Strategic consensus building

A single case study in a merged organization

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Abstract

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Background: Considering high merger failure in the process of strategy implementation, there is a need to elaborate on strategic consensus building during this major organizational change.

Purpose: To gain understanding about the strategic consensus building process in a merged organization from a teleological perspective. The pre-merger influence and the intervening circumstances are expected to affect the process of consensus building.

Methodology: A single case study approach was taken by interviewing twelve senior managers from two hierarchical levels as well as five managers from the corporate strategy department of a merged organization to gain a comprehensive understanding of the research topic.

Findings: The empirical findings indicated that consensus on strategic priorities is essential for further development of a merged organization. In addition, this study has identified three strategic consensus building facilitators: vertical communication, transparency, and agility.

Keywords: Strategic consensus building, strategic priorities, teleological change process, senior management, merged organization.
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This thesis represents the final step of our two-years Master programme in Strategy and Management in International Organizations (SMIO) at Linköping’s University - a fruitful journey of exploration and exploitation.

During our intense process of reading literature related to our topic of the thesis, we came along with this great picture of Archipelago Stockholm on the next page, a cluster of some 30000 islands, skerries and rocks. This picture perfectly reflects not only our teamwork but moreover our time as SMIO family. No one is an island entire of itself. We are all interconnected and need each other to flourish, grow and succeed.

First and foremost, we would like to express our greatest appreciation to our advisor Cecilia Engberg. Without her encouragement, guidance and continuous support, this thesis would not be like it is today. We also would like to give our deepest thanks to our feedback groups for providing us with the essential contribution of critical reviews and suggestions for improvement.

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Sonja Buijs and Julia Langguth
“Do all the good you can. By all the means you can. In all the ways you can. In all the places you can. At all the times you can. To all the people you can. As long as ever you can.”

John Wesley (1703-1791)
# Table of Contents

1. **Introduction** .......................................................................................................................... 1  
   1.1 Problem discussion ..................................................................................................... 2  
   1.2 Purpose and research question .................................................................................... 4  
   1.3 Target audience ........................................................................................................... 5  
   1.4 Outline of the thesis .................................................................................................... 6  

2. **Theoretical Background** ...................................................................................................... 7  
   2.1 The concept of strategic consensus ............................................................................. 7  
      2.1.1 The evolving definition ........................................................................................ 7  
      2.1.2 Dimensions of strategic consensus ...................................................................... 9  
      2.1.3 Strategic consensus and organizational performance ...................................... 10  
   2.2 Level of analysis of strategic consensus ................................................................... 12  
   2.3 Consensus antecedents .............................................................................................. 13  
   2.4 Intervening circumstances ........................................................................................ 14  
   2.5 The teleological process model ................................................................................. 19  
   2.6 Summary and conceptual framework ....................................................................... 20  

3. **Methodology** ........................................................................................................................ 22  
   3.1 Research topic identification ..................................................................................... 22  
   3.2 Literature assessment ................................................................................................ 23  
   3.3 Research strategy ...................................................................................................... 24  
   3.4 Research design ........................................................................................................ 25  
   3.5 Research technique ................................................................................................... 26  
      3.5.1 Data collection .................................................................................................. 26  
      3.5.2 Data analysis ..................................................................................................... 32  
   3.6 Research quality ........................................................................................................ 33  
   3.7 Ethical considerations ............................................................................................... 36  

4. **Empirical Findings** ............................................................................................................. 37  
   4.1 The strategic priorities of organization ‘XY’ ............................................................ 37  
   4.2 Perspective of the corporate level ................................................................................. 38  
      4.2.1 Perception and consensus of the strategic priorities ........................................ 39  
      4.2.2 Pre-merger influence ........................................................................................ 40  
      4.2.3 Intervening circumstances ................................................................................ 41  
      4.2.4 Suggestions to improve strategic consensus ..................................................... 44
List of tables

Table 1. Respondents - senior managers.................................................. 29
Table 2. Respondents - corporate strategy department............................. 30
Table 3. Interview information................................................................. 32
Table 4. Summary of key-empirical findings on corporate level.................... 45
Table 5. Summary of key-empirical findings on local level.......................... 52

List of figures

Figure 1. Number of published documents between 1990 and 2016.............. 2
Figure 2. Outline of the thesis................................................................. 6
Figure 3. The four dimensions of strategic consensus............................... 9
Figure 4. Three levels of analysis in strategic consensus research............... 12
Figure 5. The teleological process model................................................ 19
Figure 6. Strategic consensus building framework................................... 21
Figure 7. Organizational chart of ‘XY’...................................................... 28
Figure 8. Strategic pillars and ACE workstream of company ‘XY’............... 38
Figure 9. Overview - division due to pre-merger identity.......................... 57
Figure 10. Overview - division due to informal interest groups................... 58
Figure 11. Distribution of the four strategic pillars................................... 60
Figure 12. Three facilitators of strategic consensus building....................... 73
1. Introduction

The idea that an organization’s strategy is clearly articulated, accurately understood, and directly accepted by all employees, has become firmly ensconced (Mintzberg & Waters, 1985). Yet, the reality is that numerous organizations struggle to execute their strategies (Martin, 2010). It is often not clear for members of organizations, what exactly the strategic priorities of their organization are (Galunic & Hermreck, 2012). Moreover, Kathuria, Kohli, Kathuria, and Porth (2016) argue that even managers of the Top Management Team (from now on referred to as TMT) do not always agree on the priorities of their organization as strategies consist of ongoing, transitory decisions that could be interpreted in diverse ways.

Manager Charlie needs to take a decision: either buy a new plant that seems to be promising for the future of the business or stick to the newly formulated strategy and decide to back down from that investment. Charlie sits down and reflects on the event half a year ago. In September 2016, the top 200 senior managers from the merged organization ‘XY’ gathered to discuss the new strategy for the coming years. The managers spent three days together, and were inspired by the new strategic priorities presented by the CEO consisting of four strategic pillars. After the meeting, all senior managers went back to their daily business and soon realized that the four pillars are resource demanding and hard to implement, especially on local level. Focusing on four strategic goals at the same time requires many leadership skills. Now, half a year after the workshop, all senior managers are familiar with the four pillars of the company. However, implementing them is still challenging, and it seems that the process from knowing the strategy to living is more challenging than expected for the organization.

Strategic management literature recognizes the importance of strategic consensus within the process of strategy formulation and implementation (e.g. Markoczy, 2001; Porck, 2013). This phenomenon refers to the shared understanding of strategic priorities among managers throughout the organization (Kellermanns, Walter, Lechner, & Floyd, 2005). For effective strategy execution, it is therefore important to have a common understanding of the main strategic issues among members of the organization. According to Scopus (2017a), the number of published articles with a focus on strategic consensus within the field of business administration increased from six published articles in 1990 to 33 published articles in 2016 (see Figure 1). For long, the main research focus has been on strategic consensus within one
department or one hierarchical level (Kellermanns, Walter, Floyd, Lechner, & Shaw, 2011). However, several researchers have advocated for the need of a broader focus in which strategic consensus is studied between several interdependent business units or hierarchical levels (e.g., Desmidt & George, 2016; Tarakci, Ates, Porck, Van Knippenberg, Groenen, & De Haas, 2014). This holistic view of strategic consensus is of importance to avoid adverse consequences of misalignment and enhance strategy execution (Desmidt & George, 2016).

**Figure 1.** Number of published documents between 1990 and 2016.

Source: own figure adapted from Scopus (2017a)

### 1.1 Problem discussion

Strategy formulation and execution are intertwined processes, happening simultaneously and enabling organizational members to develop a certain level of agreement on the fundamentals of the organization (Markoczy, 2001). A strategic consensus building process is needed to empower decision-makers throughout the organization when executing the strategy (Martin, 2010). However, managers are often not familiar how to proceed from the strategy formulation to the execution of that strategy (Hrebiniaj, 2006; Martin, 2010). This has led to failure rates in the implementation of strategic initiatives rising from 50% up to 90% (Cândido & Santos, 2015). A certain understanding and acceptance of organizational goals, usually formulated by the TMT, is therefore necessary for effective strategy execution (Dess, 1987; Homburg,
Research analyzing strategic consensus among senior managers in a merged organization is rare. The exception is Markoczy (2001), who investigated strategic consensus building in this major organizational change process of three European organizations. According to Oxford Dictionary (2017), a merger is defined as “a combination of two things, especially companies, into one.” In other words, a merger can be described as an amalgamation of two organizations on roughly equal terms into one new organization (Zaheer, Schomaker, & Genc, 2003). Literature (e.g. Eckbo, 1983) thereby distinguishes between horizontal and vertical integration. In this thesis, the case organization followed horizontal integration as the merged entities were competitors. Since the organizational structure and work relationships are transformed during a merger, it is likely that the pre-merger identity plays “a role in creating a sense of alignment, or misalignment” (Kira, Balkin, & San, 2012, p. 37). Based on the research conducted by Zaheer et al. (2003), emotions hold sway on organizational members in the case of a merger of equals, as the “perceptions of fairness and unfairness are strongly related to identification with their former organizations” (Alluru, & Thomas, 2016, p. 42).

The setting of a merged organization in this thesis is of interest, as a growing number of merged organizations can be recognized (IMAA, 2017). However, most of the merging organizations are struggling to agree on a new strategy (Schuler & Jackson, 2001), which emphasizes a current and intriguing need to examine strategic consensus. Remarkably, up to 70% of all mergers fail within the first five years, when evaluating stock market reaction (De Man & Duysters, 2005; Schuler & Jackson, 2001). One of the main reasons for failure is a bad strategy formulation and poor execution of the new strategy (Schuler & Jackson, 2001). In this thesis, a single case study is conducted whereof the case organization is recently formed following a merger in 2015, allowing us to investigate the process of consensus building focusing on the perspective of senior managers. This is of particular interest considering the merger failure rates. Accordingly, investigating strategic consensus building in a merged setting can add valuable insights to the research field of strategy and in particular strategic consensus.

Studies with a quantitative research design have been dominant in the field of strategic consensus building so far (Kellermanns et al., 2005). Recently, researchers addressed the need for more qualitative research in the field of strategic consensus to get a deeper understanding
of underlying processes of strategic consensus building (e.g. Noorderhaven, Benders, & Keizer, 2007; Walter, Kellermanns, Floyd, Veiga, & Matherne, 2013). A merger can be seen as a radical organizational change process (Markoczy, 2001), we answer this previous mentioned call by making use of the teleological process model in this study to understand strategic consensus building in a merged organization. This leads to new insights for practitioners and researchers. Teleological models are used for explaining organizational change, whereby organizational development happens through a repeated cycle of goal setting, implementation, dissatisfaction, and interaction (Van de Ven & Poole, 1995). The underlying assumption is that organizational entities have a desired goal in mind, and proceed towards the goal based on learning. The description of the process of strategic consensus building in a recently merged organization from a teleological approach offers a new research angle, which answers the call of Raes, Heijltjes, Glunk, and Roe (2011) that “management researchers should start thinking outside the box” (p. 122).

1.2 Purpose and research question

The purpose of this thesis is to contribute to the phenomenon of strategic consensus building and develop a contribution to the existing stream of literature on strategic consensus by outlining strategic consensus forming in a single case study with a multidimensional approach. This thesis focuses on the process of strategic consensus building regarding the main strategic priorities formulated by the TMT. Strategic priorities of senior managers will be compared vertically between two hierarchical levels, and horizontally comparing the strategic priorities of senior managers within each of these hierarchical levels. All senior managers in this study are responsible for different departments, representing strategic priorities of their own department or business unit.

We will apply the teleological process model for describing the process of strategic consensus building in a merged organization from the senior management perspective. In this way, we identify the current position of the case organization within this process of consensus building. The pre-merger influence and the intervening circumstances are expected to affect the process of consensus building. By analyzing a merged organization with headquarters in Europe, we contribute valuable information besides the majority of studies in this field that is conducted in the United States (Scopus, 2017b).
Therefore, we aim to shed light on the missing bridge of strategic consensus building in the context of a merged organization in Europe. Thus, the research question of this thesis is formulated as follows:

_What enables the process of building strategic consensus in a merged organization?_

1.3 Target audience

Organizations are struggling with effective strategy development processes, which can have disastrous consequences for the organization and its employees (Schuler & Jackson, 2001). Therefore, this study is conducted to understand the process of strategic consensus building and to indicate related enablers, also referred to as facilitators, that are beneficial for both practitioners and researchers. With our findings, we contribute to the academic field of strategic consensus by identifying three facilitators that enable the process of strategic consensus building. In addition, we contribute to practitioners by offering suggestions to improve strategic consensus building in our case organization that might be useful for other merged organizations as well. With our findings, we want to outline strategic consensus building in a merged organization, and raise awareness by academia and practitioners that consensus building could be an intervention to lower the current amount of merger failures. By making use of a single case study, the thesis offers an example which can inspire managers to get ideas for practical use in times of strategic change.
1.4 Outline of the thesis

**Figure 2. Outline of the thesis**

**Chapter 1: Introduction**

The first chapter introduces the topic covered in this thesis by presenting the background, the problem description, the purpose and research question, as well as the target audience.

**Chapter 2: Theoretical Background**

The theoretical framework is based on the literature concerning strategic consensus and the teleological change process. Furthermore, a conceptual framework is developed for this thesis and is used as the basis for the analysis.

**Chapter 3: Methodology**

The third chapter of this thesis provides information about the methodological issues and aspects. It describes the overall method used to gather the necessary data to fulfil the purpose, and answer the research question. This study follows a qualitative single-case study approach.

**Chapter 4: Empirical Findings**

This chapter focuses on presenting the empirical findings, which were obtained from the interviews with managers of our case organization. The findings are grouped by various perspectives and follows the structure of the interview guide.

**Chapter 5: Analysis**

In the fifth chapter all findings are analysed in relation to the main themes presented in the theoretical framework chapter, and the four sequences of the teleological change process. In addition, the conceptual framework is used to answer the research question.

**Chapter 6: Conclusion**

The final chapter provides a summary based on the analysis. In addition, the theoretical contribution and managerial implications are outlined. The thesis ends with presenting the limitations and stating suggestions for future research.
2. Theoretical Background

This chapter presents a theoretical background to clarify and outline the topic of the thesis. The chapter is constructed with a focus on the main concept strategic consensus. First, previous research on strategic consensus is presented. Furthermore, the three levels of analysis in strategic consensus are mentioned, followed by discussing the possible pre-merger influence of strategic consensus. Hereafter, the intervening circumstances are outlined. The four sequences of the teleological change process will then be noticed. This chapter will finish with the presentation of an own conceptual framework to clarify how the different concepts of strategic consensus and the teleological change process are related to each other. The development of this framework is essential for the purpose of this thesis to understand how the process of strategic consensus building is described. The framework will be used for the analysis in chapter five as well as answering the research question.

2.1 The concept of strategic consensus

The concept of strategic consensus will be outlined in further details in the following sections by presenting the evolving definition of strategic consensus, the four dimensions in strategic consensus research, and the relationship between strategic consensus and organizational performance.

2.1.1 The evolving definition

Despite five decades of strategic consensus research, academics in the field of strategic management claim that so far, no consensus has been reached on the definition of the concept (Kellermanns et al., 2005; Rapert, Velliquette, & Garretson, 2002; Walter et al., 2013). In early stages of the research field, authors have used the terms agreement (e.g. Hrebiniak & Snow, 1982; Shanley & Correa, 1992), and cohesiveness (e.g. Stagner, 1969; Whitney & Smith, 1983) instead of consensus. To date, the most common definition of strategic consensus is from Kellermanns et al. (2005): “Strategic consensus is the shared understanding of strategic priorities among managers at the top, middle, and operating levels of the organization” (p. 721). Most articles published after 2005 adopted the aforementioned definition (e.g. González-Benito, Aguinis, Boyd, & Suárez-González, 2012; Porck, 2013; Sarmiento, Knowles, & Byrne, 2008; Tarakci et al., 2014; Walter et al., 2013). A review of the literature demonstrates various definitions of strategic consensus over time (see Appendix 1).
In this thesis, we refer to strategic consensus as a shared understanding of strategic priorities among managers, which is in line with Kellermanns et al. (2005). More specifically, with shared understanding we do not only mean that managers have knowledge about the strategic priorities, but also intent to implement them. Strategic priorities refer to the most important initiatives of the organization as perceived by the organizational members (Kellermanns et al., 2005). These are the fundamental values that guide the organization for achieving its goals (Floyd & Wooldridge, 1992; Kellermanns et al., 2005). One of the main responsibilities of the TMT is to communicate the strategic priorities throughout the organization (Rapert et al., 2002). According to Kellermanns et al. (2005), “the language of priorities provides a likely bridge” (p. 730) between organizational levels and departments that use their own vocabulary for communication. Understanding of strategic priorities is further crucial for the willingness of managers to take responsibility for the contribution of their actions to the overall strategy (Rapert et al., 2002).

Researchers as well as practitioners have shown interest in this topic on the premise that strategic consensus enables coordination and communication during strategy formulation and implementation and is therefore beneficial for the organizational performance (Kellermanns et al., 2011; Markoczy, 2001). When managers show consensus on the main strategic priorities they have the same goals in mind for the future of the company and are aligned in terms of resource allocation (Walter et al., 2013). Several researchers argue that this is a prerequisite to diminish the pursuit of divergent subunit goals and to achieve organizational objectives (Desmidt & George, 2016; Ketokivi & Castaner, 2004). However, in practice it can be challenging to reach a shared understanding about the main strategic priorities, because organizations have been characterized as networks of interdependent subgroups, e.g. departments, that aim for strategic subgoals (e.g. Kramer, 1991; Richter, West, van Dick, & Dawson, 2006; Tarakci et al., 2014). Nevertheless, departments need to work together to achieve their subgoals. Hence, for effective coordination of these interdependent tasks, consensus on the organizational strategy is required (Balkundi & Harrison, 2006; Richter et al., 2006; Van Knippenberg, Van Knippenberg, Monden, & de Lima, 2002). We further elaborate on the relationship between strategic consensus and performance in chapter 2.1.3 for reviewing whether this assumption is justified in previous studies.
2.1.2 Dimensions of strategic consensus

Previous research has approached strategic consensus as a multifaceted construct, which is investigated from different perspectives (Kellermanns et al., 2005; Markoczy, 2001). Without having a clear understanding of all strategic consensus facets, “the concept cannot be meaningfully investigated” (Markoczy, 2001, p. 1041). According to Markoczy (2001), the concept of strategic consensus consists of four dimensions (see Figure 3).

