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"A String of Pearls"

Exploring Organizational Motives and Challenges of Creative Agency Acquisitions by Leading Management Consulting Firms

by

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Abstract

Creative agency acquisitions by leading management consulting firms is a phenomenon that was recently discovered. Therefore, very few studies have explored M&As within this specific context. This lack of research is surprising because in today's highly competitive environment businesses increasingly have started acquiring external creative capabilities to be able to provide end-to-end solutions in *business*, *technology* and now also *creativity*. This thesis explores *why* and *how* leading management consulting firms acquire creative agencies and how organizational members of both firms involved perceive the merger. To reach the aim of this study, a qualitative case study is conducted by following an interpretative, abductive approach. This research encompasses empirical material that was gathered by means of the conduction of eleven semi-structured interviews with managers in two merging organizations in The Netherlands, that serve as a prime example for the phenomenon. The main results show that the primary organizational motive for leading management consulting firms for the acquisition is to be able to keep up and respond to the fast-changing client demands whereas creative agencies largely search for an expansion of their portfolio, growth opportunities, stability for the company and improved employee benefits. Challenges that arise throughout the merger evolve around integration, communication, organizational structure and organizational culture.

As this is the first study that presents results regarding an acquisition in a completely new context, a contribution is made to the Mergers & Acquisitions, Professional Service Firms and Creativity literature. Additionally, through the interpretation of the perceptions on the merger of both a management consulting firm and creative agency, this study is highly relevant for managers in these fields to gain an in-depth insight in which challenges might arise in a similar acquisition and how to possibly retain employees throughout the process.

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1   Introduction

In the last decade, clients have complained about the disability of consultancy firms to meet their rapidly evolving expectations and needs. Traditionally, the 'bread and butter' of the consultancy industry has been large IT and business-transformation projects. Though, because organizations nowadays can engage with clients in remarkably meaningful ways due to the rapid pace of technological developments, these projects require the 'customer experience' as an indispensable aspect to an increasing extent. (Quinlan, 2018) As the digitized world dissolves the boundaries between strategy, technology, marketing and design, clients have been looking for professional service firms that offer the 'best-of-breed' expertise in all aforementioned aspects. Clients do not longer want to spend time, value and money on seeking for smaller specialized agencies that offer just one particular service. (Treichler, 2019) Therefore, clients are increasingly looking for a merger of the three worlds: *business, technology* and *creativity*. Since the consultancy industry has already moved into the field of technology, a presence in the creative industry is next on the agenda (Gianatasio, 2017).

On account of this, the consultancy industry attempted to break into the creative sector with the predominant motive to access this booming market (Quinlan, 2018). Leading management consulting firms, including Deloitte, McKinsey and Accenture, have been looking to acquire smaller agencies within the creative industry to respond to the growing demand for digital advancement, consultancy and tailored creative solutions; developing creative capabilities in-house has become a priority (Kingaby, 2016). Creative agencies that are considered to be acquired are mostly small- or medium sized firms primarily made up of creative professionals and that offer specialized services in marketing, design, technology and innovation or a combination to clients (Playground Inc., 2019). Instead of only offering advisory and implementation propositions to clients (Consultancy.uk, 2019), leading management consulting firms now also aim to deliver the full package by providing end-to-end services. The recent blend of the core businesses of both leading management consulting firms and creative agencies led to a new concept, called 'the experience agency' (Engström, 2018).

Since the trend has been rapidly emerging, the competition in the consulting industry has consequently been heating up. As a result, leading management consulting firms have managed since 2016 to take the position upon themselves as the top ten largest providers of creative services in the

world, due to the repositioning and expansion of their portfolio (Schultz, 2019). To exemplify, McKinsey & Company aimed to strengthen its market offerings by acquiring award-winning design agency Veryday in 2016. Most recently hereafter, in 2017 Deloitte has acquired leading Swedish creative organizations Acne Agency and Market Gravity to bolster its digital arm. Then in 2018, EY started seeking to make a more direct entrance into the digital design space by purchasing Citizen, with the goal of complementing its current consulting business (Brinded, 2018). Who currently is considered as the most dominant player in the field of the experience industry, is Accenture Interactive. In 2009, Accenture launched a new digital business unit called Accenture Interactive after which the first acquisitions of creative agencies already started in 2013. Once having integrated Acquitiy, Fjord and avVenta across creative design, digital content and eCommerce, Accenture Interactive foresaw the opportunity of even further expanding its client value proposition. In 2016, for example foremost mobile solutions specialist MOBGEN was acquired and in March 2019, marketing agency Storm Digital was added to its portfolio (Accenture, 2019). Accenture Interactive positioned itself as industry-changing leading experience agency, creating new ways of winning in today's experience-led economy through its connected offerings (Morais, 2018).

It could be questioned *why* creative agencies consent to the acquisition of leading management consulting firms. Benefits that have been identified until thus far are (1) the access to the expertise and industry experience of the acquirer; (2) resource availability; (3) the global scale and client portfolio (Engström, 2018; Kingaby, 2016). Though, despite of the advantages emerging from being acquired by a leading management consulting firm, renowned business journals such as The Drum, Adweek and Campaign have shown critical reflections on this increasing phenomenon. Namely, as the consultancy and creative industry are generally perceived as two converging industries placed on opposite sides of the spectrum, challenges seem to arise in the integration process (Gianatasio, 2017; Spanier, 2017; Walford, 2019). Firstly, organizational members of creative agencies have been very skeptical about the ability of consultants to exist in a creative space (Kingaby, 2016). It is mainly argued that management consulting firms lack the culture to excel creativity and entrepreneurial spirit that not only challenges day-to-day activities but also does not attract the best design, digital and creative talent (Schultz, 2019). Secondly, consultancies and agencies compete in different ways and no more than ever is there a place for creative agencies in the business environment. The following quote reflects this: "*They are trying to get into our space, but we are also trying to get into their space in a different way. The question is, who will get there first?*" (Roytman, 2016, quoted in Kingaby,

2016). The challenge lies in staying coordinated and collaborative in order to ensure a 'sweet spot for everyone' in this equation; only the best will survive (Gianatasio, 2017). Finally, a disruption of the very foundations of both management consulting firms and creative agencies seems to exist, as due to acquisition the core businesses of consulting propositions and creative services are blending and there is no longer a focused and limited skillset. Therefore, collaboration and flexibility are defined as crucial in the future to assure successful post-acquisition. (Johnson, 2018).

There seems to be a general but limited awareness about the motives behind management consulting firms moving into, or taking over, the creative industry and especially which exact opportunities and challenges come into play for both the acquirer and the target firm. Additionally, it appears to be not entirely clear *why* the leading management consulting firms adopt the strategy to acquire creative agencies rather than to for example suggest a strategic alliance or joint venture. It is generally known that maximizing acquisition outcomes by bringing together two businesses is not always straightforward, and could be even more challenging if the businesses have two very different logics (Meyer & Wadsworth, 2016). Finally, it is noteworthy to state that the merger of two companies operating in different industries is not unfamiliar as this type of acquisition is referred to as a conglomerate M&A (CFI Education Inc., 2015). However, what is new about the acquisition described in the empirical phenomenon is that the merger of specifically the creative industry and consultancy industry has not been studied before to our knowledge. Therefore, we question if there might be more to the phenomenon than what has currently been shed light on in the existing theory on M&As.

Prior studies on the creative industry mainly pivot upon how the creative industry has become essential to the economies and cultures of the 21st centuries and how its dynamics merit further exploration (Jones & Maoret, 2018; Lampel & Germain, 2016). Dreesmann et al. (2014) stress the creative industries as part of the economy is relatively new and is thus not yet entirely defined. Creative industries are currently seen as hubs of managerial innovation and experimentation, which attracts increasing attention of scholars and thus far, this led to an increase in available literature on how creative agencies influence firms existing in other industries (de-Miguel-Molina et al., 2012; Gibson & Klocker, 2004; Lampel & Germain, 2016; Li, 2017). However, until now it has not yet been presented how other industries, specifically the consultancy industry, utilize the creative industries as strategically significant engines to create a competitive advantage.

Due to an increasing presence of creativity in businesses that has become crucial in today's environment, scholars have widely recognized a shift in the motives of M&As. Prior studies on M&A outcomes often focused on tangible financial results and the M&A motives were mainly defined as to benefit from economies of scale, geographical expansion and business size development (Hassan et al., 2018). Though, due to the changes in customer demand and need for rapid renewal, acquiring rare, inimitable, competences and valuable resources, motives for acquiring firms have moved away from merely financial drivers (Cording et al., 2014; Hau, 2005; Khan, Yang & Waheed, 2019; Ranft & Lord, 2002). Until recently, studies have mainly been conducted specifically about the acquisition, sharing and integration of (specialized) knowledge and capabilities (Eckardt, Skaggs & Lepak, 2017; Naqshbandi & Jasimuddin, 2018), which is similarly presented in the latest empirical research specifically on management consulting firms in the field of M&As. Scholars more and more refer to management consulting firms as part of knowledge-intensive business services and largely research this trend in relation to innovation and technology (Friedrich von den Eichen et al., 2019; Salunke et al., 2019). Most studies aim to understand, by means of performing (multi-)case studies, how management consulting firms strategically manage the acquisition of specialized capabilities such as knowledge. Though, thus far case studies were solely focused on management consulting firms specifically acquiring tech- or entrepreneurial innovation agencies and their human capital (Friedrich von den Eichen et al., 2019; Nguyen, 2019; Treichler, 2019).

It has become apparent very little studies have investigated the trend of leading management consulting firms acquiring specifically *creative* agencies yet. The reason for a lack in research is due to the fact that the acquisition of creative agencies by leading management consulting firms is a very recent phenomenon and needs further theoretical development. Namely, since experts in the field assure this trend will increase even further in the near future, contributing to the existing literature on M&As by presenting the empirical phenomenon in a whole new context is highly valuable (van Beijnum & Annable, 2019). Therefore, with this thesis we **aim** to develop a deeper understanding of *why* and *how* leading management consulting firms acquire creative agencies. Taking our aim into consideration, we created the following research questions that will serve as a guidance throughout the thesis:

- *What are the primary motives for leading management consulting firms to acquire creative agencies?*

- *What are the primary motives for creative agencies to be acquired by leading management consulting firms?*
- *Which challenges arise in the acquisition of a creative agency by a leading management consulting firm?*
- *How do the organizational members of both the acquirer and target firm perceive the merger?*

To be able to find the answers to these research questions and to achieve the aim of this study, we will conduct a qualitative exploratory case-study. As stated above, Accenture is globally known as the management consulting firm that is leading in acquisitions to expand their creative portfolio. Given the fact that one of their recent acquisitions concerned an M&A with a creative agency, MOBGEN, both firms serve as a prime example for the empirical phenomenon that will be investigated.

Outline of the Thesis

This thesis is outlined into six main chapters: *Introduction, Literature Review, Methodology, Analysis, Discussion and the Conclusion*. After having introduced the problem statement of the thesis in *chapter 1*, we will further explore the empirical phenomenon in *chapter 2* by means of a literature review of the four primary relevant areas that could serve as a foundation for the analysis: (1) Professional service firms; (2) The creative industry; (3) M&As and; (4) integration. In *chapter 3*, the methodological approach will be elaborated on in which the research design, data collection and analysis methods will be explained. Additionally, the reader will be introduced to the case study that this study is built upon to provide an understanding of how the phenomenon within this specific environmental context is explored. Following the methodology, all the gathered empirical data will be presented and analyzed in the form of a story that illustrates the case study in a more detailed way in *chapter 4*. In *chapter five*, the data will be further interpreted while linking it with the earlier presented literature review to be able to explain observations and reveal new findings through a discussion. Finally, in *chapter 6* the main findings will be summarized and concluded. The thesis will end with a presentation of limitations of this study and a recommendation for future research.

2 Literature Review

The chapter below illustrates a revision of existing literature in the following four areas: (1) Professional service firms; (2) creative agencies; (3) M&As and; (4) integration. As stated in the introduction, the literature regarding the empirical phenomenon is considered as scarce and can thus only serve as explanatory to a limited extent. However, it is highly significant to gain a general understanding of how prior scholarly volumes perceive the general characteristics of both a creative agency as well as a management consulting firm. Additionally, discussing the evolution of M&As, its main motivational factors and challenges will possibly provide theory that could be matched with the evidence of the case study that could direct the research in explaining new findings. Therefore, this section will be concluded by connecting all four topics to the best possible extent to lay a foundation for the analysis that will follow.

2.1. Professional Service Firms

2.1.1. Professional Service Firms and their Characteristics

In the last three decades, Professional Service Firms (PSFs) have been considered as one of the most rapidly growing, profitable and significant organizations in the global business environment (Empson et al., 2015). By the 1990s, an interest among management scholars increased regarding the understanding of large professional organizations and its differentiators from corporations (Muzio & Suddaby, 2015) due to a culminating shift towards the knowledge-based economy. The liberalization of markets, advancements in communication technologies and emerging economic markets resulted in the development of 'knowledge intensive' organizations in the form of PSFs that replaced physical and financial capital by 'intellectual capital' (Brock & Alon, 2009; Dotzel et al., 2013; Fitzgerald et al., 1992; Javalgi & Todd, 2011; Ulrich, 1998). Specifically, Sharma (1997) found that PSFs became of great importance in creating innovative business services, establishing rules of financial markets, setting professional standards and developing human capital. The conclusion of this study stated that "*without PSFs, businesses as we know it would come to grinding halt*" (pg.758)

PSFs are traditional in fields of accounting, legal services, engineering and management consultancy (Chang & Birkett, 2004; Løwendahl, 2005; Maister, 2000; von Nordenflycht, 2010) and could be

defined as specialized providers of knowledge-intensive, high-skill services and expert advice to clients that utilize a well-educated and professional workforce (de Brentani & Ragot, 1996; Reihlen & Apel, 2007). Greenwood et al. (2002) further describe that the primary asset of PSFs is the professional workforce whose output are intangible services that are encoded with complex knowledge. Starbuck (1992, pg.716) and Alvesson (2000, pg.1101) both refer to PSFs as 'knowledge-intensive firms' (KIFs), defined as organizations in which knowledge has more importance than other inputs and the work is said to be of intellectual nature. However, Maister (2000) challenges that view by pointing out that not only PSFs but also other firms that are knowledge-intensive, such as software or biotechnology firms, could be seen as KIFs. Therefore, to avoid generalization it is decided to hold on to the term 'PSFs' to describe those who primarily deliver unusual and intangible outputs that are customized for each client (Greenwood et al., 2005).

Since before the mid-1960s professional work mainly occurred within the boundaries of highly autonomous professional organizations (Hall, 1967; Scott, 1965), early organizational researchers made an attempt to understand the way PSFs structured their work in the context of large bureaucracies. Generally, the goals of the PSFs were largely in line with the values of autonomy and independence (Muzio & Suddaby, 2015). Bureaucratic organizations began to grow in size and influence, which led to an increase in employment of professionals who started to produce their own types of professions and distinct work approaches (Baron et al., 1986; Montagna, 1968). Though, recently a paradoxical challenge arose, in which on one hand there was a need for stability and profitability through efficient and productive outcomes in a bureaucratic organization and on the other hand a growth in cruciality for innovativeness of the services that were offered to enhance financial performance by differentiating offerings (Løwendahl, 2005; Naylor et al., 2009). Newly emerging technologies and the rise of digitalization shifted client demand drastically which forced PSFs to transform their businesses and operating models (Treichler, 2019). More often creative processes within the workforce were considered highly significant which resulted in a new form of service offerings: novel, high-value service solutions determined the survival of PSFs (Bello et al., 2016; Løwendahl, 2005; Maister, 2000). In continuation, PSFs grew rapidly in terms of size, complexity and global reach (Empson et al., 2015) and started selling its knowledge, efficiency and procedures while competing in two markets simultaneously: the input market for its productive resources, meaning the professional workforce, and the output market for its services (Maister, 2000).

Contemporary research acknowledges that PSFs typically generate knowledge-rich, intangible and experiential services tailored to the needs of the client, which requires disregarding traditional strategies of standardization and achieving a high level of relational embeddedness (Brivot, 2011; Morris & Empson, 1998; von Nordenflycht, 2010). PSFs developed capabilities that allowed to respond to market challenges and new opportunities by providing highly innovative services encompassing unique, high-quality and discerned offerings (Jantunen et al., 2005; Vargo & Lusch, 2004). A study conducted by Løwendahl (2005) suggests that the following characteristics are typical for a PSF: (1) All services are based on professional assessment by experts in the field; (2) solutions are tailored to each client's needs; (3) end-to-end service delivery involves a high degree of interaction with the client; (4) the client's needs are set higher than the expected profits; (5) the value creation is knowledge-intensive and is delivered by highly educated employees. All in all, it could be concluded that PSFs are dependent on its clients as well as its professional workforce in enhancing value creation (Greenwood et al., 2005; Vargo & Lusch, 2004).

