

## Identity

### **Statoil + Hydro = Us!**

**“There have been few conflicts relating to the old identity after the merger,” says researcher Helene Loe Colman.**

“Despite the fact that our findings show stereotypical perceptions of the new organisation, and of what characterised ex-Hydro and ex-Statoil, this has not brought any feelings of ‘us’ and ‘them’ in to the integration process,” says Colman, FAFO.

Contradicting previous research on mergers, this study indicates there are few signs of internal conflict relating to business identity. The newly merged company seems to represent something that most of the employees can identify themselves with.

The degree of unrest within the organisation has been linked to other factors than belonging to the old organisation.

“In an organisation, there are many groups that people identify with. In Statoil, these groups can be related to disciplines, geography or trade unions. The tensions we experienced in the meetings with the interviewees were only, to a small extent, related to the ex-Hydro, ex-Statoil position, but were predominantly between the different locations in Norway or between management and employees. It is important to be prepared for this type of tension prior to a merger,” says Colman.

#### **Equal Partners**

There are several factors that may explain these findings. During the planning of the integration process, considerable emphasis was placed on avoiding conflicts on the basis of previous affiliation to an organisation.

This was done by focussing on equality and balance in the decisions that were taken during the construction of the new organisation.

“Another explanation is that both are attractive companies with a high status. Even though there were clear perceptions that the companies had different characteristics, there was no systematic conception that one organisation was better than the other. This meant that individuals did not experience a loss of status during the integration process, and therefore it was not seen as threatening to belong to a new organisation,” says Colman.

Despite the stereotypical perceptions of the characteristics of the two former organisations, both are Norwegian companies with more similarities than differences. This made it easier for the parties to accept a common, inclusive identity in the new organisation.

“In the onshore organisation where I carried out my interviews, I experienced that employees from both companies claimed that the ‘new’ company had become ‘Statoil-like’. At the same time, this seemed to have been accepted by both parties,” says Colman.

#### **Evolution of a global identity**

The findings show that even though the company has global ambitions and a distinct global identity, its identity is deeply rooted in being ‘Norwegian’.

“The most common response to ‘what is Statoil?’ is ‘we are a Norwegian company’. In this way, the perception of ‘Norwegian’ is a sort of a common denominator that connects the employees in Norway and abroad together,” says Colman.

The employees in Norway, together with firm Norwegian ownership interests, will help shape individuals' perception of the company. Employees outside of Norway perceive and characterise this Norwegian identity as what separates Statoil from its competitors.

"The identity of an organisation develops in relation to its environment and is rooted in the cultural context of the organisation. The perception of Statoil is dependent on the perceptions of its participants, partners, suppliers and competitors. This varies from country to country. It is important to bear this in mind with regard to the future growth of the company, which is expected to be on an international level," says Colman.

### **Different identity processes in Canada**

Merete Heggelund, the head of GBS in Canada, says that the differences and contrasts between Hydro and Statoil have not been the subject of discussion in her side of the organisation.

"The takeover of the oil company NAOSC in 2007, and the integration of employees from this organisation, was a far bigger issue for Statoil Canada than the integration process between Hydro and Statoil. Moreover, we now have an organisation where more than eighty per cent of the local employees in Canada have joined the organisation after the merger in Norway."

In the induction course for new employees, a unit has been added about the differences between Canadian and Norwegian business culture.

"We focus on the differences between the business cultures, not to highlight these differences, but to develop and understanding and improve relations. Communication is the most important tool when different cultures try to establish a common platform. The exercising of value based leadership and the ability to listen is fundamental to success," says Heggelund.

"By consciously working on our values in our daily work, we give them context. Basically, they are words that can be interpreted in very different ways. For a Canadian, the word 'open' most naturally means that they can give their opinion in any context. For a Norwegian, from a more consensus driven culture, the word will mean 'to share information' rather than having a personal agenda."

There are pitfalls that are important to steer clear of in a multicultural organisation.

"We must, amongst other things, ensure that our Norwegian line managers in Canada are aware of matters that may be sensitive to our Canadian colleagues, for example, questions about ethnic origin, marital status or age."