



**NTNU – Trondheim**  
Norwegian University of  
Science and Technology

# Communication and Experienced Change in Relation to Employees' Post-Merger Perceptions

A Case Study of the EDB ErgoGroup Merger

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Submission date: June 2012

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## 3. Masteroppgave

Oppstartsdato <b>16. jan 2012</b>	Innleveringsfrist <b>11. jun 2012</b>
Oppgavens (foreløpige) tittel <b>Communication and Experienced Change in Relation to Employees' Post-Merger Perceptions A Case Study of the EDB ErgoGroup Merger</b>	
Oppgavetekst/Problembeskrivelse The purpose of this thesis is to investigate how communication and the change experienced by units within the merged entity affect the employees' post-merger perceptions. The merger between EDB Business Partner and ErgoGroup will be used as the source of empirical data.  The thesis will: A) Present and explain relevant theories on internal communication and organizational change in an M&A context B) Describe the case and the collection of empirical data C) Analyze data and present the results D) Provide conclusions and implications for the case and further research	
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Oppgavens (foreløpige) tittel <b>Communication and Experienced Change in Relation to Employees' Post-Merger Perceptions A Case Study of the EDB ErgoGroup Merger</b>
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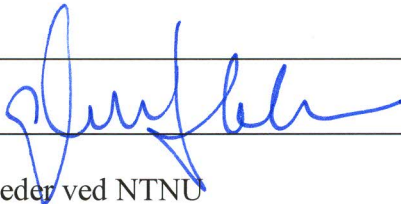
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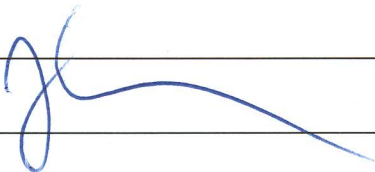


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## ABSTRACT

While mergers and acquisitions continue to be a popular path for companies in the 21<sup>st</sup> century, research suggests that they frequently fail to deliver the expected value, and that this often is due to complex human-related issues in the integration process. This thesis aims at understanding the challenges faced by merging companies, with a focus on the factors contributing to employees' satisfaction with work-life post-merger. This has been investigated both theoretically and empirically through the topics of *change content*, employees' *approach to change*, and *communication*.

The methodology applied in this research was an embedded case study, with the Norwegian IT company EVRY as the main case. Within EVRY, three subcases representing three different business units were investigated. The collected evidence included documentation, results from employee satisfaction surveys, and interviews with high-ranking executives, middle managers and employees.

The topics of the framework that was developed, and the interrelations between them, were found to significantly affect how employees perceived their work-life, with factors both increasing and decreasing satisfaction. The analysis of empirical findings materialized in a discussion where several important implications were brought forth. First, it was shown how merging companies must ensure that communication is adapted to the *change content* faced by each unit, and second, that the focus of top management can be detrimental to how they are assessed by employees. Third, it became evident that communication will play a vital role in creating perceptions of *equality* between the merging companies, and fourth, that the changes employees are subjected to will influence how they want to be involved in the merger integration process. During the empirical investigation, a fifth topic that was not part of the framework arose as particularly important to employees. This concerned how the *change process* was facilitated, and demonstrated how merging companies must be aware of the sequence in which changes are implemented, the speed of the change process, and that all changes must be followed by adaptations of the organization.



## SAMMENDRAG

Selv om fusjoner og oppkjøp er en populær strategi for bedrifter i det 21. århundre viser forskning at de ikke klarer å levere de forventede synergimålene, og at dette ofte skyldes komplekse menneske-relaterte problemer i integrasjonsprosessen. Denne oppgaven tar sikte på å forstå de utfordringene fusjonerende selskaper står overfor, med fokus på de faktorene som bidrar til de ansattes tilfredshet med arbeidshverdagen i etterkant av fusjonen. Dette har blitt undersøkt både teoretisk og empirisk gjennom temaene *endringsinnhold*, *ansattes tilnærming til endring*, og *kommunikasjon*.

Metodikken anvendt i dette forskningsprosjektet var en integrert case, med utgangspunkt i det norske IT-selskapet EVRY. Innenfor EVRY ble tre sub-caser fra tre ulike forretningsenheter undersøkt. Det innsamlede datamaterialet inkluderte dokumentasjon, resultater fra medarbeiderundersøkelser og intervjuer med høytstående ledere, mellomledere og ansatte.

Ut fra temaene i rammeverket som ble utviklet, og sammenhengene mellom dem, ble det identifisert faktorer som både øker og minker ansattes grad av tilfredshet med arbeidshverdagen. Analysen av empiriske funn resulterte i en diskusjon der flere viktige implikasjoner ble frembragt. Først ble det vist hvordan de fusjonerende selskapene må sørge for at kommunikasjonen er tilpasset hver enkelt enhets *endringsinnhold*, og deretter at toppledelsens fokus kan være avgjørende for hvordan de blir vurdert av ansatte. Det ble også klart at kommunikasjon vil spille en viktig rolle i å sørge for oppfatninger av likhet mellom de fusjonerende selskapene, og at endringene de ansatte utsettes for vil påvirke hvordan de ønsker å bli involvert. Under den empiriske undersøkelsen oppsto også et femte tema, som ikke var en del av rammeverket, men som var spesielt viktig for de ansatte. Dette emnet gjaldt hvordan selve *endringsprosessen* ble håndtert, og viste hvordan de fusjonerende selskapene må være klar over hvilken rekkefølge endringer gjennomføres i, hastigheten på endringsprosessen, og at alle endringer må etterfølges av tilpasninger i organisasjonen.

## PREFACE

This master thesis was undertaken in the spring of 2012 at the Department of Industrial Economics and Technology Management, NTNU, and is a continuation of the project assignment from the fall of 2011, which was a review of literature on mergers and acquisitions. The thesis aims at understanding the complex phenomenon of the merger integration process, and the merger between EDB Business Partner and ErgoGroup into EVRY has been investigated through a case study in order to achieve this insight. The merger was announced in June, 2010, and was still ongoing at the time of the research.

The authors of this thesis would first and foremost like to thank our supervisors Elsebeth Holmen and Monica Rolfsen at Department of Industrial Economics and Technology Management. Their assistance has been of great value to the structure of this thesis and the research methods that have been applied. Further, our external supervisors, Stian Gårdsvoll and Olav Lindebrekke from PwC, have contributed with experience and a practical perspective on mergers and organizational change. From EVRY, we are greatly in depth to Jakob van der Hagen, Morten Søgård, Tone Øvregård, Yngvar Sjoner, Per Otto Lunde, Hege Larsen, Tove Kaiku, Kristin Orskaug, Bjørn Askildsen, Cecilie Wang, Elina Norebø, and Terje Kabbe. Of course, also the anonymous interview objects from the case company have been of utmost importance. In addition to these, Helen Holthe from Brandlab and Knut Olav Rød from BCG deserve our gratitude, having provided insight into the integration process in EVRY. Lastly, May Kristin Haugen from Gambit Hill+Knowlton and Anne-Berit Bratlie from Posten have been helpful in the process.



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Endre Oppen



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Ulrik Aass

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# CHAPTER 1: INTRODUCTION

## 1.1 AIM OF THE STUDY

This thesis is a continuation of the project assignment undertaken during the fall of 2011, which was a literature review of M&A integration. The present study maintains the overall focus on M&As, but looks closer at one specific merger, being the combination of EDB Business Partner and ErgoGroup into EVRY.

The motivation for investigating M&As mainly resides in the repeated failures experienced by attempting companies, and the desire to understand why they fail. The success rates of M&As have been the focus of numerous researchers, such as Selden and Colvin (2003, in Whittington & Bates, 2007) who claim that, on a general basis, 70-80 % of M&As fail. Habeck, Kröger, and Träm (2000) are a little more specific when they state that “A global survey of 115 transactions (...), revealed that 58 % of mergers failed to reach the value goals set by top management” (p. 3). Schweiger (2002) effectively summarizes the empirical findings by stating that “simply put, mergers and acquisitions, on average, are not profitable and do not create value for the buying company’s shareholders” (p. ix). However, the question still remains: why do M&As fail?

One of the most prevailing findings in the mentioned literature review was the agreement that M&As seemed to induce feelings of uncertainty, stress and anxiety among employees (see for example Cartwright & Cooper, 1993, 1996; Jemison & Sitkin, 1986; Schweiger, 2002; Schweiger & DeNisi, 1991). Jemison and Sitkin (1986), for instance, state that the mere existence of a merger “is a sure predictor of a myriad of people-related problems” (p. 147). Cartwright and Cooper (1993) support this view, mentioning how “mergers and acquisitions have come to be associated with lowered morale, job dissatisfaction, unproductive behavior, acts of sabotage and petty theft, increased labor turnover and absenteeism rates, and worsening strike and accident rates” (p. 2). It thus seems evident that M&As produce negative reactions and perceptions during and after a merger.

One explanation for the mentioned reactions is that M&As represent change, which will often induce uncertainty (Bordia, Hobman, Jones, Gallois, & Callan, 2004). The *content* of the changes resulting from M&As vary, ranging from a new strategic direction of the combined company, workplace relocation and a new organizational structure, to adjustments of administrative guidelines and new tasks for individuals (Bareil, Savoie, & Meunier, 2007; Bordia et al., 2004). Specific examples of changes that can be a significant source of negative emotions and reactions are layoffs and new incentive systems (Gutknecht & Keys, 1993; Lien & Meyer, 1997; Tuschke, 2003). The *content* of

M&A-related changes should thus be a topic of investigation in order to understand the reactions of employees.

In addition to the *content* of the change itself, how the employees approach these changes, will be of great importance. For instance, employees may actively *resist* the change (Oreg, 2003, 2006), which could greatly inhibit its successful implementation. Another dimension of the employees' *approach to change* is that of *readiness for change* (Armenakis & Harris, 2002; Armenakis, Harris, & Mossholder, 1993), describing the degree to which the employees accept and embrace the change, which, in turn, determines how they will participate in the implementation process. As such, the *approach to change* held by employees will be important in order to understand the merger process.

To manage the change process surrounding the merger, effective internal communication will be essential (see for instance Argenti, 2009; Cornelissen, 2011; Schuler & Jackson, 2001; Schweiger & DeNisi, 1991). This is for instance due to its function of providing information about pending changes, and ensuring a sense of community within the organization (Elving, 2005). While extensive and well-conducted communication cannot completely eliminate negative perceptions and emotions, it may reduce the destructive consequences (Schweiger & DeNisi, 1991). Ensuring effective internal communication could thus be important in order to successfully implement the merger changes.

From the reasoning above, it seems evident that the merging parties must gain an understanding of the *content* of the changes in order to assess which approaches may be held by employees towards the change initiative. In this process, communication will be of great importance. In other words, there could be a close relation between the content of the change, the employees' approaches to it, and the surrounding communication process. How these three factors play out will significantly influence the employees' satisfaction with work-life in the merged entity. This thesis aims at explaining mergers in general, using the EVRY case to understand the complex phenomena in play. Thus, this thesis will address the following research questions:

- Which types of changes, approaches to change, and communication activities are present in mergers?
- How do the *change content*, employees' approaches to change, and communication affect each other in a merger?
- How do *change content*, change approaches and communication affect employees' satisfaction with their work-life post-merger?

The first research question will be examined through both a literature review and empirical investigation, while the latter two will primarily be analyzed in light of empirical data. In order to

address the research questions, a framework consisting of *change content*, *approaches to change*, *communication*, and *employee satisfaction* will be applied. This will be presented in Chapter 5 of this thesis.

## 1.2 LIMITATIONS

The limitations of this thesis arise from both practicalities and theoretical boundaries. Below, two instances of each will be brought forth.

The case merger analyzed in this thesis involves two large companies being combined into a new entity of approximately 10,000 employees. The new company thus operates within many industries and delivers a wide range of services for their customers. Treating the entire company is beyond the scope of this thesis, and some limitations have therefore been made. Of the five business areas of EVRY, two have been excluded from further inquiry. These are the business areas of *Sweden* and *Consulting*. The reason for not including the former arises from practicalities, as frequent meetings with the case company have been necessary. Regarding the latter, the decision of exclusion was made based upon the fragmented situation of the business area, being a result of numerous acquisitions during the past decade (EDB, 2010).

Another limitation that was made in the literature review and empirical investigation was to exclude the time dimension. While it is valuable to discuss the timing and speed of merger changes, practicalities of the case merger inhibited any useful discussion of these topics. This was a result of the duration of the integration period, where questions to organizational members would have had to be asked about the timing of events up to 18 months back in time. It was assumed that these recollections would be incomplete, and thus could not be relied upon.

When analyzing M&As, a wide range of research areas could be utilized in order to understand the complex phenomena playing out. Considering time and resource constraints, some choices thus had to be made, and interesting topics excluded. The perhaps most potentially valuable subject left out of this thesis is *organizational culture*. This is proposed by scholars such as Wood (1999) and Papadakis (2005) as being central to how communication in the change process is perceived, and could thus have contributed to our understanding.

In addition to this, it is a gross simplification to consider work-life satisfaction primarily as a function of the topics mentioned above. Many other explanatory factors could play a major role, but the components of *change content*, *approach to change*, and *communication* are assumed to constitute a significant part of the work-life satisfaction. The authors of this thesis thus believe that the most

valuable topics have been included, and that the limitations made have enabled the necessary focus on the included themes.

### 1.3 STRUCTURE OF THE THESIS

This thesis contains ten chapters, where the next three will provide the theoretical foundation.

Chapter 2 brings forth theory regarding *change content*, Chapter 3 concerns theory on *approaches to change*, while Chapter 4 will give a theoretical presentation of *internal communication*. These three Chapters result in the framework presented in Chapter 5, where the topics are combined and put in relation to each other.

Chapter 6 describes the methodology used in this study, and presents the general research strategy, as well as procedures for collecting and analyzing empirical data. Chapter 7 proceeds with presenting the empirical findings from our inquiries in the case company, leading to the analysis of these in Chapter 8. Chapter 9 constitutes the discussion of important findings, and Chapter 10 ends this thesis by giving conclusions, implications for stakeholders, and suggestions for future research.