Figure 3. The four dimensions of strategic consensus

The first dimension represents the degree of consensus, which refers to the strength of consensus (Homburg et al., 1999; Knight, Pearce, Smith, Olian, Sims, Smith, & Flood, 1999; Priem 1990; West Jr & Schwenk, 1996). Second, research has been done regarding the number of members in the organization that share strategic consensus, which is referred to as the scope of consensus (Kellermanns et al., 2005; Wooldridge & Floyd, 1990). Third is the content of consensus, which focuses on the beliefs regarding the organizational goals (Dess, 1987; Markoczy, 2001; Tarakci et al., 2014). Last, researchers have analyzed where in the organization strategic consensus is mainly located, which is called the locus of consensus (Markoczy, 2001).

The content of consensus is mainly studied in terms of strategic priorities (Bowman & Ambrosini, 1997; Homburg et al., 1999; Kellermanns et al., 2005; Markoczy, 2001; Rapert et al., 2002). However, other measurements for the content of consensus have been used as well, apart from the strategic priorities (Markoczy, 2001). These measurements include agreement on organizational strengths and weaknesses (Hrebiniak & Snow, 1982; Kathuria et al., 2016), position and roles within the team (Floyd & Wooldridge, 1992), and perceived environmental
dynamism (Ramos-Garza, 2009). According to Dess and Priem (1995), similar beliefs regarding the content of the overall strategic priorities are crucial for successful strategy implementation as it indicates convergence of cognitive structures among members in the organization. Cognitive structures refer to the cause and effect beliefs people have, which influences the way they make sense of the world (Dess & Priem, 1995). Hence, personal beliefs guide every strategic decision and action made (Dutton, Walton, & Abrahamson, 1989 in Markoczy, 2001).

In this study, we focus on the content of consensus framed around the strategic priorities of the merged organization. In the context of a merger, the content of consensus among several levels is relevant, because a lack of consensus on strategic priorities could be one of the reasons for high failure rates of merged organizations in the implementation phase of the new organizational aims (Schuler & Jackson, 2001). As a merger of equals implies the integration of both organizations, such a change usually leads to a shift of strategic priorities. Hence, the members in the organization experience difficulties with generating strategic consensus (Floyd & Wooldridge, 1992). Markoczy (2001) argues that researchers should not blindly assume that the primarily location of consensus is at the TMT level, because the power of influencing strategic decisions is often elsewhere located rather than in the TMT (Pettigrew, 1992 in Markoczy, 2001). Instead, Markoczy (2001) indicates several interest groups of managers throughout the organization that had more strategic consensus than the members of the newly formed TMT. Therefore, this thesis does not put emphasis on the TMT, but rather on the process of consensus building among senior managers1.

2.1.3 Strategic consensus and organizational performance

The main driving force for gaining a deeper understanding of strategic consensus is the shared idea that strategic consensus is beneficial for organizational performance (Kellermanns et al., 2011). However, empirical outcomes have been inconsistent in investigating whether strategic consensus is good or bad for organizational performance. Studies have found a positive relationship (e.g. Ates, 2014; Dess, 1987; Homburg et al., 1999; Pagell & Krause, 2002; Rapert et al., 2002; Walter et al., 2013), while others have found no relationship (e.g. West Jr & Schwenk, 1996; Wooldridge & Floyd, 1990), or even a negative relationship (e.g. González-Benito et al., 2012).

1 In this thesis, senior managers are defined as managers holding key positions and functions.
In particular, González-Benito et al. (2012) argue that the relationship of consensus on performance goes through a mediation, and concluded that high strategic consensus increases the performance in a less dynamic environment whereas high strategic consensus decreases the performance in more dynamic environments.

Priem (1990) contributes with a curve-linear relationship, wherein extremely low consensus decreases organizational performance, while extremely high consensus shuts down open discussions and effective decision-making. A high level of consensus within a team may causes ‘groupthink’, which is a process that leads to a tunnel vision, herewith lowering the ability of critical thinking (Janis, 1972), and considering alternative solutions in decision-making (Amason, 1996; Floyd & Wooldridge, 1992). On the other hand, when evaluating strategic consensus between different departments, researchers argue that strategic consensus improves coordination and cooperation within the organization (e.g. Ates, 2014; Dess, 1987; Kellermanns et al., 2011). Kellermanns et al. (2011) conducted a meta-analysis on the degree of consensus, which resulted in a positive relationship between strategic consensus and organizational performance. The outcomes further presented that the influence of strategic consensus on performance was stronger for studies that used subjective measurement methods compared to objective ones, and when consensus among the middle management was measured compared to the TMT (Kellermanns et al., 2011).

One of the reasons for these ambiguous outcomes could be the variety of performance measurements used in prior research. One research stream has focused on objective measurements such as financial performance. Herewith, some studies (e.g. Bowman & Ambrosini, 1997; Homburg et al., 1999; Rapert et al., 2002) indicated that more strategic consensus leads to higher firm performance, while others do not find any relationship (e.g., West Jr & Schwenk, 1996; Wooldridge & Floyd, 1990). Another research stream was based on subjective performance measurements, including the manager’s estimation of the organizational performance, and comparisons with competitors, supporting a positive relationship between strategic consensus and performance (e.g. Dess, 1987; Markoczy, 2001; Pagell & Krause, 2002; Walter et al., 2013).

Briefly summarizing the aforementioned studies, is has been empirically proven that strategic consensus does not always have a positive impact on the performance of an organization. Yet,
there is no research conducted whether strategic consensus has a positive or negative influence on the process of strategic consensus building in the context of a newly merged organization.

2.2 Level of analysis of strategic consensus

Researchers have measured strategic consensus on several levels, respectively on the individual, team, organizational, and industry level (Porck, 2013). Most of these measures offer valuable insights how consensus is build and which factors influence strategic consensus. Moreover, to analyze strategic consensus, researchers have already applied a variety of methods to measure and compare the perspectives of managers, groups, and organizations. The different research levels of strategic consensus within groups and between groups are illustrated in Figure 4.

*Figure 4. Three levels of analysis in strategic consensus research*

Within group consensus on one hierarchical level

Between group consensus on more than one hierarchical level

Within and between group consensus on more than one hierarchical level

The first stream of research has been conducted on team level, mainly focusing on the degree of consensus within the TMT (e.g. Bowman & Ambrosini, 1997; Dess, 1987; Knight et al., 1999; Ramos-Garza, 2009; West Jr & Schwenk, 1996). A second stream of research has been conducted by scholars that recognized the importance of strategic consensus between hierarchical levels (e.g. Desmidt & George, 2016; Joshi, 2006; Matho & Davis, 2012; Rapert et al., 2002; Sarmiento et al., 2008). Thirdly, more researchers have taken a multidimensional perspective since the mid of the 21st century by analyzing strategic consensus among interdependent departments in the organization irrespective of the hierarchical structure, which has led to strategic consensus within and between groups throughout the organization (e.g. Ates, 2014; Kathuria et al., 2016; Kellermanns et al., 2011; Kellermanns et al., 2005; Markoczy, 2001; Noorderhaven et al., 2007; Porck, 2013; Rapert et al., 2002; Tarakci et al., 2014). This
study investigates strategic consensus among managers from several departments from two different hierarchical levels.

2.3 Consensus antecedents

Previous research has examined several antecedents that influence strategic consensus building among organizational members. In early stages in the strategic consensus field, researchers such as Dess (1987) and Priem (1990) focused solely on the TMT level and argued that the environment, the organizational capabilities and the personal values influence strategic consensus building. In this thesis, strategic consensus is perceived as an organization-wide phenomenon and hence an adapted view on consensus antecedents is considered.

The latest strategic consensus research (e.g. Ates, 2014; Porck, 2013) has been done from the social identity perspective of Tajfel and Turner (1979), which has been widely used to understand intergroup relations. Membership of groups encompasses identification with the norms and values of that group, which provides guidance to their actual behavior (Tajfel, 1974). Moreover, the individual’s self-esteem depends on the performance of the group (Tajfel & Turner, 1979). Social comparison takes place to maintain a positive self-esteem, whereby people are inclined to overestimate their own group and devalue other groups (Hogg & Terry, 2000).

From the social identity perspective “a merger may be defined as a formal recategorization of two social groups as one new group” (Van Knippenberg et al., 2002, p. 234). Consequently, the organizational identity changes from the pre-merger to the post-merger identity. For individuals who were working for the organization with the dominant role in the merger this change is smaller, because the new organizational identity is usually closer related to the pre-merger identity (Terry, Carey, & Callan, 2001; Van Knippenberg et al., 2002).

Organizations consist of formal groups characterized by departments, and informal groups of people with similar strategical interests regardless of the hierarchical structure (Markoczy, 2001). Strategic consensus between groups will be influenced by the phenomenon of social identification, which let individuals aim for the optimum of their group (Porck, 2013). When goals of different departments are aligned, there is a lower chance that individuals of different groups work against each other (Walter et al., 2013). In other words, the organizational
identification needs to be sufficient, which is an overarching purpose of several groups in an
organization (Van Knippenberg et al., 2002). According to Porck (2013), strong organizational
identification increases the likeliness of strategic consensus building between groups.

Organizational identification can be fostered through the homogeneity in demographic
characteristics, which influences strategic consensus building (Ramos-Garza, 2009; West Jr &
Schwenk, 1996). For instance, Dess (1987) includes the roles of managers within the
organization and shows that if their roles differ from each other, the expected consensus will be
lower and the chance of hidden agendas and competition higher. Other characteristics that
previous research included as antecedents of strategic consensus are the team member’s time
spent within the particular organization and time practicing the current position (Priem, 1990).
The research conducted by Joshi, Kathuria, and Porth (2003) with a focus on organizational
factors, concludes that a longer employment relationship within one organization increases the
likelihood that managers align themselves with the organizational identity. When managers
work together for a longer period, it positively influences the consensus on strategic priorities
(Joshi et al., 2003).

2.4 Intervening circumstances

Prior research has identified several intervening circumstances regarding the process of
strategic consensus building in an organization. In the following paragraphs, the decision-
making process, management style, transparency, and involvement are discussed.

Decision-making process and management style

Mergers constitute of structural shifts in the organizational network in order to integrate both
organizations (Schuler & Jackson, 2001). During this process, decisions have to be made
regarding the new structure of the post-merger organization, whereby the level of
decentralization is “a critical issue” (Calipha, Tarba, & Brock, 2010, p. 16). Hence, the structure
of decision-making processes influences where and how the power is distributed in the
organization (Brahm & Tarziján, 2015). More precisely, the organization has to choose to either
follow a centralized or decentralized decision-making process (Brahm & Tarziján, 2015). On
the one hand, a predominantly centralized decision-making process enables fast decision-
making, but “has the potential to isolate top management from the rest of the organization”
(Young & Tavares, 2004 in Calipha et al., 2010, p. 16). On the other hand, a more decentralized
structure gives authority to managers of various business units, but can let to separation of operating processes, policies, and values (Calipha et al., 2010). In the context of a merger, a transformation from a decentralized pre-merger organization towards a more centralized post-merger may create resistance among managers, as a result of decreased autonomy (Calipha et al., 2010). Moreover, decision processes have an impact on building consensus among managers (Bowman & Ambrosini, 1997).

The internal decision-making structure influences furthermore the management style, herewith distinguishing between deduction and induction (Hart, 1992). Deductive management indicates a high rationality and low involvement due to a top-down approach. That means that the planning and analysis is done on a high-level. In contrast, inductive management is characterized by a bottom-up approach, which means that decisions are driven by individuals or groups within the organization. Hart (1992) outlines that the process of strategic decision-making is often characterized by top-down as well as bottom-up approaches.

In addition to the aforementioned structural shifts and management style, this chapter continues with outlining the theory on transparency and involvement as intervening circumstances. Whittington, Cailluet, and Yakis-Douglas (2011) point out the importance of transparency and involvement by stating the following:

“We identify strategy as a structurally precarious profession, subject to cyclical demand and shifts in organizational power. This precariousness has increased with the secular shift towards more open forms of strategy-making, with more transparency (...) and more inclusion of different actors.” (Whittington et al., 2011, p. 531)

However, transparency and involvement aim to extend the sharing of views and information (Pittz & Adler, 2016), whereby these two dimensions may or may not correlate (Whittington et al., 2011).

**Transparency**

Transparency refers to the visibility of information about an organization’s strategy, possibly during the strategy formulation process (Whittington et al., 2011; Pittz & Adler, 2016). Organizations are not always transparent (Pittz & Adler, 2016), even though “as a responsible business management practice transparency can positively benefit” (Parris, Dapko, Arnold, & Arnold, 2016, p. 226). According to Parris et al. (2016), internally transparent organizations share information within and across departments openly. In addition, transparency entails
sharing of information from both top down and bottom up (Parris et al., 2016). Besides that, transparency enhances organization-wide understanding of the competition, which enables differentiation from other organizations (Halter, de Arruda, & Halter, 2009; Parris et al., 2016). Nonetheless, “trust is an antecedent and consequence of transparency” (Parris et al., 2016, p. 224). This is in line with Whittington et al. (2011) who outline that without transparency no trust exists which vice versa is needed to achieve a shared understanding. Furthermore, transparency is needed in each department of an organization to find out which information is required by which department (Parris et al., 2016). That being said, the information that should be shared among organizational members has to fulfil certain criteria (Parris et al., 2016). For instance, the shared information has to be presented on the one hand clearly and accurately (Millar, Eldomiaty, Choi, & Hilton, 2005), and on the other hand completely and timely (Piske, 2002).

To overcome the transparency trap, opportunities for communication should be provided for sharing the strategy with subordinates (Wooldridge, Schmid, & Floyd, 2008). In particular, holding video conferences or making speeches is not sufficient for building strategic consensus as “high levels of shared understanding are built from direct exposure to strategic priorities” (Floyd & Wooldridge, 1992, p. 35). Hence, an organization-wide conversation has to be established. To improve understanding, the quality of communication within an organization has to be revised (Floyd & Wooldridge, 1992). This is not achievable with only workshops, because strategic consensus building “relies on continuous discussions of strategy” (Floyd & Wooldridge, 1992, p. 37). These findings are in line with more recent studies suggesting internal communication as a main influence on strategic consensus (Hume & Leonard, 2014; Matho & Davis, 2012). Especially, frequent vertical communication is beneficial for strategic consensus (Rapert et al., 2002), whereby interaction is paired with a willingness to share information with other departments in the organization (Desmidt & George, 2016; Noorderhaven et al., 2007). Hence, Desmidt and George (2016) argue that communication is necessary for strategic consensus building between groups from different hierarchical levels. In addition, Rapert et al. (2002) agree that frequent vertical communication enhances the process of strategic consensus building.

**Involvement**

Several authors have incorporated the theme of involvement in the decision-making process. Involvement refers to the range of organizational members that are included in the decision-
making processes (Whittington et al., 2011). More precisely, these are the managers that participate in the “strategic conversation” (Mantere & Vaara, 2008, p. 345), which offers the opportunity to share opinions and take part in discussions, which shape the organizational strategy (Mantere & Vaara, 2008). Organizational members are invited to participate in decision-making to accomplish the overall objectives of the organization (Knoop, 1995). Eden and Ackermann (1998) further point out that “if the involvement of managers in the strategy development process is designed to influence their thinking, then we must not be surprised when this happens” (p. 158).

Pittz and Adler (2016) describe involvement as one of the main aspects of collaboration, because it bundles various perspectives to the strategy process (Detomasi, 2002 in Pittz & Adler, 2016). Therefore, Emamgholizadeh, Martin, & Razavi (2011) note that “if organizations want to successfully transit a difficult period of evolution, the evidence suggests that increasing employee participation offers a powerful means for doing so” (p. 3509). Organizational members benefit from participating in the decision-making process due to the ability to influence strategic decisions, for instance through established internal advising committees or by developing close connections with top managers (Cotton, Vollrath, Froggatt, Lengnick-Hall, & Jennings, 1988; Emamgholizadeh et al., 2011; Scully, Kirkpatrick, & Locke, 1995). In addition, Pearson (1991) notes that organizational members who receive feedback during the decision-making process, work faster, are more productive and more satisfied with their job.

Involvement and the participation in decision-making is related to the empowerment of managerial subordinates (Huang, Iun, Liu & Gong, 2010). Huang et al. (2010) name it as participative leadership behavior, which can be seen as a tool to trigger the motivation of managers. In fact, Mizrahi (2002) notes that involvement in decision-making entails two advantages for the organization. Firstly, the involvement in decision-making, especially on strategic issues, strengthens the loyalty and leads to individual fulfilment (Mizrahi, 2002). Secondly, if the involvement in decision-making is given, the involved person feels responsible for a decision made and simultaneously the effort increases (Mizrahi, 2002). In addition, Emamgholizadeh et al. (2011) mention that when managers are able to participate more, their empowerment increases as well.

Previous research is conducted regarding the relationship between participation and strategic consensus building. For instance, Porck (2013) mentions that “active participation and
involvement of managers in the strategic planning process would be beneficial” (p. 127) for strengthening and improving strategic consensus building organization-wide (Porck, 2013). Similarly, Floyd and Wooldridge (1992) and Kellermanns et al. (2005) report that the level of involvement of managers in strategic decision-making impacts the existence of strategic consensus in an organization. Furthermore, involvement of managers from several hierarchical levels can encourage strategic consensus building throughout the organization (Dess, 1987; Kellermanns et al., 2005), and enables interpretation of strategic aims by organizational members (Wooldridge et al., 2008). Hart (1992) views strategy making as an organization-wide phenomenon, which requires involvement, although involvement is a “complex phenomenon” (Judge & Zeithaml, 1992, p. 767). According to Ibarra (1992) and Joshi (2006), groups that are underrepresented in a merged organization will suffer from decreased centrality in the organization. Subject to the condition that managers frequently interact, the likeliness increases that individuals have access to the same information, have convergent attitudes, and trust each other (Krackhardt, 1999). Managers are motivated to be involved, as it fosters knowledge flows, access to resources, and support from other groups (Porck, 2013; Zaheer & Soda, 2009), which gives them larger influence on other departments in the organization (Tsai, 2001). Vice versa, Balkundi and Harrison (2006) notice that loose networks consist of individuals with more diverse perspectives and knowledge, but they can have difficulties with exchanging resources due to the lack of established relationships.

To build upon the previous paragraphs, commitment is formed through involvement (Hart, 1992). Strategic commitment depends on two streams: “(1) How the contemplated strategy fits with what managers perceive as the interest of the organization, and (2) how it fits with the managers’ own, personal self-interests” (Floyd & Wooldridge, 1992, p. 28). Dooley and Fryxell (1999) notice that consensus is positively related to the team member’s commitment to the strategic decision, whereby commitment increases the chance of successful implementation. According to Hart (1992), organizational-wide commitment and involvement are prerequisites for the existence of a strategic vision, which is supported by Floyd and Wooldridge (1992) claiming that without commitment no strategic consensus can be built.