2.1.2. Human Capital

The ability of a PSF to capitalize on an innovative service strategy is vastly reliant on its human capital, including tacit knowledge and specialized skills of the employees (Prahalad & Hamel, 2006; Vargo & Lusch, 2004). Human capital as an operant resource is difficult to imitate, which means that the firm's ability to create value could be leveraged and a sustainable competitive advantage could be created. The larger part of the human capital of a PSF consists of so-called 'professionals', who are highly-educated people that carry out and generate the knowledge that is encoded in the services being offered (Greenwood et al., 2005; Hitt et al., 2001). Professionals are often characterized as highly competent and knowledge-intensive employees, who own profound expertise (Starbuck, 1993) in rare, specific or complex knowledge regarding their work practices (Kärreman, 2010). Professionals' work could be described as innovative, problem-solving and with a high degree of self-organization. The environment professionals work in are generally not supervised by management and consist of loose team structures to enhance varied work rather than following standardized processes (Løwendahl, 2005; Malik, 2011). Overall, professionals seem to seek for a high level of autonomy as well as an environment in which work is considered to be ambiguous (Kunda, 2009). Prior research has found that this autonomous structure in PSFs has led to the fact that professionals are considered to have a form of an 'elite' identity (Alvesson, 2004). PSFs seem to require from employees to 'live a particular image' whose competences and results are not as

materially grounded or based on the mastery of routines (Schreyögg & Geiger, 2007). PSFs provide access to highly powerful symbolic resources in order to construct the work identity of professionals, which reinforces that the high-status knowledge workers recognize each other as professionals and are recognized as such by clients and competitors (Empson et al., 2015). The performance of professionals is constantly being measured though two standards: (1) Profile expectations, which include formalized statements about performance goals and capabilities expected from the professional and; (2) competence levels, which indicate the professional's progress from novice to expert level within the organization based on their development (Jaques & Cason, 1994; Jr & Spencer, 1993; McGuire & Garavan, 2001). It has been concluded that based on such measurements, employees are extremely dependent on their ability to constantly develop, mobilize and transform their knowledge to create value for the client in a highly competitive and homogenized professionalized workforce (Alvesson, 2000; Løwendahl, 2005; von Nordenflycht, 2010). A study conducted by Morris and Malhotra (2002, pg.16) presents a similar conclusion about professionals, but than from the manager's point of view who described managerial work at a PSF as: "*making ten or twenty racing horses pull a cart together*".

2.2.   The Creative Industry

2.2.1. Creative Agencies and their Characteristics

The increasing pace of change, globalization and technological innovations recently changed the nature of business, which forces organizations to be more responsive and flexible and consequently stimulated the interest in creativity (Henry, 2001). Prior scholarly volumes found that creativity is wider being acknowledged by organizations as a critical means, because it allows organizational members to produce meaningful and lasting value for stakeholders in today's dynamically changing environment (Amabile, 1988; George & Zhou, 2001). Organizations are urged to be creative enough to continuously innovate and add value to survive among ever-increasing competition (Henry, 2001). The understanding of 'creativity' has changed over time as the term holds a distinctive meaning for different people. Generally, creativity is described as "*the production or generation of ideas that are both useful and novel*" (Amabile, 1988; Oldham & Cummings, 1996; Scott & Bruce, 1994). More specifically, Shalley et al. (2004) present that creative ideas either are reflected as an incremental or radical deviation from the status quo that could relate to products, services, organizing structures or work procedures.

Due to the uncertainty and instability that contemporary organizations encounter, creativity is more often recognized as highly significant for innovative effectiveness in work (George, 2007; Littleton et al., 2012). Therefore, businesses that exist within the creative industry are currently leading in meeting client demands in today's perfectly competitive market (Sumiati et al., 2017). The creative industry as a new source of business innovation and development has gained prominence among scholars and practitioners, which led to a variety in definitions of the term. Howkins (2013) addresses that all economic activities that use culture, creativity and environment as the foundation for their products or services apply to the creative industry. A more recent study developed the definition further by stating that organizations within the creative industry are "*those which have their origin in individual creativity, talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property*" (Hodgson & Briand, 2013, pg.3). The organizations that are referred to in the previous delineation, are 'creative agencies' that are engaged in the creative industries sector (Harvey & Knight, 2015). Creative agencies are firms primarily made up of creative professionals that offer a combination of strategy, technology, design and advertising services to clients with the goal of creating value for the client in the short and long run (George, 2007). Most of the creative agencies are categorized as small- or medium enterprises (SMEs) with a focus on autonomously producing new ideas and concepts in a flexible and entrepreneurial environment (Harvey & Knight, 2015; Littleton et al., 2012). The sustainable competitive advantage of SMEs is demonstrated through specialized innovation capabilities in the form of artistically crafted and engaging work for fellow businesses (Wuryaningrat et al., 2019) that are enhanced through groups of organizational members with different backgrounds, styles and angles to issues at hand (Henry, 2001).

2.2.2. The Creative Workforce and Environment

The indifferent characteristics among organizational members have generated interest among academics, whom focused their research on 'the creatives' as key-actors in the creative development processes in creative agencies (Hackley, 2002; Hackley & Kover, 2007; Kelly et al., 2005). Parnes (1972) is one of the first scholars that attempts to identify the nature of *a creative* by presenting that the main personal traits are to be daring to frequently fail, to act as a pioneer who is looking for productivity in the long run and behaving creatively in setting while solving problems in novel ways. It is generally accepted that creativity is part of the employee's human nature and intelligence (Lau,

2016), which is further illuminated by Oldham and Cummings (1996) who agree that creativity involves the introduction of new elements in an established domain in the form of individualized behavior. Creatives could possibly be identified according to the following three characteristics: (1) Being willing and enjoying to create something even though it might be rejected at a later stage; (2) being able to map new associations from elements that are unrelated and; (3) being tolerant towards ambiguous answers and solutions (Canaan, 2003). Lau et al. (2009) found in their study that in creative agencies every employee is inherently creative as a part of their human behavior, but it is considered important that creativity can only be enhanced by appropriate training and cannot be taught. Additionally, emotion could highly affect an employees' creativity competency. Cave (1997 cited in Lau et al., 2009) found that creativity could be obstructed by an individual's emotions, sets of values, symbols, meanings and beliefs.

Another element that possibly does not stimulate the desired creative behavior is a standardized workplace, in which creatives are placed in traditional productivity-driven organizations with time constraints, formal structures, strict regulations and daily similar tasks (Dul & Ceylan, 2011). A study conducted by Woodman et al. (1993) showed that a higher creative performance could be achieved once receiving support from the work environment by providing space for the generation of novel and useful ideas (Amabile et al., 1996). Research suggests that internal strife, conservatism and formal management structures could possibly impede creativity as individuals are likely to perceive these factors as controlling, which constraints the free flow of creativity (Amabile et al., 1996). By designing work environments that foster the creativity of employees at any level of the organization, hidden internal resources for an organization's innovation could be unlocked (Dul & Ceylan, 2011). As the office base is mainly considered by creatives as their common work environments, scholars have suggested management to study offices from the perspective of stimulating creativity and innovation (Dul & Ceylan, 2011; Lee & Brand, 2010).

2.3. M&As

The long-term prosperity and survival of any organization heavily relies on its ability to grow and develop through a process of restructuring, investing and redeployment (Poniachek, 2019). To ensure an efficient organic evolution, organizations strategically moved into mergers and acquisitions (M&As) (Ran, 2017). Since the end of the 19th century, M&As are described as an 'essential vehicle' and dominant feature for corporate change (Rahman & Lambkin, 2015). A merger could be defined

as "*the merging of two companies where one new company will continue to exist*" or "*as the combination of two corporations in which the acquirer survives and the target corporation goes out of existence*" (Aaldering et al., 2019). An acquisition is generally described as "*the acquisition of assets by one company from another company, in which both companies may continue to exist*" (Poniachek, 2019, pg.41). Although both definitions are typically used in existing literature to refer to distinct types of transaction with different outcomes, the broader term 'M&A' is accepted to characterize "*a business transaction where on organization acquires another firm*" (Aaldering et al., 2019). Regardless of the fact that approximately two-thirds of all M&A transactions fail, and it is generally acknowledged by the acquiring firm that the financial outcomes and operational synergies previously projected have not been received, M&A transactions are still described as a significant corporate business growth strategy (Poniachek, 2019).

2.3.1. Motives behind M&As

Primary motives that have been presented in M&A literature include to: (1) Increase growth; (2) enter a new market; (3) gain new products and technologies; (4) maximize shareholder value by exploiting operational synergies; (5) replace inefficient management; (6) gain market power; and (7) purely achieve financial gains including short-term investments in companies (Hasenpusch & Baumann, 2016; Reddy, 2016; Weber & Tarba, 2016). A recent survey conducted by Deloitte among 1,000 US executives presented further insights into six factors that contribute to the success of M&As, which are: (1) Effective integration; (2) economic certainty; (3) accurately valued target; (4) proper target identification; (5) sound due diligence process; and (6) stable regulatory and legislative government (Weber & Tarba, 2016).

M&As have more recently become a strategic initiative of great importance among organizations, due to today's rapidly changing and globalizing environment (Caiazza & Volpe, 2015; Caiazza et al., 2017; Hitt et al., 2001). The evolution of M&As in the past quarter century has been driven by the implementation of strategic plans designed to enhance or seize a competitive advantage. Mainly, the principle strategies for corporate growth entail the achievement of strategic diversification, participation in emerging technologies with attractive growth prospects as well as taking advantage of favorable business conditions and changes in the regulatory environment (Poniachek, 2019). Academics who intensely studied the field of M&As in the last five years, broadly describe how M&A transactions have become 'an integral part of the corporate DNA' linked to value creation for

shareholders by means of the acquiring external knowledge and complementary innovation activities (Aaldering et al., 2019). Historically, M&A transactions were more viewed as a strategic substitute for geographical expansion, gains in market share and achieving economies of scale (Cassiman & Colombo, 2006). Nowadays, M&A transactions are crucial for organizations that seek access to corresponding know-how, innovative capabilities, technologies and acceleration opportunities into new markets (Cefis & Marsili, 2015; Christensen et al., 2011). The M&A trend of pursuing innovative and transformative transactions to complement organic growth is expected to continue, allowing firms to be able to adjust relatively fast to new arising challenges and opportunities to achieve a competitive advantage (Poniachek, 2019).

In an era of ever shortening product and technology life cycles (Aaldering et al., 2019; Öberg, 2016), organizations increasingly search and monitor underlying market trajectories that facilitate vast opportunities to develop new business models, products, services and values (Hacklin et al., 2013; Lee & Lee, 2017). Survival in the competitive markets requires reaching new ideas, keeping up with technology and generating innovations (Öberg, 2016; Ran, 2017; Weber & Tarba, 2016). Consequently, fostering the need to acquire new knowledge, expertise and capabilities rapidly became essential (Ran, 2017). Such M&As more often imply how an incumbent organization acquires a young small- or medium sized companies (SME's) in order to access innovation skills or already developed innovations, new technologies and process developments facilitate entry for incumbent organizations into untouched markets (Andersson & Xiao, 2016; Meier & Schier, 2016; Puranam et al., 2006; Ranft & Lord, 2002). Young, attractive firms with a focus on technology development and innovation currently make up a large part of the M&A market. Namely, young firms have a generally lower cost of acquisition, less integration problems and potentially generate profits and thus are considered as a target firm for a valuable M&A (Warner et al., 2006). Prior studies stress that M&As are the fastest way to increase market share and power in these high-speed environments (Brown & Eisenhardt, 1997; Schmalensee, 2000). As a result, mature organizations gain access to new growth opportunities and ideas, downstream activities in new product development, acquire customers and complete product portfolios (Autio et al., 2000; Ding & Eliashberg, 2002; Kleis et al., 2012; Renneboog & Vansteenkiste, 2018). Recently, it has become apparent that this phenomenon mainly emerged among organizations existing in converging industries, in which synergistic combinations of different components and services are created by putting things together in novel ways (Aaldering et al., 2019; Lee et al., 2010). Thus far, academics have solely touched upon the

technological paradigm and convergence whereas innovation literature now has addressed that alternative markets also actively start showing interest in the process of accumulating and combining existing components and principles (Aaldering et al., 2019; Fleming, 2001; Nemet, 2012). As a result, innovative inter-industry segments come into being in which organizations face completely new markets that require different competencies to successfully operate (Bröring, 2013; Bröring et al., 2006). In order to bridge that competency gap, organizations undergo strategic alliances or M&As as it could generate useful implications for both organizations as diversification, changes in product portfolios and strategic alliances that could lead to new activities with more growth potential (Chon et al., 2003; Hacklin et al., 2013; Makri et al., 2010; Poniachek, 2019). Although the key-premise is described by scholars as 'the whole will be greater than the sum of the parts', synergies in an M&A between converging industries could not at all times be taken for granted (Poniachek, 2019). In order to achieve alignment among both parties involved, it could be learnt from previously conducted studies that an awareness of the role of the type, motives and challenges of the M&A could lead to a lower failure rate (Rozen-Bakher, 2018).

2.3.2. M&A Strategies

Prior scholarly volumes generally accept the argument that the diversification of M&A influences the match between the acquirer and the target firm, which then affects the M&A performance and ultimately results in a success or a failure of the M&A strategy (Calipha, Tarba & Brock, 2010; Gugler et al., 2003; Palich, Cardinal & Miller, 2000). As described in the previous paragraph, *understanding the role* of the type of M&A helps in identifying which M&A strategy leads to the highest possibility for success. A study conducted by Tremblay and Tremblay (2012) investigated the three main types of M&As, but mostly aimed to shed light on the rise of 'conglomerate M&As'.

Generally, an M&A strategy involves adopting one of the following three types: (1) Horizontal M&As; (2) Vertical M&As and; (3) Conglomerate M&AS. Tremblay and Tremblay (2012) define **horizontal M&As** as "*a combination of firms that compete in the same market… enhancing profit through both an increase in market power and cost efficiencies*". Related M&As are experienced as less risky since the management that is involved has a better understanding of the target firm due to similarity (Conyon et al., 2002; Dow, 2017; O'Shaughnessy & Flanagan, 1998). A **vertical M&A** is a merger in which only a limited number of target firms are considered as a fit that fulfil the requirements of producing a different product or market-specific service that satisfies a common need

for a vertical acquisition (Meador et al., 1996) Tremblay and Tremblay (2012) argue that the negotiation of the deal, the integration two corporate cultures and failure of creating differential advantages has been experienced as negatively affecting profit.

King et al. (2004) describe **conglomerate M&As** as "*a combination of firms that produce unrelated products-market diversification, which are neither substitutes nor complements*". In Tremblay and Tremblay's (2012) more recent study, the authors argue that the term could be understood in three different ways as it is considered to be related to a specific business context: (1) "*M&As that involve completely unrelated firms*"; (2) "*firms in different geographic markets*"; or (3) "*firms whose products do not directly compete with those of the acquiring firm*". Some studies found that firms as part of the M&A benefit from diversification (Campa & Kedia, 2002; King et al., 2004) whereas other findings have shown that merged diversified firms have less value in case of remaining to exist as an independent unit (Berger & Ofek, 1995). The contradicting views on conglomerate M&A influences on M&A's success mentioned above, are further elaborated on in several studies that take a stance against one another. On one hand, Flanagan and O'Shaugnessy (2003) argue that the integration stage is considered as prone to failure in comparison with related M&As because of insignificant product- or service relatedness, which is confirmed in an earlier study conducted by Conyon et al. (2002). The scholars concluded that the integration could be considered challenging due to difficulty of consolidating operations, HRM and physical assets caused by the conglomerate M&A's diversity and unrelatedness aspect. The ability to reach synergy potential as well as reducing overall operating costs might be harmed, resulting in a higher chance low profitability. On the other hand, Tremblay and Tremblay (2002) have challenged the aforementioned conclusions, arguing that a higher synergy potential could be achieved as the combined firms could possibly increase the market value. Additionally, the expansion into different and new markets is supposed to result in higher revenues, cheaper access to (human) capital as well as improved income stability (Datta, 1992). However, then again, diversity could also lead to clashing cultures, HRM problems and destroyer of value of the target firm and thus, to a complex integration (Puranam et al., 2006; Weber & Tarba, 2016). Altogether, the differences in markets, geographic locations or products could both be considered as beneficial or challenging in the process of integration, achievement of synergy and ability to improve profitability.

2.3.3. Challenges of M&As

One could argue that M&As are more complicated and much larger than ordinary capital expenditures, and that regardless of its clear strategic rationale mostly the financial outcomes and projected synergies are not achieved (Poniachek, 2019). As could be concluded from Tremblay and Tremblay's (2012) study, the main factors negatively influencing M&A outcomes are: (1) Poor integration of two corporate cultures; (2) failure of creating differential advantages; (3) insignificant product- and service relatedness; (4) HRM problems; (5) diversity. These findings have been largely acknowledged among academics, who indicate additional challenges affecting M&As. Firstly, Öberg (2016) argues that often the acquirer places no, or very limited, efforts on making the acquired firm develop itself as allowing the firm to be autonomous to prosper itself takes away severe benefits for the acquiring firm. Secondly, a recent study conducted by Dîrvā and Rādulescu (2018) found that the revised procedures, policies and structures that are imposed by the acquirer leads to a higher level of resistance among organizational members of the target firm. Thirdly, power games between the acquirer and target firm, poor communication and management style dissimilarity generate negative feedback on the M&A from organizational members of both firms involved (Agrawal & Jaffe, 2003; Haleblian et al., 2009; Trautwein, 1990). Finally, Quah and Young (2005) present that the most often cited reason for M&As ending up with a failure is the difficulty of integrating the target firm into the acquiring firm, due to the fact that too much emphasis is placed on the strategic and financial considerations of the M&A and the resource-, human-, psychological- and cultural aspects. Looking into the concept of integration in M&As, it became apparent that over the past thirty years a substantial amount of research has addressed the phenomenon in terms of describing integration as an important driver of M&A success (Graebner, 2004; Larsson & Finkelstein, 1999; Steigenberger, 2017).