## CHAPTER 2: THEORETICAL PERSPECTIVES ON CHANGE CONTENT

Chapter 1 established the changes resulting from a merger as a prime reason for the negative emotions among employees, which, in turn, may explain the frequent failure of M&As (Habeck et al., 2000; Schweiger, 2002; Weber, 1996). This chapter presents a classification separating between different types of *change content*, consisting of *strategic*, *structural* and *job-related changes*, and is based upon the classification of uncertainty types by Bordia et al. (2004). The authors explain how uncertainty is engendered from a feeling of lack of control, and as organizational change processes can be said to represent a reduction in control, change is depicted as the cause of uncertainty. As such, the changes that are mentioned as causing a certain type of uncertainty by Bordia et al. (2004) are put in the corresponding change category. E.g., *strategic uncertainty* is seen as resulting from *strategic change*. For each category, examples of specific changes will be given, and some will be elaborated through the work of other scholars.

### 2.1 STRATEGIC CHANGE

This first category of change is labeled *strategic change*, and can be defined as changes “regarding organization-level issues” (Bordia et al., 2004, p. 510). Examples include a new future direction of the company, and new vision, mission and values (Bordia et al., 2004). The examples mentioned by Gilgeous (1997, in Daly, Kitchen, & Teague, 2003) can shed further light upon this change type. The author provides examples such as changes in the marketplace, new technology or legislation, as well as new customer preferences, all corresponding to *strategic changes*, as they concern the company as a whole. However, it should be noted that these are not actual changes in the organization, but rather changes in the organizational context which could then affect the organization. As such, they could be considered as potential sources of change. Other examples resembling *strategic change* mentioned by Gilgeous (1997, in Daly et al., 2003) that *do* affect the organization in a direct manner are changes in culture and *new management philosophy*.

When discussing areas of organizational renewal, Wit and Meyer (2010) bring forth two examples that can be said to represent *strategic change*. First, changes in the *business system* refer to new ways of conducting business, implying changes in “the specific configuration of resources, value-adding activities and product/service offerings” (Wit & Meyer, 2010, p. 168). The other area of change is in the *organizational culture*, which the authors define as “the worldview and behavioral patterns shared by members of the same organization” (Wit & Meyer, 2010, p. 171). Of course, a large corporation is likely to consist of numerous sub-cultures (Nahavandi & Malekzadeh, 1988;

Schein, 1996; Schweiger, 2002), but some bearing cultural aspects held by all constituents will still exist (Chatterjee, Lubatkin, Schweiger, & Weber, 1992).

## 2.2 STRUCTURAL CHANGE

The second category in the classification based upon the work of Bordia et al. (2004) is *structural change*. This concerns “changes in the inner workings of the organization” (Bordia et al., 2004, p. 510), and includes changes in reporting structures, the functions and responsibilities of different units, physical relocation of units and staff, and introduction of new technology (Bordia et al., 2004). In addition to supporting the mentioned examples, Bareil et al. (2007) mention changes in what work is organized around, for instance going from being organized according to clients to products or geographical areas. Other relevant examples are new power and control structures and new internal dynamics in the company (Self, Armenakis, & Schraeder, 2007).

Relevant examples of this change category can also be drawn from the areas of organizational renewal mentioned by Wit and Meyer (2010). Changes in the *organizational structure* comprise new ways of clustering people and tasks, and, as supported by Bareil et al. (2007), new criteria for structuring the different units within the company. Next, changes in *organizational processes* would imply new arrangements, routines, and procedures to control employees, tasks and units, all aimed at coordinating the workflow within the company.

One particularly important type of *structural* change is downsizing, often occurring in mergers when overlapping functions are evident, or when a desire to reduce labor costs is prevalent. Allen, Freeman, Russell, Reizenstein, and Rentz (2001) investigated how the attitudes of survivors to organizational downsizing changed following a period of layoffs. Generally, their findings show that “employee attitudes studied were significantly less favorable during the quarter [of a year] following the downsizing” (p. 159), implying that this kind of change negatively affects the organizational climate and thus could hamper the integration process. Perhaps most worrying, the authors find that downsizing leads to reduced commitment to the organization. This is supported by scholars such as Schweiger (2002), Schweiger and DeNisi (1991), Cartwright and Cooper (1996) and Gutknecht and Keys (1993). The latter pair of scholars also propose that employees who remain in the organization after downsizing experience anger and guilt, and may fear further layoffs (Gutknecht & Keys, 1993). Another interesting finding by Allen et al. (2001) is that employee attitudes evolve over time, and that satisfaction levels seem to return to pre-downsizing levels after some time. An effort to manage negative effects in the immediate aftermath of layoffs may therefore be necessary.

In the case of mergers, *structural changes* are particularly likely to occur, as overlapping activity areas may have to be combined, and complementary business units must find ways to cooperate in order to realize the desired synergies. This could for example bring about the mentioned downsizing, new functions of units, or the introduction of new technology, if the merging companies use different tools, and are to migrate onto a common platform.

## 2.3 JOB-RELATED CHANGE

The last element in the classification based on the work of Bordia et al. (2004) is labeled *job-related change*. This category includes changes in promotion opportunities, job security, or work tasks (Bordia et al., 2004). In other words, these are changes directly affecting the individual employee, and his or her role within the work unit. Although introduction of new technology is mentioned as a *structural change*, the day-to-day use of such technology could also be seen as an instance of *job-related changes*.

Within the category of *job-related changes*, Schweiger, Ivancevich, and Power (1987) mention several changes that could occur in an M&A context. These include loss of identity with the company, changes in job roles and assignments, compensation schemes, career path, and status and prestige. Another example is *loss of job*, making it clear that while downsizing are a form of *structural change*, it could also be considered a *job-related change* by the individual employee. The authors mention how these drastic changes often provides fertile ground for anxiety and trauma, especially in a merger where changes usually unfold over a long period of time.

Three main categories of *change content* have now been presented, and these can be seen in Table 1 along with relevant examples.

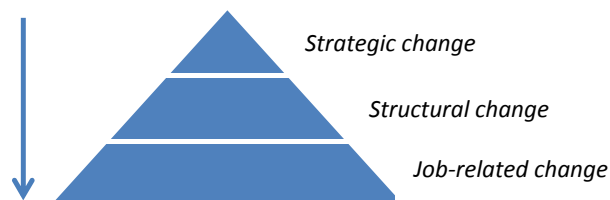
<b><i>Strategic change</i></b>	<b><i>Structural change</i></b>	<b><i>Job-related change</i></b>
Changes in business environment	New reporting structures	Changes in promotion opportunities
Changed direction of the company	Restructuring of work units	Increased or decreased job security
New vision, mission and values	Relocation of activities and staff	Changes in job role
New technology	New technology	Use of new technology
Changes in legislation	Downsizing	Social issues
New management philosophy		

**Table 1: Examples of changes in each change category**

## 2.4 THE RELATEDNESS OF THE CHANGE CATEGORIES

A central proposition in the classification of Bordia et al. (2004) is that the types of change are interrelated, and that they are likely to occur in a certain sequence of events. In the words of the

authors: “most processes in organizations are highly interdependent, and the strategic, structural and job-related aspects of an organization are often nested sub-systems” (Bordia et al., 2004, p. 511). Bordia et al. (2004) further propose that *strategic change* will lead to *structural change*, and that this in turn, could induce *job-related* changes. In an M&A context, the merger itself would be seen as the *strategic* change, which would lead to a new way of organizing the business units. This *structural change* would inevitably cause changes in the affected employees’ tasks, such as working with new customers or co-workers, or making use of new technologies. Another relevant example is how *structural changes* such as downsizing could affect the individuals that are left in the combined company at a personal level, making it a *job-related* change. These linkages are summarized in Figure 1.



**Figure 1: The relatedness of the change categories**

This chapter has brought forth a classification of *change content*, consisting of *strategic*, *structural* and *job-related* change. Specific examples of each change category have been presented, and at last, the interconnections between the three change types were highlighted. The topic of *change content* will comprise one of the components of the framework presented in Chapter 5. The next chapter will concern the second component of this framework, being *approaches to change*.



## CHAPTER 3: THEORETICAL PERSPECTIVES ON APPROACH TO CHANGE

While the previous chapter provided a classification of change types, it will also be valuable to assess how these are approached by employees. In relation to this, the topics of *resistance to change* and *readiness for change* are central. This chapter will present relevant theory on how to create *readiness for change* and manage potential *resistance to change*, before describing how the topics are related.

### 3.1 CREATING READINESS FOR CHANGE

Armenakis and Harris (2002) conceptualize change as a three-staged process, similar to the notion of Lewin (1947, in Armenakis & Harris, 2002) with *unfreezing*, *implementation*, and *freezing*. Here, the creation of *readiness for change* should occur in the first stage through a disruption of the initial steady state (Dent & Goldberg, 1999), with the ultimate goal that employees will support the change initiative. Self and Schraeder (2008) further explain this activity as “getting organizational members to let go, both physically and psychologically, of the current ways of doing things within the organization” (p. 171). Thus, the concept of *readiness for change* is important to understand mergers, where the success of implementing changes will depend on whether the organizational members understand the necessity of and accept the new situation. In the following sections, it will be shown how achieving *readiness for change* relates to the delivery of a *change message* as well as employee *commitment* and *involvement*.

#### 3.1.1 The Change Message

A prevailing view in the literature is that *readiness for change* is created through the delivery of a *change message* to employees (Armenakis & Harris, 2002; Armenakis et al., 1993; Self & Schraeder, 2008). The *change message*, which according to Armenakis, Harris and Feild (1999, in Armenakis & Harris, 2002; Self & Schraeder, 2008) consists of the five components and questions shown in Table 2, is in the view of the authors the key to ensure the participants' readiness.

Component	Key question
Discrepancy	Is the change necessary?
Appropriateness	Is the change being introduced the right change to make?
Principal support	Are key organizational members supportive of the change?
Efficacy	Do I or we (the organizational members) have the ability to successfully implement the change?
Personal valence	What is in it for me if we change?

**Table 2: The *change message* (Armenakis & Harris, 2002; Self & Schraeder, 2008)**

**Discrepancy**

The first component of the *change message* is *discrepancy* (Armenakis & Harris, 2002; Armenakis et al., 1993; Self & Schraeder, 2008), meaning that change agents must explain the divide between the current state of the organization and the desirable state. This implies that managers cannot simply paint a flattering picture of what things should be like, the flaws of the current state must also be highlighted (Doukakis & Proctor, 2003), and employees must accept that this is not a viable option. This focus also resembles what Kotter (1995) calls 'establishing a sense of urgency' in the organization, in order to achieve the necessary commitment and engagement from employees and management.

**Appropriateness**

The second component of the *change message* is *appropriateness* (Armenakis & Harris, 2002; Self & Schraeder, 2008), and refers to how management must make sure that employees understand how the specific change will aid the fulfillment of the desired end-state. Even though members of the organization may see the need for change, they also need to acknowledge that the coming change is the right one, as change itself is not sufficient.

**Principal support**

Next, *principal support* concerns the need for resource commitment from individuals vital to the organization (Armenakis & Harris, 2002; Self & Schraeder, 2008). Larkin & Larkin (1994, in Self & Schraeder, 2008) believe these individuals to be an employee's closest supervisor, but it is also reasonable to believe that top management and the employee's peers are crucial in this phase of demonstrating commitment. According to Self and Schraeder (2008), such support of the change initiative must not only consist of speech, but also consistent behavior.

**Efficacy**

The fourth component of the *change message* is *efficacy* (Armenakis & Harris, 2002; Armenakis et al., 1993; Self & Schraeder, 2008). This can be defined as "the power to produce desired effects" (Bandura & Locke, 2003, in Self & Schraeder, 2008, p. 173), and is necessary in order to induce a certain confidence among organizational members that the specific changes and their consequences are manageable. Armenakis and Harris (2002) contend that without this confidence, employees will not be motivated to attempt any changes, thereby hampering the implementation of the change initiative.

**Personal valence**

The final part of the *change message* proposed by Armenakis, Harris and Feild (1999, in Armenakis & Harris, 2002; Self & Schraeder, 2008) is *personal valence*, meaning that employees are interested in

the implications that the change has for them personally. The importance of this is also highly emphasized by Doukakis and Proctor (2003) and Bartels, Douwes, de Jong, and Pruyn (2006), the latter of which highlights its importance in a merger context. *Personal valence* can refer to how the process will proceed, but also which outcomes are likely to occur. In order to successfully convey the *change message*, managers and change agents must clarify the individual consequences of the change for all organizational members.

Through addressing the dimensions and corresponding questions of the *change message*, managers can create *readiness for change*. The first two components of the *change message* regard the fundamental rationale for change, and by not only conveying this to employees, but actively displaying support for the change initiative, the third component, being *principal support*, will also be addressed. In addition to this, management must also provide organizational members with a belief that the changes are manageable, and inform about the personal consequences of both the change process and its outcomes. The *change message* can contribute to acceptance of coming changes, and it will be applied in the succeeding chapters to investigate the *approach to change* held by employees. However, to achieve *readiness for change*, it will also be crucial to gain *commitment* from the employees, which is the next topic of this chapter.

### 3.1.2 Commitment

One particularly important aim of the change process should be to ensure the employees' *commitment* to the organization and the specific change (Doukakis & Proctor, 2003; Herscovitch & Meyer, 2002; Parish, Cadwallader, & Busch, 2008). Houghton, Anand, and Neck (2003) claim that *commitment* among employees is interlinked with their performance, and that a merger constitutes a situation where this relationship is particularly strong. Conner (1992, in Herscovitch & Meyer, 2002) defines *commitment* as "the glue that provides the vital bond between people and change goals" (p. 74), and according to Herscovitch and Meyer (2002) and Parish et al. (2008) this 'glue' has three main components. *Affective commitment* results from the perceived benefits of the change; *continuance commitment* arises from the recognition that there are costs associated with *not* supporting the change, and *normative commitment* relates to a sense of obligation to support the change. Herscovitch and Meyer (2002) find that all of these are evident, and that the existence of such forms of *commitment* correlates positively with compliance to change. In addition, the authors find that individuals displaying *affective* or *normative commitment* will go beyond mere compliance, and that these forms of *commitment* are associated with cooperation and championing of the change initiative. As such, *commitment* has a lot in common with the *change message*, and especially the *affective* and *normative* components of *commitment* should be pursued in order to achieve successful implementation of the change initiative.

