beginning of 2016, the AT department had 7 employees where 5 of these were actors (only one in a permanent position), the KSO department had 76 employees where 69 were musicians, and OS had still only 1 employee in the department. The two largest departments after KSO were the Staff- and Economy department (including marketing and sales) with 72 employees and the Production department with 49 employees. Kilden Culture House and Kilden Dialogue had 3 employees each(Kilden 2016).

Corporate Structure of Kilden:
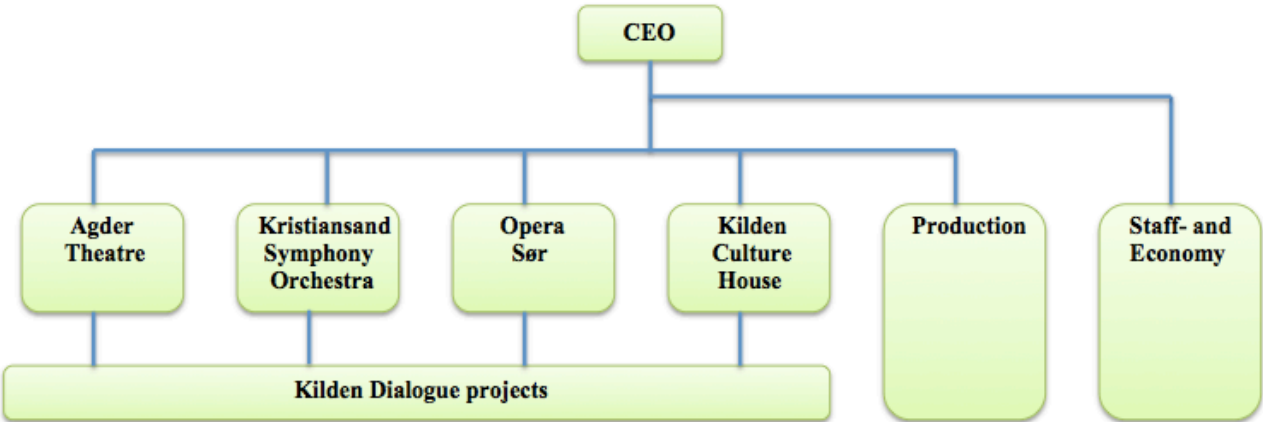
The new Kilden building ended up being 16.500 square meters, housing one concert auditorium with 1180 seats, one theatre/opera auditorium with 672 seats, one multi auditorium and one intimate auditorium. Along with this there is room to have performances in the foyer, which is done on a regular basis.

One of the reasons why I found it so interesting to look into this particular merger is the knowledge of how different these organizations were to begin with. The orchestra would plan for years in advance, while the theatre had a shorter planning span. The difference in size was also big – from only one person in OS to 76 in KSO in 2011 (Grunni and KSO 2011). Also, a theatre- or opera production would take months including rehearsals and performances, while a KSO concert was usually rehearsed from Monday through Thursday, ending in a concert on Thursday night, and they would start a new project almost every week. The unions were also considered a lot stronger for the musicians than for the theatre workers. It looked to me as though there could potentially be a lot of obstacles in the way to create a successful merger between these organizations. But at the same time, if they managed to make it a success, it would have a great potential to become something very special.

3.2.1 Can the Merger Between AT, KSO and OS be Classified as a Success?

If I am to use Kilden as a case I need to be able to classify the merger as successful. I will therefore go through the points in the definition that I made earlier to see if this could be done:

> "*A successful merger between organizations in the performing arts industry is one that results in a rise in audience numbers, production numbers, quality, cooperation, and/or recognition, along with a sound economical result.*"

If I look at the audience numbers from before the merger for the productions that AT, KSO and OS were involved in, these were 58.647 for 2009 (Kulturdepartementet 2010), 90.892 for 2010 (Kulturdepartementet 2011), and 66.235 for 2011 (Kulturdepartementet 2012). After the merger, the numbers I have received from Kilden show a climb to 135.577 for 2012, 132.518 for 2013, 104.269 for 2014, and 117.163 for 2015. I think anyone can agree that this is a significant increase.

The number of performances all in all has also gone up. From 349 in 2009, 467 in 2010, and 278 in 2011 (Kulturdepartementet 2010, Kulturdepartementet 2011, Kulturdepartementet 2012), to 554, 707, 579, and 526 in 2012 to 2015 (Numbers received from Kilden).

When it comes to whether the quality has gone up, this is a bit more difficult to answer. Firstly, because these are not objects that I can hold in my hand and decide whether one seem to have a better quality than another. Secondly, because, all the productions are over, and now only exist in people's memory. But when I talk to both the people working at Kilden and people who go to performances on a regular basis, the consensus among them is that the quality has gone up considerably. Both as a result of higher quality performances, and because of how the different venues at Kilden have been designed for each specific purpose.

The cooperation on productions at Kilden started right away. Their first big project was a production of the musical West Side Story with the original score. This meant that they had 44 musicians in the pit every night, something that is rarely done (Baardson, Fortun et al. 2013). Within the first four years since Kilden opened, they have had 3 big musical productions and two full-scale opera productions along with many other big and small co-production projects. On top of this they have Kilden Dialog, which has been created as a cooperation between the former organizations that merged into Kilden with the mission to tear down the traditional ways of thinking about culture, to seek new audiences and to create an arena for everyone (Baardson, Fortun et al. 2013). Kilden Dialog has had several productions every year.

Whether Kilden has a higher recognition than the three organizations had separately is, again, something that might be difficult to prove. But one indication that this is true is the A-list musicians and actors that are now interested in working at Kilden (Johnson, Egeberg et al. 2015, KSO and OS 2015). Often these artists will not want to be associated with organizations with low recognition, so this might give an indication that the recognition has gone up. And, from what I have been told by the people who work there, the applications for e.g. positions as musicians in KSO have gone up considerably. Also, the international applications have gone up, something that could indicate that Kilden is more recognized outside Norway as well.

When it comes to the economical part, I want to divide this into two parts. This is because

(the producing part of) Kilden get their financing from both the state and through their daily operations. If we start with the subsidies from the state, they have gone up considerably since the merger. Summed up, the subsidies to the three organizations before the merger were 61.989.000,- in 2010 and 72.911.000,- in 2011 (Kulturdepartementet 2011, Kulturdepartementet 2012). After the merger these number have risen to 97.621.000,- in 2012, 104.121.000 in 2013, 108.721.000,- in 2014, 112.232.000,- in 2015, and 114.365.000,- in 2016 (Numbers received from Kilden).

When it comes to the net operating profits, even though they have been going up and down, they have been positive for the first three years of operations with: 10.308.597,- in 2012 (Baardson, Fortun et al. 2013), 1.615.000,- in 2013 (Kilden 2014), and 9.787.129,- in 2014 (Kilden 2015).

When looking at the information above, I find it quite easy to define the merger into Kilden a success.

3.3 Data Collection

Data can be collected in many different ways. The most commonly used in qualitative research are interviews, focus groups, observations and fieldwork, and using documents (Myers 2009). I had little preconception of what I would be able to find, and because of this it would probably have been best to conduct my data collection through observations. But since I did not have time to do that, and since it would be impossible now that the merger was already done, I had to find another way. I found the best alternative for me was therefore the in depth interview. By conducting qualitative in depth interviews I was able to ask open questions and it helped me get an understanding of what people were telling me in a better way than thorough e.g. a survey. It also helped in understanding the context of the different decisions and actions (Myers 2009).

Interviews can be classified further into structured interviews; with pre-formulated questions that are asked in a strictly regulated order, semi-structured interviews; with the use of some pre-formulated questions but there is no strict adherence, and unstructured interviews; with few or no pre-formulated questions (Myers 2009). In my research I have chosen to hold two different kinds of interviews. The main reason for this is that I was told in 2014 that two of the top management at Kilden would leave the company before I started writing my thesis,

and I wanted to talk to them before they left. I therefore chose to interview them in the spring of 2015, before my writing process began, to see if they could give me some initial insight as to how I should design my thesis. These two interviews I would categorize somewhere in between semi-structured and unstructured. The rest of my interviews though, I held in a semi-structured way, so as to be able to ask the questions I wanted answered, and at the same time add other questions that I had prepared in case I did not get a full enough answer from the first questions. All interviews were held face to face at Kilden, and all of them were with one respondent at the time, except for one that was held with two respondents together.

As a supplement to the interviews I also used some documents like reports and evaluations from the Ministry of Culture, and reports from KSO, AT, and OS from before the merger and from Kilden after the merger.

3.3.1 Sampling Design

The number of respondents when doing in depth interviews should not be too many. This is because the data collection is very time consuming, and also because the data collected is so rich and detailed that it will be very difficult to analyze if there is too much of it (Jacobsen 2005). I therefore decided to keep interviewing only as long as I felt it could give me new information.

When choosing the respondents it was important for me to talk to people with information about the merger, and at the same time get a wide group of managers and employees who have experienced different parts of the process. This way I hoped to get a wider picture of how the merger process had been experienced in all layers of the organization. On top of this I also wanted to interview a couple of respondents who had not been a part of the merger process, but who had started working at Kilden after the merger, to see how they perceived the organization as people coming in from the "outside". It was also important to get people who originated from all three of the former organizations, AT, KSO and OS. For this reason I chose to use purposive sampling. I have interviewed people from the top management, head of departments, middle management, and employees who work in production and as musicians in the organization. I am so fortunate as to know a lot of the people working at Kilden, in all the three former organizations, and chose my first respondents from the people I believed would have the information I needed. I then used snowball sampling and asked them

if they had any suggestions as to whom it would be wise for me to talk to next. In this way I got a very varied group of respondents. I ended up interviewing 12 respondents altogether.

My respondents can be grouped into:

Respondents R1 to R2 - Top management

Respondents R3 to R5 – Head of departments

Respondents R6 to R9 - Middle management

Respondents R10 to R12 - Working in production or as musicians

Since I am using purposive and snowball sampling, which are types of nonprobability sampling, generalization is not possible. I will not be able to give answers that can be generalized to the whole population of performing arts organizations that are wishing to merge. But hopefully I will be able to discover what occurs in my case of a successful merger, the implications of these occurrences, and relationships linking them together, and that this again can help me find some patterns in behaviors that may help explain success in mergers between performing arts organizations. (Merriam and Tisdell 2015)

3.3.2 Interview Guides

I made two different interview guides for my data collection. Both of them were divided into pre- and postmerger questions. The first was for my two preliminary interviews. This guide had more open questions so that the respondents could elaborate and give me the answers that they found important and interesting. Since I hade no clear research question at the time, and only a vague idea of what I wanted to write about, I did not make follow up questions for this first research guide. I did, however, have an overview with me of some general M&A success factors to see if this seemed like a relevant topic for my research, and to nudge them in the direction of these factors if they did not mention them.

After my research question and theory was clear, I could make a more detailed interview guide for the second group. I decided to start and end my interviews in an inductive way, with more open questions to see if I could find any new success factors for this industry. These were questions that were not linked to any specific success factor, but were more general about what the respondents had found to be important in the merger process, and if they believed that some of the things that had been important in their merger might not be the same

as in other industries. I then divided the rest of the interview guide in a more deductive way into 11 main questions, one for each of the general success factor. I also added follow up questions for each of these to be able to guide the respondents in the direction I wanted them to go. In this way it would be easier for me to hold semi-structured interviews for my main interview round. It would also make it easier to organize my findings later.

