



LUND UNIVERSITY
School of Economics and Management

“Brand Commitment Transfer during M&A in HE Field”

A Case Study of Free University of Tbilisi

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Abstract

- Title:** “Brand Commitment Transfer during M&A in High Education”
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- Authors:** Nino Iashvili, Ekaterine Toroshelidze, Gegi Vasadze
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- Keywords:** Brand Commitment, Brand Identity, Organizational Brand Identity, HE, M&A, Uncertainty Avoidance, Corporate Branding Strategy, Employer Brand.
- Thesis Purpose:** The purpose of this study is to develop a guideline of critical processes and their management perspective that leads to post merger brand commitment transfer of employees in HE field.
- Methodology:** A qualitative single case study with an exploratory approach.
- Theoretical Perspective:** We have based our study on the theories concerning Brand Identity, M&A’s, Corporate Branding Strategy, Employer Brand, Holistic model of internal branding.
- Empirical Data:** The data was collected through semi-structured in-depth interviews of Head of Representative Board, Chancellor and employees in Free University of Tbilisi.
- Conclusion:** The most significant conclusion and contribution in the study is the guideline of processes that help to transfer brand commitment of employees during post-M&A period in HE field. This study outlines the role of organizational identity in the whole brand commitment transfer process and clearly illustrates critical managerial tools for its development and management

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1. Introduction

In this chapter we address the major challenge and reason of failure in Mergers and acquisitions “soft resources “and extend the exploration of the subject to the level of brand commitment of employees in High education field. We provide general background knowledge of the fields and define the purpose of the study along with its boundaries.

Corporate branding is a concept of “era”. For organizations, a corporate brand represents a distinctive factor of the entire corporation (Balmer & Greyser, 2003:245-246).

In recent times, universities face fierce competition. University ranking lists, easy access to information, and a wide range of alternatives on international bases have pushed the higher education (henceforth HE) field into adopting the corporate branding concept. In this way, universities, just like organizations, can diversify themselves. But corporate branding in HE is a rather new and complex process. Universities face major difficulties in their attempts to make branding successful (Whisman, 2009: 367-370). One of the reasons for the failure of corporate branding in the HE field can be attributed to organizational complexity. Universities consist of different departments and their objectives are hardly united. The next factor influencing branding applicability in the HE field is differentiation. Universities tend to be unable to create a monolithic strategy due to their nature and structure. What’s more, branding requires resources which need to be sustainable and sometimes HE universities lack them. It is also argued that the internal aspect of the universities represent a major barrier for successful branding. Employees and their perceptions of a brand are reflected in their behavior but universities fail to integrate the corporate philosophy and values within academics (Chapleo 2007: 25-26). “The biggest mistake institutions make when undertaking branding initiatives is the failure to embrace a strategy that includes an internal component to brand development”. Employees and faculty members should be “the schools’ biggest fans.” Thus, committed and dedicated employees are the most valuable asset of universities (Whisman, 2009:367-370).

Brand commitment of employees is a matter of concern of most organizations as it is the driving force of the successful corporate brand. Commitment is a term to describe an employee’s self identification with the corporate brand, their effort expressed in additional practices in benefit of the brand, and their desire to remain in cooperation with the same company (Kimpakorn & Tocquer, 2009:533). Corporate commitment also constitutes a psychological connection between the employee and the organization (Burman & Zeplin, 2005:284).

Brand commitment of employees can result in turning into corporate brand citizenship behavior, “individual voluntary behaviors outside of role expectations (non-enforceable, functional extra-role behaviors) that are not directly or explicitly acknowledged by formal reward system and which, in aggregate, enhance the performance of the organization” (Burman & Zeplin, 2005:282). Brand citizenship is the internal construct of employee behavior that can lead to a strong brand (Burman & Zeplin, 2005:286).

As noted above, the major challenge of universities for successful corporate branding is brand commitment of employees. The issue becomes even tenser when Mergers and Acquisitions (henceforth M&A) come into the picture. M&A put the brand commitment of the merged organizations at risk. They diminish the identities of the acquired organizations and, correspondingly, the employee’s brand commitment is left with no base to lean on (Griffords & Dina, 2003: 70).

In recent times, M&A has become very common in almost every field. Financial and competitive pressure due to the globalization can be seen as the primary culprit in this rising trend (Horwitz et al, 2002: 1).

The definition of merger can be as simple as two or more separate organizations forming one single company (Griffords & Dina, 2003: 70). Acquisitions can be defined as the practice in which one company takes over certain shares of another company for the purpose of gaining ownership, cutting costs, acquiring new resources and, at some point, using it as the mechanism to defend itself from hostile takeover (Horwitz et al, 2002: 1).

In spite of the fact that the number of M&A is high, only 20 % of them are actually successful (Canina et al, 2010: 82). “Research suggests that up to 65% of failed mergers and acquisitions are due to 'people issues', i.e. intercultural differences causing communication breakdowns that result in poor productivity” (Kwintessential n.a.). The 'people issue' of M&A success is of great importance in the HE industry. “Employees are more important than ever due to the people-centric design of high involvement organizations” (Guthrie 2001:304). Knowledge being manifested through the expertise of employees is the greatest asset of the organization. Companies face increasing competition, and losing knowledgeable staff can lead to losing a competitive advantage (Bender & fish, 2000:125). Specific knowledge and expertise is developed and situated in the mind of the person, therefore they are bound to the concrete person/employee (Prusak, 1996:125-126). As such, we can see an increasing importance of key employee brand commitment, especially in the industry where knowledge is a strategic resource.

1.1 Problem Discussion

“M&As are clearly multifaceted phenomena that are poorly understood through incomplete and partial application of theories from separate fields” (Larsson & Finkelstein, 1999:2).

Most of the studies addressed the issue of M&A from the financial and legal perspective but it became obvious that “soft resources” play important role in its success. Most literature identifies the lack of communication and cultural fit as the main factors hindering the integration of employees during M&A. Understanding the importance of committed employees to the brand, especially in universities, creates a need to address the issue of not simply employee integration after M&A but the brand commitment transfer after M&A in the HE field.

1.2 Purpose: The purpose of the study is to develop a guideline of critical processes and their management perspective which lead to post merger brand commitment transfer of employees in the HE field.

The study will look at the processes of building brand commitment within employees in universities from a M&A framework. Thus it will shed light on the processes in M&A for brand commitment transfer. At the same time, study illustrates successful example of corporate brand in HE.

As such, along with the proposition of the model, this study will increase the understanding of the corporate brand management field in the high education industry and will also benefit the field of M&A from an employee integration perspective.

1.3 Limitation

Our thesis is limited in illustrating the applicability of the model “how to transfer employees’ brand commitment during M&A in the HE field” to an international level. Cross-national M&A was not considered during our study, thus restricting us in generalizing the outcome internationally. Another limitation of our research touches upon the external force that may influence employee behavior during M&A’s. We understand that financial recession and economical crises might have affected the decision and attitude of employees when faced with changes within an organization. The final limitation of our study is the size of the organization that we have studied. Free University is a recently established institution that is relatively small in size. Therefore further generalization on the larger scale through our study is not possible.

2. Methodology

In this part we discuss the methods that were applied to this study. Here we present the purpose of this study, why certain methods were chosen and what results were expected to be achieved from each of these methods.

Purpose: The purpose of this study is to develop a guideline of critical processes and their management perspective that leads to post merger brand commitment transfer of employees in the HE field.

In general, there are two types of data analysis: primary and secondary. Secondary data analysis is the analysis of data done by the researcher who did not collect this data, while in primary data analysis data is collected by the researcher who is analyzing it (Bryman & Bell, 2005:326).

All the data used in the research of this study are primary data, collected by us. There were different reasons for choosing primary data over secondary. First of all, it was almost impossible to find secondary data that would fit with our purpose of the study; therefore we had a problem with an “absence of key variables” (Bryman & Bell, 2005:336) in all available data sets. Secondly, all the secondary data that were available for this kind of study, were either irrelevant, or impossible to qualify as high quality; therefore the second problem was that we had “no control over data quality” (Bryman & Bell, 2005:335). Based on these reasons, collecting primary data was chosen as the optimal method for this study, as the data collected by us would be more relevant and would be possible to test for quality.

There are two kinds of data that can be collected and, based on this, there can be two types of research: quantitative and qualitative. Quantitative research is described as involving the collection of numerical data (Bryman & Bell, 2005:154), while qualitative research is more concerned with words, rather than numbers (Bryman & Bell, 2005:402).

The study conducted for this project has a qualitative nature. Considering the nature of our study and that the processes that we studied have been proceeding for several years within the organization, a quantitative study was not appropriate for this research. The aim of this paper is:

- to collect various perspectives on the issue
- to gather in-depth information about the brand commitment and behavior
- to observe different views of employees at different positions in the organization
- to observe real-life situations; in our case, to be present at scheduled, daily meetings

As such, to see how people act and how they behave and why, qualitative data should be collected, as no quantitative study could provide this type of data.

According to Yin (2003), developing a theory as the beginning phase of research is vital for the success of the entire process (Yin, 2003:28), but developing a theory based on the research process is also as important as having one in the beginning. In one case, the deductive method is applied, when theory is tested during the analysis, but, on the other hand, the inductive method is used as well, when theories are built based on empirical data (Bryman & Bell, 2005:11-12). The mixture of these two methods develops an 'abductive method', which was used in this research. Therefore, we had theories to test in the beginning phase of the research, but after conducting fieldwork different theories were developed as well.

In order to explore and identify the critical processes that should be managed during M&A for smooth transfer of brand commitment of employees, the single case study was used.

2.1 Single Case Study

The use of case study for research purposes is becoming more and more widespread in management. Generally, case studies are the preferred strategy "when 'how' or 'why' questions are being posed" (Yin, 2003:1), when a researcher is trying to investigate real-life events, like, in this case, organizational processes (Yin, 2003:2). Considering the fact that our study illustrates unique and yet unrevealed and relatively new phenomenon, such as the transfer of internal brand commitment of employees during M&A in HE field, we think of our case as critical and, as suggested by Yin (1994), in order to test the theory using a critical case, the best solution is the *Single Case study* method. Through this method, we test processes that lead to internal brand transfer among employees during M&A in the HE field. As a result, a single case study method contributes to the purpose of this paper where we developed a framework that is valid in strategic decision making processes during post-M&A practice in High Educational field.

Mergers of different companies became widespread around the world. More and more companies merge and a case study is the way to find practical problems in specific examples. Case specifications were applied to theories and this gave an in-depth understanding of the problem. It also gave a more realistic view of the research topic.

In this study we used a single exploratory case study. This method is most often used in business studies and tries to explore something new (Gummesson, 2000:85). The exploration begins with some direction, even if the assumptions stated in the beginning proved to be wrong in the end (Yin, 2003:23). To accomplish the purpose of this study and develop a guideline of critical processes and their management perspective which leads to post merger brand commitment transfer of employees in the HE field, an explanatory single case study was the most useful.

As Yin (2003) states, selecting the case is one of the most difficult steps in case study research (Yin, 2003:9). As a case, the Free University of Tbilisi was chosen. There were several major criteria for choosing this university as a case.

First of all, the Free University of Tbilisi was chosen as it is critical case of merger and acquisition. The single case study as a critical case is used when research is testing a well-formulated theory. Single case here is used to determine whether the theory's propositions are correct, or whether there are alternative explanations (Yin, 2003:40). The case of the Free University of Tbilisi was a very successful case of M&A. During the merger, the university had many difficulties and it is interesting to see how they solved these problems and how they overcame critical parts of M&A and successfully accomplished this project. Most importantly, though, is seeing how their way to success coincides with the theoretical guides of M&A.

Secondly, this case itself (Free University) involved major difficulties in terms of cultural differences, management processes, and resistance to change etc., which have been resolved. The case can outline the factors that have been most challenging in the merger process, as such a case study provided us with the material that grasps problems, solutions, outcomes and also provides an example of how to handle M&A processes.

Finally, as Yin (2003) states, defining the 'unit of analyses' is the vital part in conducting a case study. In general, the 'unit of analysis' is related to the way the initial question is defined (Yin, 2003:23). In this case, 'unit of analyses' involves the educational field, thus a knowledge intensive industry. Here, brand commitment of employees (retention, willingness to express, exercise additional practices for the benefit of the company) has major importance since it is not easy to find knowledgeable, reliable staff, which have notable reputations in the field. At the same time, human resources in the educational field are scarce. Through trainings, or any other activities usually used by other business fields, expertise and knowledge can hardly be transferred as knowledge is gained though long term experience and expertise of the employees.

After selecting a case, data-gathering methods were chosen. A wide range of information-gathering techniques can be used in case studies (Gummesson, 2000:83) and, the more sources are used, the more convincing and accurate the results are (Yin, 2003:98). In this Thesis, as sources of evidence we chose interviews and direct observation. Interviews consist of two phases: expert interviews and informal, in-depth interviews.

2.1.1 Expert Interviews

The interpretation of expert interviews aims to provide a preliminarily understanding of the topic.

This is a specific form of research where semi-structured interviews are applied. Experts and the data gained from the interview are usually integrated into the study not as a single case, but as representing a specific group. The expert interview method is usually very restricted and the interview guide has a strong directive function (Flick, 2006:165).

Conducting expert interviews as a beginning phase of the research was very productive as it provided us with a preliminary understanding and was a very good base for further research process.

For this study, two experts were selected.

1. Founding partner of GeoEduConsulting, Associate Professor of Management; Management training and development; Consultant and Entrepreneur – Prof. David Iremadze. Prof. Iremadze has in-depth knowledge on managerial processes, including the behavioral approach to the topic. At the same time he underlined major challenges in terms of merging employees, organizational cultures, and management procedures; and what consequences changing these aspects during a merger can have on the organization. He defined commitment in his own perspective which can be used for analyzing brand commitment transfer of the employee.
2. Director of Marketing and Public Relations Department at Bank of Georgia, Chairman of the board at Georgian Marketing Association and professor of international marketing at Caucasus University - Prof. George Barkalia. Prof. Barkalaia drew the emphases on the marketing side of the processes. He concentrated on the communication and branding parts of the mergers and acquisitions and he outlined some factors that from the internal branding and marketing perspective can be used for analyzing the behavior of employees and subject of their commitment. Prof. Barlakaia also discussed major drivers of the commitment from theoretical and practical perspectives and this gave us a more thorough understanding of the phenomenon of the commitment and their transferability processes.

By expert interviews we obtained preliminary information about the challenges of M&A: what were the most difficult issues in terms of “soft resources”; what behavioral practices, branding and culture issues could affect the whole brand commitment of employees in the context of M&A? Constructing questions in accordance with those fields opened up the horizon to understanding factors that had to be studied in order to practically address the issue of post merger brand commitment transfer of employees in HE field.