2.4. Integration

To define the concept of integration that will be referred to in this study, Larsson and Finkelstein's (1999, pg.6) delineation is followed: "*The degree of interactions and coordination of the two firms involved in a merger or acquisition*". Recent scholars specify the definition further by describing integration as "*the degree, direction and functions that are integrated, as well as aspects related to staff, differences in values and ways in which companies are managed and reactions to that*" (Meglio et al., 2015; Öberg, 2016, pg.36). M&A integration planning starts well before the closure of an M&A

deal and typically takes years to complete (Ellis et al., 2011; Ranft & Lord, 2002; Schweiger & Goulet, 2000). Based on that knowledge, scholars have been introducing a variety of models that propose the key drivers of integration performance (Steigenberger, 2017). In current M&A integration literature, Haspeslagh and Jemison's (1991) categorization model, considered as most influential, focuses on the dimensions of 'strategic interdependence' and 'need for organizational autonomy', resulting in integration approaches of 'absorption' (low need for autonomy, high strategic interdependence), 'preservation' (high need for autonomy, low strategic interdependence) and 'symbiosis' (high need for autonomy, high strategic interdependence). A contemporary study of Angwin (2012) criticized Haspeslagh and Jemison's model, as well as other scholars' attempts of putting forward M&A integration models, by stating that no single model could account for the complexity of the integration process. Though, a comprehensive model of M&A success in line with an integrative perspective was put forward by Bauer and Matzler (2014). The study mainly aimed to develop a holistic perspective on M&As in the field of SMEs, similarly as in this current research, which led to a presentation of four key-themes affecting M&A integration: (1) Strategic complementarity; (2) cultural fit; (3) degree of integration; and (4) speed of integration.

2.4.1. Strategic Complementarity

The main argument presented in prominent research is that a high strategic fit between the acquirer and target firm enlarges market power, productivity and a successful M&A integration (Cartwright, 2006; Homburg & Bucerius, 2006; King et al., 2004). The fit is constructed by researchers through the expression of product-, market-, resource-, and/or supply-chain similarities, which is considered an indicator for synergy potential (Meyer & Altenborg, 2008; Pehrsson, 2006; Stimpert & Duhaime, 1997). In more recent literature the concept of 'strategic complementarity' is introduced, which is defined as "*different characteristics that are independent and mutually supportive*" (Tanriverdi & Venkatraman, 2005). The notion of strategic complementarity comprises of related topics as technological-, management team-, market-, and product complementarity. It has been found that by enhancing a high degree of complementary characteristics as aforementioned, mutual support in the integration process can be generated faster as well as a common potential can be used to a better extent (Haspeslagh & Jemison, 1991; Larsson & Finkelstein, 1999). It could therefore be concluded that complementary firms reach a higher degree of integration due to an expected synergy (Ellis et al., 2011; Larsson & Lubatkin, 2001; Zollo & Singh, 2004).

2.4.2. Cultural Fit

A cultural misfit between the acquirer and target firm has been cited by scholars as one of the main reasons for low M&A integration success rates (Bijlsma-Frankema, 2001; Cartwright & Schoenberg, 2006; Nguyen & Kleiner, 2003). The reason behind this conclusion, is that organizational culture impacts almost all organizational practices, work processes and organizational structure to some extent (Chatterjee et al., 1992). Organizational culture is defined as "*beliefs, values and assumptions shared by the members of an organization*" (Schein, 1985 cited in Bauer & Matzler, 2014, pg.273). As soon as a level of organizational cultural similarity is achieved, integration and success could be fostered by means of a strong synergy, potential realization and therefore, value creation (Cartwright & Cooper, 1996; Self & Schraeder, 2003; Teerikangas & Very, 2006). It could be concluded that incompatible cultures potentially lead to a slower integration process, as there would be less of an acceptance of the other organization and its culture in the post-merger phase and organizational members thus would be in need of a longer change period (Bijlsma-Frankema, 2001; Homburg & Bucerius, 2006; Olie, 1994).

2.4.3. Degree of Integration

In the integration phase, the operational sequences and patterns of both existing firms are being partially or completely changed, which means that this stage in the M&A is considered as crucial (Buono & Bowditch, 2003; Haspeslagh & Jemison, 1991). Whether an M&A involves a low or high degree of integration brings along different effects on the change of organizational levels, including production, marketing, system integration and sociocultural aspects (Bauer & Matzler, 2014). For example, a high degree of integration consequently leads to more change and thus coordination. As a result, it is questionable whether the projected integration could be reached simultaneously on all organizational levels (Birkinshaw et al., 2000; Teerikangas & Very, 2006). In case the M&A's integration requires transformative change, for instance a complete sociocultural integration, the organizational members demand time to understand and accept these changes. Thus, the higher the degree of integration, the more of a negative effect it has on synergy and potential realization (Larsson & Finkelstein, 1999).

2.4.4. Speed of Integration

The time between the closure of the M&A deal and the actual achievement of the desired degree of integration describes the 'speed of integration' (Homburg & Bucerius, 2006). The length of the process is mostly dependent on the degree of integration, pre-acquisition familiarity the relatedness between the two firms (Steigenberger, 2017). A fast speed of integration could generally reduce uncertainty among organizational members and external stakeholders and could therefore lead to a faster exploitation of synergies (Angwin, 2012; Homburg & Bucerius, 2006). Additionally, less uncertainty overall positively affects the creation of synergies, acceptance of change and effective potential realization (Angwin, 2012; Cannella & Hambrick, 1993; Cording et al., 2008; Homburg & Bucerius, 2006). It is important to acknowledge that a speedy integration process might sound preferable, however, a slower integration process could allow more attentive communication, help in avoiding challenges that are caused by change and lead to more time for trust building and sense giving (Lee et al., 2010; Ranft & Lord, 2002).

2.5. Conclusion

It can be concluded that conglomerate M&As are considered as very challenging and that integrating two dissimilar firms should not be seen as an easy process. Since the literature has proven this before, it could be questioned again *why* leading management consulting firms still choose to acquire creative agencies instead of adopting a different strategy to gain access to their specialized capabilities. Overall, it may be said that prior scholarly volumes have shed light on how creativity and innovation is becoming a more important resource and how the presence of creative agencies in the business environment has increased. Creative agencies currently benefit from a competitive advantage by offering specialized innovation capabilities in the form of artistically crafted and engaging work. Likewise, PSFs move into the field of creativity to a greater extent through in-house capability development and by providing clients with novel, knowledge-rich and experiential services tailored to the needs of the client.

The empirical phenomenon in this thesis illuminates that PSFs are increasingly adopting a conglomerate M&A strategy to get access to the capabilities that creative agencies possess, which is currently neglected by scholars in M&A, creativity and organization studies. It is not entirely clear after reviewing the literature what exactly diversifies PSFs from creative agencies in terms of

products and/or services delivered to the client. As *both* firms seem to offer innovative solutions, it is remarkable that leading management consulting firms decide to expand their creative offerings through an acquisition. This profound lack in literature motivates us to further investigate *why* and *how* leading management consulting firms acquire creative agencies and to contribute to M&A, PSF and creativity literary works by challenging the current view on M&As in this new contextual situation.

3   Methodology

This next chapter describes the methodological approach to the research. The steps undertaken to address the research questions as well as the motives behind the research design will be presented. Firstly, the philosophical grounding will be displayed to give the reader insight in our foundation of the thesis. Secondly, our research design and process will introduce the case study, the methods of data collection and the plan for data analysis. Finally, the methodological limitations of the study will be discussed by means of a critical reflection on the research's quality, including its potential effects.

3.1.   Research Approach

To reach our aim of developing an in-depth understanding of *why* and *how* leading management consulting firms acquire creative agencies, it is very interesting to gain an insight into the different interpretations of organizational members of both firms on the merger. After having identified a striking phenomenon in the business environment, we became curious how this is reflected in an everyday situation and what this phenomenon means to people. Therefore, we intend to present our study influenced by the interpretative tradition in which the philosophy of 'phenomenology' serves as a foundation. A scholarly position that develops knowledge about the social world by means of taking the human interpretation as a starting point, is referred to as an interpretive tradition. Phenomenology assumes that *only* interpretation allows the possibility of experiencing any kind of reality that consists of objects and events. (Prasad, 2017) We are highly interested in understanding the mental activity related to the meaning organizational members make of the M&A from a first-person point of view, which is in line with a variant of the interpretivist scholarship called 'social constructionism'. Prasad (2017, pg.23) defines social constructionism as "*an intimate understanding of social situations largely from the standpoint of participants itself*".

We found it of high importance to get as close to their socially constructed world as possible to interpret their viewpoints. As people act towards objects or events based on the meaning that it holds for them, the differences between the individuals that will be interviewed could possibly be detected. However, the challenge lies within bringing the phenomenon to life through understanding how a variety of emotions and responses are evoked by for example organizational policies, new technologies, managerial styles or office rituals (Prasad, 2017). Instead of looking for causal explanations to make sense of the phenomenon, gaining an in-depth insight in the meaning and intentionality should be emphasized. As interviews are carried out with organizational members of both firms involved in the M&A, we are aware to be wary of the fact that individuals most probably move towards common agreements and understandings of the reality, which affects their level of subjectivity (Berger & Luckmann, 1966; Holstein & Gubrium, 2008). Therefore, at every interview we aimed to steer the conversation in such a way that the interviewee would stay close to their personal identity as well as to their own interpretivist acts.

3.2. Research Design

The research design serves as a framework for the generation of evidence that suits the criteria and research questions covered in this study (Bell & Bryman, 2018). In order to acquire as much in-depth knowledge regarding our research topic as possible, we adopted a qualitative approach to our study. According to Bell and Bryman (2018, pg.27) qualitative research could be defined as: "*a research strategy that usually emphasizes words rather than quantification in the collection and analysis of data*". Alvesson and Skölberg (2017) identified two important features of the qualitative method, which are (1) the presence and interpretative work of the researcher as well as that the study starts from the actions and perspectives of the subjects studied and; (2) the researcher attempts to make sense of the phenomenon in terms of the meanings people bring to them. In light of our qualitative approach as well as considering that the empirical phenomenon is currently researched to a very limited extent, conducting an exploratory study is most suitable. Namely, in our research we wish to explain our understanding of the problem statement presented in the introduction since we are uncertain about its precise nature. Saunders et al. (2012, pg.139) describe an exploratory study as "*a valuable means of finding out what is happening, to seek new insights, to ask questions and to assess phenomena in new light*". In order to achieve the objectives of a qualitative exploratory study, we attempted to stay open-minded and (self-)reflective at all times, to be flexible and adaptable to change as well as to continuously generate new theoretical ideas (Bell & Bryman, 2018). In this way, we

gained valuable insights of the phenomenon that we wanted to explore further. Finally, because in the field of the empirical phenomenon only limited literature is available, we chose to apply abductive reasoning throughout the study. This approach helped us to find the best possible explanation to be able to clarify our incomplete observations of the phenomenon described in the problem statement (Kovács & Spens, 2005).

3.3. Research strategy

Before proceeding to the methods of data collection, it is important to introduce the reader to our research strategy that is deployed throughout the process, enabling us to answer our research questions and meet our aim (Saunders et al., 2012). We conducted a single case study, as it provided us with the opportunity to both observe and analyze a phenomenon that only few have considered before (Saunders et al., 2012). The case we utilize considers more than one unit of analysis, where Accenture Interactive is examined as the main case and MOBGEN as the 'embedded' case (Saunders et al., 2012). Taking into account the fact that the purpose of our study is exploratory, conducting an embedded single-case study allows us to derive an in-depth understanding of our identified phenomenon in the specific organizational contexts, which could therefore serve as a foundation for further research (Cullen et al., 2007) This method is in line with the theory of a cross-sectional study, which seeks to define the incidence of a phenomenon at a particular time (Saunders et al., 2012). Though, it should be noted that the purpose of the case study is to be presented as 'instrumental', meaning that we mainly use the case as a means of understanding a broader issue in the field of M&As (Bell & Bryman, 2018). It could be argued that a longitudinal study would have been the preferred time horizon while to an unfortunate extent the limitation of time does not allow (Saunders et al., 2012).

Accenture Interactive and MOBGEN are the two organizations studied for our research. In 2016, management consulting firm Accenture acquired Netherlands-based digital agency MOBGEN. Accenture is one of the world's largest professional services firms that in the last decade has been growing its digital footprint through several previous acquisitions, due to the rising demand for digital, creative and mobile solutions in the business landscape. Accenture's initial motive to acquire MOBGEN was to transfer the firm's expertise in digital, creativity and technology which could enable Accenture to help clients capitalize on the potential of existing and emerging technologies (Huijbregts, 2016). Prior to the acquisition, it became clear that the M&A with Accenture could

provide MOBGEN access to new clients, deep industry expertise, global scalable service design and technological resources. The bolt-on closely collaborates with Accenture Interactive in which both firms are presented to the outside world as one operating entity. Currently, Accenture Interactive with its acquired labels is known as the leading experience agency in the world (van Beijnum & Hatter, 2016).

The situation described above is considered as a matching representation of the phenomenon in which management consulting firms actively acquire smaller creative (digital) agencies. We therefore argue that both firms are very interesting for our research as it allows us to study the acquisition to a deep extent. Generally, business journals have shed light on the phenomenon before and the interest among practitioners, experts in the field and academics has grown over the years. However, there is scarce literature available yet in which a case study as illustrated above has been conducted purporting to show detailed judgements of how the phenomenon evolved over the years. Therefore, we believe that by introducing the case of Accenture Interactive's acquisition of MOBGEN will not only portray valuable insights into how the traditional way of M&As in the consultancy and creative industry is changing, but also *why* and *how* a leading management consulting firm as Accenture recognizes and acts upon the emerging trend.

3.4. Data Collection Method

The empirical evidence, which has acted as our primary source of data, was gathered through qualitative interviews. As described by Rennstam and Wästerfors (2018) qualitative interviews are open to ambiguities and are based on the human interaction between the interviewer and the interviewee. This means that the value is placed on the perceptions and interpretations of the analyst in the research (Rennstam & Wästerfors, 2018). A semi-structured approach was adopted to conduct the interviews, because it allowed us to capture the interviewee's ideas on, and experience with, the studied phenomenon. Semi-structured interviews provide the opportunity to gain a detailed understanding of the topic, since the interviewer could deviate from prepared questions and themes throughout the conversation. Not only does this method support to ask follow-up questions, build further upon the answers of the interviewees and look for aspects that were previously not touched upon, it also provides the interviewee with lot of space to give elaborative answers allowing the interviewers to clearly understand the organizational context (Saunders et al., 2012). As we aim with this research to find out what the motives behind the acquisition were three years ago and how

organizational members of both firms have perceived the acquisition process, it would be most beneficial to create a setting in which interviewees would experience the interview as a natural conversation in which they would feel comfortable to share their personal viewpoint in a detailed way (Styhre, 2013).

To gain a deep understanding of the phenomenon, access to management and organizational members of both firms would serve as a solid foundation for our empirical evidence. Therefore, we chose to purposively sample eleven interviewees as that would enable us to determine who could respond to our questions in a way that would be most valuable to meet our research objectives (Saunders et al. 2012). Saunders et al. (2012) illustrate that purposive sampling is generally known as a preferred method when working with a case study as the diverse but specific sample would provide a broad insight of the environmental context specifically.

After realizing that the case of the acquisition between Accenture Interactive and MOBGEN could serve as a prime example of the criteria linked to the identified phenomenon, we reached out to a former colleague at Accenture The Netherlands. Our contact person suggested to conduct eleven interviews with employees from both firms in diverse job roles in order to broaden our understanding of the various perspectives. Based on this advice, we selected a sample consisting of the following interviewees: (1) Executive Board Members of MOBGEN; (2) Managing Directors from both firms involved in the M&A and; (3) an employee specialized in facilitating M&A processes. While this sample could be considered to be quite limited, Saunders et al. (2012) stress that a small sample of diverse nature could benefit the research as the main topics discussed by individuals are considered particularly interesting and of great value to all interviewees. As we wanted to capture an understanding of the perspectives that would encompass both firms, it was crucial to interview managers and employees with a background in working for the different firms and thus, industries.