A topic closely related to *commitment* is *involvement*, mentioned by Burnes (2004) as crucial to ensure successful change initiatives. There are, however, differing views in the literature on the nature of the relationship between these topics. Oreg, Vakola, and Armenakis (2011) see *commitment* as an antecedent of *involvement*. Waddell and Sohal (1998), on the other hand, contend that *involvement* produces *commitment*, a proposition supported by Shrivastava (1986), who states that an organization will receive *commitment* from its employees if they are allowed to be involved in decision-making. Another point of view is held by Weber (1996), who states that *commitment* implies a desire to be involved. Thus, the interrelation between the concepts is evident, yet rather ambiguous.

In this thesis, no specific choice regarding the relationship between *commitment* and *involvement* has been made. Rather, they are seen as highly interrelated concepts that can help explain the *approach to change* held by employees in the merged organization. The most important concepts from this presentation of *commitment* and *involvement*, and those that will be used in the succeeding parts of this thesis, are how the level of *involvement* among employees can be classified into representing *affective*, *normative* or *continuance commitment* (Herscovitch & Meyer, 2002; Parish et al., 2008), and how the facilitation of employee *commitment* and *involvement* can affect their *approach to change*.

## 3.2 MANAGING RESISTANCE TO CHANGE

A recurring term when discussing organizational change is *resistance to change*, frequently used to explain why large-scale changes fail to meet expectations (Oreg, 2006). Kotter (1995) sees resistance as “an obstacle in an organization’s structure that prevents change” (p. 168), while Zaltman and Duncan (1977, in Waddell & Sohal, 1998) define resistance as “any conduct that serves to maintain the status quo in the face of pressure to alter the status quo” (p. 2). As the success of any merger depends on the ability of employees to undertake change, this concept will be valuable in the integration process. In the following, some antecedents and forms of *resistance to change* will be presented, before also examining the concepts of *equality* and *justice*.

### 3.2.1 Antecedents of Resistance to Change

In their overview of sources of *resistance to change*, Self and Schraeder (2008) mention *personal factors*, *organizational factors* and *change-specific factors*. The first includes personal concerns and attributes that could result in a generally negative attitude towards change, where relevant traits are low levels of openness to experience new things, or anxiety related to a perceived lack of safety. This category of resistance antecedents corresponds to what Oreg (2006) labels *personality*, explained as characteristics that enable some individuals to be more prone to resist change than others. He

elaborates the list of relevant traits by mentioning being routine-seeking, maintaining a short-term focus, and having a high degree of cognitive rigidity.

The second domain of Self and Schraeder (2008), *organizational factors*, concerns the history of the organization and its change programs, as a feeling of apathy could develop when organizational changes occur too frequently or have been poorly managed. Other sources within this domain could be a lack of trust in the people initiating the change.

The last domain of *change-specific factors* concerns resistance arising from both the content of the change and the implementation of it. Here, sources of resistance include the degree of satisfaction from employees regarding trust in management, information, and social influence (Oreg, 2006). Examples mentioned by Self and Schraeder (2008) include resisting due to not agreeing with the way the change is to be implemented, or not understanding the purpose of it. The latter aspect is also emphasized by scholars such as Armenakis et al. (1993) as a component of the *change message* necessary to create *readiness for change*, making the linkage between resistance and readiness evident. In this example, what is necessary to prevent resistance will create readiness.

In addition to the domains mentioned by Self and Schraeder (2008), a fourth category of *outcome factors* can be included (Oreg, 2006). Examples are how employees anticipate the change to affect power and prestige, job security, and intrinsic rewards. Dent and Goldberg (1999) also emphasize the importance of anticipated *outcomes*, stating that people primarily resist consequences, and not necessarily change itself.

### 3.2.2 Types of Resistance to Change

Having established some potential sources of *resistance to change*, it is also valuable to discuss the various types of resistance. During the past decades, *resistance to change* has become known as a multifaceted phenomenon, consisting of three main components (Oreg, 2006). *Affective resistance* refers to how one feels about the change; *cognitive resistance* concerns how one thinks about the change, and lastly, *behavioral resistance* involves actions as responses to the change. Oreg (2006) found all these types of resistance to be occurring in change programs.

The above presentation of *resistance to change* makes it evident that resistance could arise from a multitude of different sources, such as *personality*, *organizational factors*, *change-specific factors*, and *outcomes factors*. This could in turn lead to *affective*, *cognitive* and *behavioral* resistance. As such, *resistance to change* should be considered a phenomenon potentially inhibiting the change process if not managed correctly. In the next section, the additional topics of *equality* and *justice*, which also relates to potential resistance against the change initiative, will be presented.

### 3.2.3 Equality and Justice

A topic that can serve as a useful complement to *resistance to change* is that of *equality* and *justice*, as they can be seen as prerequisites for preventing resistance among employees. According to Zaheer, Schomaker, and Genc (2003), perceptions of *equality* is crucial to the success of a merger of equals. The concept can be divided into *distributive* and *integrative equality*, where the former is characterized by two merging firms or units being equal on a multitude of measures, for example having an equal amount of managers in each business area. *Integrative equality*, on the other hand, would imply being equal in sum across all business areas. This way, merging firms or units could be unequally represented in certain ways, but taken together these inequalities will balance each other. The proposition of Zaheer et al. (2003) is not that one kind of *equality* is superior, but rather that expectations of *equality* must be fulfilled.

Regarding *justice*, different types can be identified. Lipponen, Olkkonen, and Moilanen (2004) distinguish between *procedural* and *interactional justice*, where the former refers to the “perceived fairness of the formal procedures used in allocation decision-making” (p. 393). *Interactional justice*, on the other hand, concerns “the perceived fairness of the interpersonal treatment received from the decision-makers” (p. 393). The importance of *justice* is highlighted by a finding in the study of Lipponen et al. (2004), where the degree of *justice* in the implementation stage of the change initiative is shown to be more important to employees than the changes themselves. As such, management should emphasize *justice* in the change process in order to avoid the appearance of resistance towards the change initiative.

## 3.3 THE INTERCONNECTEDNESS OF READINESS AND RESISTANCE

In this chapter, it has become clear that a certain interconnection between *readiness for change* and *resistance to change* could exist. Elving (2005), for instance, claims that readiness and resistance are the extremes of the same continuum. Through this review of the concepts, evidence has surfaced both supporting and rejecting such a view. On the one side, the proposition of interconnectedness has been confirmed through the fact that what is considered an important component of creating *readiness for change* often is mentioned as a potential source of resistance if not managed correctly. The need to convey a confident message regarding the necessity of change, and the rationale for the specific change initiative, is described by Armenakis and Harris (2002) and Self and Schraeder (2008) as a prerequisite for readiness, while the failure to achieve this is considered a possible source of *resistance to change* (Self & Schraeder, 2008). Another example is the role of personal consequences of the change initiative, which is the last component of the *change message* proposed by Armenakis

et al. (1999, in Armenakis & Harris, 2002). This is also a central dimension in the contextual variables explaining *resistance to change* (Oreg, 2006). Together, it seems that the creation of *readiness to change* can serve as a basis for a change process with low levels of resistance. Taking such a perspective, more of one would imply less of the other, and readiness and resistance can be seen as the ends of the same continuum.

On the other hand, the topics of *justice* and *equality* indicate that such a link may not exist. Fulfilling the expectations of *justice* and *equality* will not provide readiness or motivation for the change if sustained, but violating it could lead to resistance. This relationship could be seen as analogous to the distinction between *motivation* and *hygiene* factors as defined by Herzberg (1966, in Bolman & Deal, 2004), where *justice* and *equality* would be labeled *hygiene* factors. It should also be noted that a situation of neither readiness nor resistance could be present, where organizational members do not care at all.

The conclusion of the debate on readiness versus resistance is that there is a complex relationship between the two. While some attempts at creating readiness are likely to reduce the likelihood of resistance, the opposite effect is not obvious, i.e. that eliminating resistance creates readiness. In addition, the existence of neither readiness nor resistance could also be the case.

This chapter has presented theoretical perspectives related to employees' *approaches to change*. It was shown how the creation of *readiness for change* could make employees facing organizational change programs better prepared, and that also the concept of *resistance to change* could affect the *approach to change*. Both concepts will be utilized in the succeeding analysis of the empirical findings. The next chapter will present the third component of the framework, being communication.

## CHAPTER 4: THEORETICAL PERSPECTIVES ON INTERNAL COMMUNICATION

Whereas the previous chapters presented a theoretical background for *change content* and *approaches to change*, this section will cover another aspect of the change initiative: communication. This is an important component of all change programs, and Erlén (2003) stresses the significance of communication by stating that “in times of major and rapid changes, communication is particularly important, because knowledge about what is going on contributes to uncertainty reduction and maintains morale” (p. 34). As such, this chapter is closely related to the two former, as communication could involve informing about the *change content* in order to influence the *approach to change*.

In the following chapter, an overview of internal communication will be given, through a presentation of its functions, characteristics, and channels. At last, some communication strategies will be presented and discussed.

### 4.1 DEFINITIONS OF INTERNAL COMMUNICATION

The research field of communication is extremely wide, covering activities from corporate marketing and crisis management to manager-employee conversations (Argenti, 2009; Cornelissen, 2011). Falkheimer and Heide (2007) divide communication into *organizational communication*, *public relations*, and *marketing*. The first of these covers what this thesis will label *internal communication*. What distinguishes *internal communication* from other forms of communication is naturally the focus on stakeholders operating within the boundaries of the organization.

This thesis is concerned with *internal* communication, and does not seek to describe or explain how an organization interacts with external stakeholders through for instance *marketing* or *public relations*. This may seem contradictory to the proposals of Cornelissen (2011) and Falkheimer and Heide (2007), who argue that an integrated approach to communication is necessary. In this thesis, we acknowledge that communication can be viewed as a set of interconnected sub-areas. However, due to the focus of this thesis we shall only look at internal communication and not treat *external communication*.

Goldhaber (1993, in Erlén, 2003) states that “organizational communication is the process of creating and exchanging messages within a network of interdependent relationships to cope with environmental uncertainty” (p. 18). This view on *internal communication* contains two interesting characteristics. First, it points to the fact that internal communication is not only *exchanged* or



*delivered*, it is also *created*. This view of communication implies a certain amount of planning and consideration in the process of communicating. The second interesting proposition is that *internal communication* plays a significant role when managing uncertainty. This makes sense, considering that if nothing was uncertain, everyone would know everything, and providing information would not be necessary. This, of course, is not the case in the real world, and communication is thus needed to minimize uncertainty.

Erlien (2003) states that *internal communication* is “the flow of information and exchange of ideas and viewpoints between managers and employees, and communication between individuals and groups on different levels and in different units or parts of the organization” (p. 17). This definition puts an explicit focus on the relationship between the manager and the employee, indicating that a substantial part of *internal communication* follows *formal* and hierarchical lines in the organization. Further, the definition mentions *internal communication* as a phenomenon occurring between heterogeneous actors or units in the organization. As such, Erlien (2003) does not see *internal communication* as equivalent to the daily talks between co-workers on the same level within the same department. This view of communication will not be adopted in this thesis, where communication is seen as an activity that can take place between all organizational members.

Having defined internal communication, it is also vital to distinguish *communication* from mere *information*, as the concepts often are being used interchangeably. While *communication* concerns a process starting by formulating a message and ending with a perception in the mind of the receiver, *information* can be seen as the content of this message. In the words of Erlien (2003), “information is what is being transmitted during a communication process” (p. 18). In this way, *information* and *communication* is not seen as completely different, but rather that one encapsulates the other.

The above presentation of definitions of internal communication makes it clear that it could have several purposes and functions, and these will now be treated further.

## 4.2 THE FUNCTIONS OF INTERNAL COMMUNICATION

Internal communication have multiple functions and goals, and a classification of these is presented by Elving (2005). He proposes that internal communication has two main goals, where the first is that it should “inform the employees about their tasks and about the policy and other issues in the organization” (Elving, 2005, p. 131). In a change context, Elving (2005) states that the content of this information should address topics such as the reasons for change and the personal worries of employees. The second function or goal of communication should be to “create a community within

the organization” (Elving, 2005, p. 131). This relates to the need to establish and define a social identity of the organization, so that employees can feel that they belong to a greater whole.

Through the presentation of two perspectives on communication, Falkheimer and Heide (2007) contributes to the understanding of how communication can be utilized in the organization. The *transmission perspective* views communication as a transfer of information from sender to receiver, where success is achieved if the information has been transmitted without altering the message. Thus, the main goal of communication is to convey a message as clearly as possible. The second view presented by Falkheimer and Heide (2007) is the *ritual perspective*, where the main aim is to create cohesion within a group by making sense of shared experiences. In this way, employees become better equipped to understand organizational circumstances.

Another classification of functions of internal communication is presented by Erlien (2003). First, the *social* function refers to the role of communication in creating a community and cohesion, while the *expressive* function is about creating identity. Further, the *informative* function of communication concerns the transfer of knowledge, thus being concerned with the flow of information and the fact-based nature of the message. Lastly, the *control* function of communication aims at affecting attitudes and behavior of organizational members.

In a similar manner to Erlien (2003), Cornett-DeVito and Friedman (1995) mention four aims of internal communication. The *participative* function refers to how communication may be used to involve organizational members, while communication is *supportive* if managers “listen to or support personnel” (Cornett-DeVito & Friedman, 1995, p. 6). The third way to utilize communication is through its *informative* abilities, which refers to the transmission of information. Lastly, the *directive* function concerns how communication can be utilized to provide employees with guidance or direction.