2.1.2 In-depth Interviews

“An interview is a conversation that has a structure and purpose” (Kvale, 1996:6), but an interview as a research method is not a conversation between equal partners as the researcher introduces the topic, and defines and controls the situation (Kvale, 1996:6).

The matter of commitment is very profound, so understanding if the employees really were committed to their universities is only possible by in-depth interviews. The aim was to find out how their commitment was actually formed, what has been done by the universities to build this commitment and we were also able to determine their state of commitment after the merger, their feelings about this transfer and to what extent their commitment has transferred after the merger. The interviews revealed how the employees of the newly formed organization relate to the brand. During the interviews we determined how the “soft” side of the merger has been handled, to what extent employees participated in the process, and how the whole communication of the change has been done.

For investigating the issue of commitment transfer we used semi-structured in-depth interviews with the employees of the emerged university. Semi-structured interviews are the most prominent means for understanding the level and type of the commitment of the employees. Semi-structured interviews also covered questions that gave a detailed understanding of the corporate brand identity and organizational culture before and after the merger and determined the level of change in the organization and how this change had been handled by employees. These interviews were the main source of information for this research and were the most essential for the purpose of this study. Overall, there were 6 semi-structured in-depth interviews conducted.

It was vital to interview employees on the different levels and departments of newly constructed organization as we wanted to have a full picture of entire M&A processes from the soft resource perspective. In other words, we collected information from top management, who dictated and managed processes of merger and acquisition and at the same time we interviewed employees of merged universities to understand their perception on the activities leading to brand commitment. Therefore, interviewees were selected based on their employment position; in this case, a stratified sampling method was selected. In this sampling method the total population is divided into groups or strata and then members of the sample are randomly selected from each strata (Harter, 2008). As the highest position of the Free University of Tbilisi, the Head of the Representative Board, Mr. Kakha Bendukidze, was selected. As a representative of the second highest position – strata, the Chancellor, Mr. Giorgi Meladze, was interviewed. These two people were not selected randomly, as they were the only people holding these positions. The other four interviewees, as representatives of the third strata, were selected randomly.

Mr. Bendukidze and Mr. Meladze gave us information about the general managerial processes, internal marketing activities and the concept of the new university; how it was determined and designed in a way that brand commitment of employees was transferred, what tools have been used to handle the merger process of the employee, etc. Interviews with Mr. Bendukidze and Mr. Meladze also determined how “Free University” actually measure brand commitment of employees and how the criteria for the new programs have been selected. Respondents also gave

us information about the role of HR in the formation of commitment, its transfer after the merger, difficulties, and suitable solutions which have been reached.

Employees from three different universities were interviewed. They defined their state of commitment before and after the merger: Mr. Gogi Katsitadze - Dean of Free University Institute of Asia and Africa, Mr. Giorgi Turkia – Lecturer of Business Fundamentals at Free University Business School (ESM), Ms. Tinatin Karosanidze – Lecturer of Arabic Language at Free University Institute of Asia and Africa and Ms. Marina Karchava, Pro-rector of Free University Business School (ESM).

During the interview, questions were formulated in a way that it gave us an understanding of the situation before and after the merger. Questions were discrete about the state of mind of employees during the merger and how the processes influenced their commitment. On the whole, the interview questions lead to understanding a change in their commitment towards the company and whether they were still committed or not. Questions also outlined the employees' perception about brand identity and their connection with the new identity of the brand. They also lead to understanding the processes managed for the transfer of the brand commitment within employees.

The interviews with our sample group were constructed according to the theoretical model developed after expert interviews and literature review of the different fields affecting brand commitment of employees in times of M&A. The main dimensions of the model were the bases of our questions. The first dimension, uncertainty avoidance, was investigated via questions, specifically concentrating on how the communication was handled at the beginning of the merger, how the employees felt about the deal, what they expected and how it was overcome. The next dimension of the theoretical model, corporate branding strategy, was studied through interviewing the managers about why a certain strategy was selected, and interviewing the employees on how the strategy affected their feelings, attitudes and behavior. Organizational identity was researched and studied through addressing employees with the questions revolving around "Employer Brand model". Finally, factors driving commitment were investigated according to the questions around the holistic model of internal branding. Interviewees were asked to identify which factors influenced their brand commitment.

As all interviewees were at different levels of the organization, they were asked different kinds of questions. (*Exact interview guides for each interviewee can be found as an Appendix.*)

2.1.3 Direct Observation

Observation usually enables the researcher to find out how something factually works or occurs and helps collect information from natural situations (Flick, 2006:216). In the study, direct observation was used. Direct observation gave us the possibility to follow the flow of events,

behaviors and interactions in the organization while the objects of the observation continued doing their tasks without noticing the presence of the researcher (Flick, 2006:216).

In our study of brand commitment transfer of employees, we observed the daily managerial meeting of the researched company. It was a managerial meeting that is held at the end of every working day. The aim of these meetings was to discuss daily issues that the university is facing. This observation gave us a deeper knowledge of the daily issues that emerge after M&A and how managers deal with these issues, how they interact and communicate, exchange information and understand each other, and whether everyone can freely state their position or not.

Direct observation was done on one of the staff meetings. During the meeting we observed mutual understanding of the merged company's management and employees. We observed whether the processes described in the interviews actually coincide with their actions. Observation gave way to understanding how members of the staff connect with each other, how the processes are handled and the decisions are reached. Observation strengthened the validity of the interviews and together, two methods provided reliable bases for the analysis of the research topic.

2.2 Alternatives

As in any other research, there could have been other methods used in this study.

One of the methods could have been a multiple-case study. In this type of case study, two or more cases are selected and studied (Yin, 2003:46), but in the case of this research, the single case study is the most relevant. We believe that the case of the Free University of Tbilisi is a critical case which can assess the theory presented in the paper. Studying this critical real-life situation, we were able to challenge the model that leads to the transfer of employee's brand commitment and at the end to expand it and modify it to M&A situation in the HE field. As such, a single case study of the critical case is the best to understand the circumstances in which the existing theory may be challenged. Therefore, the single case study was the most relevant method for this kind of research design.

Surveys could have been another alternative method for this research, but as the aim of this study was to find out the behavior and emotions that took place after M&A, surveys would not be the appropriate method to use. It is impossible to understand the transfer of the commitment, behavior and feelings using survey as a method. In other words, emotionally and psychologically attached answers would have been impossible to obtain in this way; therefore a survey would not have been a proper method to apply to this study.

There could have been chosen alternatives to the information-gathering techniques as well. Instead of in-depth interviews and direct observation, participant observation could have been chosen, where researchers attempt to understand part of the world as experienced by the subjects

on a daily basis and therefore become part of the group (May, 2001:150). This information gathering technique would give in-depth understanding of the structure of the company and the processes that take place in the company after a merger, but participant observation usually takes more time than was available for this study.

Based on these explanations, it becomes clear that methods used for this study are more relevant than any other alternative methods.

2.3 Validity

Validity is one of the quality measuring criteria in qualitative research. Issues related with validity “have been addressed for more than half a century” (Atkinson & Delamont, 2003 cited in Cho & Trent, 2006:319). The research is valid if an indicator that is “devised to gauge a concept really measures that concept” (Bryman & Bell, 2007:165), or, in other words, whether researchers see what they think they see (Flick, 2006:371).

There are two types of validity: internal validity and external validity. Internal validity measures whether or not there is a “good match between a researcher’s observations and the theoretical ideas they develop” (Bryman & Bell, 2007:410). External validity refers to “the degree to which findings can be generalized across social settings” (Bryman & Bell, 2007:410).

For this research, in the internal validity we would measure how the information was gathered, what methods were used and whether this information was full or not. Internal validity is supported by the methods used for this study. In this case study, two information gathering techniques were used. In the case of the Free University of Tbilisi, interviews were supported by observation and this triangulation method makes the degree of internal validity very high.

In this research, external validity would be the answer to the question whether this study and results are applicable to other service industries, countries, etc. As this is a qualitative study, it is almost impossible to generalize and say that the same results are applicable to population. But, on the other hand, this study is based on empirical data and theories as well; as such it can be applied in similar fields (Bryman & Bell, 2007:423-424). What’s more, difficulties of M&A identified in the case of the Free University of Tbilisi are also very similar to the general problems associated with it as it is possible to apply the findings of this study to other similar cases.

3. Theoretical Framework

In this part we have selected the theories that help analyze the processes of brand commitment transfer after merger and acquisitions. Theoretical framework first concentrates on the field of M&A. We identify the major factors that influence success of the mergers and acquisitions. Next part of the theoretical framework outlines theories from corporate branding and commitment building. Through linking the major theories in M&A, Corporate Branding and Commitment Building we developed theoretical model which illustrates the processes that should be managed to lead to the brand commitment transfer of employees after merger.

3.1 Mergers and acquisitions – Theories and Gaps

“Mergers and acquisitions, both domestic and international, have become a common strategy for many firms seeking rapid growth and thereby enhanced value.” (Vu, Shi & Henbi 2009:26). There are multiple reasons why companies enter into the phase of merger and acquisition. Multiple obvious benefits of choosing M&A as a strategy are: increased value generation, increase in cost efficiency and market share. Furthermore, some claim that such activities appear because companies sometimes think that they will achieve a better performance by merging resources whether it is financial, human, knowledge, technological, brand or any other tangible or intangible resources. Some think that they (the acquirer) can manage an acquired company’s resources better than the present owner (Venema 2010:13).

The Federal Trade Commission categorized three main types of domestic or cross-national Merger and Acquisition: Horizontal, Vertical and Conglomerates. According to the same source, Horizontal M&A is defined as a merger between companies of a similar product or service and at the same phase of production (Vu, Shi & Henbi 2009:27). Vertical M&A on the other hand is a merger between two companies that are involved in the same business but on different levels of production or operation. Conglomerate is a type of union that merges firms of an entirely unrelated business (Investopedia 2010).

M&A, due to its frequent failures, has become a major challenge for the corporations. There have been numerous studies conducted which try to investigate the reasons for the failure of M&A. According to John M. T. Balmer and Kieth Dinnie (1999), corporate identity and corporate communication is the antidote for the merger madness. Corporate identity is the one factor to which stakeholders, along with the staff, can identify themselves, as such proper management of the corporate identity and communication of the identity is of utmost importance

when M&A occurs (Balmer & Dinnie, 1999:182-191). Although the corporate identity and communication management can be seen as the factors that influence the success of M&A, human factor still remains the major difficulty in the process. The question of “how organizations nurture loyalties to new company among staff who were previously loyal to the old company?” remains an important determinant of the success in M&A (Balmer & Dinnie, 1999:191). This question, raised by Balmer and Dinnie, (1999) can be seen as a gap our study can fill in. Our research purpose encompasses the issue of how to nurture loyalty and, at the same time, it goes into more details and highlights the processes that ensure brand commitment transfer.

Corporate branding, corporate reputation and identity are the mediators of the relationships from people management perspective when change is due (Martin, 2006: 1-398). Our study specifically explores change that has been caused by mergers and acquisitions and brand commitment transfer from the old to the newly established brand. It can serve as the continuation of the work by Martin (2006) who explored change and its influence on employees in a general context.

There are multiple behavioral facades that employees can choose to display after M&A. These behavioral choices include raising “voice”, “neglecting”, displaying “loyalty” or “compliance”. There is a necessity of understanding what processes determine employees’ choice of behavior (Nikandrou & Papalexandris, 2008: 104-118). In our study, we will tackle the issue of the brand commitment transfer process in M&A from the corporate branding perspective. At the same time, we will outline those processes that determine successful brand commitment transfer during M&A. As such, our study will contribute to the field of corporate branding and M&A.

According to Bruner (2004), employees are one of the dimensions of successful mergers. Their resistance to change can result in the failure of the whole deal. Proper communication within the organization about the M&A prospects and processes can be a determinant of employee retention and control (Bruner, 2004: 879-890). Communicating the major aspects of the mergers cancels out the threat of misinterpretations. Furthermore, establishing a reward system for dealing with negative career implications and acculturation programs can be seen as the cure to the resistance (Pablo & Javidan, 2004: 3-16).

The next important factor for employee integration is cultural fit. It plays an important role in employee integration. (Sudarsanam, 2003:527-553). By creating a sense of purpose in employees correspondingly, their proper fit minimizes failures due to the mergers (Horwitz et al, 2002: 1-8). Culture can be analyzed in multiple frameworks. National and organizational cultures have influence over the human integration part of M&A (Gestren et al, 1998: 39-52). Cultural change is among the most difficult factors for employees to handle since it is tied in with their organizational identity (Buono et al, 1985:495-498). New organizational identity and communication of the identity within the newly established companies represent a major

challenge of employee integration, as creating new organizational identity implies erasing the old ones (Gestren et al, 1998: 39-52,147-194).

As such, communication and culture is defined to be the milestone for successful M&A as they reduce uncertainty and employee turnover and have an effect on brand commitment (Bastien, 1987:17-32).

3.1.1 Uncertainty Avoidance

M&A is associated with uncertainty for the employees, thus it is important from the very beginning of the M&A process to have a communication organized:

- Voice timely, clear and honest communication about the M&A and its future prospects
- Cooperative work with employees on the integration issues of M&A
- Clear two-way communication

This general guideline can help organizations reduce uncertainty and negative attitudes in the initial phase of M&A (Pablo & Javidan, 2004:12).

It is unavoidable that M&As are always followed by an organizational reformation. A degree of the change depends on the purpose and nature of the merger in the beginning (Seo & Hill 2010:422).

3.2. Corporate Branding Strategy

Change that follows M&A can be shaped by the corporate branding strategy. It can outline how the merged brands will be treated, what place they will have in the market and in the newly established merged company as a brand. This change affects employees and their perceptions and attitudes because whole brand identity will be the subject of change. Correspondingly, it is important to understand corporate the brand strategy that the firm will pursue in order to determine the degree of change that the organization will go through. Brand itself is an ideal combination of tangible and intangible, functional and hedonistic, visible and invisible attributes that differentiates it from its competitors (Kapferer, 2004:33). Brand serves as a differentiator of one product from the other and it also certifies the origin of the product. There are different structural models of branding. Selection of the right model can be crucial, especially when alignment of a number of brands with heritage is involved. Identifying a correct balance of being respectful of the heritage of the brand and at the same time transforming this heritage to meet current goals of the company represents an important determinant in choosing a corporate branding strategy (Shultz & Hatch, 2003:20). There are six branding strategies (Kapferer, 2004:294-308):

- Product brand strategies – involves giving each new product/service its own brand name. An advantage of this strategy lies in the ability to cover the whole market and thus grabbing the major market share. Multiple brand entries in the same market serving different segments can satisfy the needs of more customers, ensuring a larger piece of the

market share. This strategy enables corporate brands to stay in the shadow of their product brands. This strategy stresses the differentiating function of the brand and conceives its origin (Kapferer, 2004:295-298).