3.4 Ethics

When it comes to ethical practice in qualitative research, this can be defined as "*a moral stands that involves respect and protection for the people actively consenting to be studied*" (Myers 2009, Page 45). Throughout my research I have tried to keep the ethical principles in mind. I have informed the respondents that what they are telling me is confidential and will not be linked to them in my thesis. The recordings and transcribed interviews have only been heard and seen by me, and are kept in a private computer that only I have access to.

Seeing as several of the respondents are publically known people, I have also refrained from setting up an overview of the respondents, which would probably have led people to understand who some of the respondents are. Instead I decided to bulk them together into top management, head of departments, middle management and production/musicians.

4 Findings

In this chapter I am looking at the data from my interviews at Kilden. I will be using the respondent numbers instead of their names as mentioned above, to secure their anonymity. In addition I will also use some findings from the evaluation reports written by the different departments at Kilden and published by the Ministry of Cultural Affairs in 2015. I divide my findings into the different success factors listed in the theory chapter above, and also add a few suggestions for other success factors that have emerged from my data.

4.1 Findings – Premerger Success Factors

The premerger phase at Kilden can be said to have started in 2002, as soon as it was decided that they would get a new building to share. It might be a bit difficult to state exactly when it ended though. Seeing as the decision to merge was finally made in 2010, but they didn't move into the building and become one organization until the end of 2011. Because of this somewhat blurred timeline, I may have some answers from respondents that are not clearly in the pre- or postmerger phase, but I have tried to separate them as well as I could according to where I found them to fit the best. I try to make the separation at the signing of the merger contract.

4.1.1 Choice and Evaluation of Strategic Partner

The choice of who to merge with in the situation of Kilden was different from most M&As. Other organizations might "shop around" to see if they can find organizations that are compatible and have something to offer their organization (Gomes, Angwin et al. 2013). But in the case of Kilden, it was already decided that the three organizations were going to move into the same building years before the actual merger was finally decided upon (Baardson, Fortun et al. 2013). According to most of the respondents, this meant that it made the most sense, both economically and efficiency wise, to merge into one organization.

> R1: And […] the thought that the operations of the organization would be much more
> efficient and more economical with only one marketing department, one economy
> department […] instead of every organization having their own.

R9: My feeling was that it was a necessary thing. Because, from the moment it was clear that we were sharing the same building, […] we needed to ask ourselves what the best way would be to organize the new building.

When it comes to whether there was a belief that the three organizations would fit well together, many of the respondents were not very positive. They tended to think that the difference in culture and way of working would become an obstacle for the new organization.

R6: My experience was that it was a process that started with many questions and a certain degree of skepticism among the merging parties, but with much benevolence when the decision was finally made.

R7: I seem to remember that I was skeptical. Mainly because I felt that there was such a difference in the build up […] and in the cultures.

R10: I thought it would become challenging since we were pretty different organizations to begin with.

As seen in the comment from R6, even though many people thought it would be challenging to fit the organizations together, there still seemed to be a lot of positivity towards the idea of a merger. People were exited as to what an organization like this would be able to achieve, and as to what it would be like to work in an organization with different cultural expressions.

R9: We had a small symphony orchestra. We had a very small regional theater. […] Now we could really be noticed in a different way.

R11: I was positive. Because they talked about us all being together underneath one roof, and we could work closely together. […] And we would get more colleagues from different organizations.

4.1.2 Size Mismatches

When it came to whether the difference in size of the original organizations had created any challenges for the success of the merger the answers were a bit varied. Some respondents didn't think it had any effect at all,

> *R1: I don't think* (the original difference in size) *has been a challenge. Because we don't think about it as organizations. We think cultural expressions. […] We think like, we want this much music, we want this much theatre, we want this much opera, and then we find the money and recourses to do that.*

> *R10: No, I can't say that I have found (the size difference) problematic.*

Others found that Opera Sør, originally being the smallest organization by far, might have come worse off than the other two organizations when we look at the productions after the merger.

> *R3: It seems to be clear that opera has been […] the loosing part in this. […] But I do believe that this will change with time.*

> *R11: I usually don't think about this, but there are less opera productions than there used to be. […] I don't know why it has become like that.*

This is backed up by the evaluation report published by the Ministry of Cultural Affairs,

> *"Up until now, the Kilden community has chosen to prioritize KSO's long term strategy of becoming 71 musicians, and now the thought is that Agder Theater will start to build up continues theatre performances.*

> *The traditional opera will probably not be highest up on the list of priorities in the upcoming years, both because of the costs and the capacity of the workshops."* (KSO and OS 2015, Page 33).

Others again pointed to AT also having challenges since they have so few actors in permanent positions.

R5: Yes, that is a big challenge. [...] Especially since neither Agder Theater nor Opera Sør have (many) *permanent positions, while KSO have so many permanent positions. [...] When you need to save money [...] when we are cutting projects, we save a lot more by cutting the projects where everyone is hired only for that project. But I do feel that there is an awareness of this.*

R6: It is clear that there has been, and there still are challenges when it comes to this. Where the symphony orchestra are 70 – 80 people [...] the theatre are 3.

4.1.3 Accumulated Experience on M&A

Seeing as no one else has been through a merger like this, at least as far as the respondents at Kilden, and I, are aware of. The accumulated experience about these kinds of mergers was naturally non-existent. When asking them if they thought this had been a problem regarding the success of the merger, though, the consensus was that they believed the lack of this experience to be more of a positive thing than a negative one.

R3: Maybe it was an advantage that we were all so "green". [...] It is difficult to pinpoint a specific area where someone with experience could have made a big difference.

R9: I believe that (the lack of experience) *was more of an advantage. [...] Because, essentially, we had to figure out everything on our own. [...] And it gave us an ownership to the process.*

4.1.4 Courtship Period

Even though the actual merger was not finally decided upon until 2010, the three organizations knew already in 2002 that they would be moving into the same building. There had also been talk of a merger for a few years before 2010. This meant that they had an unusually long time to get used to the idea of at least working in the same building, and later working in the same organization. As a sort of rehearsal for working together in Kilden, the three organizations moved into the same office building in Marvika in 2004. The symphony

orchestra also got a rehearsal room connected to this building. This way the organizations had a unique chance to get to know each other before moving into Kilden.

> *R7: I think it went surprisingly smooth. I believe that one of the reasons for that is that we could "rehears" living together in Marvika for several years. […] In Marvika […] we got the chance to get to know each other.*

> *R9: We were also in the situation of getting to rehears living together. […] And I believe that this was important.*

The unusually long courtship period is also something that has been mentioned as a contributing factor to the success.

> *R3: […] it might have been necessary for people to have this time to mentally turn. And if we had rushed the process it might not have gone so well, because many people might have felt like they had been run over.*

> *R1: We had time. […] And I believe that this in it self was an important contributor. That we had time and concentration around a big task like this.*

The three organizations had already shown that they could work together when Opera Sør used both AT and KSO in their opera productions. Now they also started cooperation on other productions to prepare, first for sharing a building, and then for the merger.

> *R6: The first time we produced something properly together other than opera, was "Reisen til Julestjernen" in 2007. We saw some of the effect we would get by increasing our interaction. So we have worked with the possibility of a merger in mind from before the merger took place.*

In addition to working closer together, they also started having more social activities together.

> *R7: We had the same cantina and we had Christmas parties together. That sort of thing, that bound us more together socially. I felt that it was harder in the beginning. The wish to guard ones own culture. But that, through the years, this loosened up. So*

that when we moved in, some of the things we were afraid would be painful was
already over and done with.

R9: […] and we did social tings together. We had Christmas parties and that kind of
thing, so after a time we got to know each other better.

Another factor that seems to have played an important role in the success was the fact that they asked for outside consultation to set up an organization model in 2008, after not being able to agree on one themselves. At this time KSO did not want to merge, so they asked the consultant Gunnar Thon Lossius, who later ended up being the Director of Finance and Operations, to draft a model for moving in to Kilden as separate organizations. And he made them see that a merger would be the best thing for them. He is also described as someone everyone trusted and had confidence in, and so this seems to be the thing that brought them all to the same page.

R9: It was at this time we got an external consultant in to help us. […] And that was
Gunnar Lossius. […] And he had experience from being the CEO at the National
Theatre, among other things. So he knew the industry. […] this is what loosened
everything up. Because everyone trusted him. And what he described in his report was
the contributing factor […] in my opinion, to the management in the symphony
orchestra changing their mind about the merger.

4.1.5 Communication Before the Merger

When asking the respondents about communication before the merger I generally found that most respondents were satisfied with the communication they had received (or given).

R6: I felt that we had an openness (in the communication)*, and I think the employees*
felt that as well.

R10: I think the information we got was good. The managers […] didn't hide the fact
that this was all very new, and that they didn't know exactly how to handle it. So I
have a feeling that the road was made as we moved along.

But even though people in general seemed satisfied with the communication, some of the respondents had found that there was some anxiety as to what would happen to their jobs when they moved in to Kilden.

> *R10: I felt that the attitudes were either very positive or very negative. [...] And it was mainly the older employees who were negative.*

> *R12: There was a kind of fear [...] for the unknown. Will we be able to determine what to do? There were a lot of questions.*

4.2 Findings – Postmerger Success Factors

As stated above, I found it a bit hard to pinpoint exactly when the postmerger phase began, but I have tried to make the separation at the signing of the merger contract.

4.2.1 Integration Strategies

The integration into Kilden started in a way with letting the audience in. Before the building was even finished the people living in this area of Norway were invited to come and take a look at the building to get the feeling that it was their property. All the managers were guides, and musicians and actors would play and read poems to show off the acoustics. This was the first time that the people who would work at Kilden did something together in the building.

> *R2: I think that this was one of the things that were very powerful in the beginning, on our way into Kilden. [...] They thought that 10 people would come, but it ended up being 48.000. This was the first step to say we are friends.*

When it came to the integration strategies when everyone moved into the same building, these seemed to be clearer higher up in the organization then further down. The managers seemed to have an idea of what to do.

> *R3: It was planned, all though I did find it difficult to understand clearly. But there was a very clear plan when it came to the people working in administration.*

For the employees working further down in the organization, the integration strategies seemed a bit less clear.

> *R7: I felt that, even though there might have been some detailed plans about it, […] I felt that we were lacking some briefing around that.*

> *R8: I think it was worse for the people further down in the organization. They were often confused, and would often request an overview of 'who does what' at Kilden.*

> *R10: No, not* (clear) *at all. I understood that there was a plan and an idea, but other than that, I don't think there was a plan for how things should be done practically.*

But even though there seemed to be some confusion as to the integration strategies, it still seems like the process went well.

> *R9: We made a few changes as to where people are placed and what they are doing. But it was not much. […] But this went very well. I think that several of them feel that they have more exiting and meaningful jobs now than what they had before.*

> *R10: It was a lot less challenging than I thought it was going to be. I think a lot of the reason for this is that everyone went into this with an open mind, and with a good deal of patience.*

One part of the integration strategy was also to cooperate on productions very early on. Having the former different organizations working together on big projects, was a way of helping them get to know each other, pull in the same direction, and show the audience what Kilden could do. The first big production they did together was West Side Story.

> *R1: And then we had West Side Story. […] Where this kind of cooperation is the center of attention, for a long period. And that is very important. Not just for the performing arts, but socially. People get to know each other from different parts of the organization in a totally different way.*

R6: And the fact that we opened with West Side Story, which is a huge production, as the first thing we did. To show off the whole house, and all its qualities. It created a mutual pride.

