

THE IMPACT OF MERGERS AND ACQUISITIONS ON CORPORATE CULTURE AND EMPLOYEES: THE CASE OF AEGEAN & OLYMPIC AIR

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ABSTRACT

The purpose of this study is to investigate the effect of mergers and acquisitions on employees' culture, particularly by studying the recent merger between Aegean Airlines and Olympic Air. Therefore, this research examined to what extent employees' perceptions on the organizational culture change and whether it changes as a result of employees' motivation, acceptance and knowledge to make the M&A successful. This research gathered data from the employees of these two companies. A questionnaire was distributed and qualitative analysis was conducted in order to examine the above. The sample of the study is consisted of 112 respondents. The collection of necessary data for the implementation of the research objectives was done by using a structured questionnaire with 21 items, which was sent via e-mail to all employees of the two companies. Also, factor and reliability analysis were carried out and other statistical methods used in order to test the hypothesis generated from the literature review. The results showed that the main cause of a merger by employees' opinion is to enhance shareholder value, then the need for dominance and finally the need to achieve synergies. Furthermore, employees consider that merger was necessary, but in moderate degree. Finally, an important finding is that there is no significant resistance to change both for employees in Aegean and Olympic Air Company. However, there is considerable variation in the existing culture that employees appear in Aegean and Olympic Air Company. Finally, a smoother integration of employees is observed into the new corporate culture. Similar research for the merger of Aegean-Olympic Air Company hasn't been studied again, especially from the aspect of corporate culture and its effect on employees. The results generally showed that are prototype and more focus should be given to the gap of the existing culture.

Keywords: Mergers, Acquisitions, Corporate Culture, Resistance to Change, Aegean, Olympic Air.

INTRODUCTION

Nowadays, business environment is becoming increasingly competitive, which is a negative factor that affects business survival (Tsimideli et al., 2016 & 2017). Businesses should find new ways for creating a sustainable competitive advantage in order to be able to survive and develop (Skordoulis et al., 2017). For the last forty years, there has been a growing body of research on the antecedents for predicting the performance of M&A, but the key factors that can guarantee the success or failure of a merger remain unknown. Mergers and acquisitions have

been a famous strategy for companies in order to achieve a corporate growth and diversification, especially by creating synergies (Antoniadis et al., 2014; Martynova & Rennenborg, 2006; Stahl, 2003; Stahl & Voigt, 2003) and have a very important role for all over the world (Selcuk-Akben, 2015). Mergers and acquisitions became an important issue and many researchers have focused on predicting the performance of companies after an M&A. Many firms have no alternative but to merge, acquire or be acquired (Bruner, 2011). Until now, businesses have two choices: grow or die. Mergers and acquisitions in recent times are very different. Today, merger or acquisition is quite strategic and operational in nature (Galpin et al., 2010). Koumanakos et al. (2005) noted that the basic reason for companies making this decision is the prospects of growth because the merged companies can offer more benefits for the shareholders compared to individual companies. The purpose of this research is to evaluate employees' reactions and the impact of the new corporate culture within the M&A integration process. It is also necessary for the new company to adopt a new culture, where all employees will learn, follow and respect. To sum up, there are several factors that may affect the failure of an M&A. This study is focused on the impact of M&A on corporate culture after a merger or acquisition with the following main question: Which is the most important factor that will cause a merger both for Aegean and Olympic Air employees? In this research, the degree of employees' resistance to change in Aegean and Olympic Air will be examined, as well as the difference between these two different corporate cultures and the possibility of the two cultures that merged smoothly at the pace of these companies.

LITERATURE REVIEW

Mergers and Acquisitions

A merger is defined as a strategy that combining two companies and occurs when two businesses join or merge to one single company with a new name. As Coffey et al. (2002) perceptively state, M&A represent a "marriage". Machiraju (2007) has stated that merge take place when two companies differ significantly in size. "Acquisition refers to a situation where one company acquires another and the latter ceases to exist" (Machiraju, 2007). To sum up, a merger "creates" a new company with a new name from two organizations who join forces. An acquisition happens when one business buys another company which is smaller and might be absorbed within the parent organization or run as a subsidiary (Taneja & Saxena, 2014).