Firstly, the interview with the Executive Board Members of MOBGEN and Accenture Interactive's leadership team allowed to present us with distinctive insights into why the acquisition was carried out in the first place and how the process was established. Also, it could give us a specific insight in the initial primary motives, their experience in pre-acquisition and particular viewpoint on the employees' (re-)actions. Secondly, to develop an understanding of how the general population viewed the M&A process we needed consider the employees' thoughts and perceptions as these could

possibly contrast the perspectives of the management on the M&A. Not all employees that have been interviewed were initially part of the M&A and thus could share their individual experiences on the process rather than confirming or disregarding what management aspired to achieve.

We sought to construct our interview guide with an open mind and approach the topics and questions with inspiration from business journal articles as well as our previous understanding of M&A literature. Saunders et al. (2012) state that the questions of the interview guide should be formulated in a way which grants the researcher to extract how the interviewee perceives their socially constructed world, as well as making sure that the questions and topics allow for flexibility throughout. While pursuing to get appropriate answers with regards to our research questions, the interview was tailored to the interviewees' background to ensure a high eligibility for each individual.

The interviews were held at the office of MOBGEN | Accenture Interactive between the 9th and 11th of April. This schedule is considered very tight since it is argued to spread out the interviews over a wider time-frame to be able to continuously analyze and interpret what is actually being said in the interviews (Rennstam & Wästerfors, 2018). Even though it was offered to do all the interviews over Skype, we decided it would be of more value to conduct the interviews face-to-face at the corresponding office as it would give us the chance to at the same time observe the environmental context which interviewees could possibly refer to. This provided us with the opportunity to move closer to a naturalistic emphasis and could thereby observe how the organizational members socially interact in the environment (Bell & Bryman, 2018). It is argued that conducting face-to-face interviews helps to illustrate what the interviewees mean, due to the fact that body language plays a prominent role in how a person expresses their thoughts while illustrating a certain topic (Bell & Bryman, 2018). During the interviews both of the researchers were present, since it would not only be beneficial for the dynamic of the interview, but it also fostered interesting discussions at a later stage during the analysis of the data due to different interpretations.

To ensure that the data that is collected is of highest possible quality and to guarantee the safe environment, we naturally ensured to be equally and actively involved in the interview without predefining who would guide the interview in terms of asking questions. This resulted in a dynamic conversation without many disruptions, which led to interesting discussions in which both parties could pursue an open-dialogue and were comfortable with one another. In addition, we held on to

Bell and Bryman's (2018) argument to give the interviewees appropriate amount of time to elaborate and develop their responses accordingly.

After conducting our interviews, it could be concluded that we accomplished to gather a valuable amount of empirical evidence due to the interviewee's openness and transparency. One of the reasons why we believe that our interviewees spoke so openly, and sometimes highlighted scenarios in which the organizations in question were portrayed in a 'bad light', was because of the fact that we accentuated that every interviewees' name would be anonymized. Bell an Bryman (2018) indicate that it is important in every interview to explain that all the data will be treated with confidentiality. We would also like to emphasize the value of visiting MOBGEN | Accenture Interactive's office in Amsterdam. Employees of MOBGEN | Accenture Interactive were very open to us when showing us around in their new office, which helped us in understanding the contextual environment as well as observing how the organizational culture and social interactions between the employees were visible during working hours. As interviewing organizational members interrupts their daily procedures and events, observations could serve as a mean to get a more authentic picture of the environment in question (Bell & Bryman, 2018).

3.5. Data Analysis

After we have collected our empirical data, we immediately started producing transcripts of our interviews. The process of transcribing the interviews provided us not only with what exactly has been said by interviewees, but also gave us an indication of the tone and nonverbal communication that was used (Saunders et al., 2012). Even though the advantage of transcription is that both the interviewee's and interviewer's words stay intact, it is also a very time-consuming activity (Bell & Bryman, 2018). Though, as it allowed us to gain a preliminary understanding of emerging themes and topics that could be of significance in a later stage it was an important step in the analysis process (Saunders et al., 2012). Due to the limited time available, secretarial assistance has been used where after all transcribed texts have been carefully checked for errors by means of once more aligning both the audio-recorded and transcribed material (Saunders et al., 2012).

Once the collected data was processed, the interview transcriptions were structured into excerpt codes and a number of categories (Styhre, 2013). This way of structuring is referred to as 'coding', which could be defined as "*the analytical processes through which data are fractured, conceptualized and*

integrated to form theory" (Corbin & Strauss, 1998, cited in Styhre, 2013, pg.59). Coding could be perceived as an outcome of the interpretations and analyses of the researcher, with the aim of bridging and bonding data in a meaningful way (Styhre, 2013).

We applied Corbin and Strauss's (1990) model, that distinguishes between three types of coding practices: (1) Open coding; (2) axial coding and; (3) selective coding. Each type of coding happens at really different points in the elaboration of categories in grounded theory (Bell & Bryman, 2018). At first, we went through all interview transcriptions to start seeking similarities and differences among the many categories and identified 'open codes' that seemed significant to answer our research questions. Throughout this process, the properties and dimensions in the data were actively searched for by means of aiming to establish key concepts, terms and even sometimes metaphors or images that provided bounded meaning (Styhre, 2013). To ensure we could gain most credibility from the gathered data, we created the open codes individually so we would not affect one another's perception. Hereafter, we questioned ourselves whether the emerging themes suggested concepts that could be helpful in describing and explaining the observed phenomenon. Finally, our individual findings were, after an open discussion, combined to create a clear overview that would be necessary for the next step in the coding process: 'axial coding'. For this more complex step, we further distilled the open coding concepts as a foundation for the formation of sub-categories or aggregate dimensions (Gioia et al., 2013; Styhre, 2013). By grouping the open codes and comparing these against the earlier identified levels of properties, we were able to build a data structure that allowed us to more thoroughly understand what exactly the interviewees stated and how these statements were all interconnected somehow (Corbin & Strauss, 1998).

Corbin and Strauss (1998) claim there is a highly important final stage in the coding process, called 'selective coding'. In this stage, existing literature is linked with the produced codes and sub-categories. We attempted to build an explanation for the identified phenomenon while collecting data and analyzing them against existing theoretical propositions. This approach is known as pattern matching, or more specifically 'explanation building', in which the theoretically based proposition is amended based on the findings from the initial case study (Saunders et al., 2012). Subsequently, the data was structured according to codes and themes, we were able to discuss more in-depth how the gathered data could be significant for our research. We intended to review our findings in a reflexive manner while being critical what data should be emphasized on in order to address the aspects that

were not only most valuable but also credible. By means of critically outlining all major emergent concepts, themes and dimensions we were able to identify their dynamic interrelationships.

3.6. Reflexivity

After gathering and coding the gathered data, the expected generalizability, reliability and credibility will be discussed by means of a reflection. Firstly, as our research aims to study the case of solely *one* acquisition transaction between two firms operating in divergent industries, we realize that our results could possibly not be generalized and subsequently replicated. Scientific generalization is considered as one of the primary limitations of a qualitative case study, as the firms that are researched are subject to specific contextual aspects. In continuation, most data that is collected through qualitative research is limited due to the method of observations and conducting interviews. The number of respondents that could be reached through the aforementioned methods are much lower than through the application of quantitative research. Sometimes the lack of sufficient data challenges the generalization of the findings when aiming to apply these to similar situations (Bell & Bryman, 2018). However, Dyer and Wilkins (1991) stress that qualitative single-case studies could still provide a profound foundation for the generation of theory since the gathered data derives from in-depth insights. These insights often result in more coherent and accurate results that could visualize the underlying dynamics of the case study more clearly. Additionally, the authors argue that by selecting a larger number of cases for the sake of comparison could result in only getting a glimpse of highly significant aspects of the case (Dyer & Wilkins, 1991). Considering the contrasting arguments presented in research literature, we believe that even though our case study is highly context-specific we still contribute to the M&A literary works. Namely, our research presents a new phenomenon that is only researched to a scarce extent before and thus there is limited comparable material in place.

Secondly, in the pursuit to present a study that is considered as credible, we have tried our best to take the reader on the journey that we have gone through during our study. By presenting how the research has been carried out by means of showing which stages we went through, we aimed to provide an insight into our motives behind the decisions we took. Bell and Bryman (2018) describe that the credibility of a study relies on the quality of the explanations given for the construction of the social reality. The more explanations given for the motives behind certain actions in the research, the more likely it is that the reader accepts the results of the research (Bell & Bryman, 2018).

Thirdly, the concept of 'bias' was an aspect that we carefully needed to consider. The interviews were only held with organizational members of both firms with a management position or even higher. Due to the limitation of time we did not have the opportunity to broaden our sample in which we also would have had the chance to speak to other team members. These employees could have brought in perspectives that perhaps differed from the management's point of view. Additionally, the fact that both of us have a personal affiliation with either one of the industries could influence the way we interpret what interviewees state. As one of us worked for Accenture in 2017 and the other one has a family member who is the CEO of a creative agency, it was sometimes quite difficult to set aside the personal association with the interviewees. We tried to overcome both the interviewees' and personal bias by always striving to assess the data in wider terms as well as recording the data to afterwards openly discuss our contrasting interpretations.

Lastly, we would like to briefly address how the major part of the collected empirical data derives from Dutch interviewees. Regardless of the fact that both firms are quite international since its origin, there was no opportunity to conduct interviews with employees with a more diverse background. At first, the fact that a cultural difference existed between one of the interviewers and the interviewees sometimes led to a misinterpretation of responses. The Dutch are known for their communication in a direct and participative manner that most of the times speak their mind, which contrasts greatly with the Swedish culture. As we were aware of the cultural differences upfront, we decided to critically assess the cultural-specific meanings after the semi-structured interviews (Saunders, 2012).

All in all, it could be concluded that throughout the study we were fully aware of the delimitations that could arise, and we aimed to always be one step ahead. Although we found it challenging sometimes to not let our enthusiasm take over, but we tried to stay as objective towards the empirical material as possible.

4. Analysis

In the following chapter of the thesis, the gathered and coded empirical data will be demonstrated in the form of an analysis. Firstly, we present the background of the case study in detail in which we will outline the initial reasoning behind the merger of MOBGEN and Accenture Interactive. Secondly, we will introduce our empirical data through five subchapters which will highlight the different views on: (1) The motives behind the acquisition; (2) integrating a creative agency in a leading management consulting firm; (3) practical challenges in the integration process; (4) changes to the organizational structure of both firms; and (5) how differences in culture and background led to an us-versus-them mentality. Thirdly, the final section provides the reader with an insight into the interviewees' thoughts on what the future holds for the creative industry and how the empirical phenomenon possibly evolves further. The chapter will in the end be summarized before moving on to the discussion.

4.1. Outline of the History

Already twenty years ago, one of MOBGEN's Execute Board Members, Alexander became aware of the importance of digitalization and the impact that trend would have in the future. In his previous job role as Chief Operating Officer at one of the world's best-known marketing and communication firm JWT, Alexander realized that traditional marketing services firms excelled in creating campaign- and branding ideas but lacked skills in executing and delivering promises as a real experience to its clients. By seeing this gap, the idea came to mind to bring a new company to the market that combined the expertise of creatives and engineers allowing to build better branding experiences. In 2009, MOBGEN - an abbreviation for 'mobile generation' - was born. Alexander anticipated the trend very well as in the years thereafter the start-up grew to two hundred employees due to the massively increasing demand for mobile solutions. Six years later, MOBGEN accessed one of the largest clients in the world to build a mobile application for Shell - 'The Shell Motorist App'. Ever since, MOBGEN is known as 'the mobile solutions specialist' after winning various awards and gaining profound new clients at a fast pace, including ABN Amro and AEGON.

MOBGEN's impressive client portfolio, their specialized competences and new type of service offerings generated interest among big players in diversified fields. MOBGEN was approached with

several acquisition propositions by not only leading advertising- and PR multinational WPP, but also by management consulting firms Deloitte and Accenture Interactive. Finally, MOBGEN's Executive Board decided to accept Accenture Interactive's offer as the organization's approach to combine consultancy and creativity really spoke to them. One of the interviewees highlighted some of MOBGEN's motives behind the acquisition and how both Accenture Interactive and MOBGEN could harvest potential benefits from one's capabilities:

"So, it [Accenture Interactive] is enormous and it has a lot of clients, of which we would be able to tap into by having access to the network. But I think also internally, how you're able to leverage different skills that are available within Accenture Interactive (…) we came from a background of being a Creator Studio, particularly focusing on let's say front end, like user interfaces, user experiences. It works together with also back-end technologies which we would not be experts on, but where Accenture Interactive would have a lot of expertise." (Veronica, Strategy Director, MOBGEN)

In 2009, at the same time as MOBGEN was founded, Accenture similarly foresaw the trend of how digitalization would create opportunities to build new customer experiences, design customer-centered solutions and integrate unique customer journeys. By moving away from solely back-end business, Accenture started to focus more towards the front-end creative business: Accenture Interactive was launched. The thoughts and strategy behind why Accenture Interactive would move into the business of front-end creative business was explained as:

"So, we've grown significantly as a Professional Services organization. So, what to do next? So many new companies have come up and the market share (…) And consultancy as itself is also being disruptive. So, we need to look at something new, and find value for clients that is based on real evidence." (John, Managing Director, Accenture Interactive)

The quote illustrates the thoughts behind the strategic move of Accenture Interactive to go into front-end creative businesses. It could be interpreted that as consulting firms of disruptive nature, there is a constant challenge to go look for new opportunities, untouched markets or new fields to discover that create value for clients and to be one step ahead of the competition. Throughout the five years that followed, Accenture Interactive enhanced their capabilities by acquiring creative agencies that enabled them to go into the field of marketing, brand experiences, eCommerce, cross-channel strategy development and computer-generated imagery. The extensive portfolio of consultancy, creative and

technological services that Accenture Interactive was able to offer their existing and future clients, led them to become a leading experience agency that bridges the gap between the brand promise and the customer experience. Regardless of its various offerings, in 2016 the management and investment committee of Accenture Interactive realized that their portfolio was still missing out on one specific service product that would allow the agency to provide the full package for an end-to-end experience implementation to clients: Mobile solutions. Once MOBGEN was acquired by Accenture Interactive, the management metaphorically referred to the acquisition as *the final bead* that was needed to be in the hands of a complete *string of pearls.* The discussion in Accenture Interactive's investment committee about the potential implications that the acquisition would have is presented by the following quote:

"When we were talking about this [the acquisition of MOBGEN] they said: "Well in The Netherlands you will have the complete string of pearls, and then you can show the rest of the world how it is done" (Hugo, Senior Manager Digital Marketing, Accenture Interactive)

While this quote illuminates how Accenture Interactive perceived the acquisition of MOBGEN, it does not yet explain the motives behind why Accenture Interactive proceeded with acquiring MOBGEN or explain MOBGEN's motives behind for being acquired. In the section below, we will delve deeper into the motives why the two different parties came to the decision of the acquisition.

4.2. Motives Behind the Acquisition

MOBGEN was the *final bead* that was missing for Accenture to be able to also offer tangible mobile solutions to their clients as part of their experience. The motives behind the acquisition are described in the following statement:

"So, the conclusion was really that here [in The Netherlands] we were lacking the interactive practice (...) we just changed the direction for MOBGEN to become our representative of Accenture Interactive in The Netherlands. Then we already had some building blocks of a strong interactive proposition and that's what we started doing." (Bob, Managing Director, Accenture Digital)

By carefully examining their own competencies, Accenture Interactive realized that they had to expand their portfolio and strengthening their proposition to be able keep up with the markets

demands. By visualizing MOBGEN as the building blocks of their interactive proposition, they could use MOBGEN's highly specialized capabilities in creative mobile solutions to build new and stronger service propositions, which could lead to them strengthening their position towards their clients and the market. Furthermore, another reason to consider acquiring a creative agency rather than growing organically, was to be able to gain these capabilities at a fast pace which is reflected in the following quote:

"... If you want to have instant impact, that is not automatically happening. The other thing is that if you enter into a new territory (...) it is equal to a very gradual process. But what is even slower, is to build name and reputation (...) Whereas if you buy a company that is already seen as a leader, in this case MOBGEN, you buy also the portfolio of projects, the portfolio of clients, and their awards." (Bob, Managing Director, Accenture Digital)

Even though "*Accenture has grown historically, (...) almost entirely through organic growth*" (Bob, Managing Director, Accenture Digital), to be able to meet the new needs of their clients they needed to move away from their traditional model quickly and pursue growth inorganically. This statement further explains that by entering a new market through an acquisition could yield benefits, such as brand reputation and portfolio expansion. Apart from strengthening its position as a creative end-to-end solution specialist towards existing and new clients, Accenture Interactive also increased its employer branding and became attractive for senior talent in the creative industry. To exemplify, Bob, Managing Director, Accenture Digital, described that the acquisition served as a base for Accenture Interactive to be able *"to attract a couple of really senior people from the market"*.