One of the things that came up in the theory was that if there was a prima donna dominated culture in an organization, it might be wise to have a certain level of autonomy in the new organization (Johnson, Scholes et al. 2008). Being a performing arts organization, it might be natural to think that this organization would have this kind of culture. But when asking about this I found the opposite to be the case.

R3: No. I would not say that. In many ways it's the opposite. But we do have a peacock here now and then.

R5: No, not at all. But we do off course get prima donnas in from time to time.

4.2.2 Postmerger Leadership

The consensus when it comes to the postmerger leadership is that it was clear and structured. The respondents seemed very satisfied with the way the managers handled the process.

R6: I thought we were clear. And in hindsight I think we were structured.

R7: I felt that the work was structured and very deliberate and that there was a lot of curiosity and complicity throughout the whole process.

R11: Yes, it was very good.

R12: Well, they didn't know exactly what was expected of them, or what preconditions they were supposed to fulfill. But all in all I would say that I am very positive.

Transformational leadership, and whether the leaders are working to inspire the employees were seen to have a positive effect on the success of a merger in some studies (Nemanich and Keller 2007, Vasilaki 2011). At Kilden the respondents are mixed as to whether the management is working to inspire the employees. Some find that they are.

R10: Absolutely. [...] With the way they prepared us before we moved in. The meetings we had. The lectures. We were taught how to work together and inspire each other.

R11: Yes, I think they are. [...] They are very open to suggestions and new ideas. You have the opportunity to challenge yourself if you want to.

One of the evaluation reports also stated that this was a focus for the organization. Here for KSO:

"The managers see the importance that the musicians get the opportunity to play in other orchestras so as to be able to expand their frame of reference both musically and socially. Cooperation with other institutions is stimulating and gives an increased understanding of our own work in KSO.

Our wish is to set aside money to improve the quality in forms of seminars with international musicians that are also good educators. And in this way evolve the different groups in the orchestra." (KSO and OS 2015, Page 28)

But some respondents thought that there should be more focus from the management on inspiring the employees.

R7: Not enough. [...] Things like inviting everyone who works here in early in the production process. [...] That would give everyone a sense of ownership in what we are doing. And that is never done.

R9: I think they have the best intentions. [...] But I think there is potential for improvement here. On the other hand, this is something where there will always be room from improvement.

Top management change is also believed to have an affect on the success of a merger (Lubatkin, Schweiger et al. 1999, Gomes, Angwin et al. 2013). At Kilden the CEO, and Director of Finance and Operations, along with the Artistic Managing Director of the theater

and KSO are all on fixed term contracts. Since the merger into Kilden, the CEO, and the Artistic Managing Director of AT and KSO have already been changed. Most of the respondents seem to think that this change in leadership is a good thing.

> *R2: I think it is very important. I always have. Not just at Kilden, but maybe especially here. That renewal is important.*

> *R5: I have noticed that the people who have come in after the merger sees less limitation when it comes to how far this merger can go [...]. There is no feeling of the skepticism or fear or anxiety from the initial merger process.*

> *R12: I think it is healthy. I think [...] we have the right people at the right time. Many are creative and emotional and give everything for a few years. And then we can have someone who manages the operations more afterwards. [...] I think that is smart.*

But some of the respondents were not all positive to all the change in leadership.

> *R11: There are a lot of changes. And I think it can become a bit untidy. [...] And when new leaders come in with new ideas, they tend to turn things around. [...] So it can be a bit confusing.*

On top of this, a panel from the Ministry of Cultural Affairs that co-wrote the evaluation report about Agder Theater in 2015, found the cooperation between the managers at Kilden to bee good.

> *"The panel has noted that there is a good environment for dialogue between the top managers and the department managers at Kilden. This seems to be both because of good personal chemistry and good routines for cooperation."* (Johnson, Egeberg et al. 2015, Page 34)

4.2.3 Speed of Implementation

When looking at the merger into Kilden it might be difficult to pinpoint when the implementation period started. They were working I the same building for years before

moving into Kilden, and for the last couple of years they all knew that there would be a merger and that they would not just share a building. They had co-productions, social gatherings, seminars and meetings, all to prepare them for the merger. This makes the case for the implementation period to have lasted for years. And when asking the respondents about the length of this implementation period, the general feeling was that this had been a good thing.

> *R1: We had a year and a half where our only job was to make sure these organizations would be able to merge and move into Kilden. […] It was a very exiting time. And […] I am somewhat surprised that so many of our thoughts were so right that early. It was probably because so many people contributed with their competences and experience.*

> *R9: The process needs to take as long as it takes. […] It's important to hurry up slowly, so that the people coming from the old organization feel a sense of ownership to the new one. And feel comfortable with it.*

It also seems like this long period before moving into Kilden made the move easier.

> *R3: We came into Kilden and it was almost as if it was completely natural.*

> *R6: I felt that it went fast. And that it was less painful than I thought it was going to be.*

But even though their implementation period was so long there were employees who still felt like they were working for the old organizations more than they felt they worked for Kilden.

> *R7: I think that apart from the orchestra, 98 % of the other people who work here work at Kilden.*

> *R8: I think a lot of people feel that* (they work at Kilden)*. But I think that there are still some of the employees in the orchestra who are not there yet.*

4.2.4 Postmerger Integration Team

When it comes to a post merger integration team, this was not something they had at Kilden. What they did have though, was a consultant who turned into the Director of Finance and Operations, and the CEO who worked together for 1 ½ years before the move into Kilden, but as they moved in there was no one who were solely responsible for the implementation.

> *R6: It was the leaders of every department, both individually and together, who were supposed to make sure that everything started up. No integration team, no.*

4.2.5 Communication During Implementation

For communication during the implementation I will look at communication from the period where I can be sure that everyone knew there would be a merger. Many of the respondents seem to think that the communication was good in this period as well. Both managers and employees further down.

> *R1: I felt that we worked very seriously and importantly with it* (communication) *since we were in Marvika. There we had conversations with every single employee, except for the musicians. We didn't see the point in asking the violinists if they still wanted to play the violin after the merger. [...] But we spoke to all the other employees and asked them what they wanted to do when they came to Kilden.*

> *R3: I remember we had a kind of meeting with all the employees [...] where we were looking at our vision and values and that sort of thing. I think that the process was pretty nice. [...] Because everyone was there. And we looked at the strategic things. Who are we? What do we want to become?*

> *R6: On a formal level the employees representatives were informed throughout the process, and could come with their views and comments, and they were heard.*

> *R12: Personally I felt it was good. That there was a good dialog.*

But even though the communication was good, there was still some anxiety as to what would happen when they moved into Kilden.

R2: But then there was the big anxiety. Will we drown in the theater? Will the theatre drown in a rattle orchestra? [...] Who are we?

R12: Yes, there was a lot of fear that KSO would become a theatre orchestra. [...] There was a real fear that the work would change a lot.

4.2.6 Managing Organizational Cultural Differences

Going into the merger there was a consensus between all the respondents that the organizational cultures were very different. Since OS was, and still is, only one person, the culture differences that were felt were between AT and KSO.

R1: I noticed very clearly that there were two different cultures.

R6: I saw the theatre as being more open and inquiring when it came to new opportunities. And I saw the orchestra as more conservative.

R7: When it comes to the symphony orchestra and the theatre the cultures are very different. Or I should probably say were.

It was also clear that this had created some challenges in the merger process.

R2: It has been a challenge.

R8: But, it's clear that when the temperature rises, the culture differences become bigger. Or they are perceived as less understandable.

But even though the cultures were very different going in, it seems as though they have managed to, partly become more alike, and at the same time keep parts of their cultures and learn how to work together despite the differences in culture.

R3: I find the culture to be much more open now. That everyone has become more curious about each other.

R5: Yes, there are large differences. And that can be quite interesting when they melt together. It might create conflicts, but I think we find much more that we inspire each other in different directions.

R10: It's totally different now. [...] It has become amazingly approved.

R11: I find that there is a lot more positive energy at Kilden now after the merger then what I felt there was before.

4.3 New Success Factors for This Case

In addition to the success factors above I found that there were some factors that were repeated by several of the respondents as being critical to the success of this merger. I have therefore chosen to add these as new success factors for this case that might turn out to be different in this industry, compared to other industries.

4.3.1 Premises

One of the factors that were mentioned the most was the new premises. There seems to be an agreement that the fact that they moved in to a new building that was built for them was a contributing factor to the merger going as well as it did.

R1: I think this building made a big difference. Because we don't have a daily fight about stages and resources. So the building is, the way I see it, an important contributor to why it is going so well.

R2: I think one of the reasons, and I can't emphasize this enough, is that all the four departments [...] have their own stages. [...] So everyone has their space, and they are specially designed for the different cultural expressions.

R6: I think the building we are in is a lot of the reason why we succeeded. [...] We have a concert stage for the orchestra. We have two theater stages. [...] And that

means that many of the problems are out of the way before we begin. Everyone have their permanent homes.

Some of the respondents even felt that the focus hadn't really been on the merger. The new building was what was really important.

> *R7: I think the skepticism was overshadowed by the joy and expectation of getting this new building. […] I think people were more focused on getting new premises and a new building then on the merger.*

> *R10: When I heard about it, it didn't register what was going to happen to the organization. Most of all I just felt happy that we were getting a new building and new opportunities.*

4.3.2 Organizational Growth

Another factor that was mentioned a lot was the fact that the organization was going to grow. Not only was no one getting fired, but they would also be able to hire more people and get the expertize they needed within the original organizations. This combination of job security and many new people into the organization was seen as an important contributing factor to the success.

> *R1: If you look at the merger from the outside, I think that one of the reasons for success […] was that we could guarantee people work, and we could hire new people. So we could both calm the people already working in the organizations so that they could concentrate on moving in mentally, and at the same time we could get new people with the expertize we didn't already have.*

> *R4: We have one of the few orchestras in Europe that is expanding. Both in number of musicians and in quality. And that is also a unique factor that comes in to play on the psychosocial work environment.*

> *R7: I think that one factor that has helped make it easier is that there are so many new people here. People who didn't have a history from the orchestra or the theatre. […]*

And they are not interested in hearing what has been before. They are interested in what is going to happen.

R12: No. I don't think (anyone was afraid to loose their jobs)*. On the contrary, we were hoping it would create more jobs. And it has.*

Another thing related to this was the gratitude towards the management that they kept all employees on, instead of replacing them with more qualified people.

R10: I thought it was descent of the management to trust all the middle management and production workers to be able to take on the new organization. To believe that we could handle it. [...] It would have been easy for the management to think that we needed people with more expertize in the different disciplines that would be able to run these large productions. [...] I'm grateful for that. That they had so much confidence in us. That we got to keep our jobs and evolve.

4.3.3 Working with Feelings

Something that also came up a few times was the fact that the people working at Kilden were used to working with feelings. This was believed to be an advantage, since it was easier for them to deal with the feelings that came up in the merger.

R6: What makes the performing arts industry different is that we are used to working with feelings. That is what we are trying to bring out in the audience. [...] So I think it comes easier to us to be more direct when we speak. [...] To dare to have that direct way of communicating, and dare to take open and hard discussions, but that there is nothing more in it than just a discussion. I think that is special here. I think that makes our organization different.

Working with feelings also helped create a bond between everyone working at Kilden.