- The line brand strategy – concerns offering an overall solution under one brand name with multiple products/services. This strategy creates a strong brand image and enhances the selling capacity of the brand. At the same time, line brand strategy is cost efficient since it reduces new product launch costs and facilitates line extension (Kapferer, 2004:298-299).
- The range brand strategy- involves promotion of a single brand name and promise over its products within the same industry of operation. A strong point of this strategy lies in the fact that all communication is concentrated on one single brand name. This strategy unifies the number of products under one brand concept and communication of this one concept through a single product can benefit other products as well due to this shared meaning (Kapferer, 2004:299-301).
- Umbrella brand strategy - one brand promoting several products in different fields of operation. The main advantage of this strategy lies in the concentration around one single name and economies internationally. It identifies the brand which has most of the awareness and all products benefit from this awareness. Umbrella brand strategy gives an opportunity to manage a diversified range of products. Although extensions of categories are at some point profitable, a sense of balance is important. One should not overstretch the categories as it can result in a devaluation of the whole brand (Kapferer, 2004:301-304).
- The source brand strategy- is one which promotes several products with one brand name but at the same time each product retains their separate brand name. Here, the source brand name dominates its offspring. The benefit of this strategy is the ability to offer a “two-tiered sense of difference and depth”. Source brand defines the identity of the sub brand. This significance and identity then is enriched by and slightly modified to cover different segments of the sub-brands (Kapferer, 2004:304-305).
- The endorsing brand strategy- a strategy where the brand guarantees the quality of the brands signed under its name. Here the endorsing brand takes a secondary position and brands under its name have more freedom and its own distinctive image. This strategy is the opposite of the source brand strategy. If, in the latter, source brand defined the sub-brands and dominated them in endorsing brand strategy, sub-brands had their autonomy (Kapferer, 2004:307-308).

These strategies play an important role in the positioning of the company (Kapferer, 2004:294) as identification of which strategy has been pursued will give way to understanding the brand management of the company brand portfolio. During mergers, how different organizations with their subsequent history will be united under a brand name, and how exactly this process will be handled and what strategy will be chosen, can effect brand commitment and their attitudes.

3.3. Brand Identity

Brand commitment by definition is shaped by self identification with the organization (Kimpakorn & Tocquer, 2009:533). Identification with the organization brings into the picture the role of identity as, by far, it is the notion that defines an organization. Therefore when mergers take place, a new corporate identity should be created for the self-identification to occur (Balmer & Dinnie, 1999:183). There is no single definition of the corporate identity (Alessandri, 2001: 174).Corporate identity embraces behavior, appearance, symbolism and realism at the same time. It gives a sense of direction to the people who are part of the organization. Corporate identity is shaped by how behavior and appearance symbolically reflect the reality (Olins, 1978: 56).

Core values of the organization can be seen as the all embracing factor that can be translated into the identity of the company since it answers the major questions of what an organization stands for, where it is headed, how it conducts its operation and what its main differentiator is (Urde, 2003: 1025).

When an organization has a clear vision of what its business is about, what are the goals, how it wants to be perceived and how it wants to operate, the identity is simply created through the actions that manifest this vision. Identities of the company can be shaped by various factors: owners of the organization, industries they operate in, and even “rule book and customs of trade” (Olins, 1978: 55-65).

Organizations the identities of which are dominated by the founder are usually small and behavior and actions that can manifest and influence corporate identity are easy to follow. Some organizations which are influenced by the pace of the industry incorporate in their identities the values specific to excelling expectations of the industry and the ones that are influenced by the rules, incorporate the excellence in standards that are expected and dictated. (Olins, 1978: 55-65) When organizations engage in mergers and acquisitions there is a need for the merged entity to decide whether it wants to be dominated by the identity of distinct units or it wants to influence its units of operation (Olins 1978: 55-65).

Corporate identities are communicated to multiple audiences including customers, employees, investors, stockholders, etc. (Kapferer, 2004:31). Schultz and Hatch use the term ‘organizational identity’ to define identity internally. It is concerned with how members of the organization perceive themselves as an organization. Organizational identity is a reflexive concept and recipients of the organizational identity message – employees and internal stakeholders – are the ones who shape it (Schultz & Hatch, 2000:18).

In this study we will concentrate on the corporate brand identity from the employee perspective, thus in the organizational identity framework. Employees engage in a committed relationship with the distinctive personality or identity of the corporation. As such, understanding brand identity from the employee perspective becomes an important part of commitment analyses. To unfold the organizational identity of the corporation, we will use the employer brand model. It illustrates four dimensions which can outline the organizational values that represent the “foundation of the core values” (Urde, 2003: 1025). At the same time, since our study is targeted on the organizational identity of the company, this model can provide insight into the values that actually constitute it.

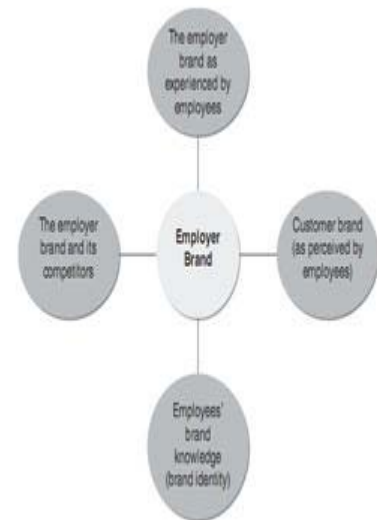


Figure 1

3.3.1. Employer Brand

Employer brand is a concept introduced by Ambler and Barrow and it concentrates on the notion of organizational brand from the employee perspective. By definition it is a combination of “functional, economic and psychological benefits provided by employment and identified with the employing organization” (Kimpakorn & Tocquer, 2009:534). Employer brand concept helps organizations to build a powerful brand that can attract employees and at the same time it can reduce the risk of high employee turnover. There are four main attributes of the employer brand outlined in Figure 1 (Kimpakorn & Tocquer, 2009:534).

Employer brand as experienced by employees

The employer brand as experienced by employees concerns the everyday encounter and experience of the brand by the company staff. Those encounters are affected by management processes involving coordination of tasks as well as human resource management (Kimpakorn & Tocquer, 2009:535-537).

Customer brand as perceived by employees

The notion of customer brand as perceived by employees is mostly concentrated on the organization’s external image from the employee perspective. This dimension is an important part of employer brand as it influences the behavior of the employees and their commitment to the goals of the organization. Although it is not necessary that the customer and employee image of the brand coincide, still the perceived customer evaluation of the brand is important for the staff of the company. It can give them the feeling of prestige to work for the company and vice versa (Kimpakorn & Tocquer, 2009:535-537).

Employer brand and its competitors

Employer brand and its competitors dimension of the employer brand deals with the differentiating factor of the organization relative to its rivals. It underlines why that specific organization is the best place to work in. It stresses the notion of uniqueness of the company. In similar industries, job specific differences can be hard to find but symbolic advantages that the organization can build in the minds of its employees can play a significant role in brand commitment (Kimpakorn & Tocquer, 2009:535-537).

Employee brand knowledge

Employee brand knowledge is the last part of the employer brand model. This dimension explores the employee's knowledge of brand meaning, their understanding of customer expectations and their sense of responsibility to accomplish the promise stated by the organization. Here, internal communication of company values, mission, vision, positioning and the whole identity of the brand play a significant role for the common understanding of the corporate brand. All these dimensions help to understand the relationship of the employee with the corporate brand from multiple perspectives. This model defines how employees relate to the brand identity of the organization, which affects the matter of commitment (Kimpakorn & Tocquer, 2009:535-537).

These four dimensions of the employer brand by large represent the perceptions of employees from competitive, internal, customer and brand knowledge perspectives. Since organizational identity is said to be shaped by the recipients of the identity message and at the same time those recipients are seen as the actual senders of the message (Schultz & Hatch, 2000:18), employer brand dimensions can provide insight to understanding the organizational identity of the company. Correspondingly, understanding identity is the milestone to understanding the commitment of the employees. Answers to the four dimensions of the employer brand will provide information on what are the “manifestations of the organization that enable it to be distinctive”, who is it, what it does, how it is done. This data corresponds to the general definition of the identity (Lambert, 1989: 174). Through unfolding current identity of the organization by the employer brand model we will be able to understand not only the organizational values but also how those values were created.

3.4. Holistic Model of Commitment

Since brand commitment of employees is shaped by the brand identity, the next step to understanding brand commitment transfer lies in the exploration of what brand centered activities can lead to commitment; more specifically, how those activities and processes can be managed to drive brand commitment of employees.

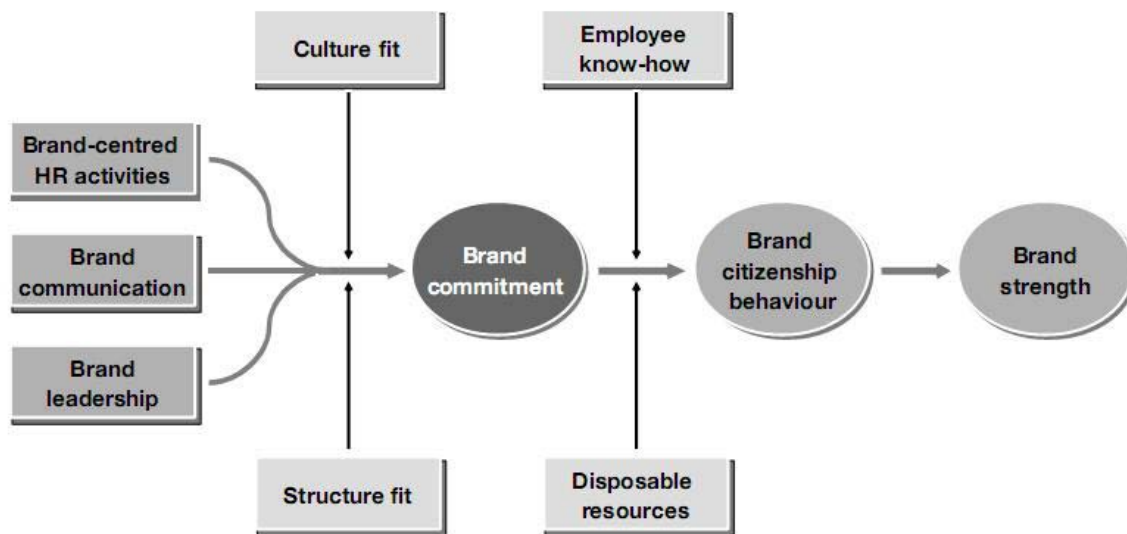


Figure 2

According to the holistic model outlined in Figure 2, there are three factors that drive commitment supported by two context variables. Originally, brand commitment with the contextual factors of employee know-how and disposable resources leads its way to the brand citizenship. The latter, in its turn, translates into a strong brand (Burman & Zeplin, 2005:286). Brand citizenship behavior is defined as “individual voluntary behaviors outside of role expectations (non-enforceable, functional extra-role behaviors) that are not directly or explicitly acknowledged by a formal reward system and which, in aggregate, enhance the performance of the organization” (Burman & Zeplin, 2005:282). Brand citizenship is the internal construct of employee behavior that can lead to a strong brand. It has seven dimensions that express in brief the behaviors exercised by those employees “living the brand” (Burman & Zeplin, 2005:284):

- Helping behavior – taking effort in helping the brand/organization internally and externally even if it implies taking responsibilities outside their own area of operation.
- Brand consideration – compliance to brand values, guidelines when acting on behalf of the company/brand
- Brand enthusiasm – expression of initiative for the benefit of the brand/company
- Sportsmanship – engagement in brand benefitting activities at high opportunity cost without complaints
- Brand endorsement – positive recommendations and word of mouth, brand identity transmission to newcomers
- Self-development – willingness to upgrade skills for the benefit of the company/brand
- Brand advancement – engagement in brand market adaptation activities to meet the goals and changing market conditions.

Brand citizenship is the successive level of brand commitment. Without a high level of commitment, brand citizenship behavior can hardly be the case in any company (Burman & Zeplin, 2005:285-286). During mergers and acquisitions, brand identity is changed as it is difficult to transfer brand citizenship. It is more likely to be shaped on later stages after the commitment transfer will actually take place. Expecting from employees of the two merged companies to start “living the brand” when self identification process of the employees with the brand is taking place is unrealistic. Brand citizenship behavior is a long term process that, according to the holistic model, can be shaped by brand commitment.

M&As have a negative effect on the attitudes of employees. It also results in an increase of employee turnover (Newman & Krzystofiak, 1993: 390). As such, the primary concern lies in a commitment transfer processes after a merger. Thus in our study we will concentrate on the first part of the model, more specifically on the drivers of the brand commitment.