The Causes of Mergers and Acquisitions

Many studies highlight some of the basic reasons why companies use mergers and acquisitions. Mergers and acquisitions are also used for risk spreading or for saving a business (Chalikias et al., 2016). Many mergers and acquisitions carry out when management of any business recognizes the need of a new corporate identity (Sherman et al., 2006). Many mergers and acquisitions carry out for market dominance and reaching economies of scale (Schuler et al., 2001). Acquisitions are undertaken to achieve vertical and horizontal operational synergies (Sherman, 2010). There are several primary rationales that determine the nature of a proposed merger or acquisition. These rationales are (Roberts et al., 2010): Strategic, Speculative, Management failure, financial necessity and Political rationale.

Corporate Culture and Resistance to Change Model

One of the biggest challenges that faced by managers in post-M&A is the examination of factors that affect organizational identification in the new company from the aspects of organizational factors of justice and culture (Ismail & Baki, 2017). Several authors have attempted to define corporate culture. Kreps (1990) defined corporate culture as “a coordination mechanism in situations with multiple equilibrium and it is also a way to deal with unforeseen contingencies” (Bouwman, 2013). Cremer (1993) argued that corporate culture is “the portion of specific human capital that is shared by many employees of the firm”. Lazear (1995) states that corporate culture is shared beliefs or preferences that arise from an evolutionary process. The key benefit of culture is that it acts as a substitute for explicit communication by providing a common language, a shared knowledge of relevant facts a shared knowledge of key behavioral rules (Thakor, 2016). Hermalin (2001) uses an industrial organization (IO) for corporate culture, which he assumes to be a technology that affects costs. Cameron & Quinn (1999) indicated that even a highly successful company has a distinctive, easily recognizable corporate culture. A variety of surveys have shown over the years that corporate culture matters for M&A performance. It is also important to be referred that cultural differences in the M&A decision-making process is neglected (Weber & Tarba, 2012). A report by Aon Hewitt (2011) presents the results of a survey of 123 firms worldwide from a variety of industries. More specifically, 50% of the respondents answered that M&A in their companies failed to satisfy their expectations. The top three reasons that led to unsuccessful cultural integration were: a lack of top management agreement on the desired culture (48%), culture risks not recognized during the due diligence phase (48%) and a lack of top management support (44%). Fiordelisi & Martelli (2011) examine how corporate culture affects M&A success in banking. One of the biggest findings of their research is that cultural homogeneity (the acquirer and target have similar cultures) is not significantly related to merger success. Rather, certain types of cultural heterogeneity between the acquirer and target help predict success. These results showed that while cultural alignment reduces conflicts after the merger, it doesn't imply synergies. On the contrary, some cultural differences can imply the existence of such potential synergies. According to Mielly et al. (2016), Deloitte point out that cultural impact is responsible at 30% for M&A mismatches, Bain states that this factor is the most effective factor for M&A failures and the Hay group believes that the combination of corporate cultures and structures affects the 90% of M&A's failure to achieve their goals.

Issues and Challenges of Mergers & Acquisitions

Merge is most of the time a management decision. Weber (2015) maintains that the most important factor of failure in mergers and acquisitions is that there is no provision for the human factor during this process. Sometimes employees have to accept it and have little participation. If an M&A takes place, this fact means that two different companies or organizations have to cooperate and employees have to work together. An M&A brings on many changes will uncertainty (Davy et al., 1988). According to Scott & Jaffe (1988), the biggest challenge comes after the merger or change of workplace. A change is a fact and its acceptance requires much more energy and effort than many managers probably think. Bhansing (2010) states that managers often focused on the technical aspects of a change, while they don't give importance on the human side of the change like guiding and supporting the employees during a process

(Demers et al., 1996). Human resource issues can reduce mistakes that are made during an M&A process (Schuler & Jackson, 2001).