R8: It would be difficult to capture that excitement we have experienced. [...] When you have that feeling of working on a show, and it almost feels like you are a big family. And then when it is over, you are longing for that feeling of doing something

together again. We had that feeling throughout most of the first 2 – 3 years. [...] And you don't have that feeling in other mergers that I have been involved in. [...] That pride in what we have created for the audience. And the sorrow when it ends.

4.3.4 Caring About the Product

There is also a point to be made for the way the people working at Kilden care about what they are producing. The productions are the most important thing. If there are differences behind the scenes you put them aside to be able to create the best performances you can.

R1: I also think it has something to do with the industry. That is, that what everyone in this building is focused on is that when that curtain goes up, we need to deliver. So even if we have discussions back and forth internally, the audience comes first. It was never allowed to affect the concert or the play.

R8: When a production is over and the sets are about to be torn down and thrown away, they send texts to everyone working here that this is about to happen. And then people go down and take pieces of the set home and hang it on the wall. And you don't get that in other types of mergers. [...] It's not like; this is the budget from the old organization. Let's take it home and put it on the wall.

5 Discussion

In this chapter I will go through my findings for the different success factors in light of the theory from chapter 2. I will go through each success factor, starting with the premerger factors, then the postmerger factors, and ending with the new factors. I look at what the theory said about the different factors, and go through my findings to see if they compliment the theory, or if there are differences between the theory and my findings. Through this I am trying to find the answer to whether there are in fact differences between mergers in the performing arts industry and other industries, and through that answer my research question:

> ***What does it take to have a successful merger between performing arts organizations, and what are the challenges you meet along the way?***

At the end I will propose a new research model for mergers in the performing arts industry.

5.1 Discussion – Premerger Factors

5.1.1 Choice and Evaluation of Strategic Partner

This success factor has to do with finding a partner to merge with that is believed to fit well with ones own organization. Both strategic fit; which has to do with a match between strategies, and organizational fit; which has to do with a match between practices, culture, and characteristics of the organizations, is mentioned as important for a successful merger (Jemison and Sitkin 1986, Johnson, Scholes et al. 2008, Weber and Tarba 2011, Gomes, Angwin et al. 2013).

When it comes to strategic fit, the respondents seemed to be positive as to what they could create together. However, they were not convinced that the organizational fit would be good, pointing to the difference in both the culture and in the way of working. In spite of this, we can see that in this case they still managed to merge successfully. It looked to me like the positivity of what they could create together managed to overshadow a lot of the doubt about the organizational fit. Because of this, I found that an organizational fit was not so important in the case of this merger.

When it comes to whether it is likely to draw the same conclusion for the whole performing arts industry, we need to look back at the industry theory. If I start with strategic fit, my first thought here is Caves (2000) second property about how the creative workers care about what they are producing. I find that since everyone cares so much about making the best productions possible, it is not so unexpected that the different organizations strategize to reach the same kind of goals. It might therefore be less complicated to fit these kinds of strategies together. I also find that it seems important to have this fit, because, if the organizational strategies are very different, chances are that it will effect the quality of the productions after a merger, and in an industry where the productions are so important to the workers, this could create some big challenges. I therefore find that having a strategic fit seems to be an important factor for success in the performing arts industry as well.

As mentioned before, the organizations within the performing arts industry tend to have very different ways of working and very different cultures. According to M&A theory the difference in this kind of organizational fit would create a problem for the success of a merger (Johnson, Scholes et al. 2008). The fact that these workers care so much about what they are creating though (Caves 2000), seems to be a motivation to work through their differences and make sure that, even if the cultures are different, the production is what is most important. This coupled with being used to work with new people on a regular bases in most of these organizations, substantiates the claim that these kinds of organizations should be better equipped to deal with the challenges from not having an organizational fit.

Because of this, I find that to have a successful merger in this industry the strategic fit should be good, but the organizational fit might not need to be. For this industry I therefore cannot agree with the statement from Johnson, Scholes et al. (2008) that you need both strategic and organization fit to have a successful merger.

5.1.2 Size Mismatches

There seems to be a general consensus in the theory that a large difference in the size of the organizations that are going to merge has a negative effect on the success of the merger (Hagedoorn and Duysters 2002, Inkpen, Sundaram et al. 2002, Gomes, Angwin et al. 2013). A size mismatch was found to lead to a weaker performance than a merger between equal partners (Hagedoorn and Duysters 2002). Some research also show that the small company in

these situations could end up being poorly integrated in the new organization (Inkpen, Sundaram et al. 2002).

In the merger at Kilden we had three very differently sized organizations, from KSO being 76 people before the merger in 2011, AT being around 50, and down to OS being only 1. Whether this factor had been a challenge in the merger for any of the original organizations, is seen very differently from respondent to respondent. Some of the respondents didn't think it had had any effect at all. Others found that there were challenges with the difference in the original sizes.

According to the report from the Ministry of Cultural Affairs, the plan is that after KSO has reached 71 musicians, they will try to build up continues theatre performances (KSO and OS 2015). This looks very promising for everyone who loves theatre in the area, but I feel that I need to ask the question: where does this leave opera? It looks to me like the success factor of size mismatch also seems to apply in the case of Kilden. Even though I think it is too early to tell what will happen in the future, I cannot ignore that the way it stands today, it might not have been a good idea for OS to enter into the merger at Kilden.

I find it more difficult to draw this conclusion for the whole industry though. There are several reasons for this. The first is that I think it would depend a lot on the different organizations. We know that demand is uncertain in this business (Caves 2000), and if e.g. a small theatre and a large ballet organization merged, and they realized that there was a much larger demand for theatre than ballet, I would think that they would produce more theatre and less ballet, which is also in general more expensive. If, however it was the other way around, it would probably be difficult to be the theatre who were both the smaller part, and the one with the least demand.

We have also seen that many of the creative products require divers skills (Caves 2000), and one would think that some of the small organizations would be small because they needed less skilled workers than the large once. Because of this it might therefore be easier and cheaper to set up productions for these organizations that were small to begin with, something that might lead to a growth in this part of the new organization.

Lastly I would like to add Caves (2000) property of how much the creative workers care about the product. It seems to me that if two very differently sized organizations are to merge

in this industry, and everyone who work there care so much about their own product. There might be a danger of the many overriding the few.

All though I did find that the difference in original size seems to complicate the process for a successful merger in the case of Kilden, I still find it difficult to conclude that this is the case for the whole industry. I don't think my findings in themselves were clear enough on this point, and looking at the industry theory I don't think it makes this point clear enough to state a conclusion. I would therefore suggest that further research on this point is needed.

5.1.3 Accumulated Experience on M&A

According to theory, some find accumulated experience on M&As in the organization to have a positive effect on the merger process (Barkema and Schijven 2008). It can help build up useful tools for the next merger process. But others find that there is little to no value in this at all (Beitel, Schiereck et al. 2004, Colombo, Conca et al. 2007).

Since no one that the respondents and I know of have been through a merger like this before, it is a given that this organization has not accumulated experience on these kinds of M&As. But the respondents didn't seem to think this had any negative affect on the merger. If anything, they seemed to think it had been more of an advantage. For this case therefore, one can argue that this factor is unnecessary when it comes to having a successful merger.

For the industry as a whole I also find it difficult to see how accumulated experience could have a big effect on a merger. These kinds of organizations tend to be very different. And when scholars have found that experience might not be so helpful because many problems are case-specific (Colombo, Conca et al. 2007), I would think that this would also be the case here where the merging organizations probably are more different then they usually are in other industries. We are dealing with an industry where no two products or services are identical (Caves 2000), and this difference will most likely also be reflected in the organizations and make experience in M&As pretty redundant.

I fail to see how experience in M&As can be a big enough contributor to the success of a merger in the performing arts industry to keep it as a success factor. Based on this discussion I

therefore conclude that accumulated experience on M&A is not a factor for success in performing arts organizations.

5.1.4 Courtship Period

According to the theory, the courtship period seems to be important for the success of a merger. In this period the organizations can spend time getting to know each other. It is also an important time to focus on planning the implementation, leadership, structure, key decision makers, and so on (Sebenius 2002, Epstein 2005, Gomes, Angwin et al. 2013). It seems to be important to carefully evaluate a lot of these issues before the merger for it to be successful (Schweiger and Weber 1992, Epstein 2005).

One thing that was obviously addressed in the courtship period in this merger was getting to know each other through working in the same building, social events, and co-productions, and this seemed to be a contributing factor to the successful merger. The fact that this period was so long was also mentioned as positive.

My findings in this case align with previous findings from other industries in that it seems that the courtship period was important in achieving a successful merger into Kilden.

Along with the reasons mentioned above for other types of M&As, I would think that, since diverse skills are needed for many creative productions, and everyone has to be present to get the job done (Caves 2000), one can make a case for the courtship period to be even more important in this industry. For this reason it seems especially important to make sure you get a good picture of the organizations and which employees are crucial to bring with you to the new organization. I therefore conclude that the courtship period is important to have a successful merger in the performing arts industry.

5.1.5 Communication Before the Merger

Communication is seen to play a part in the success of a merger. Some scholars find that there should be put special effort into adequate communication before the merger (Schweiger and Weber 1992, Inkpen, Sundaram et al. 2002). All though not all scholars agree that communication before a merger is a good thing. Some also find that there should be no communication at all before a merger (Buono and Bowditch 2003).

Both managers and employees at Kilden felt that there was openness in the communication, and I found them to be happy with the information they received and gave. It seemed to me that this openness helped create a good environment and helped calm some of the fear that some employees were feeling initially. But even if the communication was good, there still seemed to be some negativity among the employees towards the possibility of a merger. In this merger everyone knew about the sharing of the new building years before they moved in. This meant that everyone probably speculated about what it would be like to work together. Because of this I also find that it was smart to keep the communication between management and employees flowing, and I find that my research in this case is in line with the scholars who found it to be smart to put a special effort into communication before a merger.

Whether this will be the case in in all mergers in this industry, I find it more difficult to say. In the merger into Kilden, even though everyone knew that they would not loose their jobs, there was still some resistance and fear towards what would happen. In mergers where this guarantee is not possible, these negative feelings will probably be stronger. Knowing how stressful it is to work in this industry to begin with (Haunschild 2003, Gill and Pratt 2008), and knowing how much the creative workers care about what they are creating (Caves 2000), communicating with the employees before the merger in the premerger phase might therefore create more stress and problems.

On the other hand, if there is no communication before a merger, the employees might feel betrayed when they find out that a merger is already decided upon. It will also give them less time to come to terms with the merger, which we saw was important in the merger at Kilden.

I find it difficult to draw a conclusion on this point based on my findings and the M&A and industry theory. I would therefore suggest that further research on this point is needed.

5.2 Discussion – Postmerger Factors

5.2.1 Integration Strategies

According to theory, for a merger to be successful it is important to have a good integration strategy so that every part of an organization has what they need to move forward in the

integration process. If this is not done properly, it could lead to a demoralized staff and employee defections (Inkpen, Sundaram et al. 2002).

From what the respondents were telling me about the integration, it seemed to me that there was no clear integration strategy. What they did have though was a clear organizational structure. A lot of work had also gone into the planning of co-productions for the first 3 years, and there was a plan for showing off the house to the people in the region before the opening.