To conclude, this part gives an insight into the motives Accenture Interactive had when acquiring MOBGEN. After analyzing the interviews thoroughly, the following five motives could be formulated as follows: (1) Shift in the client's demands; (2) portfolio expansion; (3) access to specialized capabilities; (4) visibility in the market and; (5) employer attractiveness. While these five motives summarize Accenture Interactive's main aspiration for the acquisition, the motivation for MOBGEN to be acquired could be perceived as different to an understandable extent. Some of the initial reasons were explained through the following statement:

"... They [Accenture] basically said they wanted to build an agency, Accenture Interactive. And they wanted to do that based on data, service design, product design and technology. And that really got us interested

because we were in quite a small segment. (...) We were quite interested to broaden out more into that mix of data technology and creative.... The whole approach like building a bigger experience agency, that was something that really triggered our interest." (Alexander, Executive Board Member, MOBGEN)

As explained above, the initial motive behind the acquisition was to further broaden their data technology and creative proposition and to enter segments of services which they have not previously been able to access yet. As illustrated, there was also a willingness to pursue the acquisition due to the fact that they were equally interested in building the largest experience agency in The Netherlands, of which MOBGEN wanted to become a part of. This could be perceived as *the strategic fit* between the two parties that both Accenture Interactive and MOBGEN referred to in the interviews. Another motive is presented by the following remark:

"If I'm very honest, it's also at a certain point in time as an entrepreneur you need to de-risk all your savings (...) you don't pay yourself full salary... So, that was for me another reason to acquired and to go for the financial benefits too." (Alexander, Executive Board Member, MOBGEN)

Alexander illustrated that there was a financial motive behind the acquisition and highlighted the sacrifices of being an entrepreneur. However, the undertone in his voice during the interview was perceived as that the financial benefits were not the main motivation for MOBGEN to pursue with the acquisition. A motive that seemed to be of higher importance was the opportunity to bring security and benefits to the employees:

"We've really been able to increase benefits for people. So, in general people started earning a lot more, their pension is a lot better, there's a beautiful canteen downstairs. I think generally people of the MOBGEN crew is lot better off than they used to be." (Alexander, Executive Board Member, MOBGEN)

Through being acquired by a multinational as Accenture, the quote indicates that the organizational members of MOBGEN could obtain a lot more employee benefits or chances for career advancement. Other than that, Peter, Executive Board Member, MOBGEN, refers to two additional motives: *"...the large network of clients"* and *"...to create more stability for the company".* The motive of a 'large network of clients' refers to MOBGEN's aim to access the large accounts that Accenture Interactive has in its portfolio, which could enable opportunities for the agency to offer their services to a wider

variety of clients. Fredrik, Innovation Director, MOBGEN, elaborated that through the network of Accenture Interactive, MOBGEN could access clients that he defined as 'big whales':

"We really see the potential for hunting those "whales" using all the resources that Accenture Interactive currently has in its portfolio." (Fredrik, Innovation Director, MOBGEN)

By having access to larger client accounts, MOBGEN could be able to grow and scale up their business exponentially. Namely, the size of client firm often corresponds with how large the project will be, which consequently means more employees are needed to accommodate that project. Through the interviews it was illustrated that this had happened in the past, when MOBGEN had one of the largest client accounts of the world in their portfolio:

"So, we were responsible for their [Shell's] retail app, which allowed us to build a team of 70 people alone for that program, which is a massive cash cow." (Fredrik, Innovation Director, MOBGEN)

It could be concluded that by pursuing the opportunity of the client-credentials that Accenture Interactive holds, MOBGEN thereupon gets the chance to accelerate growth to a massive extent. This was further demonstrated by stating:

"Maybe making a move to a consultancy firms like Accenture Interactive, could reopen the world for us and that's exactly what happened. (...) the client credentials that Accenture Interactive brings. It's almost unlimited." (Fredrik, Innovation Director, MOBGEN)

Though, despite of the opportunities that arose due to the access to Accenture Interactive's network, MOBGEN was also skeptical due to prior experience with their dependency on large client accounts, which is underlined by the following quote:

"We were doing good. But also, we were quite dependent on Shell. And yeah, that's just one client (...) and we had more contracts but what if Shell decides like "Okay guys, we had fun". Probably that would mean like that 60-70% of our revenue is gone." (Peter, Executive Board Member, MOBGEN)

By being able to access the client portfolio of Accenture Interactive, it means that MOBGEN gains more stability and security. Creative agencies cannot only rely on one large client and continue to

exist in the industry with such a competitive advantage. Considering that Accenture Interactive has more clients in their account of similar size as for example Shell, MOBGEN could be considered less dependent on retaining their current large client but could enjoy the opportunity to accelerate the agency's growth by means of expanding their client portfolio leading to more stability.

In conclusion, while the motives to pursue with the acquisition varied between Accenture Interactive and MOBGEN, both firms seem to enjoy synergistic benefits brought by the parties to the merger. Accenture Interactive managed to (1) gain access to the specialized capabilities of MOBGEN at a rapid pace; (2) broadened their service portfolio; (3) attained a more recognized brand in the market, both towards their clients and as an employer, and; (4) assured a greater part of the client's value chain as the demand of the market changes. Simultaneously, the motives that MOBGEN had for being acquired are to (1) expand their service portfolio; (2) expand their client portfolio; (3) accelerate their growth; (4) respond to the new demands of the market; (5) de-risk the founder's financial means; (6) bring more stability to the company; and (7) enhance benefits and career opportunities to their employees. As both parties very clearly stated their motivations behind the acquisition, it was perceived that the aim was to achieve the premerger objective of gaining a meaningful synergy from this acquisition. Veronica, Strategy Director, MOBGEN, stressed that this stage of the acquisition the integration process of the acquisition was considered most crucial, which was reflected upon as follows, *"trying to keep people in, and also, or trying to keep people in without compromising the positive atmosphere."* As the human capital, including its specialized capabilities, is considered as the main asset of MOBGEN that is being acquired by Accenture Interactive, the importance of prioritizing the integration process on the M&A agenda is crucial to avoid releasing employees from both firms due to poor performance.

4.3. Integrating a Creative Agency in a Leading Management Consulting Firm

In the first year after the acquisition, MOBGEN and Accenture Interactive agreed upon a leave-alone strategy, in which the promise was made that MOBGEN could continue their business as they were used to. During every Monday morning meeting, the Executive Board happily informed MOBGEN's employees that "*not a lot would change for them*". This was further explained by highlighting that Accenture Interactive intended to roll out the integration process slowly:

"I think Accenture Interactive has been very careful. Like: "We cannot directly lay down all the rules, as we want" (…) So they approached it slowly, of course, which is logical right? I mean, it's such a big thing, the moment you get acquired. A lot of people get scared or curious." (Fredrik, Innovation Director, MOBGEN)

This incremental strategy of leaving MOBGEN alone for the first year, was mainly introduced as way of reducing potential resistance towards the acquisition. Additionally, this strategy provided employees from both parties with a reasonable amount of space and time to get a chance to get used to the newly merged organization. Veronica, Strategy Director, MOBGEN, had an opposing view to Fredrik's positive experience with Accenture Interactive's slow approach to the integration:

"Just build something up, something new, rather than trying to slowly get these two worlds together, as a zipper… slowly getting them together. It's just the new coat that you actually want, and not just a zipper."
(Veronica, Strategy Director, MOBGEN)

Interestingly, this quote suggests the exact opposite to the strategy Accenture Interactive chose to adopt in terms of integration speed. Veronica suggested that instead of lengthening the integration process for the sake of 'pretending' that the acquisition will not bring along much change, a faster speed of the integration process would be more efficient. Arguably, as could be understood from statement above, Veronica's point of view is: The faster the integration process is implemented, the sooner organizational members could get used to the new organization.

After one year of adopting the leave-alone strategy, Accenture Interactive got persuaded to start transforming both firms into one operating entity for corporate interests. Therefore, disruptive changes were implemented by Accenture Interactive's management team, which led to severe consequences such as frustration, resistance and even employee turnover. This was for example expressed through:

"The core view of MOBGEN, looking at Accenture Interactive, is that: Some ugly beast is acquiring us, and I don't want this." (John, Managing Director, Accenture Interactive)

Interpreting John's statement led to the understanding of how important but challenging it is to ensure the target firm and the acquirer both comprehend the value of the merger. It appears that the value of

the acquisition has not been communicated thoroughly enough throughout the organization in some cases, which in turn resulted in employees failing to see the acquisition as an opportunity but instead showing a form of resistance. An example of this poor communication was underlined by Peter, who was facilitating the IT integration:

"On one hand you have this giant organization putting all the pressure [on you] and on the other hand your team is asking all the questions. So, you're like in between this sandwich, which was not a great position to be honest." (Peter, Executive Board Member, MOBGEN)

This quote envisions the reasoning behind *why* the changes is poorly communicated to the employees. Because the overarching global organization puts a lot of pressure on the management team to implement the changes in the new organizational context, the management team might not see how these changes do not necessarily fit the organizational context. To be able to answer the questions of the employees, the management team needs to feel assured about *why* certain changes are proposed in the first place. The fact that the management team needs to provide a clear explanation behind certain decisions makes Peter feel like he is being pulled apart by the two opposing organizations. He further elaborated how some of the challenges with the integration stem from that employees from MOBGEN do not seem to be able to comprehend why certain changes are being implemented:

"Sometimes they [MOBGEN's employees] feel something is forced upon them which requires some more massaging" (Peter, Executive Board Member, MOBGEN)

The fact that MOBGEN's employees might feel that something is forced upon them, could be a result of the way that the implemented changes are communicated. As Peter states, in order for employees to feel more comfortable with certain implemented changes these need to be 'massaged'. It could be understood that this refers to how changes could be 'molded' to ensure they suit the organizational context to a better extent as he believes that will result in a better understanding and lower resistance among employees. From the interviews it could be seen that the lack of understanding regarding the acquisition among management and employees, derived from the fact that there was no individual assigned to guide the integration process. This was expressed through:

"There wasn't someone assigned to take care of the integration. I think that was really missing and there were some people that felt it their responsibility and took it on them. But yeah, there was not so much attention for the culture side of things and MOBGEN lived a year by themselves, and it wasn't also meant to be directly integrated. And then after year there was the urge to integrate more and by then I think we tried but there wasn't an official integration program or somebody who took care of it." (Johanna, Senior director, Accenture Interactive)

It could be said that even though Accenture Interactive planned to leave MOBGEN alone for the first year and then pursue with the integration process, they still did not succeed to the expected extent due to a poor pre-integration planning. In short, the statement suggests that the lack of a change-agent or an M&A manager was the reason why some changes were not perceived as desirable by the employees. To further emphasize on her statement, Johanna gave her perspective on the most probable underlying reasons behind why a lack of guidance existed in the first place:

"At the moment that the integration was happening we did have a lead for [Accenture] Digital, so you have [Accenture] Digital overarching structure, and three subs, of which [Accenture] Interactive was one. The [Accenture] Digital lead was leaving, with not that much complication, the guy who managed the [Accenture] Interactive side was for year on sabbatical, so he wasn't sure if he would come back or not, and in the end he didn't. So we had an interim lead and then kind of the integration happened…" (Johanna, Senior director, Accenture Interactive)

To summarize, it could be understood that the absence of an influential (change) manager seemed to have played an important role in why the integration was perceived as challenging. Namely, one of the critical flaws in the integration strategy appeared to be that the management team felt caught between a rock and a hard place. Regardless of the fact that Accenture Interactive's integration strategy was to leave alone MOBGEN in the first year, several organizational members perceived that decision as rather preposterous than virtuous. The following sections will outline in detail which (non-) practical changes were perceived as rather challenging for the employees of both firms during the integration.

4.4. Challenges in the Integration Process

Several practical changes were introduced during the integration, which required MOBGEN's employees to move away from for example their usual IT-system, called Google Suite. How the

difference in IT-systems and tools heavily affected the employees' satisfaction during the integration is explained as follows:

"What we didn't anticipate properly was the impact on some of the very basic things, such as the kind of emails we send or Google calendars and that kind of stuff (...) So no one understood really why we were being forced away from the things that we've done before, and it just became a frustration point with that (...) Yeah, Gmail, they sound so trivial but they're the tools that people have to use all day, every day. Gmail was chosen by MOBGEN because it was the most simple and effective tool. (...) and when we get to the cutover-over period with the consultancy firm. (...) There's a global decision that's been made on technology and tooling. (...)But it's not the best tool for us. So, we have gone from a from a situation where we chose the best possible tool for our situation for our particular needs, to being made to use the standardized tool because it was the best for the entire organization." (Oscar, Executive Board Member, MOBGEN)

Issues regarding tooling and choice of IT-systems were recognized by almost all of the interviewees. The new IT-system that MOBGEN was required to work with, was specifically selected by Accenture global as most suitable. In contrast, the IT-systems that were in place at MOBGEN before the acquisition were tailored to fit a small creative agency and not the large multinational organization Accenture. The merger into the new systems initiated frustrations among the employees as there seemed to be a great lack of communication or more specifically, an explanation behind *why* new systems were implemented. The significant lack of communication and expectation management in the integration process was further underlined:

"So people felt very uncomfortable with it [changing the IT systems], and if you don't explain it [why the change is initiated] then people actually… It's constant explaining. I think as long as you explain it people are okay, but the difficulty is that for us… As leadership, we were also finding out… We were also on this journey. So you're constantly struggling to be one step ahead in order to address the questions from your team." (Peter, Executive Board Member, MOBGEN)

This again shows that the management struggled with communicating change to the employees and in this case specifically *why* new systems were implemented. However, the managers attempt to accommodate all the employees with the right answers to the questions, they seem to themselves have a lack of information on why the changes are to be implemented.

Other examples of practical changes consist of the fact that the Friday-afternoon drinks were not allowed to be held at the office anymore, the lunch was no longer served for free and MOBGEN's favorite coffee machine got replaced due to contractual reasons:

"Coffee machines, you know, like a freaking coffee machine, had to be standardized because of a maintenance contract, things like that. That's a symbol of this acquisition." (Oscar, Executive Board Member, MOBGEN)

These and similar issues were brought up by all of MOBGEN's employees. Overall there seemed to be a high frustration about how practical changes affected MOBGEN's original culture. Peter, Executive Board Member, MOBGEN, gave an example by stating: *"No guys sorry, no more beers on a Friday afternoon. They really felt like "you are taking away our culture".* This was further elaborated by another interviewee:

"(...) the people, the culture, the softer side of things, you know that stuff. That is the key gem. What I'm saying is that those small things really do matter. You should never underestimate them, because if they pop up you can easily say: "Yeah…free lunch? How important is that?" But that is very important." (John, Managing Director, Accenture Interactive)

Some of the changes, for example newly implemented IT-systems, appeared to be perceived by employees as less of a challenge to deal with. However, more trivial changes that affected MOBGEN's culture in a negative way, were considered as highly challenging. For instance, the replacement of their favorite coffee machine, restricting the employees from having Friday-afternoon beers and removing the free lunch option were very important to all employees. This highlights how the two firms involved in the acquisition are significantly different in terms of culture. At the point that Accenture Interactive started to make changes to aspects that reflected MOBGEN's culture, the employees felt like 'this is not us anymore'. The question that remains to exist among organizational members until today is *why*? The reasoning behind small, and by some interviewees' point of view, unnecessary changes were not always clearly communicated and thus not supported

4.5. Two Different Organizational Structures

Many of the non-practical changes that were implemented evolve around the organizational structure. For example, an HR-system specifically designed for management consulting firms got introduced in the creative agency, where each employee got assigned a certain number that represents their level of employment. Through the interviews it was explained how the different levels were set up within Accenture Interactive and consequently also within MOBGEN:

"You have like levels of seniority. Like if somebody joins [Accenture] they are level 13, as an intern. If they go to 'Junior', they go 12, 11 and then 10. And 10 is like an 'Analyst' as Accenture defines it, 9 is a 'Consultant' etc. [The Integration of this HR system in MOBGEN] was mandatory. I guess that's how people get paid. That's how people get bonuses. That's how people are being recognized for their efforts (...) now all of a sudden you [MOBGEN's employees] get numbers attached to people." (Fredrik, Innovation Director, MOBGEN)

Peter, Executive Board Member, MOBGEN, described MOBGEN's prior organizational structure as *"...a very flat organization, no bureaucracy, very autonomous"*. The process of implementing Accenture Interactive's HR-structure within MOBGEN was further explained as:

"So the first thing that happens, because this is a transparent system, people start checking out "Which number did you get?" Which is a big thing because all of the sudden you're a 7 which is higher, and I'm an 8... "Why?" "We both joined [MOBGEN] three years ago?" And I'm gonna say: "That's not fair". Yeah, so you know, HUGE friction. "How can I develop my career to go from an 8 to 7?" Because there's a huge payment difference between the levels, there is a benefit difference, career path difference. So all of a sudden the focus of a designer is not only anymore on becoming a better crafter or skiller... So it's not about becoming the best in your craft. It's also about building your network." (Fredrik, Innovation Director, MOBGEN)

This statement indicates that the new organizational structure Accenture Interactive implemented led to great frustrations among MOBGEN's employees. The level-system that was implemented also affected the hierarchical structure of the organization and were more hierarchically coherent than what the employees of MOBGEN were used to. This led to employees placing more value on the actual level or number assigned to them and neglected the quality of their skills and work to a greater

extent. Furthermore, the introduction of the level-system seemed to also affect the motivation for career advancement among employees. With the new HR structure in place, employees focused now more on climbing the career ladder at a fast pace. Interestingly, not all employees felt comfortable with level-system due to the high pressure on individuals to outperform themselves and to compare themselves against one another:

"Some people just don't want that: They want to be an amazing artist". (Fredrik, Innovation Director, MOBGEN)

Arguably, this quote signals that in a creative agency some individuals do not appreciate the organizational structure that management consulting firms have established. Employees that existed in a very different environment, like the creative space, naturally have distinct views on what they want in an employer, aspire in their job and deliverables they want to produce.