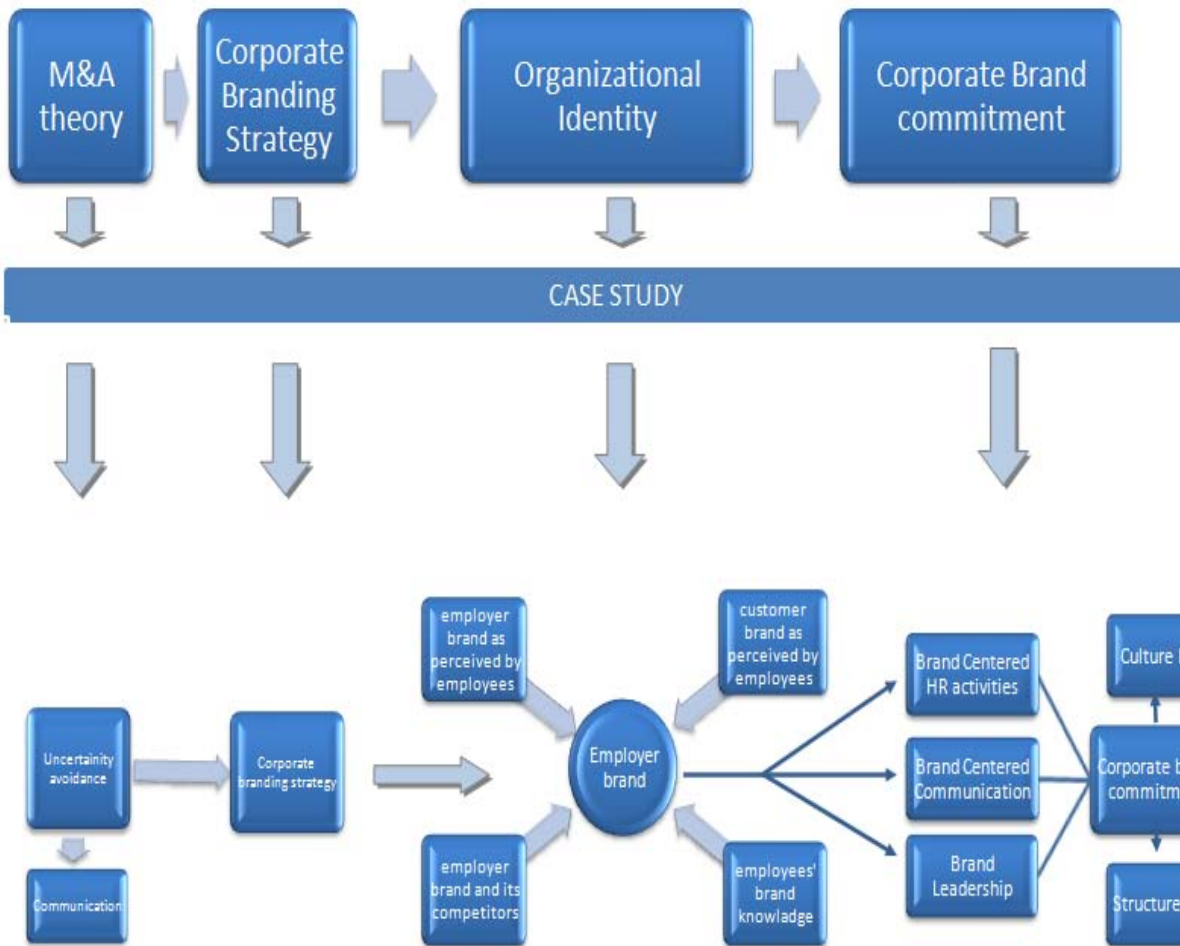
The holistic model identifies internal brand activities as drivers of commitment. These activities include HR, communication, and leadership. Internal brand centered processes are to a large extent governed through internal marketing (henceforth IM) (Punjaisri et al, 2009: 211). There is no single definition of IM but it can be seen as the mechanism which takes on the tasks and responsibility of marketing in general on organizational bases. The term “selling the firm to the employees” can describe the whole process (Owusu-Frimpong & Martins, 2010:30). Internal marketing helps create an emotional connection between the employees and products/services of the organization (Mitchel, 2002:5). It has been argued that mostly it is internal marketing that ensures that the whole concept is well elaborated within the organization. It dictates the processes of internal communication and HR brand centered activities (Punjaisri et al, 2009: 211). HR brand centered processes designed for the creation of commitment according to the holistic model constitute employee developing programs which stress employee self identification with the corporate identity. Internal communication is concerned with multiple diversified processes of communicating brand identity to the employees, thus leading to the employees’ commitment to the brand (Burman & Zeplin, 2005:287-288).

Leadership is another important factor of commitment, according to the holistic model. Management of corporate image, reputation, communication and the whole brand identity evokes the question of who should have the handle (Balmer & Greyser, 2003:39). Without leadership, any communication campaign is at risk. Leadership can be manifested in both micro and macro levels. The micro level of leadership deals with the executives within the organization, while the macro level involves the CEO and the executive board of management (Burman & Zeplin, 2005:292). At any level, a leader should be the “ultimate guardian of corporate reputation and identity” (Balmer & Greyser, 2003:39).

The contextual variable of the holistic model involves an organizational culture. It is the combination of “assumptions, values and norms that are shared by organization’s members and transferred to new members and that determine their interpretation patterns, thinking, decision making and behavior” (Burman & Zeplin, 2005:293).

Changing culture is a challenge of every organization involved in the process. It is not possible to simply blend organizational cultures. What’s more, cultural identity consists of groups of employees who have created their network of subcultures. During mergers and acquisitions, cultural fit gains a very big share of the success and failure. It not only involves being in the process of combining different organizational cultures and subcultures but also it is involved with the employee perceptions about certain changes coming, due to the merger (Griffords & Dina, 2003: 74). For ensuring a cultural fit, organizations should take into consideration not only the general terms of redefining culture so that all the values and norms are still shared but also the issues of employee resistance to change and subcultures (Gotsi & Andriopoulos, 2008:48). Understanding management processes of cultural fit, which sometimes is said to be out of management’s control, can help define the processes in commitment creation. There have been identified two approaches that can exert influence over the culture-symbolic management approach and the counter-culture approach. The former is based on the assumption that culture is involved with circular processes and all symbols and meanings are partly interpretative. As such, slightly altering those symbols is a possibility since it is not just the given norm but also it is partly an interpretation issue. The latter approach mostly concentrates on the subcultures. This approach is based on the assumption that within subcultures there are differences. The counter culture approach tries to identify a subculture which is most related to the intended brand identity of the corporation and try to foster and push it within the organization. (Burman & Zeplin, 2005:294)

Corporate structure fit is the final contextual variable of the model. It deals with the reward systems, infrastructure and corporate structure. All the systems should be consistent with the brand identity. Employees need information to arrange all the processes involved in working within the company in a way that it complies with the structure and brand identity. (Burman & Zeplin, 2005:294)



Theoretical Framework

Structure of Analysis

Figure 3

All these theoretical models discussed above will provide successive procedural data on the brand commitment transfer. In the first phase of mergers, how employee communication was handled and how it contributed to the reduction of employee uncertainty will be explored. The next stage will encompass what corporate strategy was selected and how the two corporate brands with heritage were merged. This whole process will define the level of change that took place in the organization and how it affected employees. The next part of the theoretical framework deals with organizational identity uncovered through the employer brand model. Four dimensions of the model provide comprehensive information on what the newly established brand stands for, what services it offers, how it operates and what constitutes its differentiating factor. As such, a complete organizational identity image is formed through this model. Finally, the last part of the theoretical framework will outline the activities that enable successful brand identity liaison with the employees through HR, communication and leadership management resulting in commitment transfer. The combination of those theories will let us identify what are

the critical processes that should be managed for the post merger brand commitment transfer and in what successive order.

4. Creation of Free University: The process of Merger and Acquisition

This section will provide the reader with an in-depth understanding of each institution separately, before the merger. Further, as a result of acquisition, the newly established organization is presented. An additional chapter is also included in this section in order to provide an in-depth understanding of the merger and the role that a leader may play in order to achieve successful M&A.

4.1 ESM - Tbilisi

1991 was the year of the re-establishment of independence in Georgia. The country was immediately faced with an economic and political crisis. According to the Georgian Statistics Department, at that time the unemployment rate was 21%. The country was in transition to a market economy and the private sector came into existence. Demand for people familiar with knowledge of the basics of a market economy increased. As a reply to the growing demand, the same year the European School of Management, ESM-Tbilisi, was established. The main task of ESM-Tbilisi consisted in the development of young specialists in management. The mission of the European School of Management in Tbilisi (ESM-Tbilisi) was *“to build up a new Georgian management elite – managers, professionally thinking and professionally acting under a market economy – by providing high quality management education, using modern and innovative teaching technologies, highly qualified faculty, and exposing students to practical experience.”*

In order to live up to their mission, ESM-Tbilisi had to employ highly a qualified faculty that would introduce and master students in international business management principles and rules. A good deal of instructors had undergone training at different education centers of Europe and America. Overall, the focus was made on a professionally qualified faculty.

Additionally, the ESM-Tbilisi faculty took further advanced training under the EC-TASIS program. ESM-Tbilisi became a member of a European network of schools of management – ESM-International; moreover, it was recognized and became a member of FEDE (European Federation of Schools), a European Commission consultant in the field of education.

ESM-Tbilisi exercised two ways of acquiring instructional resources. One way was through employing their own resources from a number of the most talented and successful alumni of

ESM-Tbilisi BBA and MBA programs, where another was through attracting leading professors in Georgia and retaining them for the local market need.

By the year 2009, a total of 86 instructors worked for ESM-Tbilisi, including 37 full-time, 34 part-time, and 8 visiting professors. Moreover, 28% of instructors have worked for ESM-Tbilisi for over 10 years, and 63% - for over 5 years.

4.2 The Institute of Asia and Africa

Tbilisi Institute of Asia and Africa was founded in 1991 at the Acad. G. Tsereteli Institute of Oriental Studies of the Georgian Academy of Sciences. The institute offered the following Oriental and European languages: Arabic, Persian, Turkish, Hindi, Chinese, Japanese, Hebrew, Georgian, Russian, English, French, German and Spanish. The study period was five years and after graduating students received the following qualifications: Orientalist (History), specialist in International Relations, Political Analyst, Diplomat, Orientalist (Philology), Interpreter, Journalist and Economist.

Distinguished Georgian scientists guided the learning process; among them were academicians (6), professor-doctors (25), doctors (97), and assistant-doctors (35). Professors and lecturers from the USA, Switzerland, Japan, China, Arab countries, Turkey and Iran gave lectures to the students. From the day of establishment, the institute created partnerships with many Asian, European and U.S universities such as Alexandria University, Cairo University, University of Malta, and the University of Montana.

The establishment of Tbilisi Institute of Asia & Africa in 1991 as an innovative leader gave a great opportunity to professors and scientists of related fields in Georgia. The majority, who were previously unemployed, were offered to contribute to a common mission of Tbilisi Institute of Asia and Africa, which generally was to develop highly qualified professionals in Asian and African studies and prepare them students for important and leading careers in the future. In order to achieve their mission and ensure high educational quality, Tbilisi Institute of Asia and Africa invested considerable finances and time into the development of faculty. Professors were trained in different universities abroad to raise foreign language skills in Japan, China, Korea, Turkey, Iran, and Egypt.

Tbilisi Institute of Asia and Africa's strategy to attain a professional faculty included two processes. One was constant requalification of existing employees and the second was retaining the most talented graduates of the institution. Thus by the year 2007 roughly 40% of the total staff was employed since the establishment of the institute and 20% consisted of the institute's graduates.

4.3 The Leader

Kakha Bendukidze, former Minister of Economics of Georgia (2004), State Minister on Reforms Coordination of Georgia (2004-2007) and Head of the State Chancellery (2007-2009) is the Head of the Representative Board of Free University and a founder of “Tsodnis Fondi”, which established Free University and has so far invested 34 million U.S dollars in the project.

Mr. Bendukidze graduated from the Department of Biology of Tbilisi State University in 1977 and from the Postgraduate School of the Moscow State University in 1980. From 1981-1985, Bendukidze worked for the Institute of Biology and Physiology of Microorganisms in Puschino. From 1985-1988 he worked as the head of the Laboratory for Molecular Genetics at Institute of Biotechnology. In early 1990’s he organized a small business named Bioprocess. Later on, Bendukidze became a board member and the Director-General of this company. After merging the Uralmash with the Izhora Plants in 1996, he became the Chairman and CEO (Director-General) of the merged company Objedinennie Mashinostroitelnie Zavody (OMZ).

After the Rose Revolution he was invited by the Georgian government along with many talented people who would have helped to build a new prosperous country. During 2004-2007, under his leadership, Georgia became the top-reforming country in the world, according to the World Bank's Doing Business report. In particular, Georgia jumped from #137 to #18 in the ease of doing business, ahead of Germany and France. (Doing Business 2009)

Ekaterine Gabadadze, who previously worked for Bendukidze at the state chancellery in Georgia and is currently his personal assistant at Free University, describes Mr. Bendukidze, saying: “his working culture is very distinct and well known to many people. Whether in state organization or in private business, he surrounds himself by hard working and dedicated staff. His working hours have no boundaries and he demands the same from others at work.” She adds that Mr. Bendukidze almost never appeared at government meetings or business meetings in a suit and tie and is well known for a very direct expression of his opinion.

4.4 Merger through Acquisition: Free University of Tbilisi

Free University was established in 2007 and it merged two leading educational institutions in the Georgian market at that time, which were the European School of management (ESM) and Tbilisi Institute of Asia and Africa. Free University combined two brands under one new name. Later in the same year two additional schools were established under Free University: a law school and a school of computer science and mathematics. (Free University 2010)

The foundation that was established by Mr. Bendukidze invested a large amount of money in the development of Free University. A new university building was constructed which enabled university management to bring the acquired schools under one roof. At the same time in order to answer all the demands on the current educational market, the university established law and

computer science and mathematics faculties, thus providing full coverage of the major sciences. Additionally, summer and winter schools were introduced to Georgian students. Those sessions allow students to take advantage of intensive study, in order to concentrate on personal interest and earn additional credits.

Financial strength gave the university an opportunity to acquire highly valuable technological assets. Activities that were impossible to develop before in any educational institution in Georgia are introduced by Free University which enables schools to offer conference lectures by different professors of leading universities from the EU, the US and Asia.

Mr. Bendukidze launched an innovative payment plan to students of Free University, known as “Study today and teach tomorrow”. This approach implies an unprecedented opportunity to students to waive tuition during study at the university and pay it off after graduation. Additionally, computer loans were offered by the university as well. Furthermore, the university acquired 62 hectares of land where currently the new Free University campus is being constructed.

Free University of Tbilisi is the official partner of AIESEC in Georgia since 2008. In order to achieve high positioning in university rating globally, Free University invited Chartwell Education Group, LLC, a consulting group that provides education-related consulting services to state and local government, foundations, corporations.

All of this contributed to the rapid establishment in the local market and reaching a leading position, rating the first in the choice of students. Faculty and management staff of Free University consist of former ESM-Tbilisi, Tbilisi Institute of Asia and Africa, Foundation “Tsodnis Fondi” and invited professors from different universities. The majority of employees were transferred from acquired schools. Pro-rector of ESM-Tbilisi, rector, and the dean of Tbilisi Institute of Asia and Africa, as well as lecturers of both institutions, retained their positions on the Free University staff and continue lecturing. At the same time, they participate in the day-by-day management activities. The chancellorship of Free University was appointed to Mr. Meladze, who previously was a director in the acquiring Foundation “Tsodnis Fondi”.

5. Case Study: Free University of Tbilisi

Empirical data and Analysis

This chapter will provide a real-life situation and describes multiple actions that were developed in Free University in order to transfer brand commitment of employees into a newly established organization. Empirical data followed by analysis is presented according to the theoretical framework introduced in a theoretical part of the paper.

5.1 Free University: Uncertainty avoidance strategy

When interviewing Mr. Bendukidze, he refers to the experience he obtained during his previous years in business, where he successfully merged several organizations and states that the most important issues that the acquirer face are related to human resources. Employees of acquired companies do not understand “what’s in it for them” at the beginning stage of a merger. The stress and confusion grows to anger. Some begin to intentionally build up tension among colleges against the acquirer. Nevertheless, Mr. Bendukidze further adds that through direct communications, the issue was handled. So no misinterpretations could be possible and at the same time “we were able to listen to everyone individually.”