According to the theory above, the lack of a clear integration strategy should have lead to a demoralized staff, and employee defections (Inkpen, Sundaram et al. 2002), but this was not the case at Kilden. In fact, people seemed to enter into the new organization with patience and an open mind. They also talked about the start up with the big production of West Side Story as being a big contributing factor to the good integration, both professionally and socially. It seems as though, in this case, it might not be detailed plans and strategies as to how people should be integrated that is needed to tie the organization together. Working in a big project that everyone is invested in, and that everyone is proud of, seems to work just as well. It looks as though, since everyone care so much about what they are producing (Caves 2000), this is contributing to the integration process when they are all cooperating on the same big project.

One thing that might be a bit surprising in this case is the lack of a prima donna dominated culture in the organization. Johnson, Scholes et al. (2008) have found in their research that prima donna dominated cultures could lead to difficulties in a merger, and one might therefore give them a high level of autonomy. From what the respondents were telling me though, the culture at Kilden is not like that at all. And from the positivity, warmth, and openness they all met me with, I have no problem believing that this is the case. I would think though, that this might be an issue in some of the other performing arts organizations out there, and that it therefore might be a good idea to keep this in mind.

I do believe that some kind of an integration strategy is important in this industry as well as in other industries. But it might seem like the best integration strategy here is one that involves big co-productions more than detailed plans. From what people have been telling me at Kilden, what has tied them together the most are these big productions. And knowing how much creative workers care about them (Caves 2000), they seem to be able to find a way of

working together as long as they see that the end result will be better than it was before the merger.

5.2.2 Postmerger Leadership

Postmerger leadership is believed to be an important factor amongst the M&A researchers (Nemanich and Keller 2007, Waldman and Javidan 2009, Vasilaki 2011, Gomes, Angwin et al. 2013). Decisive action from the top is seen as important for the success of a merger (Epstein 2005, Gomes, Angwin et al. 2013).

The leadership throughout the merger at Kilden seems to have been both clear and structured. The respondents were in general very satisfied with the leaders and how they had handled the postmerger process. I believe that this kind of decisive action from the top will be important in the industry in general as well. As we have seen in the theory, time is of the essence in this industry (Caves 2000, Haunschild 2003), and if decisive action is not taken, it can be extremely costly for the organization if it leads to having to postpone a production.

Transformational leadership, which focuses on stimulating, inspiring, and empowering the employees, has also been mentioned as a contributing factor to success (Bass and Riggio 2006, Nemanich and Keller 2007, Vasilaki 2011). Here the respondents at Kilden had a difference of opinion as to whether the leaders are actually working to inspire the employees. What strikes me here is that, the employees in the production/musician group seem to feel that the leaders are doing a good job inspiring them, while the ones working in middle management feels that more should or could be done. I would think that in this industry it is important to motivate and inspire the employees, especially the ones working directly with the productions, since the products are all differentiated (Caves 2000). But whether this is more important in the process of a merger than at other times, I find it difficult to say. But I don't think it would hurt.

The change in top management is very normal in a postmerger phase, and is also mentioned as having an effect on the success of a merger. What kind of effect it has though is not necessarily clear. Some find the change to have a positive effect, while others find the affect to be negative (Lubatkin, Schweiger et al. 1999, Gomes, Angwin et al. 2013). In the merger into Kilden three out of five (soon to be four out of five) of the managers have so far been

changed. All of these changes did make some respondents feel a bit confused, but the general opinion was that this was a good idea. They find the renewal to be healthy and important in this kind of organization. And this will probably be the case in most organizations in this industry, seeing as fixed-term contracts are normal for top management here. For this reason I think that these kinds of organizations probably deal with this kind of change better than most other types of organizations, where the top managers have permanent positions.

I find that my research is in line with research from other industries that postmerger leadership is important, and that it will also be important in the performing arts industry.

5.2.3 Speed of Implementation

When it comes to the speed of implementation the theory is divided between whether it should be fast or slow. The scholars who advocate for a fast implementation generally set a timeframe of about 100 days (Inkpen, Sundaram et al. 2002, Angwin 2004, Epstein 2005). On the other side of the scale are the ones who thinks one should take ones time on the implementation. That this phase might take several years (Olie 1994, Ranft and Lord 2002).

The slow speed of the implementation process at Kilden is something that is generally seen as a positive thing among the respondents. It gave the managers time to get to know every employee and it gave the employees that were skeptical to the merger time to get used to the idea. My impression is that the slow speed of the implementation was a positive contributor to the success of this merger.

But even though this slow pace worked here, I am not convinced that it would be the same in all of these kinds of mergers. My reason for stating this is that time is of the essence in these kinds of organizations (Caves 2000), and dragging out this process might make it more difficult to keep the set time frames for the productions. On the other hand, the same property might also make a point for a slow integration, so that one is sure that everyone knows what he or she are doing in the process and are capable of doing their job in the speed that is expected of them.

Even though the slow speed of the integration process in this merger case was seen as positive, I am not completely convinced that it would be the same for the whole industry, and

I would therefore like to see some more research about this before I can conclude that a slow speed is necessary for a successful merger in the performing arts industry.

5.2.4 Postmerger Integration Team

Some scholars saw a postmerger integration team that dealt with the challenges in the integration phase of the merger as a factor for success (Schweiger and Weber 1992, Vermeulen and Barkema 2001, Gomes, Angwin et al. 2013). In the case of Kilden though, they didn't have this kind of team. Every department manager, individually and together, was responsible for everything going the way it should. No one seemed to miss having such a team, and no one expressed any regret that they hadn't had it. From this I find that a postmerger integration team was not necessary to have a successful merger in this case.

When looking at the industry, it seems to be a bit difficult to pull people out of their regular jobs to work in an integration team. From Caves (2000) property about creative products requiring divers skills we find that every creative worker is important to be able to do the work. Taking people away from their jobs therefore seems like a difficult thing to do. I might also add that, since the creative workers care so much about their products(Caves 2000), it might not be so easy to get them to work in an administrative group focusing on integration, and not with the creative work that they care about.

I would also like to add my point from above about the different need for an integration strategy. If this strategy is more focused on big co-productions than on detailed plans, the best thing for the employees to do is to focus on their real job and make the productions as good as possible. In this way of integrating I find that an integration team would not be needed. Based on this discussion I therefore conclude that a postmerger integration team is not a factor for success in performing arts organizations.

5.2.5 Communication During Implementation

Many scholars find that communication during the implementation phase is an important factor for success, and needs to be significant, constant, and consistent (Schweiger and Weber 1992, Epstein 2004, Weber and Tarba 2010, Gomes, Angwin et al. 2013). If managers have an immediate, honest, and consistent disclosure of information, this would help with the negative employee reactions towards the merger (Weber and Tarba 2010).

It seems to me like the management took the communication very seriously in this phase, and in general the respondents found the communication to be very good. But, as Buono and Bowditch (2003) also found in their research, even though the communication was good, it still didn't manage to quell all of the fear as to what would happen to their jobs. I guess these kinds of fears will be impossible to quell completely until after the merger. But, all in all in the case of Kilden, the level of communication between the management and the employees seems to have had a positive effect on the implementation phase of the merger.

I believe that communication will be important in the industry in general in the same way as it was in this case. My reasons for this is that getting the information needed in this phase will help the creative workers in doing their jobs, which again leads to higher quality in their productions than if they were confused about what was going on. Another reason is that time is of the essence in this industry (Caves 2000), and a lack of information might lead to delays in productions and loss of money. I therefore conclude that communication during implementation is important in the performing arts industry.

5.2.6 Managing Organizational Cultural Differences

When it comes to cultural differences, there is a clear consensus in the prior research I have found that cultural differences are negatively correlated with a successful merger (Cartwright and Cooper 1993, Weber, Shenkar et al. 1996, Weber and Tarba 2010, Vaara, Sarala et al. 2011).

The organizational cultures at KSO and AT before the merger was very different. But all though this was mentioned as a challenge, it looks as though this was overcome quite quickly. I had expected to find that the culture differences had created more conflict than what I found. In fact, from what the respondents were telling me, it didn't take long for them to find a good way of working together. These cultures combined seem to have created a new culture that was better than what the prior organizations had had on their own. I therefore find that in the case of Kilden, all though being a challenge, the large cultural differences did not seem to hurt the process for a successful merger.

There might be a point to be made for these organizations being used to cultural differences in their work already, seeing as they hire people from different art forms and different places for projects on a regular basis. This might help contribute to make the cultural differences easier to manage in a merger in this industry. Also the fact that these workers care so much about what they are creating (Caves 2000), that at the end of the day that is more important than the cultural differences they might have. But even though I found that the managing of cultural differences were easier than I expected in the merger into Kilden, there had still been challenges, I do believe it is important to have some focus on this factor in mergers within this industry as well.

5.3 Discussion – New Factors

I will now discuss the new factors that I have found to be important for the success of this merger case. I have chosen not to divide the new factors into pre- and postmerger, since I find it difficult to do so with some of them.

5.3.1 Premises

The new building that was built especially for this organization was seen as a clear factor when it came to the success of the merger into Kilden. It seems like the size of the building, and the number of stages plays an important role here. Now that everyone has their own space, they can concentrate on the work, and not on where they are going to be working.

I believe that a new building like this is something that would have a much bigger effect on a merger in this industry than in many other industries. The knowledge of how new premises could contribute to the improvement of the quality of productions is something I believe could be a large contributor to the successful merger. I'm not saying that employees in other industries will not appreciate a new office building or a new factory, but I doubt they will feel as strongly about it as they do in the culture industry. The new building in this case meant that they could raise their performances to a higher quality level. And knowing how much the creative worker cares about the product (Caves 2000), this will be very important. According to Caves (2000) a normal worker in other industries will generally not care so much about what is produced, and so moving into a new building that enables them to produce with higher quality will probably not be as important as it is in the cultural industries.

We also need to remember that time is of the essence in this industry, even more than in most other industries (Caves 2000). This means that if you don't have large enough premises for a bigger new organization, and this leads to not being able to get the rehearsal time that is needed for a production, it might lead to postponements and re-scheduling, which can be extremely costly in this industry.

Building new premises for a merged organization is of course not something that everyone will be able to afford, and saying that organizations will need to spend vast amounts of money on a new building seems very extravagant. But I do feel that it will be important to consider whether one has the right premises for such an organization before a merger. If a merger means having to fight over rehearsal space and not being able to have as many performances as they want, it might create some big challenges in these kinds of mergers.

5.3.2 Organizational Growth

The large growth in the organization was also a much-mentioned contributor to the success in the merger into Kilden. I think it would help in most mergers. If every employee in an organization were certain they would not loose their job, it would probably calm people down everywhere. But from a manager point of view, it was also a bit of a gamble bringing everyone along into a new and much more technically advanced organization. This meant that they trusted their employees to step up to the plate, and learn many new things. And in this merger that gamble seems to have paid off. Respondents are grateful to have been given this challenge. And the fact that they could hire more expertize as well, meant that they could get the most crucial new skills they needed through new employees.

I am uncertain as to whether this kind of organizational growth would be smart in all mergers in this industry though. Even if it would help calm the workers down and probably make them less resistant towards a merger, it could also potentially lead to an organization with a lot of unnecessary employees, which would be very expensive. And knowing that demand is so uncertain in this industry (Caves 2000), one never knows whether a production is going to be a hit or a flop. Having a large number of employees, if the productions don't pay off, might break the back of an organization like this.

I find that this kind of organizational growth could potentially have both positive and negative effects on a merger, and I therefore find that this is a factor that needs to be researched further before drawing a conclusion. But I will still add it at a new factor for success in my new model.