HYPOTHESIS DEVELOPMENT

The following hypothesis of this research is described below:

- H₁:* *The most important factors which will cause a merger both for Aegean and Olympic Air employees is to achieve vertical and horizontal synergies, the spread of risk and the need for market dominance and economies of scale.*
- H₂:* *The recent merger of Aegean-Olympic Air is necessary from the aspect of employees both for these two companies.*
- H₃:* *The recent merger is geared towards business survival of Aegean-Olympic Air and is positively related to employees' perception.*
- H₄:* *There isn't a significant degree of employees' resistance to change in Aegean and Olympic Air.*
- H₅:* *There isn't a significant difference of employees' resistance to change in Aegean and Olympic Air companies.*
- H₆:* *There are significant differences in corporate culture of Aegean and Olympic Air companies.*
- H₇:* *There is a smooth integration into the new corporate culture both for employees in Aegean and Olympic Air.*

RESEARCH METHODOLOGY

The aim of this research is to examine the previous theory on specific data. The purpose of this research was to investigate the impact of merger in corporate culture on employees and especially those who came from the merger of Aegean and Olympic Air. The present study benefits from the grounded theory approach which allows further investigation into the research area. A total of hypothesis is going to be examined through the data analysis. This study aims to test the hypothesis, as well as to explore this case and be able to explain them through the data that were eventually gathered. Data collection was done through primary sources. Primary data for this study were collected using questionnaire survey. Based on previous surveys, a questionnaire was designed into four sections. Section A was on the reasons behind mergers. Section B was on perception about mergers. Section C was on corporate culture and resistance to change. Specifically for corporate culture, Naicker (2008) questionnaire was used in order to examine the gap between the existing and preferred culture, while Oreg (2003) questionnaire was used to test the degree of resistance to change. Section D consisted of questionnaire items that contain the demographic profile of the employees both for the two companies before merger. Pilot testing was required so that the survey could be modified slightly in content and in structure and to test the validity of the questionnaire. Questions were close-ended and a five point Likert Scale was used for the three sections of the questionnaire. In the present study, random sampling was initially considered important to be applied.

Questionnaires were distributed to 200 employees via e-mail. A total of 112 responses were received with a response rate of 56%, which represents the final survey sample. The study involved hypothesis testing to examine the strength of relationship between the variables being

investigated. Factor and reliability analysis were and presented in Table 2. The data obtained from the questionnaire were analyzed using Statistical Package for Social Sciences (SPSS).

DATA ANALYSIS AND RESULTS

Demographic Characteristics of the Employees

Table 1 shows the demographic representation of the respondents before merger. Of the study population, 54% of the respondents are working in Aegean company and 46% in Olympic Air Company. In terms of the demographic profile of the respondents, 54% of the respondents were female and 46% were male. Approximately, 38% of the respondents were aged below 35 years and 62% were aged above 35 years. Also, 53% of the respondents had been employed in the company for periods less than fifteen years, while 47% had been employed in the company for periods more than fifteen years. In terms of the qualifications held, 47% of the respondents were holders of a first degree and approximately 11% of the respondents were holders of a postgraduate degree.

Table 1
DEMOGRAPHIC PROFILE OF RESPONDENTS

General Characteristics		Percentage (%)
Gender	Male	46%
	Female	54%
Age Group	18-25	12%
	26-35	26%
	36-45	24%
	46-55	20%
	>55	19%
Length of work experience in the present workplace	0-5	14%
	6-10	20%
	11-15	19%
	16-20	15%
	21-25	16%
	>25	16%
Annual family income	0-7000€	11%
	7001-14000€	7%
	14001-21000€	21%
	21001-28000€	7%
	28001-42000€	13%
	42001-56000€	17%
	56001-70000€	14%
	>70000€	10%
Education	High School	42%
	Undergraduate	47%
	Postgraduate/ Doctoral	11%