In the aforementioned chapters, strategic consensus and its related concepts have been presented for providing a detailed overview and build upon previous research. In a further step, the teleological process model will be taken into consideration within this thesis.
2.5 The teleological process model

Process models are used to explain how and why organizations change (Van de Ven & Poole, 1995). According to Van de Ven and Poole (1995), the teleological model forms a base for several organizational theories of change, including decision-making (March & Simon, 1958), organizational learning (March, Olsen, Christensen, & Cohen, 1976), and strategic change and planning (Chakravarthy & Lorange, 1991).

The teleological approach describes organizations as purposeful entities that move and develop towards a certain goal (Van de Ven & Poole, 1995). An organization proceeds towards this goal through a cycle of goal formulation, implementation, dissatisfaction, and interaction (Van de Ven & Poole, 1995). These four sequences are illustrated in figure 5.

![Figure 5. The teleological process model](image)

Source: own figure adapted from Van de Ven and Poole (1995)

Keeping the teleological approach in mind, a recently merged organization can be described as an entity “which engages action to socially construct and cognitively share a common end state or goal” (Van de Ven & Poole, 1995, p. 525). The element of strategy formulation usually starts in the preparation phase of a merger, including development of the strategic goals and objectives for the new entity (Schuler & Jackson, 2001). After the merger has taken place and the first strategic goals are set, organizational members can start implementing the new strategy. This means that people have to change from what they were used to do in order to behave according to the new strategy, which often causes a substantial drop in employee satisfaction (Schuler & Jackson, 2001). The process of interaction enables further development of shared understanding.
of the desired end state, which in turn influences the organizational members’ behavior and goal setting.

The teleological model does not impose a specific order of these sequences, and several sequences can happen at the same time. The focus is on ongoing development of the organization, whereby the organization has an idea of the desired state and learns over time how to get there (Van de Ven & Poole, 1995). Nevertheless, the teleological change process “breaks down when there is a lack of consensus on plans or goals among organizational participants” (Van de Ven & Sun, 2011, p. 62). The desired goal is not a permanent final state, as new instabilities may rise after changes within the organization, or its external environment (Weick, 1979).

2.6 Summary and conceptual framework

Based on the literature review, a framework is developed to clarify how the different concepts in the process of strategic consensus building are related, inspired by the teleological process model described by Van de Ven & Poole (1995). For getting a deeper understanding of the strategic consensus building process in a merged organization, the conceptual framework includes the pre-merger influence, the four teleological sequences, and intervening circumstances (see Figure 6). The process of strategic consensus building is an organization-wide process, including various business units, departments and hierarchical levels.

The pre-merger influence represents the pre-merger identity, or former legacy of senior managers, from a social identity perspective. Namely, before the merger of ‘XY’, X and Y were both established organizations with their own history and strategic priorities. Thus, the founding of organization ‘XY’ happened through integration of people and processes from two organizations, which influences the process of strategic consensus building in the merged organization.

The process of consensus building is characterized by moving repetitively through four sequences. These sequences are based on the teleological approach of organizational change introduced by Van de Ven & Poole (1995) as described in the previous chapter 2.5. However, for the conceptual framework used in this thesis, these four sequences are slightly adapted. One of the sequences captures setting of new strategic priorities and envisioning of a desired end
goal for the organization. The next sequence refers to the implementation of these newly formulated strategic priorities organization-wide. Next, dissatisfaction from organizational members occurs, wherein the implementation of strategic priorities is evaluated. Followed by the fourth sequence of interaction, which also includes a search process influencing and shaping the content of strategic priorities, leading the organizational entity to the next cycle.

Besides the above-mentioned pre-merger influence, the context of intervening circumstances shapes the process of consensus building. These circumstances include managerial involvement in the process of developing and implementing strategic priorities, and the senior manager’s perception on the current decision-making process. The degree of involvement during the decision-making process has an influence on the strategic priorities of the department the senior manager is leading, as according to prior research, involvement in the decision-making process increases the willingness of a manager to align his or her strategic priorities.

Figure 6. Strategic consensus building framework
3. Methodology

The third chapter of this thesis provides information about the methodological issues and aspects. It describes the overall method used to gather the necessary data to fulfil the purpose, and answer the research question. First, the research topic identification is discussed. Thereafter, a description of assessing the literature, the chosen research strategy and the research design are presented. In a further step, the research technique is discussed. This chapter also explains in detail the process of data collection and data analysis. Lastly, issues regarding research quality and the ethical considerations are accessed.

3.1 Research topic identification

Our initial area of interest was within strategy implementation which led to the idea of focusing on challenges for successfully implementing a strategy in an organization. As it turned out that not much research was done concerning the implementation phase, and the fact that success cannot be measured within the timeframe of four months, we adapted the topic towards the strategy formulation process. We then continued our research driven by curiosity of what makes some organizations succeed in formulating a new strategy while others fail. A recurring topic was the consensus among decision-makers and its impact on the strategy formulation process, which demonstrated the importance of consensus among organizational members when new strategies are formulated (Kellermanns et al., 2005; Markoczy, 2001).

Shortly after reviewing the current literature on strategic consensus, we found that the concept has been popular for several decades in the field of strategic management research. Nevertheless, not much research of strategic consensus in the context of merged organizations has been done so far (Markoczy, 2001), while merged organizations often fail in building strategic consensus (Schuler & Jackson, 2001). Given this information we specified the phenomenon of strategic consensus building among managers after a merger had taken place. Hence the research question of “what enables strategic consensus building in a merged organization?” arose.
3.2 Literature assessment

We have conducted a literature review prior to the empirical study, for identifying the various contexts and perspectives that have already been studied concerning strategic consensus. Webster and Watson (2002) emphasize the importance of reviewing literature for theory development, because it is a process that “closes areas where a plethora of research exists, and uncovers areas where research is needed” (Webster & Watson, 2002, p. 13). Reviewing prior literature deepened our understanding regarding the definition of strategic consensus, including a variety of perspectives on strategic consensus, and possible linkages with other phenomena previously made by scholars. The literature review has been essential for our study as it built the foundation for the empirical part. Researchers recognize that reviewing literature is a part of the research process, which should not be underestimated as it provides guidance for the research purpose (Bryman & Bell, 2015), and for formulating an insightful research question (Blumberg, Cooper, & Schindler, 2014). Identifying the research gaps provided further support in developing our theoretical framework and led to the research purpose, whereupon the research question was built.

The literature assessment has been done in a structured way, inspired by the systematic review process of Bryman and Bell (2015). This helped us to ensure all relevant studies are included, limited possible biases, which increased the accuracy of the outcome. To achieve this, we followed the three stages model, consisting of planning, conducting review as well as reporting and dissemination, developed by Blumberg et al. (2014). In this thesis, we put a special focus on the second stage, known as conducting a review. In particular, this means that we ensured an unbiased search for literature by defining key terms, and search strings. All articles were firstly reviewed by their title, secondly by the abstract and finally by their relevance. These results were documented in a shared document. As this evaluation can suffer from subjectivity, this step was done independently. Various databases (e.g. Linköping University’s Unisearch, Google Scholar, and Scopus) were used for systematically searching the existing literature and looking for relevant research, which is already conducted in the area of strategic consensus building.
3.3 Research strategy

The chosen research strategy is essential to achieve the purpose of the thesis and to answer the related research question. Among scholars, conducting qualitative research and following an abductive approach has become popular (Dubois & Gadde, 2002). In line with this, we decided to conduct qualitative research paired with an abductive approach as this orientation fits best with regard to our research purpose.

Qualitative approach

Qualitative research consists of a set of interpretive practices, whereby the researcher functions as an observer (Denzin & Lincoln, 2011), attempting to understand ‘what’ and ‘how’ things are developed (Saunders, Lewis, & Thornhill, 2015). This means that researchers study subjects in their natural setting, to get insights of how people “make sense of phenomena in terms of the meanings people bring to them” (Denzin & Lincoln, 2011, p. 3). In our thesis, a qualitative approach was considered most effective given our aim to study how the process of strategic consensus building is perceived by senior managers, to gain understanding what the process of consensus building enables in a merged organization.

Abductive Approach

“Abduction is a process driven by an interplay of doubt and belief, which, in turn, fuels the imaginative act of creating new knowledge” (Mantere & Ketokivi, 2013, p. 81). In line with the aforementioned aim of this thesis, we further propose a conceptual framework based on the findings, which supports the applied abductive research approach. The abductive approach is used when research is done on a phenomenon that is not yet well understood (Dubois & Gadde, 2002). Within the purpose of this thesis, it is the process of strategic consensus building on strategic priorities in a merged organization from the senior management perspective by applying the teleological model. By making use of an abductive approach, we can have an open mind while conducting the interviews instead of using the collected data to confirm what is already known. In addition, Dubois and Gadde (2002) outline that abductive research ends up modifying a framework due to new empirical findings or because of theoretical insights gained during the research process. In line with this, derived from the first seven interviews we conducted with senior managers, we recognized that the strategy department was a recurring topic brought up by the interviewees. Therefore, we decided half way to add firstly, a question about the strategy department in our interview guide and secondly, we decided to add five
interviews with managers working in the corporate strategy department by taking an abductive approach. By adding another perspective, we got a more complete understanding of the overall process of strategic consensus building.

3.4 Research design

Based on the research question a research design has been created (Yin, 2009). The research design gives direction for the research methods, and guides interpretations of the meaning of findings in its specific social context (Yin, 2009).

A single-case study design was chosen to structure the data collection and analysis in this thesis. The essence of case studies is the investigation of a phenomenon, both in-depth and within its real-world (Yin, 2009), to “uncover divergent realities as constructed and perceived by respondents” (Noorderhaven et al., 2007, p. 1355). We decided on a single case study, aiming for an in-depth understanding of strategic consensus building under the rare circumstances of a post-merger. This gives us the opportunity to investigate a phenomenon in a situation that is seldom accessible for researchers, which makes it a revelatory case (Yin, 2009). In comparison with multiple case studies, single-case research is more suitable for in-depth descriptions of phenomenon (Siggelkow, 2007), as it forces researchers to devote careful attention to a specific situation, and therefore fosters development of more sophisticated analysis (Eisenhardt & Graebner, 2007). This design was furthermore chosen since a case study can provide research with powerful examples (Siggelkow, 2007), which is especially helpful to overcome current ambiguities in the research area of strategic consensus.

The unit of analysis refers to the way researchers define the actual ‘case’ based on the research question (Yin, 2009), which are the senior managers in the context of the post-merged organization, as they are the first ‘layer’ of employees that put the organizational strategy into practice in our case organization. By defining the unit of analysis, we also clarified boundaries of what will be within the scope of our study and what will be excluded. According to Yin (2009), bounding the case is beneficial for the data collection process as it supports researchers to distinguish data about the phenomenon from external data. We focus on senior managers, which means that other hierarchical layers are out of the scope in this study. Moreover, the researchers are aware of specific time boundaries, as all data was collected within a period of
eight working days, implying that the case does not give information regarding the development over time.

3.5 Research technique

The research technique of this study was aligned to the chosen research topic as well as research strategy and design. In the following, we outline the technique of data collection, and data analysis.

3.5.1 Data collection

This thesis is mostly based on primary data, given the specific contextual characteristics of our qualitative single-case study. Primary data is collected for a specific research goal, ensuring that the theoretical concepts, the research design, and data collection method are tailored towards the research question (Hox & Boeije, 2005). We conducted interviews as the main data collection method, as these enabled us to get in-depth information, which is in consonance with our research questions. Due to the limited time span of four months, we decided to include secondary data in our preliminary studies. This is in line with Ghauri (2005) who mentions that saving time is one advantage of applying secondary data.

Secondary Data

Secondary data consists of internal material from our case organization. This included firstly the preliminary strategy plan, which was formulated by the corporate strategy department with the support of selected senior managers in December 2015, secondly the organizational chart, and finally the results of an employee survey. These documents gave us more detailed insights and supported our overall understanding of the process in our case organization. Moreover, the provided documents offered the chance to analyze the circumstances in-depth, which influenced the context in formulating the interview guide. Secondary data was further collected from the website of the merged organization and, in addition, from the two original organizations, which we compared with each other. Comparing the old webpages showed differences between the organization with regard to their unique selling point, the strategic priorities, and their internationalization strategy. Moreover, statements of mission and vision were collected online to support the primary data collection.
Primary Data

For the primary data collection, our case organization had to fulfill the following criteria: a medium to large organization with international presence, and headquarters in Europe, that goes through a major strategic change in the form of a merger. It was furthermore important that we were able to decide the content of the study autonomously and independently from requests of the organization. According to Van de Ven (2007), “engagement is a relationship that involves negotiation and collaboration between researchers and practitioners in a learning community” (p. 7). In line with this, we treated the case organization in this thesis as a learning workplace for generating knowledge for answering the research question (Van de Ven, 2007), which can be transferred to other merged organizations.

Based on the above mentioned criteria, the case organization ‘XY’ was chosen. ‘XY’ was founded in July 2015 following a merger of organization X and organization Y, and is currently present in more than 80 countries across the globe. The merged organization ‘XY’ is located in middle Europe, and employs at the time of this thesis 90,000 people of whom 300 are holding a senior manager position².

The initial contact with the organization was with the Head of Strategy and Merger and Acquisition (M&A) in January 2017, via a meeting at which one of us was present in person and the other via skype. This gave us more detailed and up to date information about the current situation of ‘XY’, including challenges the organization was facing while integrating two companies. Interviewees were selected in cooperation with the Head of Strategy Development with whom we had two phone calls beforehand. We selected managers with a senior position who worked for organization X or Y before the merger, including experiences of the reorganization from both perspectives. The senior managers work either on corporate or on local level in various functional areas (see Figure 7). With these selection criteria, we aim for variation in backgrounds, and perspectives, which is in line with the research questions.

² In senior manager positions are country managers on local level and functional managers on corporate level.
Interviews

Primary data was collected between April 3, 2017 and April 12, 2017 through interviews with senior managers of ‘XY’. The interviews were semi-structured to explore views and opinions of the interviewee, enabling us to change the order of topics to follow the line of argumentation introduced by the interviewee (Patton, 2005). We gained understanding about the interviewees’ logic of how they make sense of the situation. We conducted altogether 17 interviews, of which twelve were conducted with senior managers from various functional areas and five were conducted with managers working in the corporate strategy department. Through several interviews with company representatives, we verified that a multilateral view was ensured by firstly interviewing senior managers from two different hierarchical levels, namely corporate and local level, and secondly managers of the corporate strategy department.

Half of the twelve senior managers work on the corporate level and the other half on the local level. One of the six managers on corporate level is located in Asia and five are located in Europe whereas two are located in the headquarters. On local level, two senior managers are located in Europe and four outside Europe. Five senior managers have received the legacy from organization X, and seven from organization Y. The experience of our respondents in working with company X or Y ranged from 4 to 25 years, with an average of 15 years. Table 1 below illustrates a more specific list of the senior managers included in the study and some characteristics of them to give more specific insight, however, within the limits to keep the
guaranteed confidentiality and anonymity of the managers. Therefore, the managers’ names and the original organization are restricted and each manager is denominated with a letter.

Table 1. Respondents - senior managers

<table>
<thead>
<tr>
<th>Manager</th>
<th>Level</th>
<th>Legacy</th>
<th>Time within company</th>
<th>Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Corporate</td>
<td>Y</td>
<td>15 years</td>
<td>Europe</td>
</tr>
<tr>
<td>B</td>
<td>Corporate</td>
<td>Y</td>
<td>11 years</td>
<td>Europe; at headquarters</td>
</tr>
<tr>
<td>C</td>
<td>Corporate</td>
<td>Y</td>
<td>20 years</td>
<td>Europe</td>
</tr>
<tr>
<td>D</td>
<td>Corporate</td>
<td>X</td>
<td>13 years</td>
<td>Europe; at headquarters</td>
</tr>
<tr>
<td>E</td>
<td>Corporate</td>
<td>Y</td>
<td>15 years</td>
<td>Asia</td>
</tr>
<tr>
<td>F</td>
<td>Corporate</td>
<td>Y</td>
<td>15 years</td>
<td>Europe</td>
</tr>
<tr>
<td>G</td>
<td>Local</td>
<td>X</td>
<td>25 years</td>
<td>US</td>
</tr>
<tr>
<td>H</td>
<td>Local</td>
<td>Y</td>
<td>19 years</td>
<td>Central America</td>
</tr>
<tr>
<td>I</td>
<td>Local</td>
<td>X</td>
<td>10 years</td>
<td>Africa</td>
</tr>
<tr>
<td>J</td>
<td>Local</td>
<td>X</td>
<td>4 years</td>
<td>US</td>
</tr>
<tr>
<td>K</td>
<td>Local</td>
<td>Y</td>
<td>16 years</td>
<td>Europe</td>
</tr>
<tr>
<td>L</td>
<td>Local</td>
<td>X</td>
<td>20 years</td>
<td>Europe</td>
</tr>
</tbody>
</table>

In addition to the twelve interviews with senior managers, we conducted five interviews with managers working in the corporate strategy department to strengthen our understanding of the overall situation, which is in line with the abductive approach of this study. During our stay in the headquarters, in total 21 people were working in the corporate strategy department. Table 2 below illustrates a more specific list of the five managers that we interviewed, including their legacy and main responsibility. However, within the limits to keep the guaranteed confidentiality and anonymity of the managers.
Table 2. Respondents - corporate strategy department

<table>
<thead>
<tr>
<th>Manager</th>
<th>Legacy</th>
<th>Time within the department</th>
<th>Main responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>S1</td>
<td>Y</td>
<td>five years</td>
<td>Head of corporate strategy and M&amp;A</td>
</tr>
<tr>
<td>S2</td>
<td>Y</td>
<td>three years</td>
<td>Strategy development</td>
</tr>
<tr>
<td>S3</td>
<td>X</td>
<td>eleven months</td>
<td>Group strategic planning</td>
</tr>
<tr>
<td>S4</td>
<td>Y</td>
<td>three years</td>
<td>Mainly M&amp;A projects</td>
</tr>
<tr>
<td>S5</td>
<td>Y</td>
<td>one year and four months</td>
<td>Strategic initiatives, reviews/deep dives</td>
</tr>
</tbody>
</table>

**Interview Process**

During our stay of eight working days, we had the possibility to experience the company culture at first-hand and had moreover the chance to experience the daily business practices. In addition, we had our own room in the office, which made it possible to reach managers directly. Of all 17 interviews, ten of them were conducted through face-to-face meetings, four through a video conference, and three through a phone call. We preferred face-to-face settings, as they gave additional nonverbal information, such as body language and clear facial expressions supporting us to understand the underlying beliefs of the respondent. Face-to-face meetings furthermore enable relationship building with the interviewee, which can foster the respondent’s trust and willingness to share information (Silverman, 2016). However, for the senior managers that are located outside the headquarters, we conducted the interviews with the help of the professional video conference and phone call software of the case organization. The senior managers were informed about the research purpose of the study via an email a few days before the interview (see Appendix 2). The managers working in the corporate strategy department were contacted personally during our time in the office. All respondents were furthermore aware that confidentiality and anonymity were ensured through an agreement signed by the researchers and representatives of the case organization.