Having presented four classifications of the functions of internal communication, it is apparent that there are similarities, but also complementarities among the classifications. First of all, the role of communication as a conveyor of pure information is presented by all scholars mentioned here. Elving (2005) labels this *communicate to inform*, Falkheimer and Heide (2007) express this through the *transmission* perspective, and both Erlien (2003) and Cornett-DeVito and Friedman (1995) calls it the *informative* function of communication. Hence, there seems to be agreement that information is a key component in communication activities. Second, the ability of communication to create cohesion, community and an organizational identity is mentioned by three scholars, thus representing an important contribution. Elving (2005) presents this as *communicate to create community*, which incorporates what Erlien (2003) mentions under the *social* and *expressive*

functions of communication, and lastly, Falkheimer and Heide (2007) express similar views through the *ritual* perspective.

Third, a *directive* or *controlling* function is mentioned by both Erlien (2003) and Cornett-DeVito and Friedman (1995), being a way of affecting the behavior and mindset of organizational members. The inclusion of such a *controlling* or *directive* aim of communication could be explained by Erlien's slightly *formal* view of *internal communication*, where hierarchical systems and the coordination of different units within the organization are considered a vital part. Finally, there are the *participative* and *supportive* functions of Cornett-DeVito and Friedman (1995), which cannot be found in any of the other classifications. Together, we then have four main categories of communication functions, as can be seen in Table 3.

Function:	Informative	Community-creating	Directive and controlling	Involving and supportive
Elving (2005)	Communicate to inform	Communicate to create community		
Falkheimer and Heide (2007)	Transmission perspective	Ritual perspective		
Erlien (2003)	Informative	Social + expressive	Controlling	
Cornett-DeVito and Friedman (1995)	Informative		Directive	Participative + supportive
Intention	<ul style="list-style-type: none"> <li>- Convey pure information</li> <li>- Transmit messages</li> <li>- <i>Content</i> in focus</li> </ul>	<ul style="list-style-type: none"> <li>- Create cohesion</li> <li>- Create an organizational identity</li> <li>- <i>Form</i> in focus</li> </ul>	<ul style="list-style-type: none"> <li>- Guide employees</li> <li>- Affect leading values</li> <li>- Set direction</li> </ul>	<ul style="list-style-type: none"> <li>- Collect opinions from employees</li> <li>- Provide support</li> </ul>

**Table 3: Summary of functions of communication**

This section has presented several goals of internal communication, and ended by a consolidation into the four functions of *informative*, *community-creating*, *directive and controlling*, and *involving and supportive*. These will be used to describe the communication strategies presented at the end of this chapter. To further describe the variety of internal communication, the next section will look into some characteristics of communication.

## 4.3 CHARACTERISTICS OF INTERNAL COMMUNICATION

In order to describe a communication strategy, it can be valuable to evaluate it across a set of central characteristics, and examples of such will now be presented. They concern communication content,

channel properties, the relationships between participants, and the way communication is organized, as can be seen in Table 4.

Dimension:	Topic:
'Me-issues'/strategic information	Content
One-way/two-way	Channel property
Formal/informal	Content & channel property
Symmetry/asymmetry	Relationship between participants
Active/passive	Channel property & relationship between participants
Organizing of communication	Degree of centralization and role of communicators

**Table 4: Characteristics of communication and what they concern**

#### **'Me-issues' versus strategic information**

The distinction between 'me-issues' and *strategic information* is presented by Cornelissen (2011) as *management communication* versus *corporate information and communication systems*. Here, the former is defined as "communication between a manager and his or her subordinate employees" (Cornelissen, 2011, p. 164), and is concerned with the specific tasks and activities of individuals. This covers to a large extent what Schweiger and DeNisi (1991) refer to as the 'me-issues' of employees, and this label will be applied to this form of communication in the following. *Corporate information and communication systems*, on the contrary, are concerned with information about the company as a whole, its strategies, and goes out to all employees across the organization. This focus of communication will be referred to as *strategic information* in the succeeding parts of this thesis.

#### **One-way versus two-way communication**

The characteristic of *one-way* versus *two-way* communication refers to whether there are opportunities for an exchange of opinions and viewpoints, or if a mere presentation of a message from a sender to a receiver is taking place (Argenti, 1998; Erlien, 2003). Examples of *one-way* communication include newsletters or intranet posts from corporate management, while brainstorming in a department meeting would be considered *two-way* communication. Applying the distinction between *communication* and *information* provided earlier, it could be argued that *one-way* channels are more concerned with information, while *two-way* channels facilitate the *exchange* and interaction that is necessary to qualify for the *communication* label.

#### **Formal versus informal communication**

The distinction of *formal* versus *informal* communication is according to Erlien (2003) both about the characteristics of the channel being used and the messages being delivered. In one way, *formal* communication is that which follows the hierarchical lines in the organization. The other part is the

content of the communication, where *formal* refers to messages being fact-based and lacking emotions. *Informal* communication, on the other hand, is then dominated by personal opinions and feelings (Erlien, 2003). The view of Erlien (2003) is supported by Aalto (2004), who states that *formal* communication focuses on the company as a whole, and that it “occurs between positions, not people” (Aalto, 2004, p. 66).

### **Symmetry versus asymmetry**

Another characteristic worth noting is *symmetric* versus *asymmetric* communication. Eide and Eide (2007) explain this as whether the sender and receiver of communication are considered equal on parameters such as control, power and authority, where *symmetry* represents balance in these measures. *Symmetric* communication will then regard situations where both sender and receiver have the ability to convey their opinions, and where the outcome of communication is affected by all actors involved. *Asymmetric* communication, on the other hand, is characterized by a situation where one participant, most often the sender, is superior in affecting the communication content and impacts the outcome. The proposition by scholars such as Eide and Eide (2007), Erlien (2003) and Falkheimer and Heide (2007) is not that either *symmetry* or *asymmetry* is better than the other, but rather that the choice must be dependent on the goal of communication and the nature of the message.

### **Active versus passive**

In a communication process, both the sender and the receiver of a certain message can be characterized as *active* or *passive* (Erlien, 2003). If the sender is *active*, he or she *pushes* the message through the channel being used, whereas being *active* as a receiver would imply seeking the content of the communication. A *passive* receiver would simply wait for the message to be brought forth, without any engagement. However, a sender of communication could also be called *passive*, which would be the case if e.g. meeting minutes are created, but not distributed. In a real-life setting, all combinations of *active* and *passive* senders and receivers could be possible.

### **Organizing of communication**

To understand the organizing of communication, it is important to comprehend the role of functional management. According to Cornelissen, Van Bakkum, and Van Ruler (2006), these can either take the role of *technician* or *manager*. A *technician* is a person who “implements decisions made by others and is generally not involved in management decision-making and strategic decisions concerning communication strategies and programs” (Cornelissen et al., 2006, p. 119). A *manager*, on the other hand, is a person that makes and implements strategy and policy decisions regarding

communication. This distinction relates to how the activities of the communication process are organized.

According to Argenti (2009) and Cornelissen (2011), an important aspect of the organizing of communication is whether the responsibility for conducting the activities are *centralized* or *decentralized*. If the responsibility is grouped into one or a few functions, communication is said to be *centralized*. As the advantage of this organizing is increased control of the communication, it will not be natural to empower functional management, thus making them *technicians*. A *decentralized* strategy would imply having dedicated communication functions in each business area of the organization, with a certain degree of autonomy from the corporate functions. If this strategy is to succeed, it is important for functional management to take the role of *manager*, to ensure that the communication actually is adapted to the specific receiver.

In the succeeding chapters of this thesis, all of the six characteristics presented here will be utilized to describe and discuss the communication strategies presented at the end of this chapter. While the characteristics describe properties of communication, it will also be valuable to look at *how* to conduct communication. This concerns channels and media of communication, which will now be presented.

## 4.4 CHANNELS AND MEDIA OF COMMUNICATION

To some extent, the nature of certain communication channels was described in the previous section. For instance, the formal/informal dimension included the *form* of communication, being hierarchical lines of command, thus providing some understanding of how a *formal* channel works. Thus, a considerable part of designing and utilizing the most suitable channels will be given by the ruling characteristics of communication in the specific situation. In the following section, two main categories of communication channels will be presented. The concept of *richness* (Aalto, 2004; Appelbaum, Gandell, Yortis, Proper, & Jobin, 2000) will then be applied to assess the channels.

Erlien (2003) defines *channels* as “those roads that lead the message from sender to receiver” (p. 205). This view of channels as a mere transmitter of messages could be argued to be inadequate, as there could easily be channels where the message is created in the interaction between participants, making the separation of ‘sender’ and ‘receiver’ irrelevant. Communication channels can be divided into *written* and *spoken*, based on how the message is transmitted. Table 5 lists examples of channels from each group, based on an overview of channels provided by Erlien (2003).

Written	Spoken
<ul style="list-style-type: none"> <li>• Newsletters</li> <li>• Bulletins</li> <li>• Meeting minutes</li> <li>• Annual reports</li> <li>• Brochures</li> <li>• Internet/Intranet</li> <li>• E-mail</li> <li>• Blog</li> </ul>	<ul style="list-style-type: none"> <li>• Conference calls</li> <li>• Telephone</li> <li>• Presentation</li> <li>• Meetings</li> <li>• Workshops</li> <li>• Cafeteria talks</li> <li>• Seminars</li> <li>• Social events</li> </ul>

**Table 5: Examples of written and spoken channels (based on examples provided by Erlien, 2003)**

A communication channel can be characterized through its degree of *richness* (Aalto, 2004; Appelbaum et al., 2000). According to Aalto (2004), the *richness* of a channel depends on four conditions: (1) the capacity for obtaining immediate feedback from the receiver, (2) the ability to use both verbal and non-verbal communication, (3) the adaptability of the message to the situation, and (4) the ability to use a wide range of words. Appelbaum et al. (2000) take a slightly different view, by defining the term as “the medium's ability to respond rapidly to feedback and to handle multiple forms of information at the same time with its personal touch” (p. 650). According to Appelbaum et al. (2000), the richest channels will always be face-to-face. Concerning the applicability and appropriateness of *rich* channels, Aalto (2004) proposes that *rich* channels should be applied for “complicated messages designed for specific people” (p. 67), while less *rich* channels, also labeled *lean* channels, should be used for routine communication. Appelbaum et al. (2000) agree with this notion, adding that the less routine the message is, the more *rich* the channel must be. This is also supported by Habeck et al. (2000), who state that the *richness* of the medium must be matched to the complexity of the issue in question.

Taking the examples in Table 5 as a starting point, which channels are *rich*, and which are *lean*? Blogs, intranet and mail, being electronic forms of *written* channels, all allow immediate feedback, but are limited to non-verbal communication. In addition, the actual opportunity to give feedback will depend on whether this is encouraged or not, whether the channel is *one- or two-way*, and the *symmetry* between sender and receiver. For instance, blogs by top executives could present news and viewpoints, with the opportunity to comment, but the *asymmetry* between sender and receiver will be significant, possibly inhibiting real feedback opportunities. According to Robson and Tourish (2005), companies should also be aware that extensive use of such technological channels could decrease the satisfaction of employees, as they also need face-to-face interaction. Communication through more traditional *written* channels in the form of paper does not seem to fulfill any of the

conditions mentioned by Aalto (2004), perhaps with the exceptions of the fourth, being the ability to use a wide range of words. Thus, none of the examples listed as *written* channels can be said to have a significant degree of *richness*. Taking the propositions of Aalto (2004) and Appelbaum et al. (2000) into account, one can then conclude that *written* channels of communication should be utilized to give routines information that have a non-specified receiver.

When delivering messages through the use of *spoken* channels, the degree of *richness* usually increases. Telephone enables feedback, but limits communication to verbal forms. Channels such as workshops, cafeteria talks or social events can be said to meet all requirements of a *rich* channel, partly as a result of being *two-way*, but the remaining examples are likely to be perceived as less *rich*. Presentations, meetings and seminars all have the ability to be characterized as *rich*, but the actual perceptions of *richness* is likely to depend on how the specific situation is being handled. Meetings, for instance, could vary greatly, from being almost presentations of a certain message, to being open arenas for discussion and feedback. Thus, although these channels represent opportunities for *rich* communication, the degree to which actors choose to give immediate feedback, and use a wide range of words, will depend on the *symmetry* of the situation. If imbalance is present, the actual desire to give feedback may be reduced, making the channel less *rich*. *Spoken* channels thus have the opportunity of being *rich*, but this will depend on the specific utilization of the channel.

The above presentation of available communication channels and their *richness* (Aalto, 2004; Appelbaum et al., 2000) makes it clear that *written* channels should primarily be applied for routine-messages, whereas *spoken* channels provide better opportunities for *richness*, making them more suitable for conveying complex content.

## 4.5 COMMUNICATION STRATEGIES

Hitherto, functions, characteristics, and channels of communication have been presented. These aspects will now be combined, when presenting two models of communication strategies. At last, these will be consolidated in order to develop a new model for communication in organizations.

### 4.5.1 The Information Model by Grunig and Hunt

A widely cited model of communication is that of Grunig and Hunt (1984, in Erlien, 2003; Falkheimer & Heide, 2007). The model is not restricted to internal communication, but can nonetheless be applied to this area of communication. It contains four main strategies, where the main aim of communicating, as well as the characteristics of symmetry/asymmetry and one-way/two-way, are applied to describe the mode of communication. When presenting the model, the original labels of



the strategies will be used, while their description, summarized in Table 6, relies on the work by Erlien (2003) and Falkheimer and Heide (2007).