Factor and Reliability Analysis

Table 2 summarizes all the questions from each section separately and contains the loadings of each variable into each factor. Furthermore, Kaiser-Meyer-Olkin (KMO) test and the

Bartlett sphericity test were performed for each part of the questionnaire separately, as these two statistical procedures allow determining the quality of the correlations between variables (Chalikias, 2012; Ntanou et al., 2014; Papageorgiou et al., 2015). Factors of all parts of the questionnaire were presented in the following Table 2:

Statements	Component				Factors
	1	2	3	4	
To what extent do you think that entering new markets was the factor that caused the recent merger?	0.810	-0.028	-0.196		
To what extent do you think that value enhancement for shareholders was the factor that caused the recent merger?	-0.456	0.605	0.279		
To what extent do you think that change in Corporate Identity (CI) was the factor that caused the recent merger?	0.172	0.381	0.552		
To what extent do you think that the spread of risk was the factor that caused the recent merger?	0.270	0.581	-0.374		
To what extent do you think that vertical and horizontal synergies were the factors that caused the recent merger?	-0.542	-0.137	-0.542		
To what extent do you think that the need for market dominance and Economies Of Scale (ES) were the factors that caused the recent merger?	0.604	-0.543	0.445		
The recent merger has been a useful tool against a constantly changing strategic environment.	-0.341	0.380	0.544	0.348	
The recent merger was the only way for these two companies.	0.165	0.384	-0.626	0.012	
After the recent merger, it was possible to gain a significantly larger market share.	0.096	0.393	0.119	-0.657	
After the recent merger, high economic profits were achieved.	0.508	0.343	0.307	0.154	
After the recent merger, shareholders' returns were achieved.	0.223	-0.441	0.434	0.238	
The recent merger has led companies to exploit their competitive advantages.	0.736	-0.140	0.001	0.027	
The recent merger was mainly an action plan for these two companies to achieve strategic goals.	-0.691	0.097	-0.198	0.284	
The recent merger was carried out because it was a potentially profitable investment.	0.228	-0.186	-0.257	0.190	
The recent merger was inevitable due to the failure of the administration.	0.303	0.359	-0.228	0.613	
The recent merger is the result of the unfavorable economic conditions in	0.081	0.698	0.181	-0.049	

1st Factor: Market Expansion,
2nd Factor: Economic Benefits,
3rd Factor: Change in Corporate Identity,
KMO=0.761,
Bartlett's Test of Sphericity=0.665,
Cronbach's Alpha=0.799.

1st Factor: Economic Reasons,
2nd Factor: External Business Environment,
3rd Factor: Reasons of External Business Environment,
4th Factor: Administrative reasons that caused merger,
KMO=0.753,
Bartlett's Test of Sphericity=0.182,
Cronbach's Alpha=0.861.