The interview guide for the senior managers was semi-structured, divided in three main themes derived from the theory (see Appendix 3). Within each interview all themes were discussed, namely the current perception on strategic consensus and the strategic priorities, pre-merger influence, and intervening circumstances, whereby space was provided to elaborate on certain topics that seemed of high importance for the interviewee. We asked mostly open-ended
questions, stimulating the interviewees to talk freely, which gave us the opportunity to discover underlying patterns and beliefs (Yin, 2009). The interviews started with the respondent’s responsibilities and their involvement within the formulation of the new organization strategy. Their awareness of the new strategy gave us a good reference point for the questions in the later sections. Hereafter the interview continued with the strategic priorities of the respondent’s own department extending into comparisons of these priorities with the overall strategy and with other functional areas. Other topics discussed in the interview were the overall decision-making processes in the organization and the respondent’s involvement. The interview guide for the managers working in the corporate strategy department was also semi-structured, including questions dealing with self-evaluation and external assessment of the organization’s strategic priorities and the corporate strategy department itself, derived from the answers of the senior managers (see Appendix 4).

We asked for permission to record the interview in the beginning of each interview, which enabled us to have the full attention for what was said without taking excessive notes (Silverman, 2016). Furthermore, recording the interviews allows to use direct quotes herby aiming to achieve a high quality of the collected data (Silverman, 2016). The interviews with the senior managers lasted between 45 and 75 minutes, whereby the phone calls lasted the shortest (see Table 3). All interviews were conducted in English, which is also the business language of our case organization. During the interview one of the authors asked the questions, while the other one had an assisting role of keeping the time in mind, checking whether all topics were covered, and asking follow-up questions if necessary. The distribution of roles fostered a smooth conversation, as the interviewee focused on one of us. In face-to-face interview settings, the assisting interviewer had a more active role in the conversation, as it was less disturbing for the flow of the conversation compared to video conferences and phone-calls.
### Table 3. Interview information

<table>
<thead>
<tr>
<th>Manager</th>
<th>Date of interview</th>
<th>Length</th>
<th>Style</th>
</tr>
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<tbody>
<tr>
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</tr>
<tr>
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<td>1:05:23</td>
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</tr>
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<td>E</td>
<td>07-04-2017</td>
<td>45:31</td>
<td>phone call</td>
</tr>
<tr>
<td>F</td>
<td>10-04-2017</td>
<td>58:13</td>
<td>video-conference</td>
</tr>
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<td>G</td>
<td>03-04-2017</td>
<td>46:41</td>
<td>phone call</td>
</tr>
<tr>
<td>H</td>
<td>04-04-2017</td>
<td>58:58</td>
<td>video-conference</td>
</tr>
<tr>
<td>I</td>
<td>04-04-2017</td>
<td>56:29</td>
<td>video-conference</td>
</tr>
<tr>
<td>J</td>
<td>10-04-2017</td>
<td>51:49</td>
<td>phone call</td>
</tr>
<tr>
<td>K</td>
<td>11-04-2017</td>
<td>52:02</td>
<td>face-to-face</td>
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<td>video-conference</td>
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<td>S3</td>
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<td>S4</td>
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</tr>
<tr>
<td>S5</td>
<td>11-04-2017</td>
<td>16:43</td>
<td>face-to-face</td>
</tr>
</tbody>
</table>

### 3.5.2 Data analysis

After conducting the interviews, all audio-recorded interviews have been transcribed, which is already a first step in data reduction as transcripts can be seen as “artificial constructions from an oral to written mode of communication” (Kvale, 1996, p. 163). To improve consistency of transcription we set up transcription guidelines for verbal, and nonverbal information. We made use of direct transcription, including mispronunciations, grammar mistakes, and nonverbal sounds such as laughs, and sighs (Wellard & McKenna, 2001). Moreover, we transcribed the moments of silence, which could be useful for data interpretation. According to Poland and Pederson (1998), silence can for example indicate resistance for a response, or a moment of
reflecting the situation or their own logic. In addition, we added notes concerning our impressions of the interviewee in the document with the transcriptions. This helps to remember the gestures and body language, which could especially be captured in the face-to-face interviews and the video conferences. We decided to include information about non-verbal communication in our analysis to indicate when interviewees were not feeling comfortable or when interviewees used it to put emphasis on what they said. To avoid subjectivity, we both wrote down our impressions separately for each interviewee.

We created an own document with the transcribed data for each interview. Following Silverman (2016), the transcripts were read through twice and analyzed one by one in the light of the main theoretical concepts and the structure of the interview guide: the current perception on strategic consensus and the strategic priorities, pre-merger influence, and intervening circumstances. We laced all the information together in two excel-files for gaining a better understanding of the information provided by the interviewees and for identification of keywords. One file consisted the transcripts of the senior managers on corporate and local level and one file the transcripts of the managers working in the corporate strategy department. These files allowed us to code the three above mentioned themes of the transcripts in a systematic manner (Saldaña, 2015). Thus, each section includes the answers of each interviewee. Both authors were involved in the coding work to avoid negligence of valuable answers. Moreover, we made use of the color coding to pinpoint recurrent topics (Saldaña, 2015). Since we asked open questions, this kind of approach was taken to design a coding frame to enable the identification of types of answers associated with each question. While writing the analysis chapter and also after we finished writing it, we went back to the transcripts to ensure we had not missed any important factors and our findings were in accordance to the 17 interview transcripts.

3.6 Research quality

To ensure an overall credential of our thesis and its qualitative approach, we followed the four generally accepted criteria of trustworthiness in this thesis: (1) credibility (2) transferability (3) dependability and (4) confirmability, as proposed by Lincoln and Guba (1985).

Credibility

Credibility is a key criterion to ensure that the study’s findings show what is intended (Shenton, 2004). Moreover, it seeks for addressing the issue how congruent the findings are with reality.
as well as how reliable the findings of the research are (Shenton, 2004). Credibility also considers whether the research findings are plausible and in line with the respondents’ original answers as well as whether the data is correctly interpreted (Lincoln & Guba, 1985). According to Lincoln and Guba (1985), several techniques exist for establishing credibility. In this thesis, we followed the criteria of prolonged engagement, which is defined as the development of familiarity with the case organization before the first data collection take place (Shenton, 2004). We studied the information provided through secondary data and visited the case organization in January 2017 to establish a relationship of trust between the contact persons of our case organization and us (Lincoln & Guba, 1985; Shenton, 2004), which is a way to increase the credibility. Further, we spent eight working days in the headquarters of the case organization to learn and understand the culture and social settings. In addition, for increasing the credibility, we carried out member checks (Lincoln & Guba, 1985; Shenton, 2004). We sent the transcripts of the records to the interviewees for confirmation and asked for respondent validation to make sure that their words match with what they actually intended. Furthermore, we sent the findings of the empirical part to our case organization to get their approval. Both confirmations ensured that the respondents and the contact persons of the case organization could identify themselves with the interpretations made by the researchers. The case organization’s amendments did not cause any disagreements with our major findings. Moreover, we gave the interviewees the opportunity to withdraw from the study without further explanation at any point. This tactic ensures the honesty of the information provider and further increases the credibility of the study (Shenton, 2004).

**Transferability**

Transferability refers to the degree to which the results of a qualitative study have applicability in another context (Shenton, 2004). In line with Lincoln and Guba (1985), we provided a thick description of our study to facilitate transferability. This allows the reader to have a proper understanding of the phenomenon under investigation and to make comparisons (Shenton, 2004). To ensure the transferability of our study, we offer a detailed description of our case organization. Such descriptions, however, can be viewed as a database to make judgements for readers regarding the transferability of the findings from the research to a broader context even though the case is unique (Shenton, 2004). To fulfil our responsibility, we provide the readers with information about the case organization that took part in this study as well as the geographic location, the number of interviewees, the motivation to involve them in our study, the method for data collection, and the dates and length of each interview session. Furthermore,
we offered background information of the senior managers, in particular their location and the organization they were employed before the merger.

**Dependability**

Dependability refers to the stability of findings over time if the research would be repeated (Shenton, 2004). To ensure dependability, Lincoln and Guba (1985) suggest an auditing approach which means that all processes within this study should be reported in detail. For addressing this approach in our thesis, we stored all information in conjunction with the collection of the data, in particular e-mail conversations with the contact persons of the case organization, minutes from the phone calls, information about the interviewees and the interviews, the interview guide, the transcripts of the interviews, as well as the data analysis decisions. Moreover, the research design and its implementation is carefully described in this thesis (Shenton, 2004). By the existence of these actions, the dependability of this thesis is ensured and the opportunity for future researchers to conduct a similar study is given (Shenton, 2004).

**Confirmability**

Confirmability refers to the degree of researchers’ neutrality to what extent the researchers have tried to be as objective as possible in conducting the study (Shenton, 2004). Moreover, confirmability aims to reduce the researcher's bias. It is particularly important that the findings in this study are resulting from the interviews conducted with the representatives of the case organization, rather than from the researcher's preferences (Shenton, 2004). In this study, many quotations by the interviewees are presented for increasing the confirmability. The quotes have further been presented in their authentic form. In addition, the quotes have been clearly separated from more interpretative analysis of it, because this ensures that the reader can separate the statements of the interviewees from the interpretations made by us. Confirmability can also be obtained through having semi-structured interviews for avoiding biased answers. To further increase the confirmability the transcribed interviews are made available upon request.
3.7 Ethical considerations

The ethical guidelines of research were taken into consideration to ensure that procedures were fair, well-communicated and unbiased to all involved stakeholders. All interviewees were made aware of the research purpose and process. Great care was taken to ensure that the respondents were kept anonymous by not explicitly stating names as a matter of privacy. By assuring interviewees’ anonymity and confidentiality, we aimed for more willingness to consent to an interview for maximizing the validity within the given limitations, and a higher likelihood of sharing information, such as personal opinions and insights. Furthermore, proprietary data belonging to the case organization or the interviewees have either been generalized or left out. We were careful in seeking for permission for sensitive information to avoid conflicts of interest and disadvantaging interviewees. Moreover, the interviewees were thanked in person for their support, and could withdraw at any point in time.
4. Empirical Findings

This chapter provides the findings from the 17 interviews based on our framework which is presented chapter 2.6. This chapter begins with background information of the merged organization, including the strategic priorities formulated by the TMT. This is followed by the perspective of the senior managers, which is presented in two sections, firstly the corporate level and secondly the local level. The findings are categorized according to the main subject areas in the interview guide. The last part of this chapter presents the perspective of the managers in the corporate strategy department on strategic consensus. This is to clarify and group the empirical findings of the interviewees for applying our conceptual framework in the fifth chapter. In this chapter, the direct quotes from our interviewees are presented in italics for better reading.

4.1 The strategic priorities of organization ‘XY’

In this section, we state background information about our case organization ‘XY’, for providing a context to support the understanding of the findings. Organization X was founded by two brothers and their father in Europe in the beginning of the 19th century. The company history of organization X is characterized by product diversification, and expansion was realized through acquisitions and mergers worldwide. Organization Y was also founded in Europe in the beginning of the 19th century and can be characterized as a family business as the company was led by two brothers for many years. Five years ago, company Y had the first CEO that was not part of the founding family. Over the years, the business expanded gradually by focusing on one main product, moving across European borders before going overseas. Both organizations were male dominated, and management positions were filled according to seniority, which is in accordance to other organization in this specific industry. As mentioned previously, organization ‘XY’, also referred to as ‘the group’, was founded in 2015 following the merger of two large organizations in the construction and building industry. Our case organization has three main product lines, which are used in various projects ranging from local building initiatives to complex infrastructure projects.

The strategy of ‘XY’ is based on four strategic pillars, which are the main strategic priorities formulated by the TMT. All four pillars are equally weighted, and consist of asset light, commercial transformation, cost leadership, and sustainable development (see Figure 8). The
pillars are bundled into two groups; firstly, asset light and cost leadership enable the company to grow through mainly capital allocation and spending the Capex, which stands for capital expenditure. Secondly, the two pillars commercial transformation and sustainability focus on differentiation from competitors.

The asset light approach aims to lower the capital intensity of our case organization by optimizing the current asset base and reducing the capital expenditures. Commercial transformation focuses on developing commercial expertise to anticipate customer needs and co-develop solutions with customers for a better relationship between ‘XY’ and its customers. Cost leadership is achieved through implementing best practices across the group and taking advantage of their scale. Sustainable development refers to reduction of CO₂ emission and waste management. This can be achieved through harnessing the research and development of ‘XY’.

**Figure 8.** Strategic pillars and ACE workstream of company ‘XY’

In addition to the four strategic pillars, the case organization ‘XY’ launched a so-called ACE workstream in the beginning of 2016 (see also Figure 8). ACE stands for agility, commitment and empowerment. Even though this workstream is not directly the strategy of the organization, it aims to change the behavior of organizational members of ‘XY’ and is therefore of importance with respect to our focus on strategic consensus. This workstream is led by a group of managers in the corporate strategy department. The most recent employee survey from 2016 demonstrates that ‘XY’ still needs to improve on those three concepts.

### 4.2 Perspective of the corporate level

In this section, we outline the information from the interviews conducted with the six senior managers at corporate level. First the perception and consensus on strategic priorities will be
presented, followed by the pre-merger influence, and intervening circumstances. In addition, we added suggestions from the senior managers for improving strategic consensus. A summary can be found in table 4 at the end of this chapter.

4.2.1 Perception and consensus of the strategic priorities

Four of the six managers at corporate level (A, B, D, and F) mention all four strategic pillars to describe the overall strategy of the group. Manager E names two of the four pillars, and manager C does not bring up any pillar. Apart from manager C, all other five interviewees refer furthermore to the behavioral workstream ACE in connection to the overall strategy. All interviewees experience that the strategic priorities of their respective department or function are aligned with the four pillars of the overall strategy. Manager B explains that “we actually prepared the whole strategy house and the priorities based on the business strategy document with the initially four strategic pillars, (...) so it’s absolutely aligned I would say” (personal communication, April 3, 2017).

In terms of assessing the current status of strategic consensus in ‘XY’, we asked them whether there is strategic consensus among senior managers, and whether senior managers have a common understanding of the future. Five out of six interviewees (A, B, C, E, and F) experience that the senior managers of the group do not have strategic consensus. Two of them (E, and F) explain that the main reason for misalignment is a lack of strategic consensus among members of the TMT. However, when it comes to a common understanding of the future, only manager D has a negative opinion, while the other five corporate senior managers share the opinion that the senior managers of the group have a common understanding about the company’s future. Manager C formulates it as: “Where do we want to move this organization to, that I think has been pretty clearly communicated, not once but a couple of times. I would be surprised if people still don’t have that message (...). I think the question that most people have is: How the hell are we gonna do that?” (personal communication, April 4, 2017).

Several senior managers recognize issues in transferring the strategic priorities from the corporate towards the local level. For example, manager F is not convinced whether everybody talks about the same, “we had a discussion last year with all the major leaders about what it means and why we have to transform. There was an alignment on that, but when it turns down to the active people it seems that things have been forgotten in the meantime” (personal communication, April 10, 2017). Manager E and F mention that the corporate managers should
make sure that the countries do not have to focus on too many priorities. Manager E wants to “have the strategy very simple. We tend to create a lot of extra work for the local managers to report back to corporate. We need to focus more on earning money” (personal communication, April 7, 2017). Manager F agrees on that, but also thinks that countries are sometimes not ambitious enough in setting their priorities.

4.2.2 Pre-merger influence

This section presents the findings related to the pre-merger influence, including the pre-merger identity of the senior managers. In addition, we asked for experienced division based on something else than the pre-merger influence, to ensure an overall view of the situation. All six interviewees on corporate level were employed at either organization X or Y before the merger of ‘XY’ took place, therefore they all have a pre-merger identity. At corporate level, five of the six senior managers (A, B, C, E, and F) have their legacy in organization Y and one senior manager (D) in organization X. Manager B and D are located in the headquarters, manager A, C and F are located in Europe and manager E is located in Asia (see also Table 1).

For identification of pre-merger influence, we asked each interviewee whether they experience a division according to the legacy and secondly according to other interest groups within the organization ‘XY’. When it comes to a division due to the legacy, interviewee E expresses a clear ‘yes’ as the legacy represents the thoughts behind the actions. Manager B also shares the opinion that a division can be recognized but it is improving: “What I see nowadays is that this is dramatically reducing. There are still some strings. But overall I believe that this is getting more and more towards one company” (personal communication, April 3, 2017). Manager A and D do not experience a clear division due to the legacy but agree that a division can partly be recognized. Manager A outlines that “obviously, you will have more knowledge of the part you came from” (personal communication, April 3, 2017). This manager sees more a division due to the different business languages of departments. Manager D states that “[the division according to the legacy] anymore. I know it’s still there, because people still talk about it” (personal communication, April 4, 2017). Two interviewees (C, and F) mention that a division cannot be recognized anymore, whereby manager F explains that “The companies were very close how they operated. The mindset was close” (personal communication, April 10, 2017). In addition, manager C points out that no division due to the legacy can be experienced anymore, even though this manager agrees that there are “cultural differences” (personal communication, April 4, 2017).
When it comes to a division due to the various strategic interests, two managers (C and E) experience a division according to the managers’ strategic interest groups, one manager (F) experiences it partly and three managers (A, B, and D) do not have an opinion on that. Manager E outlines that this is highly dependent on the TMT member who is responsible for that particular region and on which this manager attaches value. In line with this, manager C states that the division due to the interest groups is also based on what “we [are] articulating about the future of the organization” (personal communication, April 4, 2017). In addition, manager F has the feeling that this division partly occurs depending on whether a manager is close to a market ‘XY’ is operating in or not.

4.2.3 Intervening circumstances

The intervening circumstances are characterized by the involvement and the decision-making process. The findings of these two circumstances are presented in the following sections from the perspective of the senior managers working on corporate level.

**Involvement**

We asked the interviewees how they experienced the involvement during the strategy formulation process of the group. Depending on the individual answer, we asked either what the specific role was during that process or whether they would have wished to be more involved. Half of the senior managers at corporate level, namely manager A, C, and E, experienced involvement during the strategy formulation process, while the other senior managers (B, D, and F) did not. Nevertheless, this individual experience is based on various factors which will be outlined hereafter.