Ms. Karchava, a former employee of ESM-Tbilisi and currently working in Free University, shares her opinions and recalls the stress she was experiencing at the beginning stage of merger. “The stress was so high; I remember it influencing my health. Employees were informed after the decision was made to acquire ESM-Tbilisi, so we did not know what to expect. Later on, Free University management took over the communication through constant meetings with ESM staff. We were informed that no substantial changes would take place for a period of time. Further on, equity was reevaluated and the university chose to take the best and leave the rest. Although it was not easy to see a couple of our colleagues leave, in the end we all knew that it was done in order to achieve the best quality.”

Mr. Turkia (ESM-Tbilisi), as a participant during negotiations with the acquirer recalls: “I was sure about my place within Free University, but I could see that changes were coming and I was not sure what to expect about others and how to react and interact with my colleagues. I was uncertain of their future.”

Employees of Tbilisi Institute of Asia and Africa experienced totally opposite feelings. Mr. Katsitadze refers to the merger as an opportunity. He states: “From the very beginning I looked at this merger as the beginning of something good which would benefit the school and employees. As a dean in the institute, I participated in negotiations and I know that the resources the acquirer offered would only strengthen the institute. At the same time I was aware that since professional resources in Asian and African studies in Georgia were limited, this merger would not result in downsizing faculty members. I was aware of the attitude of the acquirer and I was calm and confident.”

Ms. Karosanidze says that for a very short time she felt insecurity, “but soon enough we were told that no changes were expected within the faculty due to the merger. So my fear of losing a job was diminished and I could clearly see the opportunities the merger opened up for us.”

As discussed in the theoretical part, during the post-M&A process, employees have obvious fear towards their future as they are uncertain what to expect from the upcoming events. Therefore it is crucial that employees have a clear understanding of the process and of the future of their company and their professional life. Accordingly, having the right uncertainty avoidance strategy promotes smooth brand commitment transfer during the merger. The more direct communication the organization’s heads have with the regular employees and the more these employees are informed about the future processes, the less negative attitudes are created and a smoother commitment is transferred to the newly emerged company.

In the case of Free University interviewed employees of each institute experienced different feelings toward the merger at the beginning. From one point, a negative attitude in ESM –Tbilisi reached its maximum shape. Ms. Karchava even identified “health problems” due to the stress coming from the feeling of insecurity and uncertainty. Mr. Turkia, although not personally at risk of losing job, talked about being informed about the coming changes and possible cuts. This has influenced his negative attitude to the whole process of the merger. Comparing the stress level of two employees we can say that communication in this whole process plays an important role. Not knowing can be at some point so frustrating that it can lead to serious consequences and the attitude for the merger will definitely be negative. The fact that Mr. Turkia took part in the negotiation process made him more aware of the plans of the acquiring company and thus his position in this case was less stressful than of the rest of the staff. To decrease the stress, management of ESM-Tbilisi did not make its employees aware of the possible deal and changes so the fault of uncertainty in this case can be attributed to ESM. Nevertheless, while at the same time cuts in employees are a part of the M&A deal, there is no easy way to handle the attitudes of employees. But from the very beginning communicating plans and showing honest, fair steps and decisions can substantially reduce this negative flow of emotions. The strategy of Free University described by Ms. Karchava as “take the best and leave the rest” can be seen as the best way the university could handle the whole uncertainty and negative attitude. They managed

to make employees believe that the ones who stayed were the best, while the rest (although a minimum quantity) were not qualified enough. Here again, this was possible through the constant flow of communication and full disclosure with the employees from the Free University after the merger deal was actually signed.

The Institute of Asia and Africa had a totally different experience of the merger since the management of the institute informed the whole idea to employees before the actual contract was signed. At the same time the smooth and positive attitude can be attributed to the fact that every position within the faculty was safe and no cuts were coming. Both of these examples show the importance of communication with the employees at every stage of the M&A deal. Communication and credibility of the actions being undertaken by Free University management can be seen as the major factors influencing uncertainty and negative attitudes associated with mergers. As a result, even though each case in two institutions was different and the response from employees of each school varied as well, it can be said that “Free University of Tbilisi” had a successful uncertainty avoidance strategy.

5.2 Free University: Corporate Branding Strategy

“Tsodnis Fondi” stood in front of a big challenge. The management was very determined to only acquire leading private schools on the market at their own field of study; but as a result of research based on interviewing focus groups that included both students and employees, schools turned out to be the ones that at the same time carried a very strong brand name in customers’ and employees’ estimation.

As a result of months of negotiations between Foundation “Tsodnis Fondi” management, an agreement was reached with Tbilisi Institute of Asia and Africa and ESM-Tbilisi. During these negotiations, both parties – ESM-Tbilisi and Institute of Asia and Africa – made clear that the only condition that would seal the merger agreement was retaining their brand names. Thus they would carry out a so-called source brand strategy. This implied on promoting both acquired products/services under one name – “Free University of Tbilisi”. But at the same time each school would retain its own brand name – “Free University – Business School (ESM)” and “Free University- Institute of Asia and Africa”. According to this strategy, Free University defines the brand identity of the whole institution including its sub-brands. “The strategy was chosen in order to help us to gain awareness among customers from the start. Having positive images, both ESM-Tbilisi and Tbilisi Institute of Asia and Africa contribute to the overall perception of Free University as a brand.” As learnt from the Chairman of the Board, Mr. Bendukidze, during an interview, eventually the strategy will change to include a branding strategy that will involve the promotion of Free University as a single brand, where acquired brands will disappear and will be unified as different products under a single brand. As of now, the organization is still in a position where school names are being transferred as daughter brands.

Analyzing both theory and empirical data collected on choosing corporate branding strategy, we conclude that selecting the right branding strategy has a crucial influence on the future of the company when dealing with M&A. The importance is even more considerable when dealing with mergers and acquisition of already developed and successful brands such as ESM-Tbilisi and Tbilisi Institute of Asia and Africa. In the case of Free University, although the strategy was chosen based on the negotiation between companies, the university used it as a transition process to the intended result. In the end, the organization wants to implement a range brand strategy, where Free University as a single brand will include different products; in its case, schools. Choosing this strategy, the acquirer minimized changes at the starting stage and gave employees time to become established in the new organization, thus reducing resistance and uncertainty from the staff and slowly transforming the brand into a single brand. This ensured a smoother transition of corporate brand commitment from employees to Free University.

5.3 Brand Identity through Employer Brand Model

Brand identity is the most important factor that shapes brand commitment. Corporate identity can be seen as the “strategic manifestation of corporate level mission and vision” (Melewar & Wooldridge, 2001:847). Free University used organizational identity as a strategic tool as well. By analyzing the organizational identity of Free University through the employer brand model, we grasp its whole essence.

5.3.1 Free University Employer brand perceived as by employees

According to interviewed employees, Free University carries clear values and image in the minds of the faculty and managing staff. “Freedom” is the major domain which defines everyday encounters and overall management style. Marina Karchava, previously pro rector of ESM-Tbilisi and currently holding the same position at Free University Business School, has described her perception of the brand and said that working in Free University is different. “To me, the word “free” stands for “free from cliché, standards and external boundaries, and that is very well portrayed in the everyday working culture and environment here at the university.” This thought is well supported in the office design. As observed during our field work at the university, “Freedom” is stressed through the working environment in the company. It is being created with the new values firmly in mind. No boundaries and freedom in working space has contributed to employer brand perception development. There are no doors that isolate employees from one another. The workplace is constructed in a way that communication is very easy among the staff. When observing everyday staff meetings, we saw that “freedom” is manifested through the atmosphere within these meetings. The dress code is very informal, as is the language used when referring to each other. No official greetings or any other code of behavior were observed during communication. The meetings started by directly discussing existing issues. Words such as “unprecedented”, “novel” and “innovative” were used numerously during the meeting. New technology, new study approaches, and new guest speakers were discussed during the meeting. High quality of the university and being the best on the market were constantly emphasized by the participants”.

Another key phrase during the interviews was the “team feeling” that has developed within a very short time. Even though faculty members, as well as the management team, came from different working environments, the brand managed to carry on a strong team atmosphere to employees. “We perceive ourselves and address each other as ‘FreeUni team’ members”, explains Mr. Katsitadze.

To the question: “How can you describe your experience of every-day encounters with Free University as a brand? How would you define your perception of Free University as a brand in one or two words?”, Mr. Turkia replied: “Innovative and providing new opportunities.” He underlines these words and explained that values that are well manifested in the brand identity are adopted by the team members. “We see the potential and how it helps us to do our job better.” Lecturer of Arabic language, Ms. Karosanidze, stated during the interview that Free University unifies qualities such as “dynamic and innovative.”

Analyzing empirical data collected through interviews and observation on employees’ perception on the *employer brand*, we refer to the theory presented earlier in the paper. The first dimension of the employer brand model – brand perceived as by employees – illustrates employees’ everyday experience of the corporate brand. Empirical data show us that “Freedom” and “innovation” are the words that can define the whole encounter. The company has reached this unified vision or perceptions of the brand through direct manifestations of those values in everyday activities. The way that meetings we have observed are handled and conducted, the way employees communicate with each other and with the management, and the way the office atmosphere aligns with the whole idea of freedom enabled Free University to let employees experience the meaning of the word “Free”.

The second value of the employer brand perceived by employees in Free University is “innovation”. Free university managed to stand out in the Georgian market. It introduced a completely new system of payment; it uses its resources and builds campus for students which is also new for the Georgian market. What is more, the university is constantly *seeking out* new things. This constant search can be seen during meetings of the staff when discussing new opportunities for students to make tuition payments easier or the possibility to invite one of the most respectful professors from leading universities to present at Free University or the technology that no other university has in Georgia. As a result, those meetings demonstrate the values identified by the employees in the framework of their experience and everyday encounter with the employer brand.

5.3.2 Free University: Customer brand as perceived by employees

As it can be understood from interviewing staff who were transferred from ESM-Tbilisi, as well as Tbilisi Institute of Asia and Africa and “Tsodnis Fondi”, Free University as a customer brand

holds a strong image of prestige and high quality among Georgian society. Thus, those that are involved with the university are associated with high performance, premium quality, and the elite. Statistics that show the leading position on the market strengthen the psychological status of employees as well. Phrases such as “We provide high quality education”, and “We are the leaders”, were often said during interviews with faculty as well as managing and administrative staff. Ms. Karchava says that, in the minds of customers, Free University offers even more opportunities than any other school in Georgia have offered ever before. Financial strength is also taken into consideration among students, says George Katsitadze, Professor and the dean of Institute of Asia and Africa, who previously held the same position before the merger. “Now the university holds assets that represent the strength of the new organization. Never before has there been such a substantial investment of 100 million Georgian Lari (aprx. 40 million Euros) in a private educational organization in Georgia. Society and potential customers see a breadth of new opportunities and the significantly increased quality of education and overall service.” All interviewees referred to the situation where they discussed the merger among future or current students and their parents. The external image of Free University as a brand is built upon the activities and message communication that the university has carried out since the process of the merger, explains the chancellor of Free University, Mr. Meladze. Further, he adds that acquiring two strong institutions with very well established brand awareness in Georgian society already ensured a desirable image to be associated with a new brand. George Turkia, during the interview outlined the status of the organization, saying, “it is the prestige and opportunities that customers relate to the Free University as a brand.”

“We are number one in student choice among all educational institutions currently in Georgia. This rating contributes to customer brand perception as well as in the minds of employees. Students are being treated correspondingly to the overall image.” explains Chancellor Meladze.. When analyzing the second dimension of the employer brand – employees’ perceptions of the brand from external customers’ point of view – we saw that empirical data on this subject showed that metaphors such as “high quality education”, “leader”, “number one”, and “prestige” dominated the interviews. At the same time, there was substantial talking about the financial strength of the organization and resources. Employees identified investments of Free University into the private educational sector and how it would open up new horizons and opportunities in the educational field of Georgia. The fact that Free University made those investments can be seen as the major driver of the employee’s above mentioned perceptions of the customer brand. Here again, actions of the university largely defined how employees understood the external image of the company. We can link the whole dimension of customer brand as perceived by employees to the image and reputation notion. It is claimed that the image of the organization can be seen as how organizational members perceive themselves from the customer’s perspective. At the same time, reputation is connected to the idea of how employees want to be seen from the external perspective. (Schultz & Hatch, 2000:22) As such we can conclude that the above mentioned metaphors used by the employees of Free University define the intended

image and reputation of the university and the employees as well, since they are part of the company. The fact that university tries to live up to this image and reputation is what makes the employees proud, as all the descriptions of the customer brand are attributed to them as well.

5.3.3 Free University: Employer brand and its competitors

Two major reasons were emphasized by interviewees when comparing Free university to existing competitors on the market. First, psychological, and secondly, financial motives, stood out in every interview. Mr. Katsitadze further elaborates on the competitive advantage of Free University as an employer and describes the university as a “brand that has no boundaries.” Financial status is very important as well, he adds. “We don’t have to lose our concentration on basic needs. Free University allows us to offer the highest quality service to our customers. I have a high salary; I don’t need to work anywhere else. I can concentrate on my lectures only” said Mr. Turkia. He adds: “No one pays as much as Free University does.”

Ms. Karchava talks about the image as the major component in an overall competitive advantage of Free University. It carries a psychological attachment. The university is rated number one and is perceived as an institution with great opportunities for employees as well as for the graduates. Ms. Karosanidze underlines the innovative payment strategy introduced by Mr. Bendukidze known as “Study today, teach tomorrow”. The system enables all talented students to have an opportunity to obtain the highest level education in Georgia and arrange a payment scheme after graduation. Correspondingly, every graduate finances their successor students. “This system is unique and no other institution offers a similar service. Analogous innovative strategies introduced by Free University makes us different from every competitor”, he says. Ms. Karchava adds that “the word freedom also adds a psychological influence to the overall evaluation”, referring to a competitive advantage of Free University. She further elaborates that it is extremely important, especially in the knowledge intensive industry, not to restrict and limit a key employee and give them maximum freedom, and that is exactly what Free university did. As explained by Ms. Karosanidze, the Free University has customers which “in our case, are our customers are the students and what’s more important for us than to have the pleasure of working with highly erudite students? Free University has set up high standards in order to be admitted, thus selecting only outstanding students. I don’t see that in other institutions.”

Additionally, interviewees outline the strength that Free university possesses, which is a financial resource. It adds a competitive advantage to the Free University when evaluating all possibilities. “The University possesses technology that is new for the Georgian market, the library is being enriched constantly”, says Mr. Katsitadze. In addition, the institution has established contacts and partnerships with leading universities and consulting companies in related fields worldwide. Accordingly, faculty members saw the potential to grow as professionals within the university. Contacts with leading professors in different fields, exchange programs and innovative technology have all led to an overall competitive advantage of Free University as an employer.