	Press Agency	Public Information	Scientific Persuasion	Two-way symmetric
<b>Form of communication</b>	<ul style="list-style-type: none"> <li>- One-way asymmetric</li> <li>- Persuasive propaganda</li> </ul>	<ul style="list-style-type: none"> <li>- One-way</li> <li>- Unilateral fact dissemination</li> </ul>	<ul style="list-style-type: none"> <li>- Two-way asymmetric</li> <li>- Collect data about receiver</li> </ul>	<ul style="list-style-type: none"> <li>- Two-way symmetric</li> <li>- Equal dialogue</li> </ul>
<b>Function</b>	<ul style="list-style-type: none"> <li>- Propaganda</li> <li>- Influence</li> </ul>	<ul style="list-style-type: none"> <li>- Spread knowledge</li> <li>- Spread information</li> </ul>	<ul style="list-style-type: none"> <li>- Affect attitudes and behavior</li> <li>- Persuade</li> </ul>	<ul style="list-style-type: none"> <li>- Obtain mutual understanding</li> </ul>
<b>Effect</b>	Exposure	Distribution	Changed attitudes	Diplomatic agreement
<b>Model</b>	Sender-receiver	Sender-receiver	Feedback system	Sender-sender
	Organization ↓ Target group	Organization ↓ Target group	Organization ↑ ↓ Target group	Organization ↑ ↓ Target group

**Table 6: The information models of Grunig and Hunt (1984, based on description of the strategies in Erlien, 2003; Falkheimer & Heide, 2007)**

The first strategy, labeled *press agency* (Grunig & Hunt, 1984, in Erlien, 2003; Falkheimer & Heide, 2007), can be considered a way of spreading propaganda about a certain cause, where there is no guarantee that the distributed information contains truth. The relationship between sender and receiver is clearly defined, as only the sender is capable of influencing the content of communication. There is no interaction between sender and receiver, and the aim of communication is to achieve exposure.

The next strategy, *public information* (Grunig & Hunt, 1984, in Erlien, 2003; Falkheimer & Heide, 2007), is also concerned with spreading certain messages, but the difference resides in the fact-based information being conveyed, meaning that there is truth in the content of communication. There is still no focus on actually persuading the receiver to accept the message, the focus is on the mere *delivery* of content. For example, using this strategy, the sender of an email would be satisfied if the target receives the information.

The third strategy proposed by Grunig and Hunt (1984, in Erlien, 2003; Falkheimer & Heide, 2007) is *scientific persuasion*, where the aim is to persuade the receiver of communication to accept a specific fact-based message. This model focuses on making sure that the message has been understood, and

the sender will not only investigate whether understanding is present, but also if communication has succeeded in affecting the attitudes and behavior of the recipients. The latter aspect represents 'collecting data about receiver' in Table 6. The strategy is characterized as *two-way* as it provides opportunities for giving feedback, but the *asymmetry* between sender and receiver implies a lack of meaningful dialogue.

The final suggestion of Grunig and Hunt (1984, in Erlien, 2003; Falkheimer & Heide, 2007) is the *two-way symmetric* strategy. As can be observed, the strategies move toward being more open for dialogue and discussion when going from left to right in Table 6, and this is the strategy best suited for exchange of viewpoints and opinions. This is done through *two-way* channels, and results in mutual understanding and learning. The *symmetry* between participants also, according to Erlien (2003), instills willingness to adjust one's own perceptions and behavior.

Having presented the four strategies posed by Grunig and Hunt (1984, in Erlien, 2003; Falkheimer & Heide, 2007), the next section will introduce another set of strategies, as defined by Clappitt, DeKoch, and Cashman (2000).

#### 4.5.2 The Change Communication Strategies of Clappitt, DeKoch and Cashman

A second model of communication strategies is that put forth by Clappitt et al. (2000). They present five models used by management to communicate changes to employees, which can be seen in Table 7. Here, the original labels of the strategies have been applied.

	<b>Spray &amp; Pray</b>	<b>Tell &amp; Sell</b>	<b>Underscore &amp; Explore</b>	<b>Identify &amp; Reply</b>	<b>Withhold &amp; Uphold</b>
<b>Important dimensions</b>	- One-way - Asymmetric - Formal	- One-way - Asymmetric	- Two-way - Symmetric	- One-way - Active employees	- Lack of communication
<b>Function</b>	- Distribute information	- Distribute information	- Involve in dialogue	- Listen to employees	- Maintain management power
<b>Amount of information</b>	- Great	- Relatively great	- Medium	- Relatively small	- Small

**Table 7: Interpretation of the communication strategies of Clappitt et al. (2000)**

The first strategy is labeled *spray and pray* (Cornelissen, 2011), and involves "managers showering employees with all kinds of information about the change" (Cornelissen, 2011, p. 220). All available information is passed on, without any filtering of what is important or not. Using such a strategy,

communication concerns information only, as the channels utilized are exclusively *one-way*. While the receiver can be *passive* to a large extent, he or she must actively work out which parts of the information that are relevant. It should also be noted that this strategy eliminates all opportunities interaction and dialogue.

The second strategy of Clampitt et al. (2000) is called *tell and sell*, and implies a more filtered way of conveying the *change content*. Managers present the messages they believe to be the most important ones, and then attempts to 'sell' this information to employees. This strategy also inhibits all possibilities of *two-way* communication and dialogue. Because of the information asymmetry between managers and employees, communication will never be characterized as *symmetric*. Similar to the former strategy, the content of the *tell and sell* strategy is not likely to be addressing the 'me-issues' (Schweiger & DeNisi, 1991), as everyone receives the same information.

The next strategy is labeled *underscore and explore* (Clampitt et al., 2000). Applying such a method of communication, management will focus on a set of fundamental issues of the impending change, but then allow employees to explore what this implies for their own situation. Employees are then given the opportunity to give feedback. As such, this strategy takes a step forward in actually providing opportunities for an exchange of viewpoints, as well as dialogue and *two-way* communication.

The fourth strategy is *identify and reply* (Clampitt et al., 2000), which takes a different starting point than the three former. Here, employees are expected to bring forth their concerns, upon which management will respond. The danger of such a strategy is that employees do not have the overview of the situation, and it could also be suspected that management will not respond adequately to the employees' concerns. Using this way of communicating, both *one-* and *two-way* channels can be utilized, and employees need to be *active* in conveying their message, which is also required from management if the communication is to succeed.

The final strategy of Clampitt et al. (2000) is labeled *withhold and uphold*, and comprises a situation where management withholds information until the point of extensive use of rumors or employee revolt. The view of management is that employees do not need or understand information about the change, a view resembling what McGregor (1960, in Bolman & Deal, 2004) calls *theory X*-thinking. The reason for management to withhold information is the power it constitutes, which can maintain their position as leaders. In many ways, this strategy is not communication; it is the absence of it.

The communication strategies of Grunig and Hunt (1984, in Erlien, 2003; Falkheimer & Heide, 2007) and Clampitt et al. (2000) have now been presented. There are both similarities and differences between these, and they will now be consolidated into three main strategies.

### 4.5.3 Model for Communication Strategies

In this section, two models, each consisting of several strategies, have been presented. In the following, the models will provide the basis of a new model, consisting of three main strategies, which will be applied to the succeeding parts of this thesis. The three strategies are *Spreading Information*, *Selective Interaction* and *Developing Understanding*, and are shown in Table 8 along with describing properties.

Only those strategies thought to hold particular value for future discussion and usage will be treated further. The last suggestion of Cornelissen (2011), being the *withhold & uphold* strategy, will not be included in the following. This strategy actually represents the *lack* of information, and cannot be called communication if applying the definitions of the concept provided in this chapter. Thus, it is not a communication strategy as such, but rather active avoidance of communication.

Strategy:	Spreading Information	Selective Interaction	Developing Understanding
Symmetric/asymmetric	Asymmetric	Asymmetric	Symmetric
'Me-issues'/strategic information	Strategic information	Both	Both
One-way/two-way	One-way	Both	Two-way
Formal/informal	Formal	Both	Both
Active/passive (receiver)	Passive	Combination	Active
Richness of channels	Low	Medium to high	High
Function of communication	Informative	Informative, directive and controlling	Create community, involving and supportive

**Table 8: Communication strategies**

#### Spreading Information

The first strategy in the consolidated model is *Spreading Information*, being a combination of the *press agency* and *spray & pray* strategies presented earlier. This strategy involves a *one-way* stream of information where the sender plays the dominant role, and the receiver of communication is considered *passive*, with only the task of analyzing information. Interaction between participants is absent, implying that this strategy cannot really be labeled *communication* if applying the definitions given at the start of this section, as both the suggestions of Erlien (2003) and Goldhaber (1993, in Erlien, 2003) contain a form of the term *exchange*. *Information Spread* is more concerned with the content that is to be delivered, and should as such be seen as a way of conveying *information*. Other

key characteristics include *asymmetry*, and the fact that hierarchical structures play a major role, making communication *formal*. Further, the fact that everyone receives the same communication inhibits messages addressing the 'me-issues', and thus implies a focus on company-wide and strategic issues. It is also likely that this strategy results from a *centralized* organizing of communication activities, as communication originates from one place only. The concept of *richness* could also be applied to this strategy. The lack of opportunities to provide feedback makes it impossible to classify the channels utilized in an *Information Spread* strategy as *rich*. The limited *richness* of the channels makes messages likely to be routine or impersonal, and will often be used in order to fulfill the *informative* function of communication.

### Selective Interaction

The second strategy is labeled *Selective Interaction*, and is a combination of the four strategies *public information*, *scientific persuasion*, *tell & sell*, and *identify & reply*. In many ways, this is a middle-path, which has the possibility to utilize multiple combinations of characteristics. The essence of such a strategy is that one party has the upper hand, providing *asymmetry* to the relationship. This could be that managers are selective regarding which information they distribute, or it could be left in the hand of employees to be initiators, making them the dominant actor by setting the agenda. When this is done, the facilitation of interaction will be limited. This strategy also takes the 'persuasion' and 'sell' components from its predecessors, further emphasizing the *asymmetry* between participants. *Two-way* channels could be utilized, predominately when employees present their viewpoints, but the communication could also be *one-way*, such as when management distributes information without feedback opportunities. The content of the communication could concern both individuals and the organization as a whole. As both management and employees could be the initiator of communication, thus the *active* part, communication could be characterized as both *formal* and *informal*. As the focus of this strategy resides in *presenting* a certain fact-based message and only being selective in the succeeding interaction, the degree of *richness* of channels is only medium. All conditions for achieving *richness* could be fulfilled, but this would take some effort from both parties. As this strategy is somewhat of a compromise, it is suitable for achieving a certain degree of involvement, without spending too many resources on the process. For instance, it could be applied in situations where some interaction between management and employees is necessary to find the best solution to a problem, but where time constraints make it impossible to get involved in a process of considerable discussion and dialogue. As such, the strategy could be *informative* and *directive and controlling*, by presenting information or directives followed by the opportunity to give feedback, but without resource demanding involvement-processes. As opposed to the former

strategy, the *informative* function of *Selective Interaction* would be concerned with the 'me-issues' of employees in addition to the generic *strategic information*.

### Developing Understanding

The third and final strategy in the model is *Developing Understanding*, which is comprised of the *two-way symmetric* and *underscore & explore* strategies. The basic property of this strategy is to involve management and employees in dialogue and discussion, with the final aim of developing some kind of mutual understanding between the participants. As such, communication is characterized as *symmetric* and *two-way*, with all parties being *active*. The content of communication could address both the 'me-issues' and strategic topics, and the strategy thus enables both *formal* and *informal* communication. As would be expected, the *richness* of the utilized channels is high, as a result of the close interaction between the participants. The channels that are likely to be used will facilitate immediate feedback, a wide range of words could be utilized, both verbal and non-verbal communication forms could be present, and there are good opportunities for adapting the message to the situation. The strategy of *Developing Understanding* is thus most likely to be used for non-routine communication where the participants are defined. This is related to the aim of using such a strategy, which will be to develop a feeling of community within the organization, to involve affected members, and to provide support for those needing it. As such, it is the *community-creating* and *involving and supportive* functions of communication that are the most prevailing in this strategy. Since the strategy implies a vast use of resources, the topics of discussion should also be of significant importance.

This presentation of the new model for communication strategies concludes this chapter. The mentioned characteristics, functions, and channel properties have been applied to describe the strategies, and together, *Spreading Information*, *Selective Interaction*, and *Developing Understanding* constitute the necessary range of communication strategies for merging companies. While the last three chapters have presented the topics of *change content*, *approaches to change*, and *communication*, these will in the next chapter be combined in an overarching framework.

## CHAPTER 5: THE THEORETICAL FRAMEWORK

The previous chapters investigated theoretical concepts that enable a deep understanding of relevant phenomena occurring in a merger. These will now be combined into a framework highlighting the interconnections, and showing how they are related to the work-life satisfaction of employees. This section will also discuss how the framework addresses the research questions of this thesis. The framework displayed in Figure 2 contains three inner boxes, three interconnections and an overarching box representing the overall experience of the change as seen by employees. As such, the three encapsulated boxes and their interrelations are assumed to constitute an influential part of the employees' work-life satisfaction.

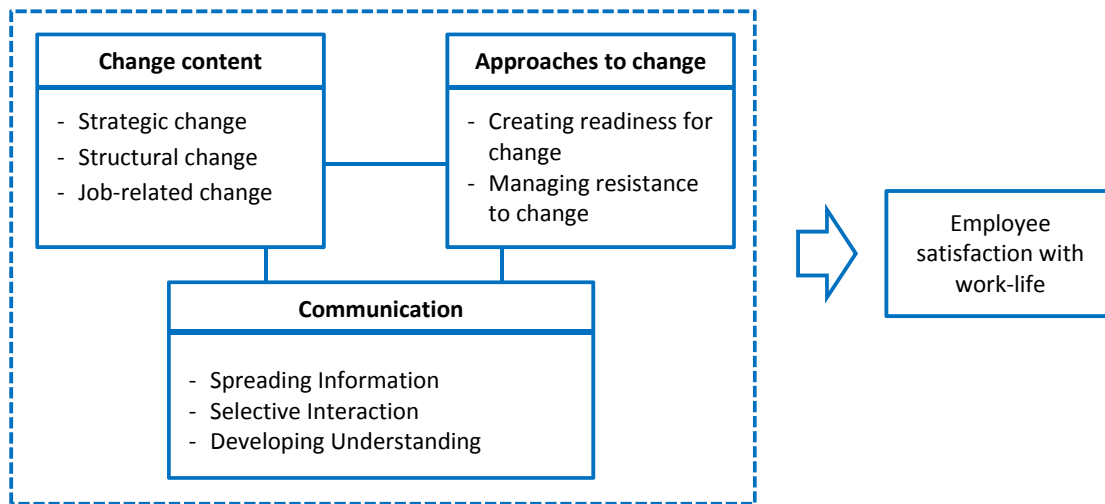


Figure 2: The framework of this thesis

The upper left box of the framework is labeled *change content*, and evolves from the presentation of change types in Chapter 2, where a classification was made into *strategic*, *structural* and *job-related* change. These types of change can all result from a merger, and are thus important to investigate.