Starting with the three senior managers that experience involvement, these managers noticed involvement at different stages of the formulation process. Manager A was responsible for the integration project of the merger between X and Y, in cooperation with a team of experts. Manager A was involved in working on a new strategy before the merger and explains “I was very much involved and happy with that” (personal communication, April 3, 2017). Furthermore, manager A pointed out that in the last year, the global strategy was a bit more simplified and aligned, “but during this process I was not involved as I was a country CEO by that time” (personal communication, April 3, 2017). Manager A is not involved in the formulation of the global strategy anymore since the merger went through. The manager outlines that all senior managers are involved in how to implement the new strategy as they take
an active part in workshops, which are organized by the TMT of the group. During a global meeting with senior managers the revised strategy was launched. Due to A’s experience being a country manager for a certain time, the manager argues that the company has to get the thinking of the region and country managers on board. “Generally, I feel very well about the involvement”, manager A summarizes (personal communication, April 3, 2017). Manager C was not directly involved from the beginning of the strategy formulation. According to manager C, the strategy was already developed to support the argument for the merger, which happened in a very small group at the top. Afterwards, the strategy has been further defined with an external consultant, and manager C was part of that. Currently the manager provides information for the strategy of one product line; how does it fit in and support the overall organization ambitions. Manager E is new in this role on corporate level and experienced more involvement due to the position change.

The senior managers who did not experience involvement during the strategy formulation are fine with that situation. Especially, as manager F outlines, the senior managers receive information through different communication channels, for instance in workshops in which the overall strategy is shared with senior managers of the group. For manager F, this is sufficient. Manager F does not wish for more involvement and would rather like to focus on “to get things done”, as F experiences that “the gap between what we talk and what we do is too big” (personal communication, April 10, 2017). This manager would rather prefer to be more involved in discussions about topics related to strategy execution. Manager D is also fine with receiving information about the formulation of the strategy during the senior leadership events. In addition, manager D does not wish to be more involved and justifies this by saying that “for sure that’s not my role” (personal communication, April 4, 2017). A more critical point of view is shared by manager B. Manager B does not take an active role in the strategy formation process, but instead delivers input on certain elements of the strategy within one's field of expertise. The manager gets the impression that preparation of the new strategy has been done in isolation, while “a strategy is not something which is cooked in the strategy department” (personal communication, April 3, 2017). The interviewee wishes for more involvement and transparency, by bringing all key positions together for providing context regarding the company, and the industries ‘XY’ operates in.
**Decision-making process**

Five out of six managers at the corporate level (A, B, C, D, and F) are satisfied with the current decision-making processes. They are in line with manager A who states, “*I have an easy position because they [local managers] report to me, and I make most of the decisions on my own*” (personal communication, April 3, 2017). The sixth manager, manager E, is not always satisfied with the current decision-making process. Namely, manager E mentions that the decision-making power was differently distributed in company X and Y before the merger, and E believes that “*company Y was by far better organized having a ‘global policy, local management’. While in X we see more centralized power, so all the power is at the top*” (personal communication, April 7, 2017). Manager B also mentions the more centralized power in company ‘XY’, and expects that decision-making will become simpler now as “*we will not reinvent the wheel in each of the regions anymore*” (personal communication, April 3, 2017).

According to manager E, the downside of this central power distribution is that the decisions made in the corporate level, are not always applicable for all regions.

Except for manager F, the senior managers mention that there is room for improvement of the decision-making process. The most common vision, shared by managers A, B, D, and E, is that transparency in the decision-making should be improved. As manager A mentions: “*we need to explain how and why we make changes, so that people can understand it and get the message*” (personal communication, April 3, 2017). Manager D is satisfied with the current decision-making process, as D is comfortable to work in chaotic situations. Manager C wishes for more direct contact with the operational level, as the management lines in between slow down, complicates, and makes decision-making very political. C says that “*some local heads excluded the corporate organization in making strategic decisions*” (personal communication, April 4, 2017). Managers B and E mention furthermore that the process of decision-making could be faster, by decreasing the corporate bureaucracy. According to manager B, there are some challenges when it comes to local and corporate: “*So each function is asking several countries separately for something as simple as figures, data and so on. And maybe we need somewhere a common place or way of how this can be asked and triggered*” (personal communication, April 3, 2017). Mentioned twice (B, and E), is a wish to change people’s mindset towards more cooperation and with the new ACE values. As manager B formulates it “*it’s not about individuals or little kingdoms. It’s about the group, and sometimes there are some conflicts happening*” (personal communication, April 3, 2017).
4.2.4 Suggestions to improve strategic consensus

In line with our conceptual framework and our purpose, we are interested to find out what the process of strategic consensus building enables. To identify the underlying patterns of strategic consensus building, we asked the interviewees what they would like to improve.

All senior managers on corporate level wish for improvement in communication. Manager B outlines that this should not be done only with “flyers and newsletters” but more in person as “it’s really important that everyone in the organization understands the core elements” (personal communication, April 3, 2017). This is in line with the suggestion of manager F who wishes to “fill the gaps in the communication and cooperation” (personal communication, April 10, 2017) by bringing people together. One possibility is to continue with the senior management meetings as “all of what we do, at every layer of the organization, there is a fundamental element about sharing”, manager D explains (personal communication, April 4, 2017). This is similar to manager C’s suggestion to inform and include all key stakeholders for “making sure that they are adequately informed, adequately included” (personal communication, April 4, 2017).

Other than the communication aspect, the senior managers brought up various suggestions for improvement. Manager A wishes for creating urgency. Moreover, this manager mentions that all TMT members should live the four strategic pillars as “people are very sensitive to that” (personal communication, April 3, 2017), if they do not do that. Manager F also sees potential for improvement at the TMT level of the group: “It starts from clear conviction from the top, into a mindset change, into initiatives and actions” (personal communication, April 10, 2017). This mindset change, or also described as cultural change, is moreover mentioned by manager A: “If we don’t take the people through the cultural change element, we will never make it. (...) And especially as senior leaders, we need to visibly change ourselves to ask people to change. It is always easy to speak to them to change but if you don’t, you never change anything” (personal communication, April 3, 2017). To achieve this, manager E wishes for involvement of “the people in the bottom of the organization” (personal communication, April 7, 2017), which requires certainly more time but there is a need to talk to them. Furthermore, manager A outlines that the gap between remembering the four strategic pillars and living them in the regions has to be filled as “we [the managers on corporate level] need to push people out of their comfort zone very often” (personal communication, April 3, 2017). Manager C has the impression that “a lot of the strategy is developed in complete isolation of the reality of what
happens in the business” (personal communication, April 4, 2017). For manager C, this is the main reason why senior managers of the group are struggling and are not aligned as the strategy “is developed by people that don’t have sufficient experience in the business” (personal communication, April 4, 2017).

Table 4. Summary of key-empirical findings on corporate level

<table>
<thead>
<tr>
<th>Interviewees</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are the senior managers aligned?</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>-</td>
<td>-</td>
<td>No</td>
</tr>
<tr>
<td>Do the senior managers have a common understanding of the future?</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Do you wish for more involvement?</td>
<td>No</td>
<td>Yes</td>
<td>Somehow</td>
<td>No</td>
<td>Somehow</td>
<td>No</td>
</tr>
<tr>
<td>Main suggestion to improve strategic consensus</td>
<td>Communication; mindset change</td>
<td>Communication</td>
<td>Communication interaction</td>
<td>Communication</td>
<td>Communication; interaction</td>
<td>Communication; mindset change</td>
</tr>
</tbody>
</table>

4.3 Perspective of the local level

In this section, we outline the information from the interviews conducted with the six senior managers on local level. In the first section, the perception and consensus on strategic priorities is presented, thereafter the pre-merger influence and intervening circumstances will follow. In addition, we added suggestions from the senior managers to improve strategic consensus. A summary can be found in table 5 at the end of this section.

4.3.1 Perception and consensus on the strategic priorities

All six senior managers on local level mentioned the four strategic pillars when we asked to describe the overall strategy of the group. Three out of six managers (I, J, and K) refer furthermore to the ACE workstream in connection to the overall strategy. All interviewees experience that the strategic priorities of their department are aligned with the overall strategy. According to manager J, “the strategy is a strategy, right. And business units are there to support the strategy. It is my job to make it suitable for my region” (personal communication,
April 10, 2017). Four managers (G, I, J, and K) mention that they receive overall strategic guidelines from the group, and “then you still have a lot of freedom within that umbrella to then define the strategy for your country”, manager K says (personal communication, April 11, 2017). In addition, manager H mentions that it is difficult to focus on all strategic priorities at the same time given the region-specific circumstances.

When it comes to the perception on strategic consensus within ‘XY’, three out of six senior managers (G, H, and I) experience alignment among senior managers, and one manager (L) mentions that the strategic consensus is improving compared to a year ago. Manager I summarizes it as follows: “We have big parts of alignment and understanding of the company for the future and what we want to achieve” (personal communication, April 4, 2017). Manager G refers to last year’s speech of the CEO that helped with gaining strategic consensus: “He really stood up and talked about the strategy. It was not a typically CEO speech, it was him talking from his heart. (...) That brings good alignment, as a lot of country managers use that as a kind of a guide” (personal communication, April 3, 2017). Two interviewees, namely manager J and K, think there is no alignment. For example, manager J explains that “the priorities for sustainability and asset light, may not be the priority for each manager in the different regions. They might be aligned at the strategy, but the way that they all come at the regions is different” (personal communication, April 10, 2017). Regarding the common understanding of the future of ‘XY’, managers G, H, and L share the opinion that the senior managers of the group have a common understanding, manager I mentions that the same understanding is never reachable and names it “a broad understanding” (personal communication, April 4, 2017). Manager J and K think that the senior managers do not have a common understanding of the future.

The local managers shared their experience with regard to the transformation process of the new strategy. Manager J and K say that there is a lack of strategic consensus within the TMT. Manager K furthermore mentions that misalignment among senior managers is due to the mixed organizational form on corporate level. According to manager K, “you feel clearly as a country that the function guys have a different view than the regional guys have. So I think they still need to finetune among themselves” (personal communication, April 11, 2017). Three local managers (G, H, and K) experience high pressure from the corporate to deliver results and share a wish for less reporting to the corporate. Manager G calls it “a kind of obsession on the corporate level; knowing the numbers and track it” (personal communication, April 3,
Managers H and K mention that an enormous amount of information and requests is coming from the corporate. In accordance, manager H suggests that the TMT and the responsible senior manager in the corporate should “create a list of all the projects that are running in the countries to have an idea of what we are delivering. (...) We need to be simple. That could be the best gift that I could receive in the company” (personal communication, April 4, 2017). According to manager G, I and J, the current goals are not clear, and manager I explains it as “the focus is too much on how to do things and it should be more about what we want to achieve, the targets. It gives frustration sometimes, I don’t see why they give you all this direction how to do it, while the targets are not clear” (personal communication, April 4, 2017).

Although manager E holds a corporate function since this year, E is very much influenced by a local perspective as this manager worked on the local level for several years. Manager E agrees that it is unclear how targets are set, or where they come from. They are just received from the direct boss. Manager E mentions an example: “From my boss I receive that 30% of the targets should be on health and safety, and I can’t influence it. Then I have my secretary in India, and need to give her this target. (...) How do I tell this to my secretary of 61, who is actually booking flight tickets and doing envelopes? Difficult” (personal communication, April 7, 2017).

4.3.2 Pre-merger influence

This section presents the findings related to the pre-merger influence, including the pre-merger identity of the senior managers. In addition, we asked for experienced division based on something else than the pre-merger influence, to ensure an overall view of the situation. All six interviewees on local level were employed at organization X or Y before the merger of ‘XY’ took place, therefore they all have a pre-merger identity. At local level, four of the six senior managers (G, I, J, and L) have their legacy in organization X and two senior managers (H and K) in organization Y. Manager K and L are located in Europe, manager G and J are located in the US, manager H is located in Central America, and manager I in Africa (see also Table 1).

To identify pre-merger influence, we asked the interviewees whether they firstly experience a division according to the legacy and secondly according to other interest groups within the organization ‘XY’. When it comes to a division due to the legacy, three senior managers on local level (G, H, and I) do not experience a division anymore. Nevertheless, manager K outlines that the people working for ‘XY’ “still have these legacies somehow as backpack”
(personal communication, April 11, 2017). In addition, this manager has the feeling that on local level the two different legacies cannot be recognized anymore “because we are working in the same industry, same markets, same majority of the markets and things like that” (personal communication, April 11, 2017). But manager K states that there is still a tension regarding the different legacies on corporate level. Managers J and L share the opinion that a division due to the legacy is still present. For manager J, this is because of the two different cultures and for manager L, originally from legacy X, the division is caused in handling the new structure of ‘XY’ and is shown as follows: “I think that the people that come from Y are sometimes a bit more frustrated. Now we are a company and moving forward” (personal communication, April 7, 2017).

When it comes to a division due to the various strategic interest groups, manager K experiences a division according to the managers’ interests, manager H and L experience it partly, manager J does not recognize a division and two managers (G and I) do not have an opinion on that. Manager L outlines that it is not the case that one interest group is only looking left and another interest group is only looking right, but agrees that the tension between strategic interest groups can still be decreased. Manager K sees a clear division between different product lines as “they have their role and they basically perform their role” (personal communication, April 11, 2017).

4.3.3 Intervening circumstances

The intervening circumstances are characterized by the involvement and the decision-making process. The findings of these two circumstances are presented in the following sections from the perspective of the senior managers working on local level.

Involvement

We asked the interviewees how they experienced the involvement during the strategy formulation process of the group. Depending on their answer, we asked either what the specific role was during that process or whether they would have wished to be more involved. Two senior managers at local level, namely manager G and L, experienced involvement during the strategy formulation process, the other four senior managers (H, I, J, and K) did not. Nevertheless, this individual experience is based on various factors which will be outlined hereafter.
Starting with the senior managers that experienced involvement, we noticed that their involvement is not related to the formulation of the overall strategy but rather related to the implementation and formulation of strategic priorities from their respective business unit. When manager G refers to involvement, the manager means the involvement in formulation the strategy for the country. “We put forward a strategic plan on an annual basis”, manager G explains (personal communication, April 3, 2017). This process is described as a top-down, bottom-up, top-down process. The country manager receives targets from the corporate level, which the country tries to fulfill. In addition, the country for which manager G is responsible for, receives overall strategic guidelines where the group is heading to. Manager H explains that the local strategies are based on the corporate strategy. This is similar to the experience of manager L. Manager L has not been involved in the strategy formation process, but was involved in the strategy execution phase through a workshop in 2016. Knowing these driving forces behind G’s and L’s answers, leads to the assumption that none of the senior managers on local level experienced involvement during the formulation of the group’s strategy.

All managers on local level do not wish to be more involved in the formulation of the strategy. However, three senior managers (I, J, and K) shared a wish for more involvement in the execution phase. They want more interaction to share their operational knowledge and to develop more country or region specific priorities. Manager K outlines that “On the group strategy, I would say my involvement is very limited. (...) So for the country, I think, I still have a freedom on developing the strategy within the broader framework which is proved by the group” (personal communication, April 11, 2017). When it comes to executing the strategy, manager K “would expect higher involvement of the local CEOs because those are the guys that are actually need to do it” (personal communication, April 11, 2017). Manager J criticizes the corporate view on strategy and wishes for more involvement of the leadership team in each region. “I think the input of corporate is very poor, they provide kind of a global view, whereas the company view is very country and regional oriented”, manager J outlines (personal communication, April 10, 2017).

**Decision-making process**

Two out of six local managers (H and L) are satisfied with the current decision-making process. Manager L says that “if you manage the resources centrally, hopefully this way you are allocating resources based on the group strategy, and not on a country strategy” (personal communication, April 7, 2017). Manager K mentions that the current decision-making process
does not hinder, but describes the process as extremely slow, and conservative. Managers G and I share the opinion that it depends on the situation whether the decision-making process works, and manager I mentions “the organization that helps you in doing business, is at the same time the organization that hinders you” (personal communication, April 4, 2017). Manager J is dissatisfied with the current decision-making processes and explains that in company X there was a process of vendering the idea through many functions and get approval from all hierarchies, while in Y the person accountable for the project secured appropriate approval, thus having more authority and autonomy to make critical decisions for the region.

Manager J is concerned, because “these two decision-making processes still exist to a certain degree, and when the processes come together, the procedures are very chaotic” (personal communication, April 10, 2017). Manager L also describes the former decentralized structure of company Y, and centralized structure of company X. Manager L thinks that “the people that come from Y are sometimes a bit more frustrated, because they had a lighter corporate and bigger regional presence. Whereas now the regions are lighter than what it used to be in the Y world, and a slightly more present corporate” (personal communication, April 7, 2017). This is in line with the experiences of manager K, coming from company Y, who mentions that it is not possible anymore to take decisions freely and there is always approval from the group needed.

Three managers (K, I, and J) wish for more transparency in the decision-making process. Manager K describes the process as: “Decisions come somehow out of the blue sky (...). So you try to arrange everything (...) and then somehow some miracle bodies are meeting and the decisions are there. You don’t understand why or why not, and what else was decided” (personal communication, April 11, 2017). Three managers (G, J, and K) express their needs to improve the current approval structure. The managers think that the current process is slow, and ineffective. Manager J mentions that “if we don’t change or improve the decision-making process rapid, we are not going to be able to execute that strategy” (personal communication, April 10, 2017). With regards to the approval process J explains that “before I can approve the contract I have to gather eight people and signatures of five others. And this really goes against the whole idea of agility and empowerment that they try to introduce with this whole new ACE approach” (personal communication, April 10, 2017). Manager G also wants to see improvement in the approval structure, because now various functions are looking at the same projects from their own lands, which makes the process slow and frustrating. G suggests that it would be better to deal with one person at a time. Manager H mentions the approval process as
well. but understands that it goes like this in a large organization. However, manager H has a similar vision as manager J, that the current structure lacks agility and simplicity and that a behavioral change is needed.

4.3.4 Suggestions to improve strategic consensus

In line with our conceptual framework and purpose, we are interested to find out what the process of strategic consensus building enables. To identify the underlying patterns of strategic consensus building, we asked the interviewees what they would like to improve.