At the same time as the introduction of the new HR structure, the employees of both firms were encouraged and expected to work closer together. Though, due to the implementation of the new level-system, signs of contempt towards one another seemed to arise:

"Now as soon as you got given a number it made you able to compare directly with everybody else. So, if I've got a number 7, I know who else has number 7. I know basically the range of salary there on and therefore I start to think "What? I deserve more than that person" and that those conversations came up much more frequently." (Oscar, Executive Board Member, MOBGEN)

This comment illuminates that the level-system did not only give new and different values to the organizational members, but it also created difficulties in how employees started to evaluate each other. In turn, the collaboration between MOBGEN and Accenture Interactive was negatively affected and could not be considered as optimal. This was expressed through the following quote:

[Consultants approached the creative by saying] "You've just got assigned a number which took me 15 years to get to, and it took you only five years to get that number. I don't like you. I'm going to make your life difficult." Or like: "Look at these guys, they just got acquired and got assigned a high number and now they [MOBGEN's employees] think they are 'a big shot' but we are going to tell them otherwise". (Fredrik, Innovation Director, MOBGEN)

To conclude, Accenture's organizational structure which was implemented in MOBGEN is mainly designed for multinational PSFs and not for small- to medium-sized creative agencies. While large organizations as Accenture require a more hierarchical organizational structure to be able to manage and retain their 400,000 employees, SMEs do not have a similar need. Though, since Accenture Interactive is expected by the corporate to integrate the acquired firms into their organizational structure, the implementation of the level-system was inevitable. Apart from that, both MOBGEN's and Accenture Interactive's employees mainly got frustrated because they did not understand *why* a certain level was assigned to individuals. Additionally, the employees of both firms started to experience some form of competition, which sometimes even led to signs of contempt towards one another. The lack of communication about the reasoning and explanation behind this change led to frustration and resentment on both sides.

4.6. Two Different Organizational Cultures: Sneaker Paradise versus the Suit Arena

After almost three years, the hierarchical dynamics led to an us-versus-them mentality where the creatives feel that the consultants do not understand their ways of working, industry and product output. This mentality apparently is something very typical for the acquisition, as it was brought up by almost all interviewees:

"People that joined Accenture Interactive three years ago, aimed to be a consultant, they didn't apply with an agency, where people walk around in black shirts and with a dog. I'm exaggerating. No, I am not, actually." (Jacob, Managing Director, Accenture Digital)

The quote clearly represents the view that the creatives and the consultants come from two completely different industries and did not necessarily choose for a workplace that is a merger of the two. The quote above mainly seems to present a sign of contempt towards the creatives and their cultural background. The acquisition has without any doubt affected people's expectations about their work, the workplace and colleagues. Employees of Accenture Interactive as well as of MOBGEN wanted to work for a company with specific characteristics, but after the acquisition a whole different meaning was given to that due to the merged culture. Fredrik, Innovation Director, MOBGEN, stated that the merger of the two cultures felt as *"...combining the left side of the brain with the right side".*

He clarified that generally an underlying skepticism and uncertainty exist about the possibility of merging the two converging industries in this conglomerate M&A. During the interviews it was further explained how the merger between the firms, which derive from the two industries on each side of the spectrum, was perceived:

"We feel that the leadership [of Accenture] doesn't really understand our business. Because they come from this 'back-end', outsourcing type of mentality, and they are often gray-haired guys in blue suits... So, they have a lot of trouble selling our products. We feel often that we can sell our products a lot better."
(Alexander, Executive Board Member, MOBGEN)

As could be interpreted from this quote, the merger of two divergent industries could lead to a breach of trust in the collaboration between both parties. There seems to be an uncertainty about one another's background, capabilities, products and knowledge, which was reflected upon by Johanna, Senior director, Accenture Interactive, who stated: "*There were the people at Accenture who said: "Blah... They are just a bunch of 'creative people'.*" Another quote clearly represents the misunderstanding of one another's (workplace) culture:

"*So, sometimes you have to compromise on the quality of the output... "Oh we'll do a project and it's going to take three months" but then it was actually going to take four months instead. Though, we always committed to that quality that we would be delivering instead of pressuring ourselves to make the deadline of three months. Which is not necessarily a good thing. But it's a very different way of thinking... Whereas now, it's much more about how we can maximize value, not how can we maximize quality. (...) You're in this delivery setup... We can't longer focus on delivering quality for one client and have fun on the side with smaller clients that are award-winning like we used to... Those not really the choices that you have right now.*" (Veronica, Strategy Director, MOBGEN)

The fact that both parties involved in the acquisition do not seem to understand or respect one another and their way of approaching work, could be definitely perceived as a challenge for collaboration in the integration process. It seems that most employees are disappointed because they need to adapt to a different workplace culture by moving away from their traditional ways of working in which for example (financial) value is prioritized over delivering quality.

Though, not all employees believe that the conglomerate M&A should be seen solely as a challenge but rather as an opportunity. This was illustrated by:

"[…] You're instead playing in a suit arena. I find that to be more interesting because you're in a meeting with, yeah blue suited guys… So, the ability to dislocate yourself from your natural environment and then take energy from something new, that's unusual." (Oscar, Executive Board Member, MOBGEN)

This quote indicates that bringing together two firms with completely different cultures, background and product offerings, could to a certain extent lead to the opportunity of inter-organizational learning. Employees of both parties get exposed to a whole new environment and way of working, which could constitute to their level of creativity on how to approach their client-projects. In the interviews it was explained how the employees' job remit changed once Accenture Interactive and MOBGEN merged.

"Yes, I take myself as an example. I finished my business administration study and entered a consulting firm. With that I have the expectation to grow in a couple of years, and to have a very fast career, wearing a suit and advising my clients about complex stuff… that's a consulting career. Now, being part of creative agency is completely different. We start co-creating with clients about a new idea, a new line of business. That already a completely different approach, in a different environment, with a different skill set." (John, Managing Director, Accenture Interactive)

This illustrates that not only for the creatives there is a change in the way they work, but also for the consultants. Both parties are learning and adapting to the new organizational setting, which could thus be perceived as both challenging but also beneficial. Another aspect that creates changes in the ways of working, is presented through the following quote:

"If you look at the way they [MOBGEN] are used to work (...) they have sales people making a connection with the market by delivering the work from MOBGEN's office, from the Marnixstraat. In consultancy the first four or five years 80% to 90% of your time is spend at the client's site. I assume that they will work at the client, but they don't want that" (Jacob, Managing Director, Accenture Digital)

This indicates that if employees are 'not used to' a certain work situation, it could lead to a form of resistance. MOBGEN's employees seem to feel safe within their own office and would feel

uncomfortable to suddenly start working at the client's site, because that is part of the consultant's way of working. This is further elaborated through the following quote:

"So MOBGEN always had a way of working, to work from one location with their own people. And we [Accenture] were also typically blended, we work with blended customers, we blended sometimes with competitors. So we have to always work in a variety of setups. So, they [MOBGEN] were used to work in one setup (...) They [creative agencies] always work with the same team, the same people, the same colleagues all the time… They like to work here, but then we [Accenture] do a project at the client. We are expected to be there, because the whole team is there. You simply can't work disconnected". (Mattias, Managing Director, Accenture Interactive)

This statement provides an insight in how different expectations regarding where the work is carried out could lead to challenges. Both firms feel content about how their work and environment is currently set up, which is part of their culture. By merging the two firms, either the acquirer or target firm would need to let go of their usual way of working by adapting to the other firm's approach. The quote above seems to address that the unwillingness of MOBGEN to work together on a project at the client site could lead to disconnection and thus poor collaboration.

It is important to highlight that the merger, and thus letting go of 'old working habits', has not only led to resistance or challenges. Namely, one of Accenture Interactive's native employees Johanna, Senior director, Accenture Interactive, indicated that she enjoys MOBGEN's culture much more than Accenture's approach by stating:

"… The formal Accenture Interactive office where everybody is wearing suits (...) and then I joined this sneaker paradise. Which I really like…. But it was yeah, it was really interesting to see what the differences are and how to make sure that there is a good collaboration." (Johanna, Senior director, Accenture Interactive)

An Executive Board Member of MOBGEN recognized the cultural differences among both parties in the M&A as well:

"They know the culture of what they're trying to build with the experience agency, is a very different culture than Accenture 'the core' is (...) if I exaggerate it, blue suited grey haired guys are top notch consultants

who are very active in really complex back-end technology implementation. These guys like 'serious' 50-plus gray-haired consultancy guys, that work by the book, that have processes for everything and they're amazing. It [Accenture] is a powerhouse in itself. If you want to create digital experiences, you need long-haired creative guys (...) So completely different profile of people." (Alexander, Executive Board Member, MOBGEN)

This clearly visualizes the two different personas that work for either a management consulting firm or a creative agency. From the interviews it could be concluded that both parties involved in the acquisition were very much aware of these differences but did not necessarily have something against it. On one hand it is seen as a new experience and as an opportunity to become part of a different world. On the other hand, it became apparent that still existed a form of 'rivalry' between the two parties: the 'blue suited' consultants versus the 'long-haired' creative guys that do not understand or support each other's approach to business. Thus, there is a recognition of the fact that cultural differences exist and that this could either lead to an us-versus-them mentality or to an opportunity for inter-organizational learning. From the interviews it did not become clear which of the aforementioned aspects is present to a higher extent. Additionally, it has not been shared by any of the interviewees how exactly the management deals with the cultural misfit. Though, it could be concluded that regardless of the differences and challenges described the acquisition is still not abolished after three years. Therefore, it is assumed that a conglomerate M&A does not necessarily have to result in a failure.

4.7. Outline of the Future

Alexander, Executive Board Member, MOBGEN, believes that Accenture Interactive offered the opportunity to grow at a much faster pace than if the agency would have continued on its own. Accenture Interactive's management similarly sees the value since the access to the creative industry with MOBGEN as its label led to entering a whole new market and increase in client demand.

As understood from several interviews and business journal articles, the empirical phenomenon is expected to continue to increase even at a faster pace in the near future. One of the interviewees elaborated on the future of independent agencies and leading management consultancies entering the market through acquisition:

"I guess smaller agencies are going to struggle, because they're going to face more and more the big powerhouses like Accenture Interactive or Deloitte or any of the big consultancy firms. I think they will see disruption in their competitive field, where similar services are going to be offered by Accenture Interactive"
(Fredrik, Innovation Director, MOBGEN)

As stated, there will be changes in the market due to the entry of management consulting firms much like Accenture Interactive, which will lead to an expansion of the competitive environment in which creative agencies exist. Furthermore, an Executive Board Member from MOBGEN, explained how the competitiveness in the market will increase as larger management consulting firms enter the market and change the status quo of the industry:

"It will be very hard to do what we're doing [Accenture Interactive], because you then need specialists in every area (...) If you want to build an end-to-end experience, you need to understand everything. Data, technology, media, activation." (Alexander, Executive Board Member, MOBGEN)

This quote reflects that it could possibly happen for creative agencies all of the sudden their core product or service does not meet the standards the client demands. Since there is an increase in the need for end-to-end experience solutions, it is not only inevitable for management consulting firms but also for creative agencies to ensure they can offer the full package. Growing the capabilities organically to respond to these client needs is especially for creative agencies very challenging. The logical move would then be to find a way to get involved with a firm that offers the skills the agency is lacking. Likewise, management consulting firms see the same opportunity that cannot longer be neglected, which is underpinned by the following statement:

"They [smaller agencies] have a proven small market segment with a few customers and their way of working they fill in a certain gap, that we [Accenture Interactive] have locally. They fill a gap of our services." (Mattias, Managing Director, Accenture Interactive)

Regardless of the fact that both firms foresee a great future for a collaboration between the two firms, a quote that could not be ignored throughout the interviews illustrated the awareness among the creative agency regarding the importance to stay close to their true selves:

[Accenture said to MOBGEN] "Guys, the biggest threats might be ourselves, like we're a big fish and we might swallow you." You know, you [MOBGEN] need to keep pushing back and you need to look for what makes you special and don't just turn into Accenture. Otherwise we could have just recruited 100 specialists" (Peter, Executive Board Member, MOBGEN)

To sum up, even though Accenture Interactive and other leading management consulting firms are changing the landscape of the creative industry, it could be concluded that there will be a space for specialized agencies to exist. It is expected that in the future both type of firms will continue to be in need of one another in order to respond to the needs and wants of the clients. However, the key take away for the future could be understood as that it is of great importance to stay close to the origin of the firm rather than to try to change into either one or the other organization as they will not be able to enjoy the benefits the other is capable of bringing to the table.

4.8. Summary of Main Findings

As mentioned before, both Accenture Interactive and MOBGEN had clear motives for the acquisition. Accenture Interactive had as a primary motivation to add *the final bead* to their already existing *string of pearls.* In order to respond to the need of the market by becoming a one-stop shop that would be offering end-to-end service solutions, Accenture Interactive's portfolio needed to be expanded by acquiring a firm that specialized in mobile solutions. Apart from these two motives, Accenture Interactive also aimed to gain access to MOBGEN's particularly high-skilled employees with unique capacities, to enter a new market and to become a more attractive employer. At the same time, MOBGEN saw the acquisition as an opportunity to accelerate their growth by expanding their service and client portfolio, de-risk the founder's financial capital, bring more stability to the company and lastly, enhance benefits and career advancement for their employees.

The acquisition strategy that was adopted could be described as 'leave-alone' in which Accenture Interactive did not actively start integrating changes into the merged organizations. However, after one year MOBGEN | Accenture Interactive had to deal with a severe amount of changes that were integrated at a high speed. The integration was perceived as challenging, of which interviewees stated that the common denominators for that were the lack of communication and that there was not a change agent or M&A manager who guided the acquisition. Interestingly, there were two contrasting views on the speed of the integration in which some interviewees preferred the slow integration that

Accenture Interactive applied whereas others mentioned that a faster pace would have led to much less of a confrontation.

The challenges that arose throughout the integration process were addressed to be both practical and non-practical aspects. Accenture Interactive did not foresee how much of a negative impact certain trivial changes would have on the general perception about the acquisition. Changes that were implemented regarding the IT-systems, coffee machine, Friday-afternoon beers and free lunch were perceived by MOBGEN as if their culture was taken away from them. More practical changes, such as the introduction of the level-system that led to a whole new hierarchical structure within the organization, also resulted in huge frustration among organizational members. It became apparent from the interviews that the primary reasons for this frustration derived from the distinct expectations about organizational structure as well as poor communication about *why* and *how* the system was implemented. This significant change caused signs of contempt among the employees of both firms which unfavorably influenced the collaboration.

The signs of contempt were also visible in the corporate culture of Accenture Interactive | MOBGEN. Namely, all interviewees brought up the 'us-versus-them' mentality that exists in the workplace. Organizational members of Accenture and MOBGEN look for different things in their employer and also do not seem to fully understand each other's business, background and product output. Both firms view one another's individuals as two completely different types of people, which is considered as a challenge but also as an opportunity. Some interviewees pointed out how the distinct cultures could lead to a chance for inter-organizational learnings through exposure to a whole new environment and ways of approaching the work. Though, it seems to be the case that still both firms have another idea about what and how to deliver to the client.

Finally, when considering the future of the empirical phenomenon it became apparent that all interviewees expect the trend to continue and even increase in the future. Also, there seems to be a general awareness about how the creative industry will change as well as how the management consulting firms could possibly swallow the SMEs that are being acquired which could lead to a loss of its unique aspects. Considering the expected continuation of management consulting firms acquiring creative agencies, it is highly valuable to take the analysis further by bringing in existing literature in order to explore the empirical phenomenon by means of a discussion.

5. Discussion

The analyzed empirical findings presented in the previous chapter allowed us to explore our research questions. First, an in-depth understanding of the primary motives behind the acquisition was gained where after the main challenges became apparent. Second, the analysis provided a clear insight into how the organizational members of both firms perceived the merger in which both contrasting and similar views surfaced. As stated in the introduction, the aim of this thesis is to develop a deeper understanding of *why* and *how* leading management consulting firms acquire creative agencies. In this chapter, both the empirical material and literature review will be matched to an extent that potentially new findings could be explained.