The upper right box in the framework is *approaches to change*, and consists of the concepts described in Chapter 3. The main topics comprised by this component of the framework are how to create readiness for the changes resulting from the merger, and how to manage potential resistance.

The last encapsulated box in the framework is *communication*, as discussed in Chapter 4. Here, three wide communication strategies were presented, representing the range of possibilities for organizations facing change programs. Together, the three encapsulated boxes address the first

research question of this thesis, which is to assess which types of *change content*, *approaches to change*, and *communication* activities that are present in mergers.

The framework presented here also contains three interconnections between the concepts. While the elements described certainly can be viewed in isolation, it will also be valuable to assess the linkages between them, in order to investigate how different aspects of a change initiative are related, or should be adapted, to each other. The interconnections presented here will aid the investigation of the second research question of this thesis, which is to assess how *change content*, *approaches to change*, and *communication* affect each other in a merger.

The first relationship concerns how *change content* is assumed to affect the employees' *approaches to change*. The rationale for this one-way influence is that the *approach to change* is a reaction to specific *change content*. Examples of this interrelation include how the content of the change must be explained and rationalized in order to convey the *change message* necessary for creating *readiness for change* (Armenakis & Harris, 2002; Armenakis et al., 1993; Self et al., 2007). In addition to this, it can be contended that *change content* will influence the occurrence of *resistance to change*, making further assessment of the linkage important.

The second relation is that between *change content* and *communication*, and results from the idea that communication should be adapted to the pending changes (Argenti, 2009; Cornelissen, 2011). The relationship could also be present in the opposite direction, meaning that communication could affect the way *change content* is perceived.

The last linkage in Figure 2 concerns how *communication* and *approaches to change* are interrelated. This interconnection could also appear in both directions. For instance, communication is assumed to play an important role in creating *readiness for change* (Armenakis & Harris, 2002; Armenakis et al., 1993; Self & Schraeder, 2008), and can aid management in avoiding *resistance to change*. In addition, the *approach to change* held by employees could influence how they perceive communication.

The framework in Figure 2 also contains an overarching box surrounding the mentioned components and the interconnections. This illustrates how the satisfaction of employee's regarding their work-life is assumed to be a function of *change content*, *approaches to change*, *communication*, and the interrelations. As such, the final output of *satisfaction* is not explained by only one component of the framework, but rather the interplay between them and how they are adapted to each other. How the three components and their interconnections lead to employee satisfaction addresses the third research question of this thesis, being to assess how *change content*, *approaches to change* and *communication* affect employees' work-life satisfaction post-merger.



## CHAPTER 6: METHODOLOGY

This section aims at describing and explaining the research design and sources of evidence used in our investigation, as well as how empirical data have been gathered and analyzed. In addition to this, it will be discussed how the interplay between literature and empirical investigation has influenced the development of the model and hypotheses. Lastly, the quality of the findings is debated.

### 6.1 RESEARCH STRATEGY

A great variety of research designs may be utilized when conducting social research (Payne & Payne, 2004; Yin, 2009). In the following section, the selection of research design and unit of analysis will be presented. In addition, the sources of evidence that have been used and how the current research has utilized both *quantitative* and *qualitative* methods will be discussed.

#### 6.1.1 Research Design

To guide the selection of main research strategy, Yin (2009) proposes three conditions which should be taken into account:

1. Form of research question?
2. Requires control of behavioral events?
3. Focuses on contemporary events?

The research questions of this thesis looks at *which* types of *change content*, *approaches to change*, and *communication* activities that are present in mergers, as well as *how* they are related, and *how* this affects the work-life satisfaction of employees. Further, it was neither possible nor desirable to control the events, which are still occurring and constantly evolving, and thus contemporary. In a situation like this, Yin (2009) suggests that a case study is the most appropriate research method. According to the author, “a case study is an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident” (p. 18). Wacker (1998) follows this notion when claiming that “empirical case studies provide new conceptual insights by empirically investigating individual cases for an in-depth understanding of the complex external world” (p. 375). These definitions of the case study methodology fit nicely with the research in question. In addition to the three conditions posed by Yin (2009), the difficulty of separating the influence of the merger from other organizational factors clearly illustrates the blurry boundaries. The emphasis of Wacker (1998) on ‘new conceptual insights’ also seems highly relevant as no mergers are equal.

Having established that a case study is preferable, the merger between EDB Business Partner and Ergo Group immediately rose as an ideal candidate, as we wanted to study a *merger of equals* (Zaheer et al., 2003) in which the post-merger integration was currently ongoing and fresh. The desire to study a *merger of equals* was fueled by the perception that these represented the highest complexity and most intriguing challenges (Habeck et al., 2000). As a result of the desire to study the EDB/ErgoGroup merger, the *single case* methodology was adopted. Besides being highly relevant for studying a single chain of events, this approach provide a certain academic flexibility, as it enabled us to adapt the methodology according to the preliminary findings (Stuart, McCutcheon, Handfield, McLachlin, & Samson, 2002).

### 6.1.2 Unit of Analysis

Within the scope of the case study, an important consideration is whether to view the case as one entity, or identify logical subunits within the boundaries of the case and analyze these more or less separately. The former approach can be labeled *holistic*, while the latter comprises an *embedded* case design (Yin, 2009). According to Yin (2009), “the holistic design is advantageous when no logical subunits can be defined or when the relevant theory underlying the case study is itself of a holistic nature” (p. 50). However, the disadvantage is that the analysis could become too abstract and distant from the real-life context. The *embedded* design, while more directly concerned with specific events, will face the difficulty of transforming the findings from the subunits to the whole case, but will allow deep analysis of differences and diversity. The desire to investigate topics which could vary considerably between different parts of the organization made us choose the *embedded* design.

In the context of this study, the subunits could be defined either as business areas, business units, sections, departments, teams, or even individuals. We decided to use functional units as our units of analysis. Although our main source of evidence concerning these units was encounters with individuals, we sought to aggregate the findings of interviews to understand the unit as a whole. The reason for this choice was a desire to define a unit as a set of individuals who had encountered a certain degree of change, and who had been exposed to more or less the same communication. This would make us able to compare the findings from various units that had faced different changes and/or communication. If we had chosen to focus on individuals, it would have been more difficult to compare the results as the number of units increases. Of course, the number of units could then have been lowered, but this would again have resulted in fewer encounters to rely on.

Specifically, we chose to use a geographical branch of a business unit as the unit of analysis. In the opinion of the authors, this enables a desired degree of homogeneity within the unit, while also obtaining diversity between units. The specific selection of units is further described in Appendix F. It

is however important to mention that while an *embedded* design was chosen, our empirical data also included sources of a more *holistic* nature. These regarded corporate documentation and several interviews with high-ranking individuals, hereby capturing the single case context in which the units of analysis are embedded.

### 6.1.3 Sources of Evidence

According to Easton (2010, in Dubois & Gibbert, 2010) and Stuart et al. (2002), one of the defining characteristics of a case study is that the researcher can make use of a wide range of data sources. Yin (2009) presents six sources of evidence, which according to him are often used in case studies. These are (1) documentation, (2) archival records, (3) interviews, (4) direct observations, (5) participant-observation, and (6) physical artifacts. In this thesis, we focus mainly on documentation, archival records, and interviews, but as the border between documentation and archival records is rather blurred, the two sources will in the forthcoming sections be treated as one.

According to Yin (2009), documentation is stable, unobtrusive, exact, enjoys broad coverage, and usually is precise and quantitative. He also notes that one should be aware that the purpose for which the documentation was created not necessarily matches the objectives of the present study. Similarly, Bryman and Bell (2007) list four challenges linked to the use of documentation, which relates to it being a secondary source of evidence: (1) The researcher's lack of familiarity with the data, (2) potential complexity of the data, (3) lack of control over data quality, and (4) the absence of key variables. As will be seen, we faced several of these challenges in our analysis of the data.

In our situation, we were forced to rely on documentation, because a vital part of the research concerned past events. To gain insight into these occurrences, it was important to avoid having to depend entirely on the recollection of individuals, as events that happened as much as 18 months ago could be hard to fully recall. The documentation used in this study consists of reports, plans, and records of employee satisfaction during the merger process.

Interviews, on the other hand, provide first-hand perceptions of topics, and can thus be seen as both targeted and insightful (Yin, 2009). Through interviews we were able to focus on the exact topics of our interest, which was crucial as the documentation did not perfectly address our line of inquiry. However, when conducting interviews, one needs to be aware of dangers of interviewer bias, respondent bias, and inaccuracies due to cognitive limitations (Yin, 2009). In addition, interviews, involving scheduling, preparation, conduction, transcribing, and analysis, do imply a vast amount of time usage (Payne & Payne, 2004; Yin, 2009). It is also important to recognize the different purposes of different types of interviews. We first conducted unstructured interviews, characterized by a conversational style and a lack of pre-defined questions (Bryman & Bell, 2007; Payne & Payne, 2004),

in order to understand the broader context of the case, gain access to *quantitative* data, and familiarize ourselves with the hierarchy of the case company. This, in turn, enabled us to identify the units of greatest interest to further research. At a later stage of the research, we conducted semi-structured interviews in order to more precisely answer the research questions. This type of interviews are based on a prepared set of questions, although the questions do encourage open answers and follow-up questions from the interviewer (Bryman & Bell, 2007; Payne & Payne, 2004). Section 6.2 will further describe how the respective evidence was gathered and analyzed.

One of the benefits of using multiple sources of evidence is that it helps build a more reliable and trustworthy argumentation. Yin (2009) highlights the importance of *triangulating* data sources, which is achieved when different sources involve evidence concerning the same events. Thus, triangulation does not require sources of evidence to reach the same conclusion, but only that they shed light upon the same phenomena. This has been important for this study, as evidence indicating differences between the units of analysis has also been pursued. In this research, data triangulation has been achieved by combining documentation with interviews, as well as asking multiple interviewees the same questions.

#### 6.1.4 Qualitative and Quantitative Research

A common distinction between research strategies is that of *qualitative* and *quantitative* methods and data. Silverman (1993, in Payne & Payne, 2004) defines the former as methods “especially interested in how ordinary people observe and describe their lives” (p. 170). *Quantitative* research, on the other hand, concerns “the counting of how frequently things happen” (Payne & Payne, 2004, p. 181). In this thesis, both methods have been applied, but with different aims.

Even though the case study is viewed as a *qualitative* methodology, and rightly so, it is not uncommon to include *quantitative* sources as part of the data collection (Payne & Payne, 2004; Yin, 2009). For instance, in an *embedded* case study, *quantitative* data can provide a means to discuss the generalizability of the findings of the specific units. This combination of *qualitative* and *quantitative* data is viewed by Yin (2009) as “a strong analytical strategy” (p. 132), a notion supported by Bryman and Bell (2007). In addition to this, *quantitative* data and its analysis can provide the basis for selecting a set of units from a large population, as was the situation in this study.

As indicated earlier, parts of the documentation used in this study were survey results and reports concerning employee satisfaction during the merger process. Some of this documentation were of a *quantitative* nature, in the form of extensive Excel sheets depicting the individual responses collected by the organization itself. Although such documentation must be considered *quantitative* data, the research methods applied to treating it were mostly *qualitative*. This was a result of the flaws of the

documentation, which did not allow sophisticated *quantitative* analysis. The majority of the data used in the research was strictly *qualitative*, with interviews playing a major role. The research strategy applied in this thesis can thus be characterized as *qualitative*, although both *quantitative* and *qualitative* data sources have been utilized. The nature of the case and collected data thus imply that it is *qualitative* generalizations, rather than statistical, that will be the result of this thesis.

## 6.2 COLLECTION AND ANALYSIS OF DATA

As described in the previous section, this thesis has utilized several different sources of evidence, and the collection of these will now be presented. Firstly, we conducted 13 unstructured interviews with executives and directors of the company, as well as with external consultants. Secondly, we accessed relevant data created by the company in the merger process, primarily plans and employee surveys. Based on the initial interviews and the surveys, we estimated the ‘degree of change’, as faced by the specific business units. Finally, we conducted 15 interviews with employees from three different business units in the company. The details of all 28 interviews can be found in Appendix B. How the different sources of evidence relate to the concepts in the theoretical framework and the research questions can be seen in Table 9.