5.3.3 Working with Feelings

Another factor that was mentioned by some of the respondents was the advantage of being used to working with feelings. This was believed to differentiate the performing arts industry from other industries. Some respondents thought that this made it easier for them, both to have a more direct way of communicating and discussing more openly, and also to not take offence as easily.

In the performing arts industry, creative workers are judged on what they produce on a regular basis (Haunschild 2003, Gill and Pratt 2008), something that also gives them experience in having to deal with someone else's feelings about what they are doing, and then lay them aside and move on to the next project. This experience might help in a process like a merger where feelings run high, to see the difference between person and problem, and move on after a discussion. I therefore believe that this kind of experience can be helpful when performing arts organizations are merging, and will be able to contribute to the success of the merger.

5.3.4 Caring About the Product

My last addition to the list of success factors is "Caring about the product". Looking at the theory of characteristics in the performing arts organizations, we can see that according to Caves (2000), this is something that differentiates the cultural industry from other industries to begin with. It is therefore not surprising to find this to be important in mergers between these kinds of organizations as well.

The fact that people care so much about what is produced on stage means that they are able to set aside their differences to make sure that the audience gets the best performance they can give them. In the case of Kilden, discussions and disagreements were not allowed to affect the concert or the play. This mutual goal seems to have helped them move on from their differences in a productive way, while focusing on what they find to be more important. The production.

Moving this factor from case to industry seems to be pretty easy, seeing as several scholars in this field have pointed to how the creative workers care so much about what they are producing, compared to what can be expected in other industries (Caves 2000, Haunschild 2003, Gill and Pratt 2008). They are already willing to work long hours for low pay and constantly being judged on what they are creating, because at the end of the day, when it all comes together, it gives them a profoundly satisfying and intensely pleasurable feeling. And I think that, if they are willing to go through all that stress, exhaustion, fear and competitiveness on a regular bases to be allowed to do what they really care about, they are probably equipped to deal with a merger as well.

5.4 New Research Model for the Performing Arts Industry

From my findings and discussion I have now come up with a new model for performing arts industries. I have decided to remove "Accumulated Experience on M&As" and "Postmerger Integration Team" from the previous model, since these were not found to be of importance in this merger. I have also added the four new factors that I have found to be important in my research.
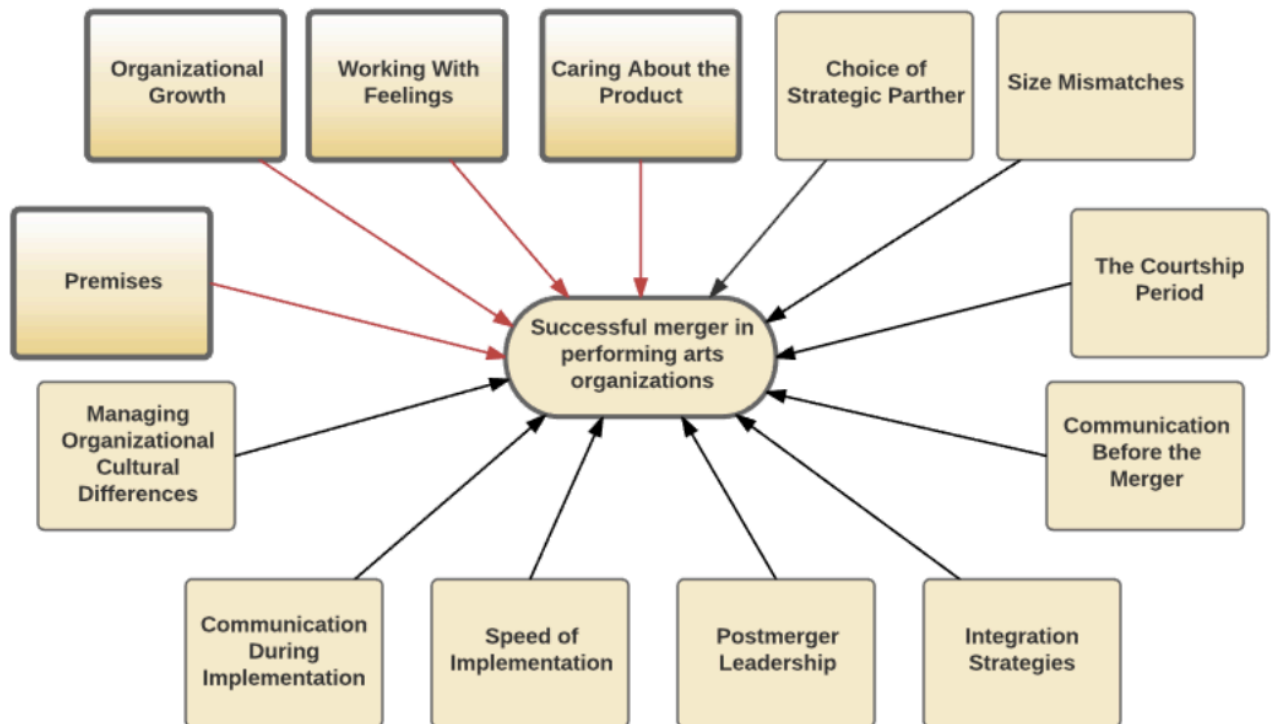

Figure: The black arrows in the model represent the effect of the existing success factors on the merger in the performing arts industry. The read arrows represent the effect of the new success factors.

6 Conclusion

In this chapter I will draw a conclusion as to what my most important findings are in my research. I will look at the theoretical implications, managerial implications, limitations of the findings, and at needs for future research.

The lack of consensus in the vast M&A research shows us that these processes are very complicated. The claim that most, or at least many of the M&As fail, adds to this fact. I have chosen to look at merger from the view of one specific case in the small industry of performing arts, to see if I can figure out what the important success factors are, and if there are differences here compared to other industries. In this way I have tried to find the answer to what it takes to have a successful merger between performing arts organizations.

6.1 Theoretical Implications

From my research I do find that most of the success factors that are important in other mergers, are also important in mergers between performing arts organizations. Some may not be important in the same way though, like finding that only strategic fit, and not organizational fit, was important in the choice of a strategic partner. This because the focus for the creative workers is on making the best performance they can, and it seemed to overshadow the cultural differences. Also the integration strategies were found to be a bit different in that the large co-productions seemed to be more important than detailed implementation plans. Also the managing of organizational differences seemed to be less challenging than predicted.

Two factors were not found to be particularly important, and were therefore not a part of the new research model. Accumulated experience on M&As was the first, which was not seen as important in the case of Kilden, and seeing as scholars in other industries found that experience might not be helpful because problems are case-specific, and because performing arts organizations tend to be very different, I found that this type of experience did not seem important enough to keep in the model.

Postmerger integration team was the second factor to get cut. In the case of Kilden, they had not had a team like this, and it was not missed. Industry wise I found it likely that creative workers would not appreciate being taken out of their regular job to be part of a team like this,

and also, if they were to focus on productions in stead of plans it would be better to let everyone do their job.

From what the respondents have found to be important, I have added 4 new success factors. These are: "Premises", "Organizational Growth", "Working With Feelings", and "Caring About the Product".

The new premises in this case, and the fact that all the departments had their own space to work, was seen as very important to the success of the merger. It enabled them to create higher quality performances without having to fight for space. In an industry where the productions are so important to the workers this was found to be very important when it came to the attitude towards the merger in the premerger phase, and in the implementation and way of working postmerger.

Organizational growth was the only new factor that was thought to have importance in all industries, just as much as in the performing arts industry. At Kilden it helped calm people down to know that no one would loose their jobs, and respondents were grateful to have been trusted with the new challenge of a more technical organization. I do find though, that this type of growth might also have negative effects on a merger process, like having many unnecessary workers in the new organization, which would be very expensive.

Being used to working with feeling was seen as an advantage in this industry, and it was believed that it made them more capable of being direct in discussions, and to not take offence so easily. The cultural workers are used to being judged and dealing with other people's feelings, and this could bee seen as an advantage in a merger process that can also be very emotional.

Caring about the product, which is something Caves (2000) has found to be a point of difference in the industry, was also seen as a positive factor in the merger process here. The mutual goal of the workers in this industry in wanting to give the audience the best production possible, can help them see past their differences and move together towards a common goal.

These findings have lead me to derive the new research model that was drawn up in the previous chapter.

6.2 Managerial Implications

Even though this research is not generalizable, there are still some things that a manager of a performing arts organization can take away from it, if he or she is considering a merger.

When looking for a partner to merge with, it seems important to find someone with a strategic fit, but if the organizational fit is not there, it can still work. It seems to be more important to work towards the same goal than to have similar cultures and ways of working.

Having M&A experience does not seem to be important. If you don't have experience it might make it easier to make the process "your own", and focus on what is important for your organization and your merger.

It doesn't seem important to have an integration team for the implementation process. It also looks as though, instead of having a detailed integration strategy, having a plan for co-productions that involves everyone in the new organization can be a very effective way of making sure the organizations merge into one in a good way.

Having the right premises seems to be important for the success of a merger in this industry. If there is not enough room for people in the new organization to do their work properly, this might create resistance and conflicts, and will probably make the merger process a lot harder. It might also be a constant reason for tension in the organization after the merger.

If possible, growing the organization and guaranteeing everyone a job in the new organization could help calm down the employees and make them less resistant towards the merger. Giving them new challenges in the new organization might also make them feel regarded and trusted and could have a positive effect on their attitude towards it.

Cultural workers are used to working with feelings, which might make it easier to have a direct and open form of communication. It seems easier to have the tough discussions without "stepping on any ones tows", and this might make it easier to work through differences and not feel like you have to "tiptoe" around them.

It seems important to remember that the productions are what the workers in this industry care about the most, so it might be smart to focus on how the merger can heighten the quality of

the productions. If it is clear to the workers that the merger will help them produce better performances, this is likely to give them a more positive attitude towards a merger.

If I am to select the points above that I believe are the most important to focus on in a merger like this, it would be co-productions in the integration phase and to make sure I had good premises. I believe that if you give cultural workers the tools they need and let them create something together it will be a lot easier to merge them into one successful organization.

6.3 Limitations

In former theory I have found that some researchers make the claim that all the success factors in their research have to be present to ensure a successful merger. I find it difficult to make this claim. There are several reasons for this. In the theory I have read about M&As in general, there are many different views on the factors for success. Scholars seem to find it difficult to find a consensus as to both what success factors play a role, and how they play a role. So even though I have found some factors to be important here, It is not a given that they will be important in the same way in every merger.

Another reason is that these kinds of mergers are rear. And I have not been able to find any theory from other mergers in this industry. So to say that we can learn everything there is to know about these kinds of mergers from one merger would be naïve. I also find that mergers in general seem to be very different from case to case, as they would inevitably also be in this industry, so something that worked here might not work somewhere else.

One limitation that I have mentioned before is the fact that I had to look at this merger in retrospect. I would think that the best way to really see how a merger process like this worked would be to observe it while it happened.

There is also a point to be made that I could have interviewed more people. I interviewed 12 employees and managers in a wide range of positions at Kilden, but there is always a possibility that someone else would know or remember something different than the ones I talked to. Interviewing more people would have made the research more thorough.

Lastly I would like to add that, for the results that I have come up with to be possible to generalize, there should be done some quantitative research on the new research model. My research with only qualitative indebt interviews will not be generalizable to the rest of the industry the way it stands now.