Correspondingly, when evaluating those interviews through the third dimension of employer brand, which deals with the differentiator of the free University from its rivals from the employees' perspective, it becomes obvious that during the interviews employees stressed the university's financial strength as well as the psychological advantage. Interviewees identified a number of factors which made the university unique for employees. First was remuneration. Free University pays high salaries in order to direct all the employees' attention and resources on the university only. The next factor identified is associated with the intangible aspect of the competitive advantage. Employees used terms such as "brand with no boundaries", "innovator", and "freedom". All these terms are associated with the limitless opportunities in respect to innovation and "free from cliché". The term used by Ms. Karchava, "brand with no boundaries and limits", can be analyzed in terms of free university actions. Mr. Katsitadze refers to the financial strength and describes the technological advantage that the university has. Additionally, some employees emphasized their financial interest when talking about a competitive advantage. The statement by Mr. Tukia that, "no one pays as much as Free University does", is a clear manifestation. Furthermore, by setting up high standards, Free University guaranteed itself a selection of exceptional students. Mr. Karosanidze stresses on enjoying the opportunity to work with those exceptional students and refers to them as "customers". So, in other words, it is the customers of the university that give a distinctive positioning in the minds of employees. What's more, the university through its actions keeps pushing the boundaries in terms of the freedom of thought and innovation. As stated in the previous sections, through meetings to identify creative thought, and through the informal "free from cliché" communication manner, they have differentiated themselves from their competitors.

5.3.4 Free University: Employer brand knowledge

As Mr. Bendukidze described it, the mission of the Free University is to offer the highest quality education with innovative tangible and intangible support through technical resources and highly reputable and knowledgeable staff.

In order to determine the knowledge of brand identity among employees, the following question was asked: "What is Free University?" As a result, terms such as: "new opportunities, innovation and high quality" were constantly stressed during interviews.

Mr. Meladze said that from the beginning it was very important for Free University to communicate what Free University stands for generally. "It is quality instead of quantity and that was our promise to the customer from the start and it continues to be our driver within the group."

Further, when asked to describe brand identity of Free University, faculty members outlined similar key words in order to identify the brand. As all interviewees recall, this message was very clear from the very beginning. They were to create a high quality and innovative approach in the education field in Georgia.

“We are number one in student choice among all educational institutions currently in Georgia. This rating contributes to employer brand perception as well in the minds of employees. Employees are being treated correspondently to the overall image,” explains Chancellor Meladze.

This empirical data was analyzed through a final dimension of the employer brand: that brand knowledge combines all three dimensions of the employer brand. It deals well with the combination of all three factors- everyday encounter and experience of the brand, customer perceptions from the employees’ perspective; in other words intended image and reputation and differentiator factor is communicated and embedded in the staff. As such, this dimension should provide the blend of values from the previous three dimensions translated into the mission, vision and position of the employer brand in the minds of the employees. The mission of “free university” is providing the highest quality in education with innovative tangible and intangible support through technical resources and highly reputable and knowledgeable staff. When employees were asked the question of what a free university is for them, the terms “new opportunities”, “innovation”, “high quality”, and “number one” still dominated the interview. If we counteract the mission of the university with the terms used we can say that all factors stressed were very well identified by employees. They have outlined the words that stressed the mission of the company and what position it had in their minds.

Through employer brand model analysis we can answer the main questions of brand identity mentioned in the theoretical part. To the question, “what are the manifestations of the organization that enables it to be distinctive” (Lambert, 1989: 174), the answer is a “brand with no boundaries”, where boundaries refer to the multiple perspectives identified in the competition section. As for the next question of who the organization is (Lambert, 1989: 174), the answer is encrypted in the words “innovator” and “leader”. The final questions deal with what the organization does and how it does it. (Lambert, 1989: 174) Here, the answers are: provider of the highest quality service in education through reputable and knowledgeable staff, and financial strength/resources.

In this section we have analyzed the organizational brand identity of Free University and outlined what actions in Free University helped shape it. Identity can be seen as “narratives – idealized accounts or stories about the organizations and their self perceived role in marketplace of today”. The question here lies in who dictates the story (Schultz & Hatch, 2000:256) and how?

In this section we have referred to the actions shaping the employee perceptions as to the actions of the company, but who is behind the company?

From the descriptions of employees, all the values identified as the values of the company from the internal perspective match the description of the Free University head, Kakha Bendukidze. Adjectives such as “innovator”, “leader” and “team worker” were constantly used in association with him. Through innovative projects and a constant search for new opportunities and through hard work and meetings, where every idea is listened and taken into consideration Mr. Bendukidze managed to implement those values within the company. At the same time, he is the carrier of those values and he delivers on every promise of the university through constantly fostering activities associated with those core values. As such, Mr. Bendukidze can be seen as the “conductor of the whole orchestra” of Free University; a leading man behind the company.

Narratives on organizational identity are handled first of all by the leader of the company, but the question remains how the leader managed to internalize those corporate values? Identification cannot be fostered only through communication channels. It requires more direct participation of the employees to give life to the brand values. As such, involvement has a direct influence on the process of identification. Free University, through meetings and communication, has enforced the feeling of involvement in the brand identity creation process within the employees. Although it may be only an illusion that the management cleverly distributed within the staff, it must definitely be considered as a contribution to establishing brand commitment. Faculty members, as well as management staff, felt appreciation and importance within the most crucial process that is brand development. Everyone had a feeling of contributing and putting their ideas into the process, thus self-identification with the brand was achieved.

5.4. Free University: Corporate Brand Commitment

As explained by the head of the board, Mr. Bendukidze, Free University recognized the fact that it lives and develops through its employees. Accordingly, transferring brand commitment to a new brand was of high importance from the very beginning. Committed employees of Free University for the benefit of the brand are willing to do their maximum even if it entails working overtime and helping others within the university. Mr. Bendukidze believes that commitment to the university ensures that the activities of all employees carry in mind a common set of values and principles and is the greatest asset of the company. On the other hand, looking at the human side of M&As it is well known that negative attitudes occur among employees during post-M&A, and Free University is no different. Already having an experience of acquiring and merging businesses, Mr. Bendukidze foresaw the tension that developed as a result of merger. Seeing how committed employees were to both institutions, the initiator of the merger realized the importance of transferring that level of commitment to the new brand.

5.4.1 Brand-Centered HR activities

Even though no particular HR development strategy and actions were recalled by the staff during interviews, several activities were pointed out throughout interviews. Constant meetings were arranged continuously for several months. Most of those meetings took place in a very informal atmosphere where everyone could feel free to express their true feelings and views in general about the acquisition and how they could see Free University develop. Outdoor team activities were named as one of the most memorable actions during merger as well. “During these meeting we played games, competed with each other, and had fun,” recalls Ms. Karosanidze.

Mr. Katsitadze discribes the process from his standpoint, as an employee that Free University retained after the merger: “Overall I would outline the informal meetings and outdoor activities that took place right after merger. During those activities, the university vision was first introduced”, he said. According to interviewees, this strategy is still being maintained by the management today.

According to the holistic model of brand commitment brand-centered HR, activities help to develop ties between the brand identity and employees. Through those actions, commitment is generated among staff. According to the interviews with employees of Free University the most memorable brand-centered activities developed by the managers were outdoor, informal gatherings. These activities developed a strong connection between employees and at the same time brought them closer to the brand. Another factor to consider when analyzing this approach could be the involvement in the process of building the brand.

Nevertheless, it cannot be ignored that Brand-centered HR activities are not systematically developed within the organization. In order to retain and further strengthen ties between the staff and the institution, regular activities must take place within the university and this is only possible though establishing a separate unit, such as HR development department, which will regularly implement different observations and evaluations of the situation. Based on that information, a specific and effective strategy will be developed which will maintain and further enhance the commitment to a higher level, such as brand citizenship. In addition, it is recommended to establish career development and training programs to be implemented by the HR department, this way maintaining “high quality” and a “leading” perception of the employer brand.

5.4.2 Brand Communication

Understanding the importance of clear communication during the merger, Free University has developed a specific strategy of internal communication. It consists in increasing participation by employees in the processes. It is vitally important to the management team in order to achieve a transition of the brand identity.

Mr. Meladze explains by interview the process of communication. According to the strategy, employees are invited to share issues they feel needed to be addressed prior to and during the meeting. Those meetings are scheduled every day after classes. The head of the board leads those meetings and sometimes introduces subjects of discussion.

Employees talk about the effect that the direct communication strategy had on each of them. “We constantly have meetings; it has become our working style. Those meetings are very helpful because we get direct access to the founder of the university and we are always informed about every change in the process,” explains Ms. Karchava. “We all have a very clear vision of the brand. It was communicated by the head of representative board, Mr. Bendukidze, from the very beginning. This method of communication continues in our everyday information transaction.” Observation made during the study enhances these arguments. Meetings have become an everyday custom within the new organizational culture. The head of the board, Mr. Bendukidze, meets faculty as well as management staff daily. The issue is presented and discussions begin. Everyone participates in the process. The head of the board addressed each employee and asked their personal opinion on the subject. Employees refer to these meetings and say that an informational vacuum becomes impossible in the organization, since informational flow is constant and direct.

As one of the most important issues in service organizations, internal communication is clearly outlined within Free University’s major focuses. The topic is even more sensitive during the post-merger period. Free University chose to converse directly in order to communicate brand identity among employees. As a result, any type of misunderstanding became impossible. Engaging everyone into the dialogue is how Free University communicates with the staff in order to ensure reliability of the information, particularly in times of change and stress.

Free University successfully launched a direct system of internal communication through regular meetings that are so distinctly outlined by Free University staff. The flow of brand-centered internal communication in the case of Free University comes from the head of board to employees via direct contact. When analyzing personal observation and how employees describe those meetings, it becomes obvious that not only brand identity is communicated but at the same time commitment is being developed. Addressing each and every employee during the meeting, Bendukidze attaches the employees’ personal influence on the final decision. This participation and engagement during these meetings result in developing certain feelings among employees. All possess a feeling of satisfaction and pride; thus again contributing to the brand commitment.

5.4.3 Brand Leadership

To the question who is the leading carrier of the Free University brand image, values and identity in general, every interviewee gave one single answer: “It is Kakha Bendukidze”. As a founder

and creator of the entire idea of establishing a university that offers the best quality education and opens up opportunities never experienced before, Mr. Bendukidze is the chief carrier of a corporate image of Free University.

Mr. Katsitadze describes the process: “He (Bendukidze) stands for every promise made by the university. Through his everyday actions and behavior he manifests the identity of the university and its culture.”

At the same time, brand identity is manifested in the micro organizational level as well. Mr. Meladze mirrors vital brand values and manages accordingly to the overall corporate culture. All interviewees unilaterally underlined that through his working style Mr. Bendukidze portrays all the values that Free University stands for, such as “innovative”, “leadership” and “team effort”. Accordingly those are the values that employees communicate internally, as well as to their customers.

Analyzing brand leadership within Free University as one of the three most important factors influencing brand commitment according to the holistic model, we can conclude that the persona of Kakha Bendukidze stands out the most. As a former successful businessman in Russia and further as a politician in Georgia, Mr. Bendukidze has formed a certain perception within Georgian society. The persona of Mr. Bendukidze is in fact so strong that it started to influence the brand identity itself. By carrying the values and characters of Free University and at the same time showing a strong commitment and dedication to the university, he provides employees with a clear example of what the brand is and how it must be treated; thus allowing us to state that having a visual illustration of commitment from the top influences commitment among Free University staff.

According to the holistic model, without leadership communication is at risk. In case of Free University, Mr. Bendukidze directly communicates the corporate image, brand values and brand identity in general. The “freedom” that employees of Free University identify with is manifested by the leader as well. Considering the atmosphere during communication, the values and image reflected in Mr. Bendukidze’s persona all carry the sense of freedom within itself. Freedom to communicate directly, freedom to explore one’s ideas and thoughts, and freedom from “cliché” are all mirrored in Mr. Bendukidze’s character; thus once again proving the importance of strong leadership in developing brand commitment.

5.4.4 Free University Culture Fit

During conversations held with interviewees, all remember the stress that followed the merger. Meetings that were supposed to integrate employees of different institutions ended in strong disagreements between ESM-Tbilisi, Tbilisi Institute of Asia and Africa and Foundation “Tsodnis Fondi”. Ms. Karchava recalls: “we saw the clash of two exceedingly different cultures.

During the interview, she remembers how it was to work for ESM-Tbilisi. She describes the organizational culture of ESM and says that every faculty member as well as management staff strongly believed in the quality and the management style that was established in ESM. The culture that the acquirer was launching was unacceptable to many on the ESM staff. When asked to describe the organizational culture of ESM-Tbilisi before the merger, Ms. Karchava refers to the story that every member of ESM-Tbilisi carried in their minds. The story was based on the novel by Richard Bach called “Jonathan Livingston Seagull”. It is about the seagull learning life, flight and about self perfection. It’s about the willingness to differentiate from the mass and reach heights of one’s desire. It was the story that was the essence of ESM. It was taught to students on the first day when they entered the institute. The seagull was the logo of ESM that reflected the whole identity of the business school. “We all carried pins with the logo of ESM and it gave us a sense of pride and belonging to a unique, elite community”. As Mr. Turkia further describes ESM-Tbilisi culture, he refers to the well distinguished and commonly shared values of ESM, saying “In society, sometimes we were perceived as over ambitious because we identified ourselves with the essence of the brand and we were constantly pushing the boundaries of commonly taken for granted”.

When asked to recall merging process Ms. Kacharava states: “At the beginning we felt like everything we did before turned out to be wrong. Everything that ESM members believed in was questioned by the acquirer. This fact increased the negative attitude towards merger.” The level of psychological melt-down was reaching its highest level due to the stress that employees were experiencing. Ms. Karchava underlines the differences in the way everyday activities were handled by the acquirer: “During meetings, tact and the formal way of communication was neglected. Suddenly we became treated in a totally unusual manner. Somehow this manner from the beginning did not translate into feeling respected. But now, when I think about it, it was like a marriage.” In her opinion the biggest issue was that some people who were involved in the merger did not originally come from an academic environment. Interviewees outlined the constant flow of communication through direct meetings as the major factor that contributed to the smooth cultural fit. As a result, what was first thought of as disrespect later on was identified as a simple and smart way of communication, where each member had a voice and was listened to. As the employees continued to meet systematically, they began to get to know each other. Compromise was made by all sides. “We saw the good that Free University could offer to each institution. As a result, later on I saw that team work would be the new positive change in the organizational culture within ESM Business School.”

Mr. Katsitadze in his interview describes the organizational culture of the Institute of Asia and Africa. “It was a family atmosphere within the institute. The years when it was established were very difficult in Georgia. This institute saved the field and us professionally. At that time we struggled to survive. Those difficult times developed very strong family ties among employees. Every colleague was a member of the institute’s family.”