	Main purpose	Main relation to framework	Main relation to research question
<b>Initial unstructured interviews</b>	<ul style="list-style-type: none"> <li>- Gain initial understanding of the merger process</li> <li>- Access documentation</li> </ul>	<ul style="list-style-type: none"> <li>- Change content</li> <li>- Communication</li> </ul>	#1
<b>Documentation created by the company</b>	<ul style="list-style-type: none"> <li>- Understand the corporate communication plan</li> <li>- Utilize the employee surveys</li> </ul>	<ul style="list-style-type: none"> <li>- Communication</li> <li>- Employee satisfaction</li> </ul>	#1
<b>Estimating the degree of change</b>	<ul style="list-style-type: none"> <li>- Plot the survey results per degree of change</li> <li>- Select business units</li> </ul>	<ul style="list-style-type: none"> <li>- The effect of change content on employee satisfaction</li> </ul>	#3
<b>Semi-structured interviews</b>	<ul style="list-style-type: none"> <li>- Gather data regarding the perceptions of employees from the three subunits</li> </ul>	<ul style="list-style-type: none"> <li>- Change content</li> <li>- Approaches to change</li> <li>- Communication</li> <li>- Employee satisfaction</li> <li>- The relation between the concepts</li> </ul>	#1, #2, and #3

**Table 9: The collected evidence and how they relate to the framework and research questions of this thesis**

### 6.2.1 Initial Unstructured Interviews

The first collection of data was aimed at gaining an initial understanding of the post-merger integration work and status of the company, as well as understanding some major issues of the integration process as seen by external consultants. The interviews also provided insight to help identify subcases for further investigation. It was our aim to keep these interviews informative and *factual* (Kvale, Rygge, Brinkmann, & Anderssen, 2009), as opposed to personal and subjective. This initial phase consisted of three rounds comprising 13 unstructured interviews.

In the first round, we conducted three interviews, with integration executives from the case company, a communications expert, and a management consultant heavily involved in the merger process. Through these talks we gained insight into the integration process, as well as issues the experts on a general basis viewed as crucial to the success of the human side of the integration.

In the second round of unstructured interviews, which also consisted of three interviews, we met with the HR executive, an HR director, and a communications consultant that had worked extensively with the integration. Through these talks we developed a deeper understanding of how the merger had affected the various business areas, and how the company had planned and conducted the change processes and the communication related to these.

The third and final round consisted of seven interviews, for which the primary aim was to get an understanding of the change faced by various units in the organization, as well as starting to close in on candidates for in-depth *qualitative* analysis. Four of the interviews were with the HR directors responsible for the *IT Operations*, *Financial Services*, and *Solutions* business areas, and the support functions, respectively. In addition to the four interviews with the HR directors, this round also included three interviews with members of the *Integration Management Office* (IMO). They contributed with valuable insights about the changes faced by the business units, managerial challenges, and how the process of integration and synergy reaping had been implemented and tracked.

### 6.2.2 Documentation Created by the Company

Throughout the integration process, EVRY performed several activities aimed at planning the process and monitoring the reactions of the employees. We have been given access to a lot of this material. Firstly, we obtained the corporate communications plan anno March, 2011. In addition to the plan itself, we received 24 of the corporate newsletters that comprised an important part of the communication plan. Secondly, we gained access to five employee surveys conducted between February and November, 2011. Third and lastly, we received an evaluation of the integration process, labeled PMI Evaluation, as well as the evaluation reports from most of the surveys.

### **Corporate communications plan and corporate newsletters**

The communication plan was written for the IMO, and was created by the corporate communication unit in collaboration with an external communications consultant. This plan provided us with valuable insight into the company's overall communication strategies and tactics. Even though the plan was formed at the corporate level, it did contain specific goals and how these were intended to be implemented. An important part of the communications plan was the corporate newsletters crafted by IMO to provide information regarding the 'processes' of the integration. These letters gave us an understanding of what kind of information the employees received directly from the IMO.

### **Employee surveys**

The five surveys utilized include one large, company-wide employee satisfaction survey (ESS) conducted in November, 2011, as well as four 'Pulse Checks' (PCs), mainly concerning the integration process. The ESS was our best source of quantitative data. With a sample of 3652 employees based in Norway, it could be broken down and provide interesting, yet not statistically significant, results for most of the business units of the company. However, the ESS was not sorted by hierarchical structure, only by the name of each manager. In addition, the results did not account for geographical location, which could be a source of differences in perceptions. These are examples of the challenges of secondary data, as our lack of familiarity with the organization and the complexity of the data (Bryman & Bell, 2007) gave rise to a challenging manual deciphering of the data. This was further complicated by several restructurings throughout 2011 and 2012, and partially inconsistent business unit, section, and department labels. The PCs were conducted in February, March, May, and September, 2011, and concerned topics of great relevance to this thesis. The data files for the two former, however, included irretrievable errors and were deemed not useful. The two latter ones, with samples of 787 and 358 respondents in Norway, respectively, proved to be of value. When the results were broken down to a business unit level, however, the samples tended to become too small. Thus, we continually considered the sample sizes whenever we utilized the data from the PCs.

As it was our desire to look at the evolution of the employees' perceptions, we wanted to make the two usable PCs compatible with the ESS, in order to compare three different points in time. To achieve this, we developed four categories, or clusters, of questions from the three surveys which we felt treated similar phenomena and had an analogous wording. However hard we tried to achieve this, the clustering of unequal questions will always involve a certain error margin, as the questions are not perfectly comparable. The categories we developed were *Information Flow*, *Top Management*, *Job Content Clarity*, and *Job Attractiveness*. Appendix D further describes the clusters and the questions they consist of.

In order to assess whether the PCs and the ESS was compatible, we plotted the scores of the question clusters for all business units across three points in time, thus containing both the PCs and the ESS. If the clustering of questions was biased, one would expect a distinct difference between the scores from May and September on one side and November on the other for almost all business units, as the questions from the ESS would then be perceived as different from those of the PCs. If the clustering was indeed successful, the lines for the business units would be diverging. We were unable to detect any clear signs in the plots indicating that the questions from the ESS and the PCs were incomparable. Graphical presentations of the results are included in Appendix D.

When we had established the questions clusters, and thus had three points in time, it was possible to create simple plots of the results. Plots of the development over time for all business areas and business units, both in terms of overall score and the mentioned clusters, can be found in Appendix E. The sample sizes of the various business units were however so small that statistical analysis did not make much sense. Nonetheless, the results were used to roughly indicate trends and differences on a business area level and to select the business unit cases and interviews, but did not receive considerable attention beyond this.

#### **PMI Evaluation and evaluation of employee surveys**

The PMI Evaluation was conducted in collaboration with external management consultants, and discusses findings across a variety of integration-related issues. This evaluation contained a rather extensive analysis of employee feedback, consisting of the PC from May, 2011, as well as 90 interviews, the latter primarily with executives and managers. In addition to the PMI Evaluation, the case company crafted reports concerning both the ESS and the PCs. These mainly included simple plots of employee satisfaction, across business units, business areas, and to some extent geographical location, as well as some comments. However, we did not utilize these reports to a great extent, as we conducted our own analysis merging the results from the ESS and the PCs.

#### **6.2.3 Estimating the Degree of Change**

As the surveys did not contain any control variables that related the specific units to the change they had faced, we wished to establish a discrete and purely objective 'degree of change' parameter, which would provide a crude overview of the change faced by each subunit. The final classification was created based on a survey handed out to the HR directors responsible of each respective business area. Thus, the final 'degree of change' was not as objective as we intended it to be, as it was based upon the perceptions of the HR directors, but we felt it provided a decent assessment. In this survey, we presented six parameters and questions used to assess which types of changes that had taken place, the selections of which were a result of the initial discussions with the HR executive



as well as literature on organizational change. The survey results gave rise to a three-level classification of 'degree of change', distinguishing between low, medium and high, also labeled categories 1, 2 and 3 later. This, in turn, enabled us to combine the 'degree of change' with the perceptions of employees as depicted by the PCs and the ESS. The survey and its answers can be seen in Appendix C.

This classification of 'degree of change', however, holds several serious limitations. First of all, the HR directors did not claim to have a complete and accurate picture of the events in each and every business unit. Thus, some of the survey questions may have been inaccurately answered. Secondly, the organization had experienced restructurings throughout the merger process, with the result that our business unit classification had not persisted throughout the entire integration period, which made the classification more complex. Thirdly, the change as perceived by the individual employee does not necessarily relate to the limited set of parameters defined by organizational change literature. Additional aspects may have been perceived as equally or more important. This third and last objection is, however, not considered to inhibit the analysis, as the 'degree of change' scale was intended to measure formal changes. The subjective part of experienced change has been covered by interviews with affected employees, described in section 6.2.4.

Studying the plots of the ESS and the PCs, with specific attention to the scores and development over time of the low, medium, and high 'degree of change' categories, we tried to find business units with results similar to the specific pattern of the respective categories. As an example of the least 'degree of change' we decided to pursue the *Development* business unit of *Financial Services*, or more specifically, its Trondheim section. As the unit with medium 'degree of change' we selected the Oslo branch of the *Information Management* unit from the *Solutions* area. Finally, the *Production* unit from *IT Operations*, also located in Oslo, was chosen to represent the largest amount of change. The specifics of this selection process are described in Appendix F.

#### **6.2.4 Semi-Structured Interviews in Business Unit Subcases**

##### **The nature of the interviews**

Initially, we planned to conduct six interviews in each of the chosen units, five with employees and one with a middle manager. The number was a function of the trade-off between thoroughness and time constraints. With six informants we felt we could attain a decent understanding of the context and perceptions of the unit's work-life, without becoming drowned in an uncontrollable amount of preparations and post-interview analysis. After practical considerations and discussions with the middle managers, we scheduled seven interviews with members of the *Development* unit, five with *Information Management*, and six with *Productions*. All of the units included one interview with a

middle manager, the rest with employees. The selection of informants was done by the middle managers, which could be problematic, as it involves a potential selection bias. Will it be in the interest of the middle managers to bring forth a set of employees not representative of the unit to influence the findings in any way? While it is impossible to claim that this was not the case, we felt that the variety and content of the answers of the informants deemed this kind of bias unlikely.

Further, it was desired to conduct semi-structured interviews, as we wished to maintain a certain amount of comparability between respondents, but without forcing the sessions into simple Q&As (Bryman & Bell, 2007). Thus, we created an interview guide structured around four broad topics, each with specific questions which to various degrees invited elaboration and follow-up questions. Some of the questions were of a mere yes/no nature with a short comment, some asked the respondent to estimate the degree of a phenomenon, while others were of a 'how' nature. The interview guide can be found in Appendix A. The four topic areas were perceptions of *change content*, *approaches to change*, perceptions of *communication*, and general satisfaction with work life. All of the questions in the interview guide were inspired by existing literature, as advised by Yin (2009) and Bryman and Bell (2007).

It is important to note that a significant change in the schedule occurred, as the *IT Operations* case became unavailable at the last minute due to downsizing-related sick leave. We are greatly in debt to the department manager who was able to arrange three interviews for us on a couple of hours' notice in another part of the *Production* business unit, thus still making it possible to conduct interviews with the high 'degree of change' category in spite of the cancelation. The implication of this was that we were forced to reduce our preferred number of interviews, as well as omit the interview with the middle manager, but this was, given the circumstances, unavoidable. The rescheduling of course made the understanding of the *Production* unit narrower, as we did not get as many statements as we got from the other units. It also made it more challenging to use *Production* as a distinctive unit of analysis, as it became difficult to transform findings from three individuals to the unit as a whole. However, the findings were treated in the same way as those from the two other subcases, with the functional unit, not the individuals, as the unit of analysis.

### **Transcribing and analyzing the interviews**

In the aftermath of the interviews, all of them were transcribed accurately, word-by-word, as advocated by Kvale et al. (2009) and Bryman and Bell (2007). As strongly argued by Payne and Payne (2004), we avoided correcting grammar errors and incomplete sentences, as this could make the interpretation deviate from the original statement. The interviews were transcribed in their entirety, with the exception of some occasions when the session was interrupted and one occasion when the

interviewee drifted far away from the topics. When the transcriptions were ready, they were, as strongly recommended by Kvale et al. (2009), transmitted to the interviewees, so they could reserve certain comments for confidentiality reasons and resolve any misunderstandings.

In the process of analyzing the transcriptions of the interviews, we coded the interviews according to the main topics and the research questions, as advised by Payne and Payne (2004) and Kvale et al. (2009). Different answers were given different colors, and especially interesting or representative quotes were highlighted. This coding enabled us to consolidate the findings of the interviews, labeled *meaning condensation* by Kvale et al. (2009), in order to establish an overview of all interviews. This summary made us able to recognize whether there was a consistent pattern in the answers of all respondents from a particular unit, or if the respondents had diverging perceptions. We were also able to identify some aspects that were similar across all of the interviewees, as well as discovering clear trends and differences between the units.

Having both conducted interviews and obtained *quantitative* data through the employee surveys, it could be considered valuable to compare these, in order to discover similarities and differences. There are, however, multiple reasons why this comparison was not conducted. First, it should be noted that both the surveys and the interviews contained only a fraction of the respective business units' population, and neither can thus be said to be representative. Second, there is a fundamental difference between mere *quantitative* assessments and *qualitative* discussions of equivalent issues, making direct comparison less relevant. Third, the surveys depicted perceptions from May, September, and November, 2011, while the interviews were conducted in March, 2012, providing a large gap in time that made direct comparisons even less valuable. Fourth, the survey data itself had certain shortcomings, as described in section 6.2.2. As the interviews are our source of primary data, and most relevant to our research questions, we have to a large extent focused on these at the expense of the survey results.

Finally, the findings of the semi-structured interviews have been analyzed in combination with the previous unstructured interviews and the written documentation. This was done in order to compare the perceptions of employees with those of middle-managers and personnel in corporate functions. As such, comparisons across hierarchical levels were possible. When analyzing findings from the semi-structured interviews in conjunction with those from documentation created by the company or other interviews, we also achieved triangulation of data sources, increasing the validity of the findings (Bryman & Bell, 2007; Yin, 2009). As will be shown in the analysis of empirical data, this triangulation enabled us to identify several valuable insights, for example discrepancies between the intended and perceived communication.