5.1. A Phenomenon on the Rise: Conglomerate M&As in a New Context

From the analysis it became clear that both MOBGEN and Accenture Interactive were one step ahead in responding to market changes. As has been stated by literature, the rise of digitalization drastically shifted the client demand due to newly emerging technologies, which required businesses to transform their operating models (Treichler, 2019). Instead of responding to this trend, MOBGEN already foresaw how technological advancements would greatly impact the business environment and chose to move into the field of mobile services. After a few years of its existence, MOBGEN managed to develop itself into an agency that became known as 'the mobile specialists' of The Netherlands. Their expertise and working methods of combining mobile strategy, technology and design allow the agency to deliver creative mobile solutions to client. In correspondence with Shalley et al. (2004), MOBGEN could be characterized as a 'creative agency', since their ideas and products that are provided by creative professionals are reflected as an incremental or radical deviation from the status quo. It was also evidently illustrated that MOBGEN themselves perceive their agency to be creative, as they describe that the organization is primarily made up of creative professionals, or as stated in the interviews 'long-haired creative guys', who work in a flexible and entrepreneurial environment.

In the analysis it has been explained that Accenture Interactive is viewed by MOBGEN, among others, as an expert in the fields of business and technology. After examining Accenture Interactive's

characteristics, it has been found that the agency within Accenture global is categorized as a PSF. Namely, in line with the literature, Accenture Interactive is a firm that provides knowledge-intensive, high-skill services and expert advice to clients. The *intangible* services are encoded with complex knowledge that are the output of a professional workforce. (de Brentani & Ragot, 1996; Greenwood et al., 2002; Reihlen & Apel, 2007). Regardless of their stabilized position, PSFs and thus Accenture Interactive, exists in a highly disruptive environment in which there is a constant need to look for opportunities, untouched markets or new fields to move into. Accenture Interactive is considered as a 'first-mover' into the creative industry by means of agency acquisitions. When critically assessing this move against existing literature, it is not surprising that Accenture shifted away from its traditional business model. Various scholars have presented that even though there is a need for stability and profitability, there is a growth in cruciality for differentiation and innovativeness of the services PSFs offer (Lee et al. 2010; Løwendahl, 2001). Additionally, the specific decision to go into the creative field corresponds with the recently stimulated interest in creativity due to the changed nature of business, which forces organizations to be more responsive and flexible (Henry, 2001). It has been found that businesses that exist in the creative industry are currently leading in meeting client's rapidly evolving demands in today's competitive environment (Sumiati et al., 2017). Consequently, it could only be expected that at one point in time Accenture, as one of the leading management consulting firms in the world, would start looking for a way to break into the creative sector.

While analyzing the empirical material, it showed that Accenture Interactive already established a portfolio consisting of various creative agencies. Though, apparently MOBGEN was *the final bead* to Accenture Interactive's *string of pearls* that would lead to portfolio expansion by offering tangible creative mobile solutions designed by specialized creatives. As it turned out that organic growth was considered as impossible, Accenture Interactive decided to propose MOBGEN to be acquired. Examining this decision against literature, it could be concluded that this strategy could be seen as a prime example of a conglomerate M&A. Namely, conglomerate M&As are described by academics as a merger of two unrelated firms that produce different products and that are neither substitutes or complements (King et al., 2004; Tremblay & Tremblay, 2012). However, it could be questioned whether MOBGEN does not at all complement Accenture Interactive, even though the firms are completely unrelated, and the products offered to clients are very different. As Accenture first made an attempt to develop the creative capabilities in-house, they soon realized that creativity can only be

enhanced and not be taught, which corresponds with a study conducted by Lau et al. (2009). It is interpreted that the acquisition is definitely conglomerate, but the definition is criticized. Although both unrelated firms are brought together remaining distinct entities, it is believed that without complementing one another both firms will struggle keeping up with client demands and fierce competition.

The acquisition of MOBGEN and its specialized capabilities was figured to be the fastest way to gain access to new growth opportunities and ideas. Capability acquisition by means of a conglomerate M&A is not a new phenomenon. However, what became clear quite soon during the interviews was that the acquisition strategy was carried out in a completely new context: leading management consulting firms acquiring creative agencies. Many studies have been conducted regarding capability acquisition in which mostly M&As between an incumbent organization and young SMEs are presented in the field of innovation capability acquisitions (Andersson & Xiao, 2016; Meier & Schier, 2016; Puranam et al., 2006; Ranft & Lord, 2002). Though, a discussion on this phenomenon led to the conclusion that our study clearly differentiates from prior scholarly volumes since we investigate the acquisition of creative rather than solely technological or innovative capabilities. After delving into the two distinct definitions, it was found that innovation is generally defined as "*the implementation of a new product, service, or process, which for most activities entails their commercial success*" (Wijngaarden et al., 2019) whereas creativity is described in our literature review as "*the production or generation of ideas that are both useful and novel*" (Amabile, 1988; Oldham & Cummings, 1996; Scott & Bruce, 1994). A recent study questioned the difference between *innovation* and *creativity* that successful implementation is a core aspect of innovation while for creativity that commercial success as an outcome is not always the most prominent objective (Wijngaarden et al., 2019). Based on this study, we conclude that Accenture Interactive definitely acquires the creative capabilities of MOBGEN as the interviewees stated numerous times how they do not always prioritize tangible outcomes but also like to 'have fun' trialing their creativity on the side apart from their actual projects.

It is interesting to take the discussion further by exploring *how* and *if* the acquisition of specifically creative capabilities by leading management consulting firms differs from what existing literature has already presented on conglomerate capability acquisitions. In the sections that follow, the motives

and challenges that the empirical phenomenon brings along will discussed as well as the future outlook, which potentially leads to answering the question that derived from this discussed section.

5.2. Accenture Interactive's Motives: A Cause-and-Effect Relationship

As one of our research questions to be answered evolves around the motives behind the acquisition of both parties involved in the M&A, we first discuss Accenture Interactive's motives where after MOBGEN's primary drivers will be examined. These motives are separated into two sub-chapters, since from the analysis it could be concluded that the acquirer's and target firm's perspective on the acquisition differentiated to such an extent that we cannot measure the motives against the same standards. To start with, Accenture Interactive's motives were summarized by the interviewees as: (1) A shift in the client's demands; (2) portfolio expansion; (3) access to specialized capabilities; (4) visibility in the market and; (5) employer attractiveness. This data is broadly consistent with the major trends in the literature, that generally describes M&A motives as (1) market entrance; (2) gaining new products and technologies; (3) build up market power; and (4) access to knowledge and expertise (Hasenpusch & Baumann, 2016; Reddy, 2016; Weber & Tarba, 2016). Accenture Interactive's motives are an expected result of the trend presented by academics, who found that organizations increasingly search and monitor underlying market trajectories that facilitate vast opportunities to develop new business models, products, services, values and technologies (Hacklin et al., 2013; Lee & Lee, 2017). As the analysis showed, Accenture Interactive is considered as an agency that not only searched and monitored market trajectories but anticipated the client's needs for the merger of the worlds of *business, technology* and *creativity* and consequently saw portfolio expansion as the next step.

After questioning the motives demonstrated by Accenture Interactive, we have come to the conclusion that the five aspects rather represent a 'cause-and-effect' relationship. By intensively exploring the roots behind the acquisition against what literature has presented, the main motive seems to be the 'shift in client demand' that Accenture Interactive wanted to respond to. Accordingly, as the analysis stated, in order to have an instant impact on clients while currently only being in the possession of 'a few building blocks', the fastest way is to expand the portfolio through acquiring an agency that brings along its projects, client portfolio, awards and human capital. The acquisition of

the missing specialized capabilities should therefore be considered as a strategy that Accenture Interactive adopted rather than a motive for the M&A. This finding concurs with other studies that state capability acquisition is a way for incumbent organizations to assure entry into untouched markets in the fastest way while increasing market share and power in high-speed environments (Brown & Eisenhardt, 1997; Pezzi, 2018; Schmalensee, 2000). Literature has found that this strategy could generate useful implications both the acquirer and target firm as diversification, changes in product portfolios and collaboration could lead to new activities with more (market) growth potential (Chon et al., 2003; Hacklin et al., 2013; Makri et al., 2010; Poniachek, 2019). In line with what several interviewees addressed, organic growth would not allow Accenture Interactive to expand its portfolio with specialized services fast enough to be able to respond to the rapid shifts in client demands. So, although it was found in the analysis that MOBGEN was specifically selected for its capabilities that Accenture Interactive was still missing, this still does not serve as the source for the initial move to propose the acquisition as that was primarily to be a 'first mover' in responding to client demands instead.

When critically assessing the last two motives Accenture Interactive stated during the interviews, (4) visibility in the market and; (5) employer attractiveness, it was discussed that these two aspects should be considered as M&A outcomes rather than motives. Namely, because Accenture Interactive adopts the strategy of capability acquisition, the organization is able to expand its portfolio and respond to shifted client demands. Consequently, Accenture Interactive grows its presence and thus visibility in the market towards both clients and potential future employees. Their attractiveness as an employer is not only limited anymore to professionals in the consultancy industry, but now also in the creative industry as the agency moves away from its traditional business model. Currently, the above findings that are presented only enable us to determine that Accenture Interactive was unaware of the 'cause-and-effect' relationship but rather interpreted these aspects as initial motives for the acquisition. However, several questions remain to be resolved; in particular (1) *what,* after all, are the actual motives for leading management consulting firms to acquire creative agencies?; (2) how clearly can organizations separate *motives* from *consequential actions*? and; (3) does this to some extent possibly affect the process towards achieving projected outcomes? We assume that if we would have specified the separation between motives and consequential actions upfront, we would have been able to provide a more profound insight into the actual motives behind creative agency acquisitions by leading management consulting firms. Therefore, we suggest that further research in this area would

be necessary to augment our study as part of presenting significant findings that could be generalized for the empirical phenomenon.

As the motives behind the acquisition from the target firm's perspective occurred to be very different than those of the acquirer, we will now discuss our analysis against existing literature on MOBGEN's primary motivation to pursue with the acquisition

5.3. MOBGEN's Motives: Complementary or Not?

In comparison with Accenture Interactive, MOBGEN presented really clear motives for being acquired by a leading management consulting firm: (1) Expand their service portfolio; (2) expand their client portfolio; (3) accelerate growth; (4) respond to the shifted market demands; (5) de-risk the founder's financial means; (6) bring more stability to the company; and (7) enhance benefits and career opportunities to their employees. As could be concluded from the analysis, MOBGEN is very much aware of what Accenture Interactive, as part of a global PSF, could bring them in terms of benefits as well as of what MOBGEN itself could bring to the table.

Prior studies found that M&A transactions nowadays are crucial for organizations that seek access to corresponding know-how, innovative capabilities, technologies and acceleration opportunities for company growth (Cefis & Marsili, 2015; Christensen et al., 2011). MOBGEN is a clear example of an agency that foresaw this emerging trend and took the opportunity as soon as it arose. It became apparent from the analysis that the financial benefit of an M&A was of least importance to the company, as there is a general believe that the future outlook for creative agencies looks very bright. Additionally, it is overall accepted by scholars that the financial objective in relation to M&As has faded away already since a few years now due to the rise of the knowledge-based economy (Morais, 2018). Instead, MOBGEN became aware of that Accenture Interactive was in the possession of certain skills, expertise and capabilities that they were unable to develop themselves. Therefore, through the acquisition MOBGEN could become part of the experience agency that Accenture Interactive is, in which *business, technology* and now *creativity* can be merged to the best possible extent. Herewith, as in line with the literature, MOBGEN believes to be able to reach a high synergy potential, expand into different and new markets, gain cheaper access to (human) capital as well as improve stability (Datta, 1992; Tremblay & Tremblay, 2002).

As the motives for MOBGEN turned out to be very clear after the analysis, we decided to look at the acquisition not solely from MOBGEN's perspective but also from a helicopter view. Namely, MOBGEN seems to be assured that both firms complement one another regardless of the fact that the characteristics of the organizations and types of people differ to a great extent. It was questioned by us since the beginning why a creative agency as MOBGEN would want to merge with Accenture Interactive and thus part of a leading global management consulting firm that is designed according to the type of industry, size of the company, number of employees and kind of service that is delivered. Namely, Dul and Ceylan (2011) identified that the creative behavior that is desired cannot be stimulated if creatives are placed in traditional, productivity-driven organization with time constraints, formal structures, strict regulations and daily similar tasks. Regardless of the fact that PSFs more often disregard traditional strategies of standardization, the internal strife, conservatism and formal management structures are currently still present and could potentially impede creativity as individuals are likely to perceive these factors as controlling (Amabile et al., 1996).

All in all, MOBGEN seems to have prioritized enjoying the benefits merging with a PSF as Accenture brings, such as the growth opportunities, stability and portfolio expansion. Though, while the agency appears to value their high level of creativity and especially its creative workers it can be questioned why MOBGEN would risk losing that by means of entering a corporate environment. According to several interviewees, MOBGEN has lost many people, including their tacit knowledge, over the past few years. Being aware about that both firms originate from a very distinct background and the potential challenges that might arise because of that could have been enough reason not to pursue with the acquisition. However, both firms agreed upon the merger with the risk in mind that long-term success could not be guaranteed, and people might leave the organization.

5.4. Slow Integration but Fast Implementation: The Power of an Overarching Organization

From the analysis it could be concluded that Accenture Interactive adopted a 'leave-alone' strategy during the first year. The fact that the firm approached the integration at a slow pace led to a division in the interpretation of organizational members: some agreed and some disagreed. These contrasting views have also been presented in the literature, in which is referred to 'the speed of integration', resulting in different consequences. The time between the closure of the M&A deal and the actual

achievement of the desired degree of integration is described as the speed of integration (Homburg & Bucerius, 2006). Evidence is presented that a fast integration speed could reduce uncertainty among organizational members and stakeholders and lead to a quicker exploitation of synergies (Angwin, 2012; Homburg & Bucerius, 2006). However, a slower process could allow for more attentive communication, help in avoiding challenges that are caused by change and more time for building trust and sense giving (Lee et al., 2010; Ranft & Lord, 2002). In line with these studies, organizational members that agree with Accenture Interactive slow integration approach ensured that organizational members felt less anxious about the implemented change, whereas the organizational members that disagreed stressed that by adopting a fast integration process people could get used to change easier.

Once comparing Accenture Interactive's decision against the literature, it is not surprising that it was expected that a slow integration would lead to less resistance or frustration. Namely, Steigenberger (2017) found that the length of the process is mostly dependent on the degree of integration as well as relatedness between the two firms. Firstly, the M&A between MOBGEN and Accenture Interactive required a high degree of integration and thus coordination as the projected integration might have not reached all organizational levels simultaneously (Birkinshaw et al., 2000; Teerikangas & Very, 2006). Secondly, Accenture Interactive anticipated that a creative agency is highly unrelated compared with a consultancy, which made them decide to approach the change slowly. What was unexpected though, was that despite of Accenture Interactive's slow integration strategy, after one year of leaving MOBGEN alone the Accenture Interactive started introducing transformative change at a really fast pace. When questioning this action throughout the analysis, it was concluded that this action is misaligned with the leave-alone strategy in which no change was implemented at all.

The sudden intensity of integration degree reinforced the level of resistance among organizational members as well as caused great frustrations as their expectations were managed poorly. Larsson and Finkelstein (1999) identified that transformative change requires time for organizational members to understand and accept the changes that will be implemented. However, since no change was introduced in the first year but abruptly in the year hereafter, organizational members of both firms were not given the time needed to digest. From the analysis it became clear that the decision of adopting a fast and high integration degree from year two onwards was not made by Accenture Interactive. Since Accenture Interactive is part of Accenture Global, the firm received a lot of pressure to start changing the merged organization according to corporate standards. Although Accenture

Interactive was aware that several changes were not at all in line with MOBGEN's corporate culture, structure and ways of working, there was no choice of ignoring power from Accenture Global, who has a greater formal authority within the organizational hierarchy.

The question arises whether Accenture Interactive would have approached the integration and change implementation differently if Accenture Global would not have been of any influence. Generally, we strongly believe that Accenture Interactive made the right decision in adopting a slow integration strategy due to the dissimilarities between a creative agency and a management consulting firm. Therefore, the recommendation of approaching the integration slowly should be generalized for management consulting firms that are not under pressure of an overarching organization that is in charge of decision making. However, this study also clearly demonstrates that in the context of leading management consulting firms, as part of the Big Four for example, that are part of a global corporation should consider integrating both firms in the M&A slow but steady instead of disruptively.

To further exemplify why we stress this argument of avoiding disruptive change, we will shed light on the challenges of the integration between MOBGEN and Accenture Interactive below.

5.5. The Challenge of Communication: Who is in Charge?

At the time of the announcement of the M&A, before the integration process started, there was a Managing Director of Accenture Interactive assigned to guide the M&A process. However, in the interviews it was stated that due to a sabbatical year the individual left the organization. Hereafter, according to one of the interviewees, an interim manager was appointed to be in charge who left the organization at the beginning of the integration as well. These unfortunate circumstances led to the fact that throughout the integration there was no change agent or M&A manager to help both firms transform into MOBGEN | Accenture Interactive. Therefore, during the M&A process MOBGEN and Accenture Interactive had their own leadership team assigned who had to work together to make change happen. Though, due to Accenture Interactive's acquisition experience as well as role of acquirer, their leadership team mainly took charge throughout the past three years. Additionally, being part of Accenture Global and the pressure that comes with that served as a stimulus as well.