Greece.					
Employees of the organization are expected to give first priority to:	0.543	0.107	0.487		
The organization treats individuals:	0.334	0.488	-0.300		
Decision-making processes are characterized by:	0.316	-0.579	-0.152		
Work motivation is primarily the result of:	-0.059	0.702	0.333		
Employees are expected to be:	-0.592	0.080	-0.359		
Relationships between work groups or departments are generally:	0.714	-0.065	-0.116		
Assignments of tasks or jobs to individuals are based on:	-0.324	-0.297	0.697		
I generally consider changes to be a negative thing.	0.752	0.123	0.308	0.574	
I'll take a routine day over a day full of unexpected events any time.	0.803	0.044	0.319	-0.176	
I like to do the same old things rather than try new and different ones.	0.507	0.130	0.052	0.289	
Whenever my life forms a stable routine, I look for ways to change it.	0.684	0.086	-0.050	-0.219	
I'd rather be bored than surprised.	0.730	-0.622	0.429	0.145	
If I were to be informed that there's going to be a significant change regarding the way things are done at work, I would probably feel stressed.	-0.184	0.668	-0.668	0.325	
When I am informed of a change of plans, I tense up a bit.	0.589	0.730	-0.209	-0.003	
When things don't go according to plans, it stresses me out.	0.244	0.512	0.257	0.047	
If the boss changed the criteria for evaluating employees, it would probably make me feel uncomfortable even if I thought I'd do just as well without having to do any extra work.	0.233	0.796	0.153	0.076	
Changing plans seems like a real hassle to me.	-0.079	0.402	0.530	0.052	
Often, I feel a bit uncomfortable even about changes that may potentially improve my life.	-0.368	0.272	0.386	0.246	
When someone pressures me to change something, I tend to resist it even if the change will eventually benefit me.	0.288	0.407	0.498	0.224	
Sometimes I find myself avoiding changes that I know will be good for me.	0.028	0.035	0.434	-0.473	
I often change my mind.	0.602	-0.140	0.066	0.601	
I don't change my mind easily.	-0.332	0.646	0.121	0.787	
Once I've come to a conclusion, I don't often change my mind.	0.454	0.445	0.068	0.503	
My views are very consistent.	-0.357	0.038	-0.339	0.653	

1st Factor: Obligations of employees,
 2nd Factor: Confronting Employees,
 3rd Factor: Job assignment,
 KMO=0.644,
 Bartlett's Test of Sphericity=0.346,
 Cronbach's Alpha=0.851.

1st Factor: Economic Reasons,
 2nd Factor: External Business Environment,
 3rd Factor: Reasons of External Business Environment,
 4th Factor: Administrative reasons that caused merger,
 KMO=0.801,
 Bartlett's Test of Sphericity=0.113,
 Cronbach's Alpha=0.871.

Hypothesis Analysis

Test of H₁: Factors that caused a Merger Both for Aegean and Olympic Air Employees

The first research hypothesis H₁ of this research is that: "The most important factors which will cause a merger both for Aegean and Olympic Air employees is to achieve vertical and horizontal synergies, the spread of risk and the need for market dominance and economies of scale" and Table 3 presents the descriptive statistics for the first section of the questionnaire:

Table 3 REASONS BEHIND MERGERS							
		Descriptive statistics					
Company		Q1	Q2	Q3	Q4	Q5	Q6
Aegean	Mean	2.8197	3.0492	3.0328	3.0328	2.8361	3.0164
	N	61	61	61	61	61	61
	Std. Deviation	1.43188	1.51026	1.41383	1.40199	1.41634	1.44328
Olympic Air	Mean	2.9804	3.1176	2.8039	2.4118	3.0000	3.0980
	N	51	51	51	51	51	51
	Std. Deviation	1.42113	1.46488	1.51023	1.38819	1.37113	1.44575
Total	Mean	2.8929	3.0804	2.9286	2.7500	2.9107	3.0536
	N	112	112	112	112	112	112
	Std. Deviation	1.42283	1.48347	1.45636	1.42374	1.39209	1.43846

The results revealed that the mean value for the above reasons ranged from 2.07 to 3.08. However, Q2 has the greatest mean value (M=3.08), then Q6 (M=3.05) and Q5 (M=2.91). On the one hand, employees of Olympic Air Company believe that the most important reason behind a merger is the value enhancement for shareholders (3.05). Another factor is the change in Corporate Identity (CI) (3.03) and finally the spread of risk (3.03). On the other hand, employees of Aegean company believe that the most important reason behind a merger is the value enhancement for shareholders (3.12). Another factor is the need for market dominance (3.09) and to achieve synergies (3). Hypothesis H₁ was partially confirmed because the need for dominance and synergies are considered to be the main factors of a merger, while the spread of risk doesn't confirmed and is considered a key reason for employees of Aegean company.

Test of H₂: The Recent Merger of Aegean-Olympic Air is Necessary from the Aspect of Employees Both for these Two Companies

The hypothesis H₂ of this study is that: "The recent merger of Aegean-Olympic Air is necessary from the aspect of employees both for these two companies". Also, the results and descriptive statistics for the question "The recent merger was the only way for these two companies" are presented in Table 4.