6.4 Further Need for Research

When it comes to researching a merger like this, I find, as mentioned above, that it would have been very helpful to be there to observe the whole process from the beginning and not just come in four years after the fact. Of course this was not possible for me, both because the merger had already taken place, and because I only have one semester to write my thesis. But for future researchers I believe that this would make it easier both to see the difference between the premerger phase and the postmerger phase, and to get a much more thorough understanding of the process and the industry. I also think, as mentioned above, that it would be smart to do some quantitative research.

I would like to see more research on the size mismatches in these kinds of mergers. I made a claim that it might not have been smart for OS to enter into this merger, even if I think it is too soon to draw this conclusion yet. But for the whole industry, I found it difficult to conclude whether size mismatches is negative for the success of a merger or not.

I also found it difficult to draw a conclusion when it came to communication before the merger, since I found there to be both pros and cons to communicating with the employees before a merger had been decided upon. Even if I found it to have been positive in the case of Kilden, I still wish to see more research on this point to see if communication at this stage has the same effect throughout the whole industry.

Even though the slow speed of the implementation in the case of Kilden was seen as a positive contribution to the success of the merger, I still find it difficult to draw the same conclusion for the whole industry. Time is important in this industry, and having such a slow implementation might not be the best idea everywhere. I would therefore like to see some research on whether it might be good to do, as most of the scholars in the general M&A literature claim, and implement fast(Inkpen, Sundaram et al. 2002, Angwin 2004, Epstein 2004, Epstein 2005).

My last point for further research has to do with one of my new factors, Organizational Growth. This factor was also seen as positive when it came to the success of the merger, but I am not convinced that it would be in all of these kinds of mergers. Mergers in general tend to lead to an excess of employees, and whether it would always be good to keep these people on, and just move them to a different place in the organization, is not clear to me.

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Appendix 1: Interview Guide 1 – Norwegian

Intervjuguide 1 – Sommer 2015

<u>Før fusjonen</u>:
1. Hvorfor valgte dere å fusjonere?
   Hvorfor ikke forbli hver sin organisasjon i ett bygg?

2. Hvorfor ble det nettopp disse organisasjonene som gikk inn i fusjon?

3. Hvordan kom dere frem til den organisasjonsstrukturen dere landet på?
   Synes du denne strukturen fungerer, eller ser du for deg at det vil bli endringer i denne i fremtiden?

<u>Etter fusjonen</u>:
4. Har samarbeid mellom institusjonene gått som forventet/håpet?

5. KSO og AT hadde i utgangspunktet veldig forskjellige kulturer. Har dette vært en utfordring?

6. Er det en utfordring for de forskjellige institusjonene å ikke ha en definert budsjettramme?

7. Har forskjellen i størrelse på AT, KSO og OS vært en utfordring?

8. I følge rapporten fra Kulturdepartementet som kom for noen dager siden, vil tradisjonell opera trolig bli nedprioritert de kommende årene.
   Stemmer det?
   Hvordan forsvarer dere dette i forhold til at OS er en av fusjonspartnerne?

9. Hva var tanken bak Kilden Dialog?

10. Hva var tanken bak Kilden Digital?

11. Hva slags betydning tror du det har for Kilden at dere ikke får rapportere de faktiske publikumstallene til NTO?

12. Hva tenker du om kontinuitet for de ansatte på Kilden når så mange av de øverste lederstillingene er på åremål? (Går det ut over samarbeidet?)

13. Hvordan vil du karakterisere suksess i en fusjon som Kilden?

14. Hva mener du at burde vært gjort annerledes?

<u>Annet</u>:
15. Forslag til ting jeg bør kikke på, eller som dere syntes det ville være interessant om jeg kikket på?

16. Er det noe du vil tilføye?

17. Hvem andre vil du si er relevante å intervjue som har innblikk i fusjonen?

Appendix 2: Interview Guide 1 – English

Interview guide 1 – Summer 2015

Before the merger:
1. Why did you choose to merger?
   Why not move into the new building as different organizations?

2. Why was it exactly these organizations that decided to merger?

3. How did you end up with this organizational structure?
   Do you think this structure is working, or do you predict that there will become changes in it in the future?

After the merger:
4. Has the organizations been able to cooperate like expected?

5. The organizational cultures in KSO and AT were very different to begin with, has this been a challenge?

6. Is it a challenge for the different organizations to not have a defined budget frame?

7. Has the difference in size between AT, KSO and OS been a challenge?

8. According to the report from the Ministry of Culture that came a few days ago, traditional opera will be given less priority in the coming years. Is this correct? How can you defend this since OS is a part of the merger?

9. What was the idea behind Kilden Dialog?

10. What was the idea behind Kilden Digital?

11. What do you think it means for Kilden that you cannot report the correct audience numbers to NTO?

12. What do you think about the continuity for the employees at Kilden since so many of the top management are on fixed-term contracts?

13. How would you characterize success in a merger like Kilden?

14. What do you think should have been done differently?

Other:
15. Do you have any suggestions about things I should look in to, or things you think it would be interesting if I looked into?

16. Do you have anything else to add?

17. Do you have any suggestions as to other people I should interview with regard to the merger?

Intervjuguide 2

Tema	Spørsmål	Oppfølgingsspørsmål
Generell informasjon	**Kom du fra en av de opprinnelige fusjonspartnerne, eller begynte du å jobbe på Kilden etter fusjonen?**	Hvis du begynte etter fusjonen, <u>når</u> begynte du å <u>jobbe på Kilden</u>?
Åpne spørsmål – nye faktorer?	**(Kun for de som var med i prosessen) Hvordan <u>opplevde</u> du <u>fusjonsprosessen</u>?**	Vil du <u>trekke frem</u> noe som du mener var <u>viktig</u> i forbindelse med <u>fusjonen</u>?
		Er det noe du er <u>spesielt stolt av</u> at dere har fått til når det gjelder fusjonen? Hvis ja - <u>hvordan fikk dere det til</u>?
		Er det noe du tenker at kunne vært gjort <u>annerledes</u>?

Før fusjonen		
Valg og evaluering av strategisk partner	**Hva var <u>dine første tanker</u> da du hørte ideen om at KSO, AT og OS <u>muligens</u> skulle <u>fusjonere</u> inn i en organisasjon? (For de som kom etterpå: hva var <u>tankene</u> dine rundt at slike organisasjoner <u>hadde klart å fusjonere?</u>)**	Trodde du at de ville <u>passe godt sammen</u>?
		Trodde du <u>bedriftskulturen og måten de jobber på</u> ville passe sammen?
		Hadde du tro på at de ville kunne <u>utfylle hverandres styrker og svakheter</u>?
Forskjell i størrelse på organisasjonene	**<u>Før fusjonen</u>: så du for deg at det kunne komme <u>utfordringer</u> på grunn av <u>forskjellen i størrelse</u> på KSO, AT og OS? (For de som kom etterpå: Ser du <u>utfordringer</u> med at <u>størrelsen på de opprinnelige organisasjonene er så forskjellig?</u>)**	Hadde du noen følelse i forhold til om <u>styrkeforholdet</u> virket <u>likt i planleggingsperioden</u>?
		Så du for deg at det ville bli <u>urettferdige kamper om midler</u> på grunn av <u>størrelsesforskjell</u>?
		Føler du at <u>størrelsesforskjellen</u> har ført til <u>urettferdig fordeling</u> av midler og ressurser etter fusjonene?

Opparbeidet erfaring om fusjoner	**(Kun for de som var med i prosessen)** **Tror du det var en ulempe at man ikke hadde noen med erfaring om fusjon mellom denne typen organisasjoner med i fusjonsprosessen?**	Vet du om det ble hentet inn ekspertise utenfra som hadde generell erfaring med fusjon?
Perioden før fusjonen er signert	**(Kun for de som var med i prosessen)** **Ble det brukt tid på å bli kjent med de andre organisasjonene og menneskene som jobbet der før selve sammenslåingen?**	Hvem var det som snakket sammen/hadde møter i perioden før sammenslåingen?
		Var det noe rutine på hvem som snakket sammen og når?
		Var det møter hvor flere utenfor ledelsen fikk være med, i så fall hvem?
Kommunikasjon før fusjonene	**(Kun for de som var med i prosessen)** **Snakket ledelsen med de ansatte om fusjonen i perioden før man signerte avtalen?**	Visste de ansatte hva som kunne komme til å skje før avgjørelsen om fusjon var tatt?
		Hvordan fikk de ansatte vite om fusjonene?
		Var det mye motstand mot fusjonene blant de ansatte i perioden før sammenslåingen?
		Burde det vært mer / mindre kommunikasjon i denne perioden, eller følte du det var passe?
		Følte du deg noen gang usikker på om du eller andre ville miste jobben på grunn av fusjonen?

Etter fusjonen		
Integreringsstrategi	**Da dere skulle inn i Kilden, synes du det var klart hvordan de tre organisasjonene skulle integreres til en enkelt organisasjon?** **(For de som kom etterpå: Da du kom til Kilden, virket det klart hvem som hadde ansvar for hva i organisasjonen?)**	Har man klart å utnytte den kompetansen som fantes i hver organisasjon inn i den felles organisasjonen?
		Føler du at kunnskapsnivået blant de ansatte har gått opp etter at man slo seg sammen til Kilden?
		Er det et miljø for å ønske å dele på den kunnskapen man har for å øke kompetansenivået på Kilden?
		Vil du si at det er en prima donna kultur på kilden?

		Vet du om det var noen sa opp jobben eller følte seg presset til å gå på grunn av fusjonen?
Ledelse etter fusjonen	**(Kun for de som var med i prosessen)** **Synes du at ledelsen var strukturerte og klare gjennom fusjonsprosessen?**	Følte du at ledelsen gjorde en god jobb i forbindelse med fusjonsprosessen?
		Synes du at ledelsen jobber for å inspirere de ansatte?
		Hva tror du det har å si for organisasjonen at ledelse stort sett er byttet ut siden fusjonen?
Gjennomførings-hurtighet	**Hvor lang tid vil du si det tok fra Kilden fusjonerte til dere fungerte skikkelig som en organisasjon?** **(For de som kom etterpå: syntes du Kilden fungerte som en samlet organisasjon da du kom, eller føltes det som at det var mer igjen å gjøre for å sveise organisasjonen sammen?)**	Forstod dere fort hvordan ting fungerte i den nye organisasjonen, eks. Hvem som har ansvar for hva?
		Synes du ting gikk for fort/for sakte da dere først satte i gang sammenslåingen?
		Er det ting som fremdeles trenger å endres før du føler at alle på Kilden jobber sammen i samme organisasjon?
Integreringsteam etter fusjonen	**(Kun for de som var med i prosessen)** **Hadde dere et eget team som jobbet med hvordan man skulle slå de tre organisasjonene sammen?**	Hvem satt i dette teamet, og hadde de denne oppgaven ved siden av sine egentlige arbeidsoppgaver?
		Hvilke oppgaver jobbet teamet med? Kulturforskjeller, struktur, ledelsessystemer …??
Kommunikasjon i implementeringsfasen	**(Kun for de som var med i prosessen)** **Etter at avtalen om fusjon var signert, hvordan var kommunikasjonen mellom ledelse og ansatte om hva som kom til å skje videre?**	Følte dere at dere forstod hva som kom til å skje?
		Var du eller noen du vet om redde for hva som kom til å skje med jobbene deres? I så fall, fikk dere den informasjonen dere trengte for å roe dette ned?
		Føltes det som at ledelsen var åpen om prosessen fremover?
		I ettertid - burde kommunikasjonen vært gjort på en annen måte?