Ms. Karosanidze further talks about the culture: “I joined the staff right after graduating from the Institute of Asia and Africa. I remember the feeling of becoming a member of the family. Although a sense of belonging and the ties that connected each member of the staff were strong, it also hindered our ability to assess mistakes in one another. It was becoming too personal and boundaries were becoming less vivid.”

In his interview, Mr. Katsitadze explains that there was a clear difference between the cultures of Free University and the Institute of Asia and Africa. “Family ties were no longer acceptable under the Free University organizational culture. Instead, it communicated teamwork and that approach was relatively close to the way we handled processes in the institute before the merger.”

Ms. Karosanidze elaborates further on the situation and says that engagement in the processes within the organization attached everyone to a new culture. As Ms. Karosanidze explains, this harmony would not have been possible if the management had ignored the cultural incompatibility, but instead “they made us involved in the development of the university”.

Mr. Bendukidze talks about the Free University culture: “I understand that at the beginning stages our approach of doing business could have been seen as rough and inappropriate to academics. But I believe that direct communication and strong engagement in every process of building a new company made possible to clearly iron out differences and come to a mutual understanding.”

It is well known that one of the major reasons of M&A failure is cultural incompatibility among merging organizations. Studying the Free University case, we can see three very distinctive organizational cultures come together to form a new corporate culture. It is clear that ESM-Tbilisi had a very strong culture that evolved around one story that differentiated them from the masses and was identified as an “elite” culture that positioned the school as a leader and innovator in providing high quality service. On the other hand, the corporate culture of Tbilisi Institute of Asia and Africa was based on family ties and developed around the story of “surviving” together. As a result of acquisition, both cultures were questioned and not all values were shared by the merging organization, thus building up a negative perception on the acquirer from the start.

Analyzing the decisions that were made by the acquirer, we can identify major explanations that made this merger successful, although the level and ideology of corporate culture was different in both cases.

Free University applied direct communication as a part of the new culture starting with regular meetings and outdoor informal activities. Thus the acquirer overcame the challenge by engaging both institutions in the process of creating a new identity leading to new organizational culture.

Showing that each and every opinion counts and nothing is being forced to accept, helped the acquiring organization to defeat employee resistance.

Additionally, analyzing the process in Free University we can state that the reason of a relatively visible cultural clash in the case of ESM-Tbilisi and Free University could be improper communication. Empirical data shows that employees knew nothing about the coming merger and only after negotiations were reached and contract was signed, employees were informed post-factum. That could be analyzed as a major mistake from the former head of ESM-Tbilisi which increased the stress associated with uncertainty among employees of the business school.

5.4.5 Free University Structure Fit

Free University was established through the merger of three organizations. Two institutions were of roughly the same size and age and industry and one organization was to the extreme extent very different. Understanding that successful integration depends on the institutions' structural fit, the Free University management team, together with ESM and Institute of Asia and Africa employees, have conducted an organizational structure that combined the interests of both organizations. Thus, organizational members did not experience any substantial difficulty in working under the new structure.

Describing the corporate structural transition, Ms. Karchava recalls when all the demands from employees were individually considered and, based on mutual negotiations, a compromise was reached. After looking through faculty members' working situations it became clear to the management that there were a large number of employees who were employed additionally by different institutions, explains Mr. Meladze during the interview. Management revised employees' salary and made a new offer, thus contributing to developing a single focus program on Free University. This evaluation was based on following observation and study where the main objective was to explore:

- What employees want?
- What the most talented, valuable employees want?
- What do employees value?
- What impacts both satisfaction and productivity?

In addition uniting inside a single building played its role in the simple adoption of structural changes. Interviewees described how successful the organizational fit was influenced by working within the same building. Mr. Katsitadze continues with the subject and states that everything in the infrastructure of Free University mirrors in the overall brand message. The fact that the space is open and there are no "boundaries" manifests one of the values, which is "Freedom".

The holistic model identifies a corporate structure fit that deals with reward system, infrastructure and corporate structure in order to achieve a smooth and successful merger. As observed in the case of Free University, not many changes took place in terms of corporate structure within the new organization. In addition, Free University management moved merged institutions into a single building, thus manifesting the corporate strategy it has chosen – all its brands under one roof.

Furthermore, through taking into consideration individual requirements of all the key employees, Free University managed to retain the most valuable asset in the organization. Through an individual approach, under which every employee must work only for Free University brand, Free university succeeded in retaining key personnel and enhancing commitment to the brand among employees. This financial approach has clearly helped employees to only focus on Free University, increase the attachment to the brand and at the same time established structural fit.

6. Conclusion

In the chapter we illustrate the main ideas developed during the study and fulfill the purpose by proposing the guideline of critical processes and their management perspective of post merger brand commitment transfer in HE filed. Finally we outline the implications of the study along with the future research propositions.

6.1 Discussion

Through analyses of the Free University case in respect to the selected theories, there is a clear picture of what processes are involved in the whole brand commitment transfer of M&A.

Theories identify communication as a strategic tool for dealing with uncertainty avoidance. They stress timeliness, honesty and two-way communication as the instruments for dealing with the stress associated with M&A. An analysis of the Free University case supports this theory. Communication can be seen as the cure to the uncertainty and rumors that might lead to a negative attitude of employees. But along with the communication case study outlined the importance of “fair play”. We have identified that the need for showing the fairness of the decisions affecting the whole staff is substantial. At the final stage of the merger deal, it is useful to have employees communicated with whole new perspectives that will follow the deal and about the changes that might occur. This way, stress associated with not knowing is eliminated. The next part of the uncertainty avoidance strategy should deal with building a trustworthy relationship. So the manifestation of “fair play” can be a good start after the actual acquisition has occurred. Fairness is a relative term; what is fair for one may be the absolute opposite for another. But in the case of M&A where the brand commitment transfer issue is at stake, it is of great importance to at least create a visibility of fairness. Actions should be supported with a viable and objective background. In this way, the foundation for the brand commitment transfer is created.

According to the theoretical framework, when the attitude of the employees is managed from the very beginning of M&A, management can introduce the new corporate branding strategy. The main issue of the HE field according to Whisman (2009) is the fact that most universities use product branding strategies and do not adopt corporate branding strategies. This implies that short term approaches are implemented via advertising and the corporate branding strategies that are guided by an “inside-out approach” are neglected (Hatch and Schultz, 2008:368).

Implementing the right corporate strategy defines the corporate architecture of a brand. Different corporate branding strategies can be beneficial for different cases. The main aspect to have in mind in dealing with M&A is that when the uncertainty avoidance stage is through, there is a clear picture to what extent employees are ready for change. According to our case analyses, management should define what level of change can be suitable for their settings and correspondingly can select a corporate branding strategy. The study gives valid and clear evidence that selection should be based on the employees' readiness and market analyses as well. As such, the acquirer can select the best suitable strategy at that particular point of time and then smoothly change it with the strategy which leads to the intended architecture of the corporate brand in the long-term perspective.

Following the path outlined in the theoretical model, corporate branding strategy can define the architecture of the organization but there is a need to create an identity of that organization. In theory, for brand commitment transfer after a merger, the definition of the identity is of major importance. It is in direct correlation with the brand commitment of employees. Self identification with the brand is what makes employees committed. Organizational identity represents the personality of an organization to which employees are committed, thus creating a new organizational identity becomes a crucial aspect of brand commitment transfer in mergers and acquisitions. Developing an organizational identity is a complex process. It should incorporate core organizational values which should be shared by the employees. It should provide mission, vision and position of the company and where it is headed to. It should show the ways of how to get to the "final destination". During M&A, old identities of the merged organizations disappear. As such, creating a new identity at an early stage of merger is important for brand commitment to nurture. The case of Free University supports the theoretical findings. In fact, it proves that organizational identities of two distinct organizations being acquired by the third party are eliminated. Throughout our study we have embarked on the main question dealing with the identity. Identity of an organization tells a story but who has the handles? Analyses of the case gave us the premises to conclude that the leader is or should be the one orchestrating the "show". Since Free University is not very large by its size, the leader is able to convey all the organizational values thus contributing to the creation of organizational identity. The size of the Free University made the manifestations of the organizational values through leader attainable in a simple manner that is direct interactions and visible behavior. But in larger HE institutions, transmission of the messages and values would need a different approach. For every organization there is a need for one person who can represent the company and have the authority to influence the processes in the company. A strong leader should influence key employees. Theories have outlined the roles of leaders, founders, and dramatic events that can influence organizational values and thus organizational identity but throughout our case, we were able to identify the importance of involved employees in the identity creation process. Their involvement and contribution is indirect but still they shape it as well. A strong leader can influence employees subconsciously like in the case of the Free University and make them

believe that the whole essence of the new brand is their creation. The messages that employees get and the way they interpret them develops the identity that in turn influences the leader's actions since he/she should live up to the expected behavior. To sum up, the leader should give the identity the "flash" through employees who add shape to it. The final product or the identity later influences the actions of the leader since he/she should represent the organization and manifest its core values.

Theories have outlined the need of constant communication of the organizational identity through brand centered HR activities, communication and leadership. According to the holistic model of internal branding, a combination of those activities can lead to brand commitment. But at the same time in order to arrive at the intended brand commitment, it is necessary to establish a cultural and structural fit. Although our case supports this holistic model of internal branding, it also has illustrated a relationship between communication and brand leadership. In fact we believe that communication employs the leader as a tool for communicating brand identity messages. Since the leader represents a company, he is a clear illustration of an organization and its identity. First, identity is shaped by leader. Next, it is constantly communicated indirectly through the leader. At the same time, brand analyses have found that during mergers and acquisitions an individual approach to employees is important and interviews can be a good tool for understanding the expectations of employees from the brand. During these interviews, one can communicate brand essence to the employees and give direction to the expectations. The elaboration of the HR career development program is another way of communicating the brand essence as a whole program should be transmitting the brand identity message. HR brand centered activities along with the developing programs according to the theory include outdoor activities. Case of Free University has shown that those outdoor activities fostered the internalization of the organizational identity through the whole staff. During those activities exchange of thoughts had free spirit and there was a chance to actually develop a feeling of attachment with the brand. Brand-centered communication embraces multiple activities from which regular meetings and role of direct communication have been outlined. How processes and issues have been handled and are being handled on daily bases according to empirical material plays significant role in identity internalization process. Free university chose the direct communication strategy that is applicable for the companies of that size. All those brand-centered activities give way to the creation of an organizational culture with common stories, memories, ideas, values, norms, and assumptions which define employees' behavior. Without a cultural fit, commitment transfer is practically impossible; as cultural incompatibility can be translated into employees' inability to identify themselves with the organizational identity. At the same time structural fit is another contextual variable that cannot be neglected when dealing with brand commitment of employees. Theories identify the reward system that can be translated into salaries, infrastructure and organizational structure as the variables that actually constitute structure fit. Empirical data supports the importance of structure fit but between the variables of the structure fit weight was distributed unevenly. To be more clear the only matter that actually

played the major role was reward system. When the fit in the reward system was achieved through the individual interviews and evaluations sufficient salaries gave way to employee retention. Structure of the organization in terms of positions had no effect on brand commitment of employees in HE field. Same is true about the infrastructure. Although the management identifies one building to important for brand commitment but the actual structural fit happened way before when the conditions of the employees in terms of salaries were discussed.

6.2 Fulfilling the Purpose

The whole flow of processes has been analyzed through a number of different theories and case study empirical material. Through a combination and alignment of those theories, case material and analyses of our own, we can fulfill the purpose of the study and propose a guideline of critical processes and their management perspective which leads to post merger brand commitment transfer of employees in the HE field.

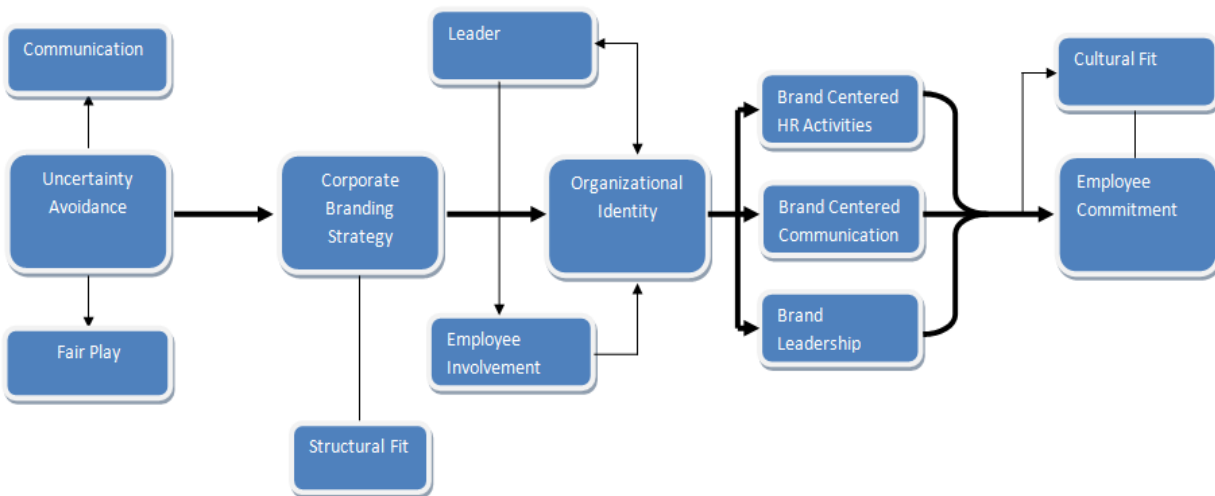


Figure 4

This model clearly illustrates the stream of critical processes that lead to successful brand commitment transfer of the employees.

The first step to the brand commitment transfer during M&A in the HE field lies in uncertainty avoidance. It deals with management of employee stress and attitudes through communication and trust building. The theoretical framework of uncertainty avoidance has been modified and a dimension of “visible fair play” is introduced. This dimension stresses the importance of creating at least an illusion that all the activities, whether painful for some or not, are fair. The word “fair” should be backed up with logical and tangible evidence.

When the attitudes of the employees are under control, a corporate brand strategy should be selected. Management should define in the long run the architecture of the corporate brand and a

strategy that can lead to that intended architecture, taking into consideration the level of change tolerance within employees in the specific time frame. At the same time this is the time when the actual retention of the employees is taking place through structure fit. Corporate branding strategy defines the structure of the merged entities, at the same time before bringing into picture the concept of the organizational identity employees should be aware of the reward system as it has the major impact on the employee retention when the brand commitment is not transferred yet.