**Table 4
THE IMPORTANCE OF MERGER**

Descriptive Statistics			
The recent merger was the only way for these two companies			
Company	Mean	N	Std. Deviation
Aegean	2.9180	61	1.33286
Olympic Air	3.0000	51	1.42829
Total	2.9554	112	1.37145

The results showed that the recent merger isn't considered to be so crucial ($M=2.96$). However, this merger is considered more important for employees in Olympic Air ($M=3.00$) and less important for Aegean company ($M=2.92$). In conclusion, the second hypothesis H_2 is rejected because the recent merger isn't considered extremely necessary.

Test of H_3 : The Recent Merger is geared towards Business Survival of Aegean-Olympic Air and is Positively Related to Employees' Perception

The hypothesis H_3 of this research is that: "The recent merger is geared towards business survival of Aegean-Olympic Air and is positively related to employees' perception" and the results for the second section of the questionnaire is presented in Table 5

**Table 5
EMPLOYEE'S PERCEPTIONS OF THE MERGER**

Descriptive Statistics			
To what extent do you agree or disagree with each of the following phrases			
Company	Mean	N	Std. Deviation
Aegean	3.0246	61	0.48808
Olympic Air	3.1196	51	0.43175
Total	3.0679	112	0.46367

From the above Table 5, it is concluded that employees don't positively or negatively perceive the recent merger. More specifically, their perceptions can't be characterized as negative, but moderately positive ($M=3.02$, 3.12 and 3.07 respectively). Thus, the third research hypothesis can't be rejected, but it isn't fully confirmed.

Test of H_4 : There Isn't a Significant Degree of Employees' Resistance to Change in Aegean and Olympic Air

The hypothesis H_4 of this research is that: "There isn't a significant degree of employees' resistance to change in Aegean and Olympic Air". Descriptive statistics are presented in the following Table 6:

**Table 6
RESISTANCE SCALE TO CHANGE**

Descriptive Statistics			
Company	Mean	N	Std. Deviation
Aegean	3.5738	61	0.38910
Olympic Air	3.3437	51	0.34748
Total	3.4690	112	0.38662

Table 6 highlights that there isn't a significant degree of resistance to change both for employees in Aegean (3.57), in Olympic Air (3.34) and Total (3.47). However, it is worth noting that employees in Aegean present more resistance to change. It is concluded that the fourth research hypothesis therefore confirmed.

Test of H₅: There Isn't a Significant Difference of Employees' Resistance to Change in Aegean and Olympic Air Companies

**Table 7
PREVAILING STYLE OF RESISTANCE TO CHANGE**

Descriptive Statistics					
Company		Routine Seeking	Emotional Reaction	Short-term Focus	Cognitive Rigidity
Aegean	Mean	3.5770	3.5164	3.5287	3.6721
	N	61	61	61	61
	Std. Deviation	0.81494	0.76222	0.84914	0.87386
Olympic Air	Mean	3.2392	3.4951	3.1667	3.5000
	N	51	51	51	51
	Std. Deviation	0.60797	0.85219	0.76267	0.81548
Total	Mean	3.4232	3.5067	3.3638	3.5938
	N	112	112	112	112
	Std. Deviation	0.74435	0.80080	0.82738	0.84837

The results from Table 7 revealed that resistance to change is mostly related to respondent's cognitive rigidity. More specifically, employees are afraid to change because they don't know what is going to happen (3.59). This is especially the prevailing style in Aegean's (3.67) and Olympic's Air (3.5) employees. Hypothesis H₅ states that: "There isn't a significant difference of employees' resistance to change in Aegean and Olympic Air companies". Also, Mann-Whitney test was performed for equality of means of resistance to change. Table 8 presents data on the calculated z-values and the approximately calculated statistical significance of differences between the crossed variables. In this example, the z-value was -3.164. The research results showed that there is a statistically significant difference of employees' resistance to change in Aegean and Olympic Air companies ($p=0.002$). Thus, the fifth research hypothesis is rejected.