On local level, the senior managers have various suggestions for improvement. Manager I suggests to continue with ACE workstream to reach a better alignment within the group. Moreover, this manager wishes to “become agile, less bureaucratic” (personal communication, April 4, 2017). This is in line with manager H who would like to see an improvement in agility and simplicity of the group: “We need to be simple. That would be the best gift that I could receive” (personal communication, April 4, 2017). Moreover, manager H wishes for better leadership skills from the corporate to the countries, as well as an improved information sharing with the countries. A similar point of view is taken by manager G who wants to have “some better understanding of these top-down targets that often come from the group” (personal communication, April 3, 2017). In addition, manager L points out the interaction between the corporate and the countries and wishes for “getting more closeness in discussions, to provide input, and exchange of strategy” (personal communication, April 7, 2017). However, according to manager L, this requires an improvement in the trust between the corporate and the local levels. Manager J would like to continue with the workshops on senior management level. Nevertheless, manager J wishes for another format as “the structure was pre-established, so somebody already produced or pre-structured the target, the questions. There was very little room for leaders to talk about the issues that they have in an open way. I think people are afraid to talk about challenges that they have, and don’t share them with each other. You know, if people are afraid and not sharing, we can’t address it” (personal communication, April 10, 2017). Manager K sees room for improvement at the TMT level. Manager K suggests having a common purpose and aims to discuss the ‘why’ as “if you want to start to have alignment, which is the first thing” (personal communication, April 11, 2017). This manager has the impression that the TMT has no common understanding, no alignment on the ‘why’ and sees the need for that as “if you have a common ‘why’, automatically you are already at least in the
same direction” (personal communication, April 11, 2017), even though the manager is aware that this requires time.

**Table 5. Summary of key-empirical findings on local level**

<table>
<thead>
<tr>
<th>Interviewees</th>
<th>G</th>
<th>H</th>
<th>I</th>
<th>J</th>
<th>K</th>
<th>L</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are the senior managers aligned?</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Improving</td>
</tr>
<tr>
<td>Do the senior managers have a common understanding of the future?</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes and no</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Do you wish for more involvement?</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Main suggestion to improve strategic consensus</td>
<td>transparency and simplicity</td>
<td>agility</td>
<td>agility</td>
<td>interaction</td>
<td>transparency</td>
<td>interaction</td>
</tr>
</tbody>
</table>

**4.4 Perspective of the corporate strategy department**

The corporate strategy department is based in the headquarters in Europe, and is divided into six sub-departments. Based on the information we received from the interviews with the senior managers, we decided to conduct five additional interviews within the corporate strategy department, of whom the head of the corporate strategy department and four managers each from another sub-department. In this section, we first present the impressions that senior managers on corporate and local level have of the strategy department, thereafter the findings from the corporate strategy department are presented.

**4.4.1 Outside perspective**

This part presents the outside perspective, which means the various impressions of the corporate strategy department shared by senior managers. On corporate level, four out of six managers (B, C, E, and F) have the impression that the corporate strategy department works too much in isolation. The remaining two managers, A and D, have not mentioned the department. Manager C thinks that “a lot of the strategy is developed in complete isolation of the reality of what
happens in the business” (personal communication, April 4, 2017). In accordance, manager E states that the department is too far and too distant from the local managers. Manager F would like to have more interaction with the corporate strategy department, and shares that “there is no natural communication on some of the topics. I am disconnected with what these guys are working on” (personal communication, April 10, 2017). Manager C furthermore wishes for more seniority in the corporate strategy department, and says “my opinion is that they got the wrong people in the strategy department. But strategy is not a place for learning. (...) I would use more experienced people, and take it a bit more seriously I think. And not as a training ground, or practice area” (personal communication, April 4, 2017).

Four out of six managers (H, J, K, and L) at the local level mention that there is no contact or minimal contact. Managers H, J and K see this as normal, as there is no need to have direct contact with this specific department at corporate level. Manager L would “like them to be a bit closer to the business, and to see them more as partners. And have discussions and exchange about country and region business plans for example” (personal communication, April 7, 2017). Moreover, manager K mentions that there is no feedback after sending the country business plan to the corporate, and says “having no feedback means everything is okay for me. If they would disagree then I would appreciate getting feedback yes, to not run into a wrong direction” (personal communication, April 11, 2017). Managers G and I did not mention the corporate strategy department.

4.4.2 Inside perspective

In this section, we present our findings based on five interviews with managers working in the corporate strategy department in the headquarters, the so-called inside perspective. In the following paragraphs, we present the managers’ perceptions with regards to consensus on strategic priorities, and their suggestions to improve the strategic consensus. Furthermore, we elaborate upon whether the managers in the corporate strategy department also experience an isolation of their department within the group.

Perception and consensus on the strategic priorities

The head of the department, S1, points out that they are still in the process of finalizing the formulation of the new strategy, while other elements are already under execution. However, manager S1 mentions with a smile on his face “Execution is easy. That’s not my issue. That’s the great thing about strategy; you just talk about everything and don’t do anything” (personal
communication, April 7, 2017). When asking the managers in the department, two out of five managers (S3 and S5) asked for clarification what we meant with the four strategic pillars, and S5 mixed those up with a previous strategic direction. The other three managers mentioned the strategic pillars. With regard to their perception of the overall alignment, manager S3 and S5 share the opinion that the senior managers of ‘XY’ are aligned according to the four strategic pillars. For example, S3 mentions that “it might not be aligned on specific topics, but I mean on the strategic pillars, I would not see any big difference” (personal communication, April 10, 2017). The remaining three managers experience misalignment among senior managers in the company. Manager S4 shares that “right now there are a lot of descrambled people all over. So I would not be overly surprised if these guys are not aligned” (personal communication, April 11, 2017). In addition, manager S1 describes that “they are certainly not aligned, but that discussion is a fruitful one that needs to take place” (personal communication, April 7, 2017). Manager S4 mentions that the group is not clear where it wants to head to with the asset light priority, “I think there are some ideas on top management what it really means, but how it’s understood let’s say from corporate and down to the line into the countries is not clear at all” (personal communication, April 11, 2017).

There are several reasons for a lack of strategic consensus mentioned. Manager S1 experiences misalignment according to the different priorities of product lines within the company, and gives an example that being customer centered needs a different mindset than being a cost leader. Moreover, manager S5 thinks that misalignment comes due to the organizational structure, and says “looking into the matrix organization. Let’s say any targets a function has, can conflict with other functional targets, or go into another direction. (...) Everybody was sending emails to the local managers and pushing their initiatives, I think these causes some conflicts” (personal communication, April 11, 2017). Managers S2 and S3 experience cultural differences in terms of how people work and collaborate. Therefore, manager S3 considers that “the ACE programme is quite important of changing the mindset of the people” (personal communication, April 10, 2017). According to manager S4, it just takes time to build strategic consensus. As people will leave and new ones join the organization, manager S4 thinks that this will also solve the legacy issues in the long run.

Suggestions to improve strategic consensus
Three managers of the corporate strategy department (S1, S2, and S4) mention that the top-down communication about the strategy should be improved. Manager S4 expresses the need
to send a clear message about what the group wants to achieve. In line with that, manager S2 says, “you have to stick to the message and then it sticks to a certain amount to the people” (personal communication, April 10, 2017). Manager S1 mentions that communicating the strategy is a never-ending story, “it’s presentations, travel, go and talk to people and talk, talk, and talk. (...) You have to tell the same story all over again” (personal communication, April 7, 2017). Manager S4 and S5 suggest more two-way communication by involving senior managers, and S4 explains, “integrate them in the shaping process to give them the feeling that they can have a contribution, and make them feel part of it” (personal communication, April 11, 2017). Manager S5 suggests letting the local managers be part of the target setting, so that they understand the logic behind and so that targets fit with the local environment. Manager S1 mentions furthermore the importance of the country business plan, as the cornerstone of the discussion, where the strategy department will give feedback on for reaching strategic consensus. Two managers (S2, and S5) suggest to simplify the overall strategy, and to reduce the amount of priorities to focus on. Last, manager S3 thinks that a behavioral change is necessary to improve collaboration and consensus, and wants more emphasis on the ACE workstream.

Isolation of the corporate strategy department
Manager S3 says that the corporate strategy department is not isolated, and that there are many interactions instead. There are three managers (S2, S4, and S5) who recognize that some of the sub-departments within the corporate strategy department work in isolation. Manager S4 adds that this partly comes due to the confidentiality of strategic projects. Manager S2 and S4 explain that the main interaction with the local level is project based, focusing on a few countries. S4 explains it furthermore as a one-way stream, “we are sometimes a bit more on the consumption side, so we are asking: we want this, and this. Then we produce something, and then it’s sometimes not shared back. So they don’t have a sense of what their contribution was in the overall thing” (personal communication, April 11, 2017). The head of the corporate strategy department, S1, did not directly answer a question about isolation, but explains that “strategy is not something that one person defines. It’s a process which needs the input of everybody” (personal communication, April 7, 2017). Manager S1 explains that the strategy is developed through meetings with the CEO, and with each single TMT member.
5. Analysis

This chapter presents the analysis of our main findings in relation to our conceptual framework, which is presented at the end of the second chapter. While we have presented the corporate and local level as well as the corporate strategy department separately in the empirical findings, we combine these three perspectives in the analysis for outlining underlying patterns. The first part of the analysis notices the pre-merger influence of the case organization. Hereafter, the consensus on the TMT formulated strategic priorities from the senior managers’ perspective is presented. This is followed by an analysis of the impact of intervening circumstances on strategic consensus. Hereafter, we will take a more holistic approach by analyzing all parts of our framework according to the four sequences of the teleological change process, to describe how strategic consensus is built. Last, this description allows us to answer our research question and present three facilitators which enable strategic consensus building.

5.1 The pre-merger influence

For gaining understanding about strategic consensus building in the merged organization ‘XY’, we first analyze the pre-merger influence. Namely, the pre-merger identity as well as the existence of other informal interest groups have an influence on strategic consensus building. The interviews with the twelve senior managers have revealed several perspectives on the existence of the pre-merger influence, which will be analyzed in the next paragraphs.

Pre-merger identity

At corporate level, the findings in this study consist of five senior managers with a former legacy in organization Y and one in organization X. This means that the pre-merger identity of organization Y is dominant in our findings with respect to the corporate level. However, at local level, four out of six senior managers in this study have their legacy in organization X and two in organization Y. This means that the pre-merger identity at the local level is mainly influenced by senior managers who were used to work in organization X. When analyzing the perspectives of the senior managers on corporate and local level together, the findings indicate that five managers do not experience a division according to legacy anymore, while seven managers experience that this division still exists (see Figure 9). That means that the majority of the twelve senior managers still experience a division due to the legacy.
From the seven senior managers that experience a division according to the pre-merger identity, three managers come from company X, and four from company Y. Of these seven managers, four are positioned at corporate level, and three at local level. This means that a division according to legacy is similarly experienced at different hierarchical levels, and by managers having their legacy in X and Y. Nonetheless, three of them mentioned that the division according to legacy has been reduced since the merger in 2015, and felt that ‘XY’ made progress in becoming one organization. This indicates that ‘XY’ is still in the process of developing a common social identity (Weick, 1979). When the identification with the organization becomes stronger it increases the likeliness of strategic consensus building between departments and hierarchical levels (Porck, 2013). Transferring this to our findings indicates that ‘XY’ still struggles with having a clear identification which is shared among the senior managers. Therefore, one social identity of ’XY’ does not exist at the point of conducting this study.

A repeating perception was that the existence of the pre-merger identities is stronger on the corporate level, than on the local level, which is also proven by above mentioned analysis. Senior managers explained that little has changed for the people on the local level, as the operations have remained almost the same in terms of product, location, and market. On the contrary, the corporate level has been newly formed since the merger, whereby managers got new responsibilities, colleagues, and half of them even changed the location. The study of Priem (1990) illustrates that consensus among strategic priorities can increase over time, when managers have spent more time in the particular organization and in practicing the current position. Applying the study of Priem (1990) to our case organization ‘XY’ could explain the stronger existence of pre-merger identities at corporate level, due to the recent team formation. This can furthermore explain the experienced reduction of pre-merger identities over time. Moreover, we do not claim that having a pre-merger identity as a senior manager is hindering, but in line with the study from Porck (2013), achieving one organizational identity fosters the
process of building strategic consensus. Transferring that to our study, we recognize, based on the interviews, that ‘XY’ already improved building one shared identity among the senior managers. As the merger took place almost one and a half years ago at the point of conducting the interviews, the employment relationship is relatively short, when comparing the years of company affiliation of the senior managers before the merger. Joshi et al. (2003) state that a longer employment relationship within one organization increases the likelihood that managers align themselves with the organizational identity. By using this statement of Joshi et al. (2003) for the analysis of our thesis, we can conclude that on the one side this explains why some of the interviewed senior managers still have a strong pre-merger identity, and on the other side this statement demonstrates that development of one social identity within a merged organization requires time.

**Informal interest groups**

Apart from the possible division according to pre-merger identity, half of the twelve senior managers (C, E, F, H, K, and L) experience a division within the organization that was based on something else than previous legacy. In theory, such divisions are known as informal groups (Markoczy, 2001). As Figure 10 shows, the statements of those six managers can be classified into two informal groups, namely cultural background and product line.

**Figure 10.** Overview - division due to informal interest groups

<table>
<thead>
<tr>
<th>Cultural background</th>
<th>Product lines</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Managers</strong></td>
<td><strong>Managers</strong></td>
</tr>
<tr>
<td>C, E</td>
<td>F, H, K, L</td>
</tr>
</tbody>
</table>

According to Markoczy (2001), informal groups are formed by organizational members with similar strategical interests. Two managers (C and E) mention a division according to cultural background, especially on corporate level. The findings illustrate that four managers (F, H, K, and L) experience a division within the organization according to product lines. One of these four managers (K) describes that there is a tension, as all product lines have to follow the same strategic priorities, while the products differ from each other in strength, weaknesses, and opportunities. They furthermore experience that they are ‘fighting’ for the same resources,
which are mainly divided by the TMT. According to Tajfel (1974), members of a group are emotionally attached to the group they belong to, thus this will guide their actual behavior. As the managers describe that the product lines have different goals, the chance is higher that different groups work against each other (Walter et al., 2013), which makes is more challenging to build strategic consensus.

To sum up, the majority of the twelve senior managers still experience a division due to the pre-merge identity at the point of the interviews were conducted. Nevertheless, it is worth mentioning that ‘XY’ is on the way to develop a common social identity. Moreover, only half of the twelve managers recognize a division due to other informal interest groups.

5.2 Consensus on strategic priorities

In this part, we analyze consensus on the strategic priorities within our case organization ‘XY’ to find out whether the mentioned priorities of the twelve senior managers are in line with the TMT formulated strategic priorities. Moreover, we also take the perspective of the corporate strategy department into account. In previous studies the focus on strategic priorities has been referred to as the content of strategic consensus (e.g. Kellermanns et al., 2005; Markoczy, 2001). As presented in the fourth chapter, ‘XY’ defined four strategic priorities, known as strategic pillars: asset light, cost leadership, commercial transformation, and sustainability. The analysis of the findings on the prevailing perception of the senior managers on strategic priorities is needed for identifying the current position of ‘XY’ in the process of consensus building, which will be further discussed in chapter 5.4. Our findings, presented in the fourth chapter, provide an in-depth understanding how the four strategic pillars are distributed among the twelve senior managers (see Figure 11). It has to be noted that manager C and E, both at corporate level, did not mention all four pillars and are therefore excluded from this analysis.
The findings illustrate a lack of consensus within the senior managers on corporate level, whether the main focus should be on cost leadership, or on commercial transformation. Namely, out of the four corporate managers that mentioned all four pillars (A, B, D, and F), manager A and B mention that cost leadership is the absolute key priority, as the business will not exist without being a cost leader. The other two senior managers (D and F) argue that commercial transformation is more important, because without a customer-oriented solution it is not possible to sell the product. Comparing the findings with the senior managers on local level, it first has to be outlined that all six senior managers mentioned the four strategic pillars in connection to the overall strategy. Out of these six, two managers (G and L) perceive commercial transformation as the key priority, and two other managers (H and I) cost leadership. The remaining two managers (J and K) mentioned asset light first when describing the priorities, but did not mention explicitly that this pillar was more important than the other three.

Our empirics show that even though managers are aware of the four pillars, they prioritize the pillars differently. Dess and Priem (1995) argue that similar beliefs regarding the content of strategic priorities is a prerequisite for successful strategy implementation, as these beliefs influence how organizational members make sense of the organizational environment. Desmidt and George (2016) share these concerns as well, because a different understanding of strategic priorities may lead to goal divergence between business units and departments. Accordingly, the senior managers of our case organization ‘XY’ need to work together to achieve the subgoals of their business unit. When senior managers have divergent subgoals for their business unit, there is a risk that they work in different directions, or even work against each other. Consequently, a lack of common understanding of strategic priorities hinders the organization to achieve its overall objectives (Desmidt & George, 2016; Ketokivi & Castaner,
Vice versa, the senior managers on corporate and local level show agreement on the placement of sustainability, which was mentioned as one of the lowest priorities by all twelve managers. The findings illustrate a lack of consensus when it comes to the key priority of ‘XY’, whereby some senior managers invest more resources (e.g. time, money, attention) in commercial transformation, others in cost leadership, or even in asset light. This is in accordance with Tarakci et al. (2014) who mention that it can be challenging to reach common understanding of strategic priorities, as an organizational network consists of interdependent groups that have their own strategic subgoals. As the local managers are situated in diverse countries, they work under different local circumstances, which can influence the way they prioritize the four pillars. However, for effective coordination of all the interdependent local business units, a shared understanding of the organizational strategy is required (Balkundi & Harrison, 2006; Richter et al., 2006). Transferring that to ‘XY’ it is necessary that especially the local managers reach a shared understanding of the future as otherwise the managers focus on various priorities and cannot bundle the resources which are distributed by the group.

The findings demonstrate that all managers experience that the strategic priorities of their department are aligned with the overall strategy formulated by the TMT. However, the majority of the senior managers share the opinion that strategic consensus among senior managers within ‘XY’ is lacking. Within the corporate strategy department three out of five managers experience lack of consensus among senior managers within ‘XY’. According to the head of the corporate strategy department this is a problem, because being customer centered needs a different mindset than being a cost leader. This vision represents the possibility of divergent subgoals between the senior manager’s business units, which is in line with the concerns of several authors (e.g. Desmidt & George, 2016; Tarakci et al., 2014). When it comes to a common understanding of the future of the organization, the senior managers show more optimism. Namely, the majority of senior managers share the vision that the senior managers have a common understanding, whereas a minority of three managers believe that this common understanding is lacking.
5.3 The impact of intervening circumstances

This part of the analysis focusses on the intervening circumstances which have an impact on the process of strategic consensus building. Sections 4.2.3 respectively 4.3.3 revealed insights how the senior managers of our case organization ‘XY’ describe the intervening circumstances. These findings are analyzed and thereby connected with the literature in the following chapter.

Centralized versus decentralized decision-making

A merger, in this study two organizations have to be integrated, is characterized by structural shifts in the organizational network (Schuler & Jackson, 2001). As the secondary data as well as our empirics show, the internal decision-making process of ‘XY’ can be described as centralized. Hence, the power for making decisions is located at a higher hierarchical level. Looking on the decision-making power from a historical perspective, our finding indicate that the pre-merger organization Y followed a decentralized decision process, whereas X was characterized by centralized decision-making. A transformation from a decentralized pre-merger organization to a more centralized post-merger can bring along a resistant attitude of managers (Calipha et al., 2010). Empirical evidences for switching from a decentralized to a centralized decision-making process have been found in this study. This causes a decrease of autonomy for senior managers having their pre-merger identity in Y as these managers are used to a decentralized approach.