Once brand strategy is defined there comes a need to develop a brand identity itself. This process should be governed by the leader who influences employees through actions and indirect signals. Based on the case material and our analyses, we have incorporated employee involvement as a dimension for creating an organizational identity. Participation in the creation of the organizational identity strengthens the self identification process with the brand, thus commitment. Those employees involved receive the encoded message of the leader, interpret it and influence brand identity, which at the same time further influences the leader and his/her actions.

When identity is developed it should be further internalized and communicated through different brand centered activities that at the same time influence a new organizational culture and its fit. HR activities shape expectations of the employees in respect to the organization. HR activities include designing programs that illustrate brand identity of the organization, thus facilitating a self-identification process with the brand. Brand communication through different types of communication tools should manage to deliver to the employees the essence of the organizational identity. Brand communication at the same time can be made through a leader who represents the company. Through his/her actions and behavior, employees get the illustration of what is accepted behavior, what brand identity carrier the company is, etc.

This model clearly illustrates the critical processes and management perspective for the post merger brand commitment transfer in the HE field.

Originally, selected theories had a slightly different shape but the analyses of the case modified them a little.

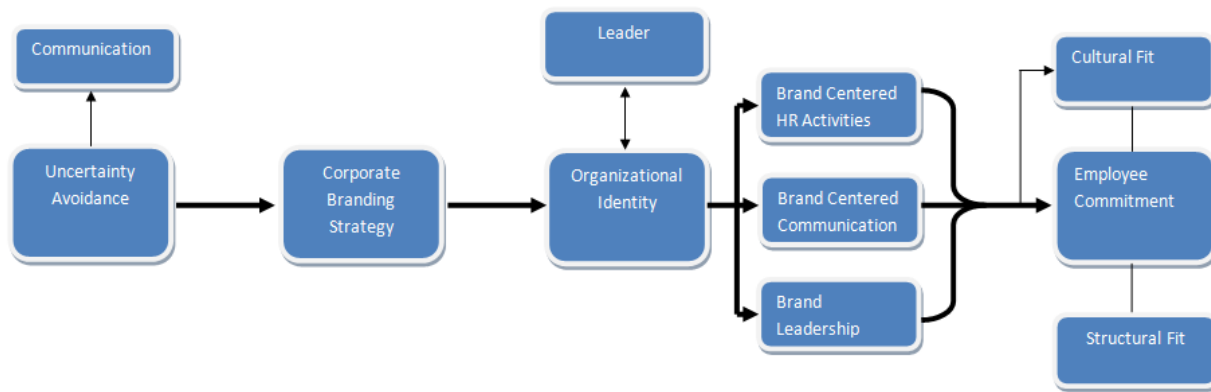


Figure 5

Modifications of the model took place in the dimension of “uncertainty avoidance”. Here, we have introduced new dimension of “visible fair play”. We have deepened the understanding of the corporate branding strategy through explaining its impact in correlation to the level of change readiness. We further modified the theoretical model by introducing “employee involvement” in the organizational identity creation process. Next, we have positioned “brand leadership” as the tool and sub-division of the brand-centered communication process and we have linked “culture fit” to the whole holistic model dimensions. Thus, a cultural fit is not only a matter of context; it is influenced by the brand identity and therefore brand centered activities which ensure a fit and thus brand commitment transfer is not hindered. Finally we have linked the contextual variable “structure fit” to the corporate branding strategy as that is the stage when the actual fit should take place otherwise brand commitment becomes impossible and correspondingly brand commitment transfer as well.

6.3 Implications and future research

6.3.1 Theoretical implication

Most of the studies on M&A from the human resource perspective have been conducted through a different angle in comparison to our theories. All the literature being reviewed identified communication and organizational culture as the main driver of success of M&A in respect to “soft resource”. Only several studies have identified the role of the identity in the whole process. Balmer and Dinnis were one of the first to address the issue of M&A success in relation to brand identity and in the same study they identified a gap of knowledge in brand commitment transfer in times of M&A. With this study we filled in the gap. Although in recent years the term identity was used by various researchers in the process of M&A, there is a lack of study which specifically proposed a guideline of critical processes that can lead to post merger brand commitment transfer of the employees. What is more, the guideline developed in this study provides a process management framework as well, which is supported by theoretical and

empirical explanations. In this way, this study increases the understanding of post-merger processes for brand commitment transfer and at the same time it contributes to the field of corporate branding as it specifically investigates the processes from the corporate branding perspective. The study also is unique as it explored the case of M&A in the HE field. HE is complex and branding has not yet been acknowledged as a successful practice there. But through this study we not only managed to show the difficulties of M&A, critical processes and management perspectives of this processes, we also investigated the university which was branded successfully. Part of those branding processes has been covered throughout the study. In fact one of the most prominent problems of the HE branding – implementation of an organizational identity and thus values that would be shared by the employees in all departments – has been thoroughly investigated and major influencing factors: leader, employee involvement and dimensions of holistic model were identified to have a profound impact. To sum up, the whole study from the theoretical perspective proposes a novel approach and selection of theories to address the issue of post-merger brand commitment transfer in HE industry, thus contributing to the fields of corporate branding, M&A and HE branding.

6.3.2 Managerial implication

This paper provides a model that can be implicated in real-life situations. We believe that the findings described in our work are especially interesting and considerable for higher educational institutions. It presents a novel approach to managing the “soft” side of M&A within the HE field. Providing a procedural guideline, the model outlines major issues to consider during the post-merger period within the organization in order to achieve a smooth transfer of employee brand commitment and retain key personnel, which is vitally important for the HE industry. In the model we highlight certain activities such as:

- Uncertainty avoidance among employees of acquired organizations
- Smooth transformation of corporate branding strategy
- Involvement of a leader and employees of acquired companies are extremely important when creating organizational identity
- Illustrating how to constantly communicate organizational identity within the company
- Directives on relationships between brand-centered HR activities, brand-centered communication and brand leadership, all named above leading to smooth brand commitment transfer to the new brand

6.3.3 Future research

In our work we answered the main question through presenting a successful case of smooth transfer of brand commitment in a higher educational institution. As future research we would suggest the following studies:

1. To test the applicability in other knowledge intensive fields, a similar study can be developed through an analogous approach.

2. To develop continuing research that will focus on achieving the higher levels of brand commitment such as “Brand citizenship” and “Living the Brand” and exploration of new procedures in order to achieve those stronger commitments. This can be done through further observing Free University or studying a different case in a similar field that have achieved “Brand citizenship” and “Living the Brand” within their organization as a result of post-M&A processes.
3. To study the transfer of brand commitment of customers during post-merger processes, explore the connection between our study and the research made on customers and at the end merge both studies in order to develop a general guideline for both employee and customer brand commitment transfer throughout the M&A process.
4. To test the model in cross national settings since our study concentrated on domestic horizontal M&A case. In cross national settings organizational cultural clash can be further complicated by the differences in national cultures.

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Appendix

Interview guide - Expert -Davit Iremadze

1. What do you consider the major challenge of mergers?
2. According to UNCTAD 80% of M&A face failure. In your opinion what is the main reason for the failure?
3. Mergers internally are associated with stress. What do you consider the reasons and how do you think the process should be handled In terms of internal rebranding (IM and HR), Management processes and cultural nuances?
4. It is stated by La Piana (1994) that during mergers the two companies erases their separate identities. To continue this logic do you consider that during mergers redefining the organizational culture is the case or do you think that merging cultures is a possibility as well?
5. How would you define employee commitment? Earlier in most of the management books employee commitment was the result of employee effort and frequency with which employees considered leaving the organization. Today one factor is added and this one factor is the extent to which employees experience a sense of identification and involvement within the organization. Who is the main back-sight of employee loyalty? What role does corporate identity play in commitment formation?
6. How is the employee commitment formed? In your opinion what is the difference b/w employee commitment and employee loyalty? What are the drivers of commitment?
7. If the employee is committed or loyal before the merger than it can be said that he/she has the sense of identification with the existing company. How commitment can be transferred to the new merged organization which brings new may be similar but still modified corporate identity? What processes are related to this transfer?
8. What role does the trust and feeling of security play in the notion of employee commitment?
9. Is it necessary to have a strong organizational culture within the organization in order to have committed/loyal staff?

Interview guide - Expert – Gia Barkalaia

1. What do you consider the major challenge of mergers?
2. According to UNCTAD 80% of M&A face failure. In your opinion what is the main reason for the failure?
3. How do you think the process should be handled In terms of internal rebranding, IM, HR, Management processes, cultural nuances and communications?
4. What roles and functions does marketing, IM, HR have? Does it come from marketing perspective?
5. It is stated by La Piana (1994) that during mergers the two companies erases their separate identities. To continue this logic do you consider that during mergers redefining

the organizational culture is the case or do you think that merging cultures is a possibility as well?

6. How would you define employee commitment? Earlier in most of the management books employee commitment was the result of employee effort and frequency with which employees considered leaving the organization. Today one factor is added and this one factor is the extent to which employees experience a sense of identification and involvement within the organization. Who is the main back-sight of employee loyalty? What role does corporate identity play in commitment formation?
7. How is the employee commitment formed? In your opinion what is the difference b/w employee commitment and employee loyalty? What are the drivers of commitment?
8. If the employee is committed or loyal before the merger than it can be said that he/she has the sense of identification with the existing company. How commitment can be transferred to the new merged organization which brings new may be similar but still modified corporate identity? What processes are related to this transfer?
9. What role does the trust and feeling of security play in the notion of employee commitment?
10. Is it necessary to have a strong organizational culture within the organization in order to have committed/loyal staff?
11. Brand experienced by employees and brand experienced by customer. Do you think brand perception, identity; image should be the same for both parties?
12. To what extent is customer brand as perceived by employees important in internal brand identity/ employer brand?
13. What role does a competitor play in employer brand identity?

Interview guide - The Head of Representative Board – Kakha Bendukidze

1. What did stipulate the purchasing Free University of Tbilisi according to the strategy it followed?
2. What were the criteria for choosing the Universities?
3. Before merger of these Universities, did you conduct any researches? Did you take into consideration the internal branding of each University?
4. Do you think that HR resources are especially important in the field of Education? To what extent do the professors and employees of Free University of Tbilisi promote the image of this organization?
5. Did you cut down the staff? If yes, how and according to what criteria?
6. Did the new University take into consideration the transfer of employee loyalty?
7. What were the processes of this transfer, what steps would you outline? How did the employees integrate into new organization? Which departments worked on the integration and loyalty transfer of employees?
8. What are the functions of marketing, branding, HR at Free University of Tbilisi?

9. What position is Free University of Tbilisi holding in the market? What are the advantages of Free University of Tbilisi compared with other competitors?
10. What does Free University of Tbilisi represent?
11. What values does Free University of Tbilisi hold, as a brand?
12. What is the brand vision of Free University of Tbilisi?
13. What is the brand mission?
14. What is the brand positioning at the market?
15. Did you take into consideration the opinions of employee while constructing the new brand? Did they take part in this process?
16. After merger, did you change the structure of management?
17. How did the employees react towards the changes?
18. Did you come across any difficulties during the merger?
19. Merging with which University was the most problematic and why do you think these problems emerged?
20. How were the difficulties with employee integration resolved?
21. To what extent is the brand message of Free University of Tbilisi different compared to the brand messages held by merged Universities?
22. The merged Universities represented independent brands before merger. After the merger did the Free University of Tbilisi use the brand attributes of these Universities, or is the brand of Free University of Tbilisi, completely new? In other words, did the emergence of brand components take place or was it the construction of completely new brand?
23. Do you think that employees are loyal towards Free University of Tbilisi?
24. How is the employee loyalty towards the organization represented? Is this loyalty measured?
25. Is the following purchases expected? If yes, what would be changed within the marketing strategy?

Interview guide - General Manager – Giorgi Meladze

1. Why did you decide to create Free University of Tbilisi by making merger?
2. What were the criteria for choosing Universities? Was preserving the employees the priority of your strategy?
3. How did you manage to preserve leading employees?
4. What message was sent before and after the merger?
5. Do you work on creating Free University of Tbilisi as a brand?
6. What does Free University of Tbilisi represent?
7. What values does Free University of Tbilisi represent as a brand?
8. What is your brand vision?
9. What is the mission of this brand?
10. What is the positioning of the brand in the market?
11. What were the major problems with employees during the merger?

12. Did employees have the resistance against Free University of Tbilisi as a brand?
13. How did you manage to resolve this problem?
14. Do you work on the corporative brand and how?
15. What role does marketing, branding and HR play in Free University of Tbilisi?
16. It is well know that Universities that emerged under the brand of Free University of Tbilisi had their own culture, values and employee commitment towards these brands. Why did you decide to preserve these brands and put it under the different brand (Free University of Tbilisi)?
17. How do you manage the brand values communication within the employees on different levels?
18. How do you manage to preserve Free University of Tbilisi as a competitor at the market? What is the advantage of Free University of Tbilisi compared with other competitors?
19. It is thought that only committed employees can achieve the highest results in the organization. How did you manage to create and transfer this commitment?
20. How did the management change was organized?
21. How cultural and structural fit was accomplished?
22. What kind of managerial processed are accomplished: recruitment, training, compensation. Benefits, appraisal?
23. What kind of researches are conduct, if any and what are results?
24. How do you manage monitoring process?

Interview guide for Employees: Prof. Giorgi Turkia, Prof. Gogi Katsitadze – Dean of Asian and African Institute, Prof. Marina Karchava, Prof. Tinatin Karosanidze

1. Have you been loyal towards ESM and are you still loyal? How would you define your loyalty towards ESM and towards Free University of Tbilisi?
2. Could you please describe the process of transformation, how did the process of brand commitment was developed?
3. What kind of brand oriented HR activities was held?
4. What do you think is the most important in IM and HR in the process of brand commitment transfer?
5. How is it different to work in ESM and Free University of Tbilisi in terms of image?
6. What were the values that you worked for in ESM and what are they now at Free University of Tbilisi?
7. What were your reflections towards the merger and what are they now?
8. Did you have any resistance during merger and if yes, what kind? How were there problems solved?
9. What is Free University for you? How would you identify it?
10. How do you think, what does Free University of Tbilisi represent for consumers?
11. In what kind of actions do you express you commitment? How would Free University of Tbilisi evaluate your commitment?

12. To what extent did the income influence loyalty transfer?
13. What position is Free University of Tbilisi holding in the market? What are the advantages of Free University of Tbilisi compared with other competitors?
14. Are you aware of brand identity, are you well communicated?
15. How do you consider as the leader of brand identity, who is stimulating you towards loyalty?
16. What kind of corporative culture exists at ESM? What did influence the development of this culture: traditions, communications, other? What is it now and how did it change? How did cultural fit happen, and to what extent did culture and structural fit took place for you?
17. What kind of actions make it possible to transfer the symbols, images and values to reality? How and to what extent does the logo of Free University of Tbilisi describe the person that this University represents?