Organisere forskjeller i organisasjons-kultur	**Hvordan vil du <u>beskrive</u> de <u>forskjellige kulturene</u> i AT, KSO (og OS) <u>før</u> fusjonen?** **(For de som kom senere: så du <u>forskjeller i kulturen</u> til AT, KSO og OS da du kom til Kilden?)**	Hvordan <u>jobbet</u> de tre <u>organisasjonene</u> i <u>forhold til hverandre</u>?
		Har ting <u>endret seg</u> i måten dere <u>jobber</u> på? Hvordan?
		Vil du si at <u>organisasjonene</u> har <u>nærmet seg hverandre</u> i måten å jobbe på, eller fortsetter de å jobbe slik som før?
		Har det <u>oppstått</u> noen <u>problemer</u> i forhold til <u>kulturen</u> i de forskjellige organisasjonene?

Åpne spørsmål – nye faktorer?	**Tror du det er <u>ting som</u> har vært <u>viktige</u> for <u>suksessen</u> ved denne fusjonen som er <u>annerledes</u> enn ved <u>andre fusjoner</u>?**	

Åpne spørsmål – nye faktorer?	**Har du noe mer å tilføye?**	

Nye intervjuobjekter?	**Er det andre du mener at jeg bør intervjue?**	

Appendix 4: Interview Guide 2 – English

Interview guide 2

Theme	Question	Follow-up questions
General information	**Did you work at one of the original merging partners, or did you start working at Kilden after the merger?**	If you started after the merger, when did you start working at Kilden?
Open question – new factors?	**(Only for the ones that took part in the merger:) How did you experience the merger process?**	Is there anything you feel was especially important in the process?
		Is there something that you are particularly proud of when it comes to the merger? If yes – how did you achieve it?
		Is there anything you think could have been done differently?

Premerger		
Choice and evaluation of strategic partner	**What were your first thoughts when you heard the idea that KSO, AT and OS might merge into one organization? (For the ones that came after: what did you think about the fact that these kinds of organizations had/would merge?)**	Did you think that they would fit well together?
		Did you think the different organizational cultures and the way they work would suite one another?
		Did you believe that they would complement each other's strengths and weaknesses?
Size mismatches	**Before the merger: Did you think there might come challenges regarding the difference in size between KSO, AT and OS?**	Did you feel that there might be a relative difference in strength between the organizations in the planning period?
		Did you think there might become some uneven battles for resources because of the difference in original size?
		Do you think that the difference in size has led to an unfair allocation of money and resources after the merger?

Accumulated experience on M&A	**(Only for the ones who took part in the merger process)** **Do you think it was a disadvantage that there was no one with any experience with mergers between these kinds of organizations present in the merger process?**	Do you know whether there was any outside help from someone with other merger experience during the process?
The courtship period	**(Only for the ones who took part in the merger process)** **Was any time spent on getting to know the other organizations and the people who worked there before the integration process started?**	Who was talking together/ had meetings in the period before the integration?
		Was there any routine as to who were talking together, and when?
		Did you have any meetings where people from outside the manager team were present? If so – who?
Communication before the merger	**(Only for the ones who took part in the merger process)** **Did the managers talk to the employees about the merger before the agreement was signed?**	Did the employees know what might happen before the decision to merge was decided upon?
		How were the employees informed about the merger?
		Was there a lot of resistance towards the merger in the time before the integration?
		Do you think there should have been more / less communication in this period, or was it an ok amount of communication?
		Were you ever unsure whether you or someone else might loose their jobs because of the merger?

Postmerger		
Integration strategies	**When you were moving into Kilden, did you think it was clear how the three organizations were to integrate into one organization?** **(For the ones that came after: When you came to Kilden, did it feel like coming into an organization that had already been integrated into one?**	Has it been possible to retain all the knowledge that was present in each different organization on the way to becoming one organization?
		Do you feel that the level of knowledge in the organization has gone up since the merger?
		Is there a good environment for sharing knowledge and raise the competence between the employees at Kilden?
		Would you call the culture at Kilden a Prima Donna culture?
		Do you know if anyone resigned or felt pressured out of their job because of the merger?
Postmerger leadership	**(Only for the ones who took part in the merger process)** **Do you think that the managers were structured and precise throughout the merger process?**	Did you think that the managers did a good job when it came to the merger?
		Does that managers work to inspire the employees at Kilden?
		What do you think it means for the organization that almost every manager that were there in the merger process is now gone?
Speed of implementations	**How much time will you say it took from the merger took place, and until you were working properly as one organization? (For the ones that came after: Did you think Kilden worked well as one organization when you started working there, or did it feel like there was still work to be done?)**	Did you understand quickly how things worked in the new organization? E.g. Who was responsible for what?
		Did you find that everything went either too fast or too slowly when the merger started?
		Do you find that there are still things that need to be done before you feel like everyone is working in the same organization at Kilden?
Postmerger integration team	**(Only for the ones who took part in the merger process)** **Did you have an integration team that was focusing on how to merge the three organizations together?**	Who did this team entail? Did they have this task along side their usual tasks?
		What tasks did the team concentrate on? Cultural differences, structure, management systems …?

Communication during implementation	**(Only for the ones who took part in the merger process)** **After the merger contract was signed, how was the communication between management and employees as to what was going to happen?**	Did you feel like you understood what was going to happen?
		Were you, or anyone you know of, scared as to what would happen to your jobs? If so, did you get the information you needed to calm this fear?
		Did you feel that the management was open about the process to come?
		In hindsight – do you think the communication should have been done differently?
Managing organizational cultural differences	**How would you describe the different cultures in AT, KSO, and OS before the merger? (For the ones that came after: Did you notice a difference in the cultures of the AT, KSO and OS departments when you started working at Kilden?)**	Was there ay difference in how the organizations worked?
		Have there been changes in the way the organizations work after the merger? How?
		Would you say that the organizations have become more alike in the way they work, or do they go on working as they did before the merger?
		Have you noticed any challenges when it comes to the difference in culture between the different organizations?

Open question – new factors?	**Are there things that were important in this merger that you believe is different from what would be important in mergers in other industries?**	

Open question – new factors?	**Do you have anything more to add?**	

New respondents	**Is there anyone else you think I should talk to?**	

Appendix 5: Reflective note

SUMMARY OF THESIS

Thousands of organizations are merging every year, even though the consensus among scholars is that most, or at least a large part of them fail. And after decades of research into mergers there is no clear consensus as to what it would take to have a successful merger, all though many agree on a handful of success factors being important.

Even though there is a vast amount of research on mergers in general, I have found almost nothing about mergers in the performing arts industry. My thesis is looking into this industry, and what it takes to merge successfully here compared to other industries. I try to give an answer to the research question: *What does it take to have a successful merger between performing arts organizations, and what are the challenges you meet along the way?*

To do so I start by looking through general research about mergers, and I also look into theory about the performing arts industry and how it differs from other industries. I then look at the case of the merger into Kilden Performing Arts Centre and define that as a success. Through indebt interviews with employees and managers I then look into what have been the factors for success in this merger. I move on to see if these factors are likely to be the same for the whole industry, and from this I create a research model for a successful merger between organizations in the performing arts industry.

My findings are that some of the factors are the same in both general merger theory and in the performing arts industry. But two of the factors found to be important by scholars in other industries, "Accumulated Experience on M&As" and "Postmerger Integration Team", were found to be unimportant in this industry. I also added four new factors that were found to be important in this case. These were "Premises", "Organizational Growth", "Working With Feelings", and "Caring About the Product". At least three of these, the first, third, and fourth, I believe to be especially important for the performing arts industry as well.

MY THESIS AND INTERNATIONAL TRENDS

A lot of performing arts organizations around the world rely on money from the state, municipality, and/or sponsors to survive. After the economic crises in 2008 this has become a

big problem for many organizations, as funding to the performing arts often will be one of the first tings to be cut in a crisis like this (Kickert 2012, De Propris 2013). The performing arts organizations will therefor have to try and come up with other ways of getting money to be able to keep the organizations going. They are also forced to change their mindset and have more focus on the revenue streams then what they did before. Here in Norway we did not feel the effect of the economic crises like they did in most of the western world, but even though the performing arts industry didn't loose their sponsors at this time, the mindset of the cultural workers in other countries were most likely changing, and so they would probably feel the effect when they were cooperation with someone from outside the country.

As mentioned above, Norway was not particularly hard hit by the financial crisis in 2008, but when the international oil prices started to plummet in 2014, Norway was hit hard. Companies in the oil industry have been sponsoring a lot of performing arts organizations in Norway, and because of the crisis in the industry, they have had to start pulling out (Henriksen 2015). Fortunately, this has not been a big problem for Kilden, since they are lucky enough to be able to apply to the Cultiva fund for money that they would otherwise have had to ask sponsors for. But other Norwegian performing arts organizations like Kammermusikkfestivalen and Maijazz in Stavanger, and Nattjazz in Bergen, among others, have started to loose their sponsors, and because of that have had to scale down(Henriksen 2015).

This loss of money from sponsors, state, and municipalities, both in Norway and around the world means that some of the organizations in the performing arts industry will have to start looking for other ways to survive. One of these ways could be through merger.

MY THESIS AND INNOVATION

Innovation has been defined in many different ways, but what unifies the definitions is that you have to come up with something new and improving. In the case of Kilden, the fact that they chose to merge was a pretty innovative thought to begin with. This was a new thing in their industry. They had no one to ask for advice because they didn't know of anyone else who had done the same thing. In my understanding of the word innovation, they have both done something new for their industry, and they have improved their organization(s), and I think that makes Kilden innovative in the industry of performing arts.

When we look at the international trends mentioned above, we find that one thing that is needed in the performing arts industry today is to find new and more efficient ways of doing things, and in this way to be able to survive with less money. Even though it was not the case at Kilden, a merger will usually lead to some cuts in staff to try to make the organization more efficient. There will also be an attempt to take advantage of synergies. These kinds of things can help cut costs in an organization, and so a merger might be a way to survive with less money. And in the performing arts industry, where this is not a normal thing to doo, that could be both new and improving, and in that innovative.

My thesis and Responsibility

A performing arts organization needs to think about what they choose to perform on stage. They have a social mission that they have to adhere to, and in the case of Kilden, this has to do with producing performing arts of a high quality, and reaching as many people as possible in the region (Kilden 2016). This mission is a responsibility that they have to meet to be able to keep getting their funds from the state. And seeing, as discussed above, that we are in a difficult financial situation in Norway today, I think that the responsibility to spend the money from the state and sponsors in the best possible way is becoming more and more important. They need to give something back that has a value to the audience.

Other responsibilities that can be placed on organizations like these are more ethical ones. Like what kind of message they choose to give to the audience. They can choose to perform something with strong political messages that may or may not bee seen as ethically "correct". They may also choose not to take part in any kind of ethical "discussion" with their repertoire, which can be seen as a waist of a potentially strong voice against all the injustice that is happening in the world today.

I would think that to produce something that takes an ethical stand might be a smart thing to do for a performing arts organization. If nothing else – it might start a discussion in the press, and as "they" say – all press is good press.

In the case of Kilden, I would also say that they are meeting some of their ethical responsibility through Kilden Dialogue. By giving addicts, disabled, refugees, and others who are generally not given a chance to perform, a voice on stage. Letting them show the rest of us

that they are also people who have something to say, and who should be taken seriously in the same way as the rest of us. This is one way that Kilden is meeting its social mission today.

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