Consequently, according to the analysis the confusion on who is in charge led to a lack of involvement of MOBGEN's leadership in some decisions that were made. Throughout the integration process, sometimes certain changes were introduced without a real clear message of *how* and *why* this was decided. As a result, MOBGEN's leadership felt sometimes confused about what was going on and had difficulties with providing correct and detailed information to their teams. One interviewee visualized this feeling as being 'sandwiched' in between the acquirer and the organizational members of MOBGEN. Additionally, frustration among MOBGEN's leadership existed as they needed to present themselves as supporters of the M&A towards the rest of the agency while sometimes, they were unsure of reasoning behind certain decisions.

A recent study conducted by Dîrvā and Rādulescu (2018) found that revised procedures, policies and structures imposed by the acquirer leads to a higher level of resistance. Additionally, power games between the acquirer and target firm, poor communication and management style dissimilarity are also cited as the primary challenges of an M&A (Agrawal & Jaffe, 2003; Haleblian et al., 2009; Trautwein, 1990). Considering that this literature is out there and stems at least from 1990, it is astonishing that Accenture Interactive did not prioritize establishing a clear communication structure as well as an alignment between the leadership of both firms. Given that the main reason for the poor communication throughout the integration process seems to be that the *why* behind certain actions and decisions is not made clear, it could be assumed that it should not even be a challenge to find a way to tackle that problem. In our view, the answer lies within assigning an unbiased individual to the role of M&A facilitator, the communication between both parties involved in the M&A could potentially be streamlined and the integration process could be monitored to avoid challenges that might arise. Future larger studies with statistical analyses on integration success in a conglomerate M&A due to the presence of for example a change agent or M&A facilitator would be of interest to potentially showcase prove for our suggested solution.

5.6. The Challenge of Organizational Structure: Reinforcing the Us-versus-them Mentality

From the analysis it could be concluded that one of the most consequential changes that was introduced is the level-system. Not only did this new HR-system greatly affect MOBGEN's original organizational structure, but it gave a whole new dimension to the already existent 'us-versus-them

mentality' which increased the feelings of contempt towards one another. The level-system is a clear characteristic of a PSF, which is referred to in the literature as a highly autonomous organization that structure their work in the context of large bureaucracies by means of a high form of control (Hall, 1967; Scott, 1965). PSFs value independence and the creation of stability and profitability through efficiency and productivity (Løwendahl, 2005; Naylor, Lee & Ginn, 2009). The analysis presented a clear argument of how Accenture Interactive, as a PSF, is very different from the creative agency that MOBGEN is. MOBGEN is described as a very flat and autonomous organization in which bureaucracy does not exist. This description corresponds with the literature that has been mentioned in an earlier discussion, in which it was stated that creatives cannot flourish in a work environment with high levels of control and strict regulations (Dul & Ceylan, 2011).

The analysis presented evidence for the fact that the level-system Accenture Interactive introduced during the integration was not tailored to creative agencies but rather to management consulting firms. From the interviews it was concluded that some of MOBGEN's employees did not want to shift their focus from developing their crafting skills and creative knowledge to how to grow their career. After analyzing the interviews, the distinction could be made where the creatives were referred to as 'artists' and the consultants as 'competitive professionals'. Both the characteristics and career objectives differ to such a great extent that it could have been expected by Accenture Interactive that the implementation of a level-system would lead to resistance and frustration. Not only did MOBGEN indicate that due to this system the employee turnover rate increased, but also the employer attractiveness for future or potential 'artists' decreased. Additionally, the competition and misunderstanding of one another's capabilities between the creatives and the consultants was reinforced by assigning levels in the form of numbers to people. Accenture Interactive's consultants got very frustrated about that they worked many years to reach a certain level that was given 'that easily' to a creative. The creatives consequently felt uncomfortable to suddenly having to compare themselves with their colleagues and having to focus on their individual career development rather than collectively learn and grow as a team.

One of the main reasons for the implementation of the level-system seems to derive from the fact that Accenture Interactive is obliged to adopt Accenture Global's organizational structure rather than to determine which structure suits the environmental context. The structure that is adopted in Accenture Global is designed for a highly competitive and homogenized professionalized workforce, which is

a generalizable for PSFs according to the literature (Alvesson, 2000; Løwendahl, 2005; von Nordenflycht, 2010). Also, prior studies have found that in such a system the performance of consultants is constantly being measured through profile expectations and competence levels (Jaques & Cason, 1994; Junior & Spencer, 1993; McGuire & Garavan, 2001). Comparing the attributes that come with a level-system such as the one that was introduced at MOBGEN | Accenture Interactive against literature, it could be concluded that the integration would bring severe consequences for both firms involved in the M&A. As stated above, not only did the integration lead to an increase in the us-versus-them mentality, but also to resistance, frustration and even employee turnover. These findings can contribute considerably to the evaluation of the understanding of the challenges that could exist in a conglomerate M&A between a leading management consulting firm and a creative agency in terms of organizational structure.

5.7. The Challenge of Organizational Culture: Merging Distinct Cultures

Prior scholarly volumes have cited that a cultural misfit between the acquirer and target firm is one of the main reasons for low M&A integration success rates (Bijlsma-Frankema, 2001; Cartwright & Schoenberg, 2006; Nguyen & Kleiner, 2003). As organizational culture impacts almost all organizational practices, processes and structures to some extent, incompatible cultures could lead to a slower integration process as a longer change period is needed in finding a cultural fit (Bijlsma-Frankema, 2001; Homburg & Bucerius, 2006; Olie, 1994). The integration process for the M&A between MOBGEN and Accenture Interactive is an example of such a lengthily integration process due to a cultural misfit. Throughout the interviews, all interviewees seemed to have a clear focus on getting across to us that the cultural misfit is the main challenge of the acquisition. From the analysis it became apparent that there are three main factors that reinforce the challenge of the organizational culture.

Firstly, Accenture Interactive disruptively implemented trivial changes that affected MOBGEN's organizational culture to a negative extent. Examples include the introduction of a new IT-system, the replacement of their coffee machines as well as no more Friday-afternoon drinks at the office or free lunch. MOBGEN experienced these changes as if their culture was taken away from them, which caused great frustrations. After analyzing the reasoning behind these changes, it became salient that

it was not necessarily Accenture Interactive that pursued the implementation but more Accenture Global due to contractual reasons. Regardless of the rationale, the changes were to some employees of MOBGEN reason enough to leave the company.

Secondly, the cultural characteristics of the creative and the consultant appear to differ to such a great extent that Accenture Interactive aims to create a 'culture of cultures', which is until thus far resulted in a failed effort. Creatives are described as daring to frequently fail, to act as a pioneer who is looking for productivity in the long run and behaving creatively in setting while solving problems in novel ways (Parnes, 1972). By the interviewees creatives are referred to as 'long-haired crazy guys' and 'people that walk around in black t-shirts with their dog'. Contrastingly, consultants are in literature defined as highly competent and knowledge-intensive 'professionals', who own profound expertise (Starbuck, 1993) in rare, specific or complex knowledge regarding their work practices (Kärreman, 2010). Interviewees refer to Accenture Interactive's employees as 'gray-haired guys in blue suits'. The fact already that among organizational members involved in the acquisition both personas are described as two complete opposites, presents an argument for a cultural misfit.

Finally, the fact that MOBGEN's employees are used to prioritize quality above value and deliver that from their office on the Marnixstraat in Amsterdam versus Accenture Interactive's employees who aim for maximum value and number of projects at the client's site once more that both cultures are disconnected. Although there seems to exist a willingness to invest a part of their culture and ways of working into this acquisition, none of the parties involved are fully convinced to adapt to the other organization's ways of working. The main argument presented in prominent research is that a high strategic fit between the acquirer and target firm enlarges market power, productivity and a successful M&A integration (Cartwright, 2006; Homburg & Bucerius, 2006; King et al., 2004). However, both firms appear to have designed a very different plan of action to achieve value creation for the client as part of their culture.

From the analysis it could be concluded that in general employees of both firms involved do not feel comfortable with being encouraged to adopt aspects of one another's culture to together form a 'culture of cultures'. It has even been stated several times that due to the cultural misfit employees left the organization, which in turn affected the highly specialized human capital that was acquired by Accenture Interactive. Overall, it may be said that this study demonstrates that a cultural fit

between two merging organizations is of great importance to facilitate a smooth integration process. Additionally, in case of a cultural misfit the acquirer should at all times carefully consider which aspects could possibly reinforce the cultural misfit instead of creating less of a gap. Our findings showcase that changing the aspects that represent the target firm's culture to that of the acquirer, wanting to merge organizational members of completely different backgrounds as well as bringing together two firms that do not complement on another's strategy do not contribute to the M&A integration.

5.8. Future Outlook and Recap

Overall, the analysis showed that there is a general acceptance among interviewees that the empirical phenomenon of creative agency acquisition by leading management consulting firms will increase to exist in the future. However, this is the first study, to our knowledge, to explore a conglomerate M&A in this context at all. Therefore, we cannot make any predictions but simply speculations of what will come. Considering that technological advancement and the need for creativity in today's globalized environment is of such great importance and will continue to exist even to a greater extent, we believe it is highly valuable to look out for ways of *how to knot a pearl on the string without dropping it*.

As can be concluded from the discussion, it is not impossible to merge creative agencies with management consulting firms. However, we also see that once a global organization overarches the two merging firms that it could become a whole lot more of a challenge. Not only does this determine the degree and speed of integration that might not fit the environmental context, it also possibly reinforces difficulties in communication, organizational structure and -culture. The integration could require such transformative change that it could lead to resistance, frustration and even employee turnover. Therefore, this research stresses the importance of carefully examining the different logics of the two distinct firms and determining whether the M&A will be complementary at all before pursuing with the acquisition. The M&A between MOBGEN and Accenture Interactive for example has already led to the loss of many employees and their tacit knowledge. Therefore, it could be questioned whether the acquisition is even worth it if the pearl, representing the acquired creative agency, will be broken after a while?

6. Conclusion

By means of this explorative qualitative case study, we aimed to develop a deeper understanding of *why* and *how* leading management consulting firms acquire creative agencies. Additionally, our objective was to contribute to the M&A, PSF and Creativity literature by shedding light on a newly discovered empirical phenomenon in which a conglomerate M&A is on the rise in a context that has not been studied before. In the following chapter our research questions will be answered, and we will present that we have met our aim. Hereafter we discuss how our study contributes to the existing literature, which limitations arose throughout our research and what we believe should be further researched in the future.

6.1. Summary of the Main Findings

The first finding presents the motives for leading management consulting firms to acquire creative agencies. After discussing the analysis, it became clear that it is explicitly important for leading management consulting firms to continuously **search for ways to keep up with the rapidly changing client demands**. As clients nowadays require management consultancies to not solely provide solutions in specialized fields, but more as a **full package in which end-to-end solutions are offered**, it is crucial to **have a portfolio** that fulfills these requirements. Leading management consulting firms are generally no experts in creative solutions and therefore expanding the portfolio by means of **organic growth is considered extremely timely**. As a result, the acquisition of creative agencies that are in the possession of these specialized capabilities is considered the fastest way to break into the creative sector.

The second major finding demonstrates what motivates creative agencies to pursue being acquired by a leading management consulting firm. Due to an **increase** over the past few years in the interest **in creativity to be present in today's businesses**, the competition also grew rapidly. Creative agencies are looking for a way to **meet the client's needs** for a merger of the three worlds: *business, technology* and *creativity*. Overall creative agencies are solely professionals in the field of creativity and sometimes even technology as well, however, it is considered vital to find a way of how to infiltrate the business environment as well. The primary motives for creative agencies to be acquired by leading management consulting firms are to **expand** both their **service and client portfolio**,

accelerate the agency's **growth**, **de-risk financial means**, bring **stability** to the company and **enhance employee benefits** and **career opportunities**. If a creative agency would attempt to continue to exist as a single entity, the risk might occur that survival of the agency cannot be assured in the future due to the fierce competition.

The third finding illustrates that there are generally four challenges that could arise during a creative agency acquisition by a leading management consulting firm. Firstly, a major challenge could exist in the **integration**. Leading management consulting firms are challenged to make the right decision about both the speed and degree of integration that suits the environmental context. In case both the speed and degree of integration are not aligned with the newly merged organizations, anxiety, frustration and resistance could be the consequence. Secondly, it is challenging for both organizations to find a balance in how to involve the leadership teams in the decision-making process and change implementation. In case one of the firm's leadership team takes the role of M&A facilitator, the **communication** among organizational members becomes more complicated. The *why* and *how* might not be communicated, which could lead to one of the parties remaining uninformed. It is suggested to assign an unbiased M&A facilitator that prevents a lack of communication to avoid any misunderstanding. Thirdly, designing an **organizational structure** that suits the newly merged organization is understood as one of the most significant challenges. Especially in case the leading management consulting firm, it could be very difficult to implement an organizational structure that is created for a multinational in a creative agency. Consultants expect and are used to such a structure, but creatives do not feel comfortable with high levels of control and strife for internal competition. Adopting an organizational structure that involves a level-system could only enhance the 'us-versus-them mentality' that already exists. Lastly, the most challenging aspect of an M&A between a leading management consulting firm and creative agency is the **organizational culture**. As this study clearly shows the differences between the two cultures, it is challenging to try to 'create a culture of cultures'. Bringing across the benefits of existing in a space in which two cultures are merged is difficult due to feelings of contempt towards one another. Generally, one of the firms is unwilling to let go of their culture and cultural aspects. Between these two firms the constant struggle could exist on who will 'win this war of cultures'.

The final major finding regarding the acquisition summarizes the general perception of both parties involved on the merger. Overall, both a leading management consulting firm and a creative agency

see the benefits that the acquisition brings along, especially when it comes to exposure to one another's specialized capabilities. Although to some extent the acquisition could be perceived as 'inevitable' in order to leave an impact in today's highly competitive environment, both parties interpret it as a new experience that could lead to a great synergy potential, inter-organizational learning and collaboration. Nevertheless, it should be mentioned that in this specific case study the challenges were much more emphasized on by interviewees, whom frequently stated that there is a major friction between the two parties involved due to the very distinct industries, backgrounds and cultures.

All in all, the findings presented above serve as a foundation for meeting our aim of developing a deeper understanding of *why* and *how* leading management consulting firms acquire creative agencies. The insights of this study may be of assistance to further establish an in-depth knowledge assessment of a conglomerate M&A between leading management consulting firms and creative agencies. Our study has a practical implication for the management of a consulting firm, who might be interested in finding out which aspects to carefully consider when acquiring a creative agency or setting up new projects with creatives involved. Also, for the management of a creative agency our study could be of significance in terms of comprehending which aspects might negatively affect his or her subordinates to prevent a high employee turnover. Finally, this thesis also contributes to existing studies. As stated in the introduction, there is currently very scare literature available on conglomerate M&As specifically addressing the context of leading management consulting firms acquiring creative agencies. Our study is the first comprehensive exploration on this newly identified empirical phenomenon and is therefore considered a contribution to existing M&A, PFS and creativity literature in which a new contextual setting challenges the current view on conglomerate M&As.

6.2. Limitations of the Study

In the methodology, we have already referred to the fact that we believed our findings might be less generalizable considering that the research has been conducted based on *one* case study. Though, taking into account that before this study evidence was purely based on what is presented in business journal articles, it could be said that the findings for now could be generalized to a certain degree. However, what should be stressed is that this case study presented a *leading* management consulting firm, which refers to either a multinational firm or even to the Big Four. The characteristics of these

firms cannot be compared with just any management consulting firm and therefore the findings are not generalizable for the whole consultancy industry.

Additionally, the data that was gathered for this case study is solely based on semi-structured interviews with the management team of both firms involved in the acquisition. In case of no time limitation, it would have been very interesting to also conduct interviews with employees that are not in a management position and thus have a different viewpoint on the merger. Despite of the fact that a larger sample could have led to more variety in the data, it could still be argued that the empirical material is still highly valuable, reliable and credible as the management at all times shared their perspectives on the acquisition very openly.

Lastly, as this study is the first one ever conducted on a creative agency acquisition by a leading management consulting firm in the form of a case study, there are still quite some questions that remain unanswered. Therefore, our study might serve as a first insight into the empirical phenomenon but should still be augmented by future research to develop an even further understanding.

6.3. Future Research

The empirical phenomenon of creative agency acquisitions by leading management consulting firms is continuing to increase in the near future. Therefore, it is strongly recommended to first repeat this study in a similar context and approach in order to be able to compare results against one another to be able to generalize findings. Also, a greater focus on solely the management consulting firm's motives could produce interesting findings that account for more evidence on *why* the acquisition is proposed in the first place. More information on the motives would help us to establish a greater degree of accuracy on this matter. Then, it would be of interest to research whether other strategies that allow access to specialized capabilities, such as a strategic alliance or a joint venture, might avoid challenges in communication, organizational structure and organizational culture. Other than that, our study mainly presents challenges that could potentially arise and therefore conducting a research on the beneficial outcomes of the merger would offer new insights to the phenomenon. Finally, a natural progression of this work would be to analyze cross-border M&As in the context of this study to determine whether there are differences in the initial motives and consequential challenges.

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