And indeed, having the pre-merger identity in organization Y, manager K for example reports that decisions cannot be taken freely anymore as these always needs the approval from a manager on a higher hierarchical level. Moreover, manager L, even though this manager has the pre-merger identity in organization X and is used to a centralized decision-making process, describes that senior managers coming from organization Y are more frustrated with regard to decision-making, compared to managers having their legacy in X. In particular, this switch in decision-making has an impact on both corporate and local level. In the context of the pre-merger, Y had the focus more on local level and less on corporate, which swapped in the post-merger organization ‘XY’.

The findings of this study build an interesting contrast to previous research as the senior managers on corporate and local level claim that the decision-making process is complex and requires a lot of time, even though a centralized structure should enable fast decision-making
according to Young and Tavares (2004 in Calipha et al., 2010). However, the downside of a centralized decision power was also verified by the interviews with the senior managers. In line with previous research (e.g. Calipha et al., 2010), the empirical findings of this thesis show that interviewees experienced an isolation of the strategy department. Moreover, the findings based on the interviews with managers from the corporate strategy department further demonstrate that the formulation of the strategy for ‘XY’ was mainly done in isolation and exclusively in collaboration with the TMT of the merged organization.

**Deductive versus inductive management style**

Our findings show that the management style, which the twelve senior managers experienced, is not influenced by the pre-merger influence. Moreover, the six senior managers on corporate level experience a combination of deductive and inductive management style as decisions are driven by individuals or departments within the corporate level of ‘XY’. In comparison, the senior managers on local level describe a management style, which is more related to a deductive one. This is in line with the findings by Hart (1992), who states that analysis is done on high level and therefore it is natural that the managers on local level share the opinion of a deductive style. Initially, our empirics confirm Hart’s (1992) proposition that the process of strategic decision-making is often characterized by top-down as well as bottom-up approaches. However, it has to be taken into account that a sole deductive or sole inductive management style does not support the process of building strategic consensus as a sole deductive approach misses the agreement of the senior managers of ‘XY’, whereas a sole inductive approach can lead to dissatisfaction of individuals and an unclear goal setting for the future.

**Internal Communication and transparency**

To build upon the analysis in the previous paragraphs, the decision-making power is centralized at the top of ‘XY’. Thereby the decisions made at the top are not shared, or only partly shared, with other hierarchical levels within the organization. The empirical findings show that the majority of the twelve senior managers express a need for more transparency in strategic decision-making. One might assume that a transparent process is not feasible. However, to explain this contrast, the two hierarchical levels, namely the corporate and the local level, have to be taken into consideration. Local managers are asked by the corporate managers to share information that is needed for certain strategic decisions. Nevertheless, the outcomes of these decisions at corporate level are often not transparent for local managers. This means that senior managers on local level have to disclose their information and need to make it transparent for
the corporate level, whereas the managers on corporate level do not, or only partly share information with the local level. In turn, these characteristics of information sharing causes a lack of transparency. The interviewed senior managers reportedly miss significant information to understand and interpret the strategic priorities. These findings build an interesting bridge to the assumption that trust is a prerequisite and repercussion of transparency (Parris et al., 2016). Resulting from the aforementioned one-way stream of information sharing, the local managers want to receive more trust from the corporate level. However, the combination of having a shortage of transparency and trust in the case organization ‘XY’ might have unpredictable consequences for building strategic consensus (Whittington et al., 2011). Accordingly, the existence of the organization, and more precise the existence of the newly merged organization could suffer from that fact.

The findings related to communication build upon the findings of transparency in the previous section. The empirics revealed several patterns that will be analyzed by drawing connections to the existing literature. One might claim that our case organization ‘XY’ cannot set up a satisfactory internal communication process without being transparent. Vice versa, it can be argued that senior managers can communicate information but still lack transparency by withholding information. Especially this second reasoning is supported by previous research as communication and the related interaction is paired with the willingness to share information with other departments in the organization (Desmidt & George, 2016; Noorderhaven et al., 2007). Hence, the process of strategic consensus building might be slowed down due to occasional communication, whereas frequent vertical communication would bring along benefits for consensus building (Rapert et al., 2002). However, our empirics show that senior managers are aware that certain strategic issues are confidential and cannot be communicated vertically. The corporate strategy department of ‘XY’ has an advantage with regard to transparency in communicating the strategy due to the fact that this department works closely together with the TMT in formulating and executing the strategic pillars. The findings give an in-depth understanding of how the strategy is communicated in our case organization and how the vertical communication, as mentioned by Rapert et al. (2002), is displayed in practice. For example, the majority of the senior managers mentioned the workshops performed by the TMT. Nonetheless, two of the senior managers (E, and L) did not see the need to travel to these physical meetings, due to the possibility to attend via video conference. These findings build an interesting bridge to previous research that claims that holding video conferences is not sufficient for building strategic consensus (Floyd & Wooldridge, 1992). For building strategic
consensus within ‘XY’, direct exposure to strategic priorities should be fostered by physical presence. However, it has to be taken into account that this step forward requires improved transparency as nowadays the interviewees recognize the various departments within the organization as “little kingdoms”, which indicates a close instead of a transparent communication process. This is in contrast with our empirics that the senior managers are familiar with the four strategic priorities, which indicates that the communication and related information sharing about the four pillars is transparent across the organization. The is in accordance with the findings showing that the TMT actively creates moments for sharing the pillars and the vision of the organization.

Involvement in decision-making process
Our findings give an in-depth understanding of how involvement in decision-making is perceived by the senior managers of ‘XY’. The findings show a difference between corporate and local senior managers in terms of participation. Three corporate senior managers (A, C, and E) participated in strategic decision-making, as they were invited by the corporate strategy department to contribute to the ‘strategic conversation’ from their field of expertise. However, a majority of the corporate senior managers share the wish for discussing the strategy with all key functions together. According to Pittz and Adler (2016), such a collaborative approach is beneficial for the strategy process, due to the diverse perspectives brought into the dialogue. And indeed, the above mentioned three managers had the privilege to share their expertise, and were satisfied with their contribution. According to Huang et al. (2010), participative decision-making can be seen as a tool to trigger the motivation of managers to aim for the organizational objectives. This can also be recognized in the findings of our study as the three senior managers mentioned above were less critical with regard to the formulation of the strategy than the remaining senior managers.

On the local level, senior managers do not have the need to be involved in the discussion about the formulation of the overall strategy. However, the majority of local managers wish to participate in decision-making regarding execution of the strategy. More precisely, they want to be included and share their vision about how the strategic pillars can be implemented given the different local circumstances. The findings of this study partly support Pearson’s (1991) outcomes regarding the importance of feedback, which is one facet of participative decision-making. Indeed, the majority of local managers mentioned that it would be beneficial to get feedback on their country specific strategic plans, which is currently not happening. Namely,
this feedback would give them an indication whether their subgoals are aligned with the organizational objectives. However, no evidence was found for lower job satisfaction due to this lack of feedback. Instead, the local managers seem to be satisfied with their job, and showed high commitment towards their local business unit.

As the previous analysis outlines, the senior managers want to participate in strategic decision-making, be it on different strategic topics, for influencing and shaping the organizational strategy. Besides participating in meetings and discussions, managers can also influence strategic decision-making through personal connections with key figures in the decision-making process (Cotton et al., 1988; Emamgholizadeh et al., 2011). As strategic decisions are made at the top of the hierarchy in ‘XY’, we consider the TMT members as key figures. The findings show that although the managers at corporate level are geographically more closely located to the headquarters, the local senior managers experienced a closer relationship with managers from the TMT. The stronger connections between the local managers and the TMT could be explained by the fact that organization ‘XY’ currently has a short-term strategic focus, with the emphasize on reaching financial targets. Most of the financial results are achieved through business activities on the operational level, which is managed by local senior managers. Walter et al. (2013) mention that when groups have a shared focus, the likeliness of cooperation between groups increases. In line with Walter et al. (2013), this could indicate that the short-term goals of the local operations are more aligned with the TMT, than some of the functional departments at corporate level. The corporate senior managers mentioned the organizational bureaucracy as a filter for relationship building with TMT members.

Besides the involvement differences between hierarchical levels, the findings indicate a difference between senior managers from various product lines. Joshi (2006) and Ibarra (1992) focused on decision-making in merged organizations, and describe that groups that are underrepresented in the decision-making process suffer from decreased centrality. As previously mentioned, ‘XY’ has three product lines, whereof one dominates in terms of resources (e.g. people, finance) besides the two smaller product lines. The findings show that senior managers working for one of the smaller product lines share concerns that their performance targets do not fully apply to the characteristics of their business activities. On the one side, they are not able to reach all targets, which influences their personal bonus. On the other side, some of the targets are not ambitious enough given the specific product, which means
that they cannot fully exploit their competitive advantage. This could indicate an under representation of the smaller product lines in the TMT where the performance targets are set. Prior research has been conducted to understand the link between involvement and strategic consensus building, and various researchers claim that the level of involvement of managers in strategic decision-making impacts the existence of strategic consensus in an organization (e.g. Floyd & Wooldridge, 1992; Kellermanns et al., 2005; Porck, 2013). This might explain why our findings indicate that there is no strategic consensus within ‘XY’. However, it is questionable to what extend involvement of all senior managers is needed in the strategy formulation process of a merged organization. The findings indicate a nuance, namely that the range of managers participating in the strategic conversation should depend on the respective strategic issue.

**Commitment and empowerment**

As described above, involvement of senior managers in strategic decision-making is limited. Especially local senior managers lack understanding how, why and by whom decisions are made. In contrast, research of Emamgholizadeh et al. (2011) shows that involvement of managers in decision-making fosters information sharing and distribution of responsibilities, which empowers managers to take initiatives and make decisions in their daily job. The findings indicate that local senior managers miss crucial information necessary for understanding the logic behind certain decisions. This lack of transparency can further influence their responsibility to implement those decisions, and ability to make decisions on themselves. In other words, participation of organizational members increases employee empowerment (Emamgholizadeh et al., 2011), which lead to more autonomy in decision-making, holding senior managers accountable for the outcomes of their decisions (Quinn & Spreitzer, 1997). This explains the pattern found in the empirics that senior managers tend to push decisions that need to be made further upwards in the hierarchy, as they do not feel empowered to make the decision. The current flaws in the decision-making process in combination with the centralized structure of ‘XY’ causes problems at the top where decisions keep piling up.

The implementation of the ACE workstream shows that the organization wants to make a behavioral change towards commitment. Based on the long employment relationship at ‘XY’ of the senior managers on both local and corporate level, the findings indicate that managers are committed to the organization. According to Mizrahi (2002), involvement of managers in strategic decision-making is needed to increase commitment to the final decision, and effort to
implement it. In contradiction with the senior managers, is the majority of managers in the corporate strategy department relatively new. As our empirics show, this leads to the impression from corporate senior managers that they do not take their job serious enough and have to prove commitment to ‘XY’. Clearly, not all senior managers are convinced of the knowledge and experience of managers in the corporate strategy department, which may hinder commitment of senior managers towards decisions made in the corporate strategy department. Lack of commitment can be problematic for organization ‘XY’, because without commitment no strategic consensus can be built (Floyd & Wooldridge, 1992). Thus, this might impact the success of the merger.

The interim results of this analysis are the following: firstly, the majority of the senior managers still experience a division based on the pre-merger identity, secondly, the distribution of the four strategic priorities of the case organization ‘XY’ demonstrate patterns between the corporate and local level and thirdly, the intervening circumstances seem to have a substantial influence on the strategic consensus building. However, these results leave the reader with the question, which facilitators enable the process of strategic consensus building in a merged organization. Consequently, how the four sequences of the teleological approach move in our case organization ‘XY’ will be discussed in the following chapter, before we will answer our research questions in the last section of this analysis.

5.4 Discussion of the four sequences

In the previous three sections of the fifth chapter, we analyzed the current situation regarding strategic consensus in ‘XY’. In this section, we go a step further by taking the teleological approach. Namely, if the organization can overcome these barriers in each of the sequences, the organization will be able to move more smoothly through these cycles of development. For answering our research question in the next section 5.5, it is necessary to understand how the four sequences are moving within ‘XY’. As mentioned previously, this thesis has a focus on the content of strategic consensus from the senior management perspective. Consequently, this study is not focusing on how much strategic consensus in a merged organization is required to succeed. Based on our empirics and the study of Markoczy (2001), this thesis rather takes the position that a complete lack of strategic consensus hinders ‘XY’ to overcome the current weaknesses.
The main part of our conceptual framework, is based on four sequences, namely setting and envisioning of strategic priorities, implementation of strategic priorities, dissatisfaction and interaction. In this section, we analyze our findings with regard to those sequences, starting with the sequence of setting strategic priorities. With the help of the teleological process model, we aim to explain as well as discuss the process of strategic consensus building in the merged organization ‘XY’ (Van de Ven & Poole, 1995). As mentioned in the theory, the four sequences can happen simultaneously, rather than step-by-step.

**Setting and envisioning of strategic priorities**

When the merger of organization ‘XY’ became a fact, a strategy was created for this new entity. The new CEO and TMT came together for setting the strategic priorities. In line with the teleological approach (Van de Ven and Poole, 1995), this phase is not only about setting strategic priorities, but also about envisioning a desired end state for the organization. The majority of the senior managers share the overall aim of being the market leader in their industry, showing that there is a common understanding of the future. This implies that senior managers have a desired aspiration level, described by Weick (1979) as a socially constructed picture of which the organization strives for. The fact that senior managers have a shared aspiration level helps to move to second sequence, namely the implementation of strategic priorities. When exposing the current situation, our analysis shows that ‘XY’ is still in the process of building consensus on the strategic priorities. These findings are in accordance with the change process described by Van de Ven and Poole (1995), as our case organization has an idea about the desired goal while the way to reach it is unspecified. Indeed, we argue that there are several ways to proceed towards the desired goal, whereby organization ‘XY’ has to learn over time how to get there.

A process of learning will automatically happen the longer a manager can identify oneself with the position. A similar notion can be found in the literature of Priem (1990). Strategic consensus can increase over time subject to the condition that senior managers are willing to do so, supported by sufficient resources (e.g. time) from the organization. Our findings show that ‘XY’ has to focus on clear envisioning of the strategic pillars. When setting the strategic priorities, the organization has to be aware that internal dysfunctional relationships exist (Porck, 2013). The findings indicated such relationships, by comparing the perceptions on strategic priorities of the corporate and local managers. Moreover, for moving forward in the sequences, ‘XY’ has to focus on how the overall mission of the organization ties in with the subgoals of the various
hierarchical levels. In accordance with the research of van Knippenberg et al. (2002), ‘XY’ should outline the connections between the strategic priorities in a clear manner as part of the strategy formulation process.

**Implementation of strategic priorities**

The sequence of implementation of the four strategic priorities captures the transmission from knowing the strategic priorities to living them. Although the four pillars are equally weighted in strategic documents, the findings of our study demonstrate that senior managers mainly focus on one or two pillars in the subgoals of their respective business unit. A division is recognized between senior managers aiming for cost leadership, and managers aiming for commercial transformation, which lets to differences in resource allocation. This shows that members within the organizational entity have different developmental paths in mind how to proceed towards the organizational goal. Furthermore, four senior managers experienced a gap between knowing and executing the strategy, which they observed organization-wide including the TMT. More precisely, they argue that not all TMT members of ‘XY’ show consensus on the strategic priorities based on the decisions they make. As the strategic pillars are implemented via a top-down approach, the managers want to experience strategic consensus at the top of the organization. This is in line with Hart (1992), who claims that not only a top-down approach should be dominant, but also a bottom-up one. Accordingly, this might explain why the implementation of the strategic priorities within ‘XY’ is still in progress. Within the implementation sequence of this organizational change, the TMT members are seen as role models (Dess, 1987), and senior managers expect the TMT members to function as a living example of how to implement the new strategy.

The findings of this thesis are in line with Markoczy (2001) as the importance of consensus formation is dependent on the implementation process. Compared to our findings, it can be recognized that improvements regarding the implementation process within our case organization is required in the future. Accordingly, the barriers of implementation have to be resolved. However, the findings illustrate that implementation is not limited to a group of strategic decision-makers at the top of the organization, which confirms the study of Markoczy (2001). In line with Porck (2013), our findings indicate that more coordination and collaboration is necessary in future. The findings show that ‘XY’ is aware that a behavioral change is needed by launching the ACE workstream.
**Dissatisfaction**  
The third sequence is dissatisfaction among managers in the change process, which includes evaluation of the strategic change. In our analysis, we identified three main sources of dissatisfaction: centralized decision-making process paired with a deductive management style and the complexity of getting approvals.

It requires a behavioral change of the senior managers to adapt to a new internal environment in which the strategy exist. In fact, this impacts the satisfaction of the senior managers (Schuler & Jackson, 2001), as they have to leave the comfort zone to deal with these new instabilities in the organization. Furthermore, not all senior managers were able to understand the logic behind certain strategic priorities, due to a lack of transparency in strategic decision-making. As strategic decisions are made by a selected group at corporate level and higher hierarchical levels, this source of dissatisfaction was mainly experienced by local senior managers. Based on that, the senior managers can miss the purpose of strategic priorities, and are less committed to implement certain strategic priorities in their business unit. In addition, as ‘XY’ is still in the process of building strategic consensus, the pre-merger behavior can also influence dissatisfaction of senior managers, which is in accordance with Porck’s (2013) study. Moreover, involvement of the senior manager is related to satisfaction (Schuler & Jackson, 2001). Herewith, local senior managers do not experience the need to be involved in the sequence of setting strategic priorities, but would rather be involved in the sequence of implementing these strategic priorities.

Surprisingly, our findings demonstrate that all senior managers think that the priorities of their business unit are aligned with the strategic priorities of ‘XY’, even though the corporate strategy department asserts the opposite. Therefore, one might claim that senior managers overestimate their own alignment and only see the misalignment of others. These findings are in line with Hogg and Terry (2000) who conclude that such a comparison is fostered for maintaining a positive self-esteem.

**Interaction**  
Interaction enables further development of strategic consensus regarding the desired end state. As a consequence of suboptimal internal communication, the interaction between hierarchical levels suffers. Prior research has shown that socialization activities foster consensus building as “frequent interactions lead to shared understandings, common norms, and cooperative
attitudes” (Van de Ven & Sun, 2011, p. 62). Therefore, the suggestion of Van de Ven and Sun (2011) to organize team building activities, training sessions, and informal social gatherings within organizations. Besides that, the corporate strategy department was described as being isolated which indicated a limited interaction between this department and others within ‘XY’. As interaction is paired with willingness to share information with other departments (Desmidt & George, 2016; Noorderhaven et al., 2007), it is beneficial for managers in the corporate strategy department to interact more frequently with others. Especially because the department is dependent on information from other departments in certain projects. Interaction between departments increases further the likeness that managers have a shared understanding about the future of the organization (Desmidt & George, 2016; Van de Ven & Sun, 2011), which in turn influences the process of envisioning the strategic priorities, leading the ‘XY’ to the next cycle.