Test of H₆: There are Significant Differences in Corporate Culture of Aegean and Olympic Air Companies

Hypothesis H₆ states that: "There are significant differences in corporate culture of Aegean and Olympic Air companies". Furthermore, Mann-Whitney test was performed for equality of means. The results in Table 8 above show a statistically significant difference of corporate culture between the two groups ($p=0.001$). Thus, the 6th hypothesis is confirmed.

Test of H₇: There is a Smooth Integration into the New Corporate Culture Both for Employees in Aegean and Olympic Air

Hypothesis H₇ states that: "There is a smooth integration into the new corporate culture both for employees in Aegean and Olympic Air". According with culture gap, between the existing and preferred culture, Mann-Whitney test was performed for equality of means. A Wilcoxon signed rank test showed that there was a statistically significant difference ($Z=-1.755$, $p=0.079<0.001$) between scores given for the culture gap between employees in Aegean and Olympic Air. On average, employees have the same differences about the preferred and the existing culture. Thus, the 7th research hypothesis is confirmed.

Table 8 DIFFERENTIATION OF EXISTING CORPORATE CULTURE, CRS AND CULTURE GAP			
	Change Resistance Scale (CRS)	Existing Corporate Culture	Culture Gap
Mann-Whitney U	1015.000	1079.000	1255.500
Wilcoxon W	2341.000	3270.000	2581.500
Z	-3.164	1034	-1.755
Asymp. Sig. (2-tailed)	0.002	0.001	0.079
a. Grouping Variable: Company			

CONCLUSIONS

The aim of this study was to clarify the impact of mergers and acquisitions on organizational culture of employees. By including both quantitative and qualitative data, the case study of Aegean and Olympic Air company helps to explain both the process of M&A. Testing of hypothesis has demonstrated that the main cause on the recent merger, which is based to employees' opinion, is to enhance shareholder value, then the need for dominance and finally the need to achieve synergies. According with many publications, the main reason for merger was the need to achieve synergies and for market dominance through economies of scale. However, employees in Aegean believe that the primary reason for merger was to increase shareholder value, a fact which applies in the case of employees on Olympic Air Company. The second most important reason for the employees in Aegean Company is the change of corporate identity and the spread of risks. These reasons are consistent with merger reports, but the information which is provided by employees is also important. Furthermore, additional reasons were referred in order to explain this merger. The results of this study note that employees consider that merger was necessary, but in moderate degree. This conclusion implies with the overall perception about the benefits of the merger, which was considered by employees' perceptions in a moderate level. Finally, an important finding is the fact that there is no significant resistance to change both for

employees in Aegean and Olympic Air Company. This result will allow a smoother integration into the new corporate culture, a fact which is also confirmed by the quality gap which isn't statistically significant for the two categories of employees. However, there is considerable variation in the existing culture that employees appear in Aegean and Olympic Air Company. To overcome the previous problems, a long-term business planning should be applied or through a process of integrating company cultures after M&A. Kansal & Chandani (2014) stated that a company must understand the importance of managing changes after a merger and acquisition in order to have a smooth change management. Best practices in policies and procedures both from Aegean and Olympic Air Company should be adopted. After a merger, employees don't know what to expect. Also, it is crucial for the new company to recruit professionals who have extensive knowledge, experience and take care of factors such as employee morale. Furthermore, employees' participation is very important and through corporate communication the two cultures of these companies will understand how they should work together. Companies have to estimate value creation and must apply the orderly knowledge integration work after the M&A process (Ang et al., 2017). Future work should concentrate to examine the effect of the new culture to the financial assets of the company. This analysis will extract conclusions both from the aspect of employees and the new company. Summarizing the conclusions above, the final company will have to form a new culture, which all employees will learn, follow and respect and will incorporate data both from these two companies.

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