The CEO in Post-Merger Situations: An Emerging Theory on the Management of Multiple Realities

1. Most mergers and acquisitions fail to deliver on their promise and the reasons – more often than not – come down on the underestimation by the Chief Executive (CEO) and his or her management team of the social, psychological and cultural challenges of post-merger leadership. This evidence from principally US-based research is confirmed in this Swiss- and German-based study.

2. CEOs are fundamentally actors and not thinkers. They have highly developed situative coping competencies but their cognitive capacity is substantially impaired by a large number of intrinsic and extrinsic factors, here called learning inhibitors, such as the post-merger dilemma, their previous successes, isolation, alienation, a homogenous ‘yes-men’ entourage, chronic distraction, their personal agenda, an urgency mania and ambient adulation and/or harassment.

3. These learning inhibitors often prevent CEOs from understanding and successfully generalising antecedent post-merger experiences to subsequent merger projects.

4. CEO leadership in post merger situations can be categorised in three distinct groups of behaviours. Each group of behaviours includes demeanours that are particularly propitious to post-merger performance and some that are adversarial.

5. To truss the behaviours that are propitious to merger integration learning should lead to better learning effectiveness and thereby to better post-merger performance.

6. The post-merger organisational arrangement differs substantially from classical management situations in that it entails the simultaneous management of at least four different juxtaposed organisations, namely:
   a. the two merging partners’ old but still existing organisations,
   b. the temporary project organisation in charge of the integration and
   c. the emerging new company.
   Each of these organisations, albeit partly composed of the same actors, has different temporality, leadership needs, wants and tasks and a different culture.

7. Based on their personal value system, their management experience, their cognitive style and their social preferences CEOs tend to focus on one of the organisations the post-merger situation is composed of and ignore the others, a behaviour which erodes trust and leads to anxiety, resistance and defection in the work force, fracturing of credibility with external stakeholders and thereby to poor performance.
Andragogic constructive-development theory distinguishes three developmental levels, labelled ‘ways of knowing’, namely the instrumental, the social and the self-authoring levels and claims that these levels are evolutionary and stable. Here the claim is made that these ‘ways of knowing’ are indeed evolutionary but not stable. Learners can have two ‘ways of knowing’ at the same time and, also, learners can have evolved to social and/or self-authoring levels in their learning and yet regress to the instrumental level at any time, similarly to the needs levels in Maslow’s hierarchy of needs.

Effective leadership is essentially a social and moral task and necessitates above all an understanding of human nature, the recognition of the limitations of human rationality and a good command of language, not just for communication but for critical thinking and decision-making. With very few exceptions that confirm the rule, none of these prerequisites are addressed in management education and rarely in management theory.

To study management makes one aware of the formidable barriers between practice and academia, but also between some of the academic disciplines that do and/or could inform management studies.

There is personal empirical evidence that one effective and highly pleasurable way for executives to develop their critical reflective capacities is to take a sabbatical from work and write a doctoral dissertation.

One day soon now, I’ll stop smoking. Perhaps.