5.5 Providing the answer

The case organization ‘XY’ is in the process of a major organizational change of integrating originally two companies into one, aiming for consensus regarding the main strategic priorities. Even though the official merger took place almost two years ago, the process of strategic consensus building is still ongoing. The findings indicate that the senior managers of ‘XY’ do not show strategic consensus on the TMT formulated strategic priorities, even though they are familiar with the four strategic pillars. We want to put emphasize on the underlying teleological assumption that an organizational entity learns during the process of change, which influences how the organization proceeds towards the desired end state. Hence, following our purpose of describing how strategic consensus building currently happens in the merged organization helps us to understand what the process enables.

In the previous sections of this chapter we analyzed the pre-merger identity, the current consensus on strategic priorities, and the impact of intervening circumstances. Furthermore, we described the process of strategic consensus building and discussed the four sequences of the teleological change process. By applying our conceptual framework presented at the end of the second chapter, we take a holistic view by combining the aforementioned elements to answer the underlying research question:

*What enables the process of building strategic consensus in a merged organization?*
In this study, we identified three facilitators, which enable the merged organization to move through the developmental cycle of strategic consensus building: firstly vertical communication, secondly transparency, and thirdly agility (see Figure 12).

**Figure 12.** Three facilitators of strategic consensus building

Vertical communication of the organization’s purpose of existence is required to overcome the gap between having and executing strategic priorities. Transparency maintains a collective understanding of the reasons behind the main strategic decisions, which is needed to successfully build strategic consensus in a merged organization. Agility enables senior managers of the merged organization to adapt to the new organizational environment. In addition, in an agile business environment senior managers are empowered to start living the strategic priorities, hereby bridging the gap between setting strategic priorities and implementing them in their decisions.

The teleological approach describes organizational development by repeatedly moving through different sequences. The current dissatisfaction of senior managers hinders the process of consensus building in the merged organization since the managers do not show strategic consensus on the TMT formulated strategic priorities. As the analysis of our empirical findings indicate, the interaction between the senior managers, the TMT and the corporate strategy department is low. However, for continuous development the organizational members should
interact with each other to understand where the dissatisfaction comes from. Interaction further fosters the opportunity to search for solutions and changes that can shape strategic priority setting. Therefore, the interaction needs to be in line with the communication which fosters transferability and makes the whole process of strategic consensus building agile.

In a nutshell, building strategic consensus is a complex process, due to pre-merger identities. The case organization ‘XY’ needs time to overcome the pre-merger influence by changing the behavior to outpace old paths. Enabling a process of strategic consensus building in a merged organization requires awareness of the strategic decision-makers and organization-wide efforts to proceed on the path for realizing the end-state of being the global leader in their industry.
6. Conclusion

This final chapter of the thesis summarizes the main findings based on the analysis. We briefly recapitulate the purpose of this thesis and draw conclusions from the analysis. Furthermore, we present the theoretical contributions based on the empirical investigation of this thesis. Managerial implications are mentioned followed by limitations and suggestions for future research as a final step.

6.1 Back to the beginning

The process of strategic consensus building was approached from theoretical and empirical point of view in this thesis. The purpose was to contribute to the current empirical strategic consensus research, by shedding light on the missing bridge of strategic consensus building in the context of a merged organization. More precisely, we wanted to understand how strategic consensus is perceived from a senior management perspective, and which facilitators enable strategic consensus building in a merged organization by focusing on the content. It is worth emphasizing that, to the best of our knowledge, our study is the first to examine the process of strategic consensus building in a merged organization with a sole qualitative approach. We chose to follow a qualitative approach to get an in-depth understanding of the topic being studied in this thesis. However, since qualitative studies usually go rather deep than broad, the theoretical implications presented in the next section are oriented to the contextual uniqueness of our case organization ‘XY’.

Based on the literature review we developed a conceptual framework which provided guidance for our empirical study. Indeed, strategic consensus building can be seen as a dynamic process, influenced by the pre-merger identity and intervening circumstances. In line with Martin (2010), the analysis of our empirical findings indicate that strategy formulation and execution cannot be clearly distinguished. Instead, these processes are intertwined, whereby formulated strategies influence execution, whilst execution simultaneously shapes how the strategy will be formulated. Hence, strategy is not only for the TMT, but should rather be carried out in every decision that is made throughout the organization.

This brings us back to the picture of the islands of Stockholm archipelago; although the case organization consists of several business units, none of them is an island entirely of itself. They
are interconnected and need each other for living the four strategic pillars and improving the strategic consensus. Overall, our study points to the importance of viewing consensus as a multifaceted concept.

### 6.2 Theoretical contribution

In this part, we state the theoretical contributions of our thesis on the existing stream of literature in strategic consensus to outline the transferability of our study to other merged organizations. In particular, this thesis contributes to two theoretical streams: firstly, by providing insights on the process how strategic consensus is build, and secondly by focusing on strategic consensus in the specific context of a merged organization. We fulfilled our purpose by identifying three facilitators and developing a new framework (see Figure 12) to gain understanding of what enables the process of strategic consensus building in a merged organization. However, we are aware that these three facilitators are not exhaustive and are dependent on the current situation of a merged organization.

By answering our research question in the previous chapter, this study offers a contribution to the concerns of Kellermanns et al. (2011), that a deeper understanding is needed about the process how strategic consensus is built for being able to react strategically on changes. Current studies focus mainly on the relationship of strategic consensus and performance, hereby blindly assuming that consensus is beneficial for the performance (Markoczy, 2001), and leaving the process of reaching consensus undiscovered. In this study, we have analyzed the process of strategic consensus building by using the four sequences of the teleological process model. We offered a new research angle by linking the strategic consensus building research with the teleological model. Therefore, this study offered valuable insights in identifying three facilitators, which enable strategic consensus building: vertical communication, transparency, and agility.

This study provides comprehensive understanding of strategic consensus in the context of a merged organization. Previous strategic consensus research that was conducted in non-merged organizations needs to be questioned in connection to a merged organization as various facets have to be considered (Markoczy, 2001). The process of consensus building regarding the strategic priorities is generally more complex in a merged organization as the pre-merger identity influences the social construct of organizational members. The findings of this study
illustrated the importance of interaction for overcoming the existence of various interpretations of strategic priorities. This study adds its share to academia through providing an additional insight into research in the field of strategic consensus building in a merged organization.

6.3 Managerial implication

This study enhances practitioners’ understanding of the process of strategic consensus building, and benefits managerial practice by discussing facilitators to transform strategic priorities into actions. The importance of consensus on strategic priorities is a critical factor for the success of a merger. This study helps practitioners to find suggestion how strategic consensus can be improved. However, practitioners should be aware that building strategic consensus requires a lot of time as well as resources and should not be underestimated. It can be assumed that this process takes even longer in a merged organization than in a non-merged organization due to the pre-merger identity. Moreover, it is a systematic process and consensus does not certainly appear at one point. If an organization support critical thinking of their employees, responsible managers at the TMT should not be surprised when other organizational members are questioning certain decisions made regarding the strategy. In addition, strategic consensus is nothing which is formed at the top of an organization. It is an organizational-wide phenomenon, which needs the involvement of all layers of an organization. The formulation of a strategy can be done with a top-down approach, but the execution requires a bottom-up approach. Practitioners should be aware that the formulation and execution are interlocked. Especially in a merged-organization alignment within the top of the organization is crucial for the success of a merger and gives direction for the organizational members. Thus, the way consensus on strategic priorities is experienced, sets a tone to the whole organization.

6.4 Limitations and future research

Despite the theoretical and managerial implications of this thesis, the findings need to be handled with caution, as this empirical study relies on a single organization, which does not allow transferring the results directly to other organizations. Therefore, four main limitations have to be considered. Firstly, the empirical study is conducted with an organization with its headquarters in middle Europe, which has implications for the transferability of the findings as it is expected that the cultural background influences consensus building. Secondly, this thesis did not set out to investigate the relationship between consensus and performance, and the little
performance data reported must be taken with a great deal of caution. Thirdly, this study has a focus on senior managers, while a more holistic approach could be achieved by including other hierarchical levels within the organization, such as the TMT members, or employees in the operations. Finally, in this study the chosen technique was by conducting interviews, which could give a biased picture of reality. However, this technique was suitable for gaining an understanding of how senior managers from two different hierarchical levels experience strategic consensus building in a merged organization. Moreover, the collection of data took place at one moment in time, leaving out the opportunities to get a broader understanding about the development of strategic consensus building over time. With the respect of the limited time frame of four months, this was not reachable.

Even though the current study could provide additional insights, suggestions for future research are given to further develop understanding of strategic consensus building in merged organizations. As a trend can be recognized of organizations that grow through mergers, more research about strategic consensus in this particular setting is relevant. Especially because mergers imply major organizational changes, leading to a high risk of failure. We furthermore call for longitudinal studies within merged organizations to get a deeper understanding of the strategic consensus building process. According to the findings of this thesis, there was a perception from the senior management that strategic consensus had been improved since the merger. It would be interesting to investigate strategic consensus after a certain period of time to see whether strategic consensus increased, stagnated or decreased, especially with respect to the three identified facilitators. Although quantitative research has dominated the field of strategic consensus, we emphasize the importance of more qualitative studies for getting a deeper understanding of the underlying patterns of strategic consensus. Finally, we suggest more research for clarifying whether strategic consensus in a merged organization evolves under the same circumstances as non-merged organizations, or whether other underlying processes foster strategic consensus building. Therefore, a comparative study aiming to compare certain patterns between merged and non-merged organizations could be of importance for future research.
Final Words

In a nutshell, strategic consensus is a double-edged sword. On the one hand, strategic consensus is needed to further develop an organization, especially in the context of a merged organization. On the other hand, strong strategic consensus might hinder an innovative and dynamic mindset of the organization members. The conceptual framework developed in this thesis illustrates that the pre-merger identity and intervening circumstances influence the process of strategic consensus building on strategic priorities. With the findings of this thesis, we have shown that the building of strategic consensus in a merged organization is complex and requires time. Furthermore, we identified three facilitators that enable strategic consensus building, whereas it has to be noted that those are specific to the context of our case organization ‘XY’. With this thesis, we have shed light on the fascinating phenomenon of building strategic consensus from a senior management perspective, and contributed to the increasing number of publications within the field of strategic consensus building.
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B, senior manager on corporate level, April 3, 2017, face-to-face.
C, senior manager on corporate level, April 4, 2017, face-to-face.
D, senior manager on corporate level, April 4, 2017, face-to-face.
E, senior manager on corporate level, April 7, 2017, phone call.
G, senior manager on local level, April 3, 2017, phone call.
H, senior manager on local level, April 4, 2017, video-conference.
I, senior manager on local level, April 4, 2017, video-conference.
J, senior manager on local level, April 10, 2017, phone call.
K, senior manager on local level, April 11, 2017, face-to-face.
L, senior manager on local level, April 7, 2017, video-conference.
S1, manager in corporate strategy department, April 7, 2017, face-to-face.
S2, manager in corporate strategy department, April 10, 2017, face-to-face.
S3, manager in corporate strategy department, April 10, 2017, face-to-face.
S4, manager in corporate strategy department, April 11, 2017, face-to-face.
S5, manager in corporate strategy department, April 11, 2017, face-to-face.

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Appendix

Appendix 1: Definitions of strategic consensus

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Year</th>
<th>Definition of strategic consensus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dess</td>
<td>1987</td>
<td>Strategic consensus is “the relationship between organizational performance and the extent of consensus, or agreement, among the top management team (TMT) on strategy for an organization.” (p. 259)</td>
</tr>
<tr>
<td>Priem</td>
<td>1990</td>
<td>TMT consensus as “general agreement in the opinions held by all or most” (p. 469).</td>
</tr>
<tr>
<td>Floyd &amp; Wooldridge</td>
<td>1992</td>
<td>“Managers acting on a common set of strategic priorities, and achieving it depends on the level of shared understanding and common commitment. We call this combination of collective heart and mind strategic consensus.” (p. 27)</td>
</tr>
<tr>
<td>Homburg, Krohmer, &amp; Workman Jr</td>
<td>1999</td>
<td>Strategic consensus as the “level of agreement among senior managers concerning the emphasis placed on a specific type of strategy” (p. 340).</td>
</tr>
<tr>
<td>Knight, Pearce, Smith, Olian, Sims, Smith, &amp; Flood</td>
<td>1999</td>
<td>“Strategic consensus is defined as the degree to which individual mental models of strategy overlap.” (p. 445)</td>
</tr>
<tr>
<td>Rapert, Velliquette, &amp; Garretson</td>
<td>2002</td>
<td>“the extent to which intra-organizational perceptions converge on shared understandings of strategic priorities” (p. 301)</td>
</tr>
<tr>
<td>Kellermanns, Walter, Lechner, &amp; Floyd</td>
<td>2005</td>
<td>“Strategic consensus is the shared understanding of strategic priorities among managers at the top, middle, and/or operating levels of the organization.” (p. 721)</td>
</tr>
<tr>
<td>Noorderhaven, Benders, &amp; Keizer</td>
<td>2007</td>
<td>“Consensus is multidimensional, and exists in the perceptions of the individuals involved.” (p. 1352)</td>
</tr>
<tr>
<td>Kellermanns, Walter, Floyd, Lechner, &amp; Shaw</td>
<td>2011</td>
<td>“Strategic consensus as the shared understanding of (i.e., agreement on) a specific strategy-relevant content by a group of individuals that can be comprised of managers at the top, middle, and/or operating levels of the organization.” (p. 127)</td>
</tr>
<tr>
<td>Kathuria, Kohli, Kathuria, &amp; Porth</td>
<td>2016</td>
<td>“Strategic consensus is believed to occur when employees at different hierarchical levels within an organization agree on the relative importance of competitive priorities.” (p. 16)</td>
</tr>
</tbody>
</table>
Appendix 2: Information E-Mail for interviewees

Dear [Name],

Thank you for your willingness to participate in a study about Strategic Consensus, as part of our Master thesis at Linköping University (Sweden). Strategic consensus refers to the shared understanding of strategic priorities among managers and employees, which impacts the business performance.

With this email, we would like to share further information regarding the interview with you. The following topics are included:
We begin with the company strategy, and zoom in to the strategic priorities of your own unit and how they are aligned with the company's strategy. Then we continue with an understanding of the main decisions that need to be made for you to execute the strategy, and how the organizational structure supports/hinders these decisions. Last, is to understand the position of your unit within the organizational network, including other units that you have most frequently contact with.

Kindly note that there are no right or wrong answers, and we encourage you to share your thoughts during the interview. The interview will last approximately one hour, and will be audio recorded for the purpose of the study. All audio tapes will be deleted afterwards. Anonymity and confidentiality is guaranteed.

Thank you for participation, we highly appreciate your time and input. If you have any further questions, please do not hesitate to contact us.

Best regards,

Julia Langguth & Sonja Buijs
Appendix 3: Interview guide for senior managers

Introduction
Thank for willingness to participate
Briefly introduce interviewers and project
Assure anonymity
Ask for permission to audio-record
Recheck and deepen your knowledge about the interviewee (technical background and role in the organization).

1. Background of the interviewee (4)
   Could you please introduce yourself and explain your main responsibilities in this company?
   Did your responsibilities change due to the merger?
       If yes, please specify what exactly changes
   Did the employees within your team change?
   How do you experience the overall performance of the company after the merger?

2. Involvement (1)
   Are you involved in the development of the new overall/global strategy of the group?
       If yes, what was your role during the formulation process?
       Since when are you involved in this process?
       In what way do you contribute?
       If no, do you receive information about the process?
           If yes, what kind of information? Would you like to have more?
           If no, would you like to be more involved?

3. Strategic priorities within and between departments (7)
   How would you briefly describe the main strategy of the group?
       What are you doing different than before?
   Can you describe the main strategic priorities/goals of your department?
       For corporate: How do you communicate these priorities to the different regions?
   Do you have the feeling that the goals of your department are in line with the overall company goals?
       How come you have this feeling? Do you have enough support?
       Do you have an example of a goal from your department that is not aligned?
   Can you think of a situation where there have been difficulties in finding an agreement upon a strategic issue?
       Could you describe this situation?
       Why was it difficult?
       What happened in the end?
   Are you satisfied with the different roles the corporate and the region have in delivering the strategy?
       Why or why not?
Do you think that the senior managers of the group have a common understanding of the future of the company?  
   What are the reasons for that impression?  
Do you experience that managers are divided according to their main activities?  
   How could it be improved?

4. Decision-making process (4)  
What are the main decisions that you need to take to execute the strategy in your department?  
   Can you describe them?  
In what way does the organizational structure with the regions and the corporate centers helps or hinders you in making these decisions?  
   If negative, do you wish for changes in the decision-making processes?  
What are the differences in making strategic decisions between the region and the corporate center?  
What is your impression of the strategy department in general?

5. Centrality (1)  
For corporate level:  
Could you name one department on the corporate level which has the highest impact on your work?  
   Could you describe this connection?  
   How often do you have contact? What kind of contact?  
   What are the reasons for this connection?  
For local level:  
With whom in the headquarters do you work closely together?  
   How often do you have contact? What kind of contact?  
   What are the reasons for this connection?

6. Zooming out (3)  
What is the most important ingredient to achieve alignment?  
Do you have any other suggestions to improve shared understanding of the strategy?  
We are coming to the end now, is there anything you would like to add or discuss that did not come up earlier?

7. Closing  
Thank you for your willingness to participate.  
If we have any questions later in the process, could we come back to you by phone or mail?
Appendix 4: Interview guide for corporate strategy department

Introduction
Thank for willingness to participate
briefly introduce interviewers and project
assure anonymity
ask for permission to audio-record

1. Background of the interviewee (1)
We know that you are working as position. Since when are you working in this position?

2. Interaction (5)
Do you experience that the senior managers live the 4 pillars?
  Why/Why not?
Do you think that the senior managers accept the new overall strategy?
  Why/Why not?
What could be the reason for misalignment regarding the overall strategy among managers in the company?
How does the corporate strategy department interact with other departments firstly within the corporate level and secondly within the regions?
Do you think that the corporate strategy department is an isolated one?

3. Zooming out (1)
Do you have any other suggestions to improve the shared understanding of the strategy?

4. Closing
Thank you for your willingness to participate.
If we have any questions later in the process, could we come back to you by phone or mail?