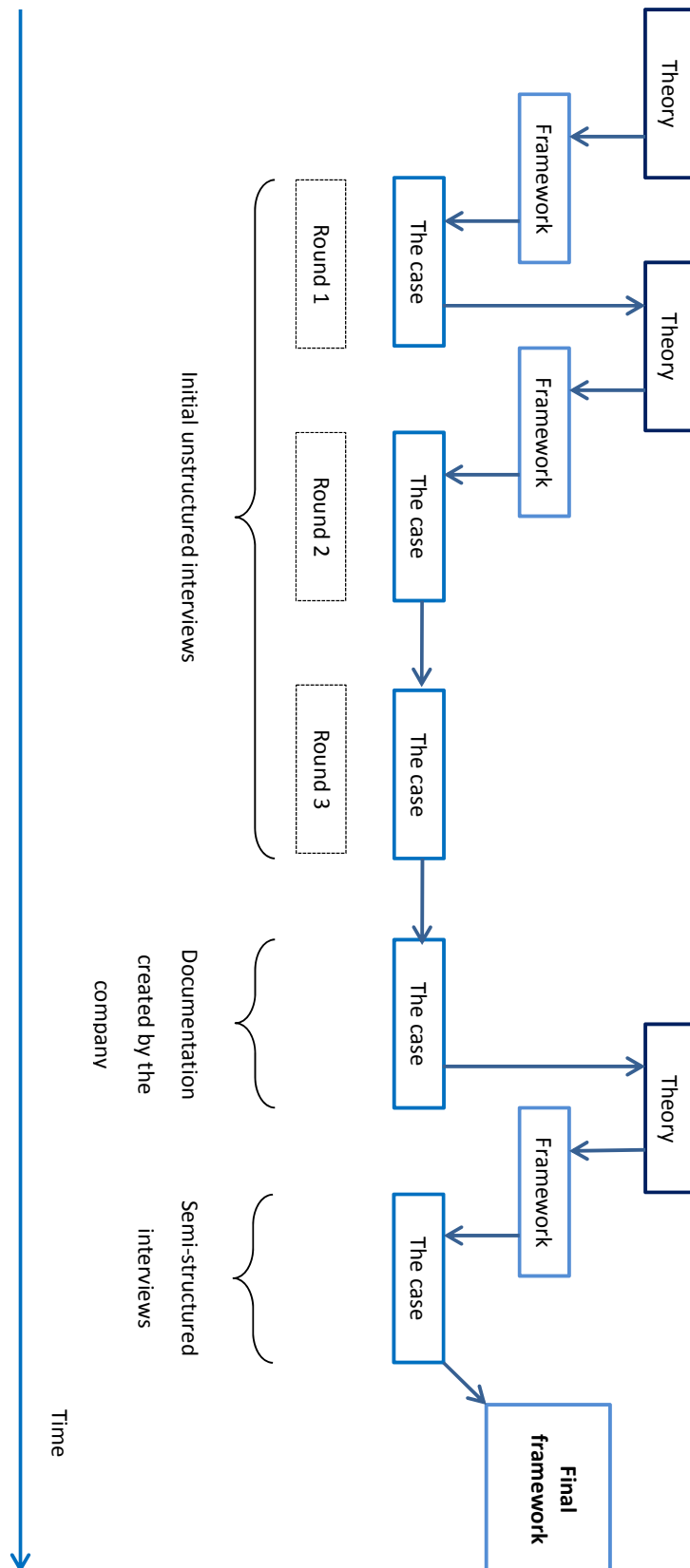
### 6.3 SYSTEMATIC COMBINING

During the process of creating this thesis, we have seen a clear development in our model and hypotheses, as well as in the methodology. According to Yin (2009), Dubois and Gibbert (2010), and Dubois and Gadde (2002), such an evolution often occurs when conducting a case study. The latter pair of scholars suggests that researchers should actively seek the opportunities provided by such developments, and proposes the use of *systematic combining* to achieve this. *Systematic combining* can be explained as a “continuous movement between an empirical world and a model world”, where “the research issues and analytical framework are successively reoriented when they are confronted with the empirical world” (Dubois & Gadde, 2002, p. 554). This process is influenced by four factors, namely (1) the empirical world, (2) theory, (3) the framework, and (4) the case, each capable of affecting each other and setting a new direction for the research. In the succeeding section, a timeline of the methodology (Figure 3) used in the current research is presented, in order to illustrate how *systematic combining* have been used. In Figure 3, the last three factors mentioned above are clearly evident, while the evolution of *the empirical world* will be treated in text only.

The starting point of this thesis was a literature review (Oppen & Aass, 2011), where relevant theories were studied in order to gain an overview of the research field and create an initial framework. This framework was not thought to be carved in stone, but rather utilized as a tool to guide further inquiries. The initial model was then brought along to the first round of interviews with the case company, and thus confronted with the case and the empirical world for the first time. Findings arising from these meetings led to a new literature search, this time more specific and adapted to the results from the first interviews. Another consequence of the presentation of the initial framework was that our desire to conduct our own surveys was rejected by the case company, as they did not approve of this kind of involvement from outsiders. In this way, the encounter with the real world redirected and limited the available research methods.

This second period of theory processing eventually led to a revised framework. Now, the role of *communication* had been altered, as a result of new insights into the existing communication plan and available data material. There was also a shift in research focus, from being primarily on *intentions* and plans, to emphasize *perceptions* and experiences more.

The new framework was presented to the case company in the second round of interviews, and remained without large alterations throughout the next round of meetings. The fact that the framework remained static for some time can be explained by the acceptance from EVRY to do in-depth case research in specific business units. This redirection of methodology caused us to spend most of our time and resources on analyzing available data, in order to select units for the subcases.



### Figure 3: A timeline of the research

With the studies of the business units approaching, a final round of extensive literature review was necessary in order to craft the interview guide and make sure that a sufficient overview of the literature was obtained. Not only did this processing of theory result in an interview guide, it also ensured another revision of the framework, which was kept in mind during the case studies. The collection of primary data from the chosen business units through semi-structured interviews was then conducted, before developing the final framework. One particularly important revision during this last redirection was the explication of the *approach to change* component of the framework, which until then had only been a factor incorporated in the change concept.

While the above walkthrough of the process and Figure 3 explain how *theory*, *the framework* and *the case* have been confronted with each other and redirected the research, the last factor of Dubois and Gadde (2002), *the empirical world*, is also worth noting. The main argument of Dubois and Gadde (2002) when treating this factor, is that certain boundaries must be established, in order to gain the necessary focus. In this current research, the limitation of which geographical and business areas to

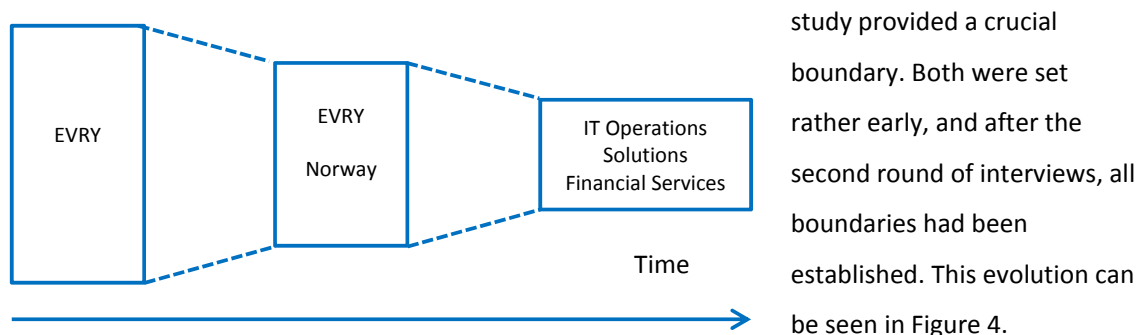


Figure 4: The limitations made in this thesis

## 6.4 QUALITY OF THE FINDINGS

The case study as a research strategy has become an important part of academic research, yet it has not always been recognized as “a proper scientific method” (Yin, 1994, in Dubois & Gadde, 2002, p. 554). This view is often followed by a critique on the generalizability of the case study results, as they undoubtedly will strongly depend on their unique context (Dubois & Gadde, 2002). However, it could be argued that “case studies, like experiments, are generalizable to theoretical propositions and not to populations or universes” (Yin, 2009, p. 15). This position is supported by Bryman and Bell (2007), who also remark that this implicates that the case researches must be especially thorough when building the theoretical foundation of the study and describing the case context. As another challenge of the case study, Yin (2009) highlights that the researcher may easily be carried away and thus lose sight of the initial goals of the study. This evolution could potentially be an advantage, as it

allows the researcher to re-focus on issues of greater interest, but it is of course dangerous to be diverted and end up being unable to address the research questions.

When considering the quality of social research in general, it is common to do so by applying the concepts of *validity* and *reliability* (Bryman & Bell, 2007; Dubois & Gibbert, 2010; Kvale et al., 2009; Payne & Payne, 2004; Stuart et al., 2002; Yin, 2009). However, Bryman and Bell (2007) remarks that these concepts were derived primarily with regard to *quantitative* research, and that their relevance in the context of a case study thus can be debated. In order to address this, Lincoln and Guba (1985, in Bryman & Bell, 2007) and Guba and Lincoln (1994, in Bryman & Bell, 2007) proclaim that *qualitative* research should be evaluated according to its *trustworthiness*, which can be further specified into the four components of *credibility*, *transferability*, *dependability*, *confirmability*. In the following, the quality of the findings of this thesis will be evaluated across these four parameters.

### **Credibility**

The concept of *credibility* is similar to *internal validity* (Bryman & Bell, 2007; Yin, 2009), and concerns “ensuring that research is carried out according to the canons of good practice and submitting research findings to the members of the social world who were studied for confirmation” (Bryman & Bell, 2007, p. 411). To achieve *credibility*, Bryman and Bell (2007) recommend *respondent validation*, i.e. giving the informants access to the findings, and *triangulation*. In this thesis, we have addressed both recommendations. As mentioned, all of the informants have received and read the interview transcripts, and wherever comments were made, they were acknowledged. We have also, as described in section 6.1.3, routinely triangulated the findings from the various sources.

### **Transferability**

*Transferability*, which relates to *external validity* (Yin, 2009), or *generalizability* (Kvale et al., 2009), concerns whether the findings and conclusions are limited to the specific study or can be transferred to other cases. Seeing as “the qualitative findings tend to be oriented to the contextual uniqueness and significance of the aspect of the social world being studied” (Bryman & Bell, 2007, p. 413), it is rather difficult to achieve this in a case study. If the researcher fails to address this challenge, the case study will end up as “simply a collection of anecdotes and war stories” (Stuart et al., 2002, p. 429). However, while we certainly are aware that the context of our case is unique, we feel that the findings concern social phenomena typical of merger integration and organizational change. That being said, it must be up to the reader of this thesis to evaluate whether the findings are transferable to another specific context. In addition to being of practical relevance, the findings of the case can be utilized to confirm or falsify theoretical propositions (Dubois & Araujo, 2007; Yin, 2009).

### Dependability

*Dependability* can be said to parallel *reliability* in *quantitative* research (Bryman & Bell, 2007), and is essentially about “ensuring that complete records are kept of all phases of the research process – problem formulation, selection of research participants, fieldwork notes, interview transcripts, data analysis decisions, and so on – in an accessible manner” (Bryman & Bell, 2007, p. 414). The purpose of this is, according to Bryman and Bell (2007), to enable peers to “act as auditors, possibly during the course of the research, and certainly at the end to establish how far proper procedures are being and have been followed” (p. 414). Achieving *dependability* is, according to Dubois and Gibbert (2010), especially important when following an *abductive* research approach, such as *systematic combining*, as the researcher could be blinded by the complexity of the interaction between empirical evidence and theory: “The *abductive* researcher must “excel” in openness and transparency towards the research process as well as concerning research ethics” (Dubois & Gibbert, 2010, p. 133). In order to ensure *dependability*, we have systematically stored all interviews notes, transcripts, company-created documentation and early drafts of the research questions and the problem statement. In addition, our research has continuously been the subject of the mentioned ‘auditing’, primarily by one of our supervisors, who have followed the entire process from the outset, and also reviewed the interview guide and several of the interview transcripts. In addition, the discussions with our external supervisors from a consulting company have been very useful in order to evaluate and discuss our research procedures.

### Confirmability

The latter concept, which resembles *objectivity* (Payne & Payne, 2004), is achieved if the researcher has “not overtly allowed personal values or theoretical inclinations manifestly to sway the conduct of the research and findings deriving from it” (Bryman & Bell, 2007, p. 414). In this study, *confirmability* has been sought in three different ways. Firstly, aided by the literature review previously conducted (Oppen & Aass, 2011), we pursued and found diverging perspectives from a great variety of researchers, which together comprised the theoretical basis of this study. Secondly, both our academic and professional supervisors assessed our work throughout the process and, on the basis of this, made suggestions and warnings to ensure *confirmability*. Thirdly, we, as mentioned, handed out all of the interview transcripts to the informants.

In conclusion, this thesis have sought to address all the criteria of trustworthiness as defined by Bryman and Bell (2007). While especially the criteria of *transferability* is challenging to the case study researcher, we feel that we have reached conclusions that should be relevant to other merger practitioners and academics. We have also worked towards making the methodology and findings of the research as transparent as possible, enabling others to evaluate the research methods.



## CHAPTER 7: EMPIRICAL FINDINGS

This chapter will present the data and evidence that emerged from the empirical investigation of the case company. As such, it addresses the first research question of this thesis, being to assess which types of *change content*, *approaches to change*, and *communication* activities that are present in mergers. First, a general description of the case will be given, including a narrative of the two former companies, a chronology of the merger, and a brief overview of the new company. Second, empirical findings regarding the four components of the framework, being *change content*, *approaches to change*, *communication* and *employee satisfaction*, will be brought forth. These sections will include findings on both a company-wide and business unit-specific level.

### 7.1 GENERAL DESCRIPTION OF THE CASE MERGER

In order to give an overview of the EVRY merger, the two former companies will now be presented, before explaining the chronology of the merger with emphasis on important activities and milestones. At last, a brief presentation of the new company will be given. Unless otherwise specified, the information used in this subchapter has been gathered through unstructured interviews with executives and directors in the case company.

#### 7.1.1 EDB Business Partner

EDB Business Partner was founded in 1962 with the intention of being the IT center of three Nordic insurance companies (EVRY, 2012c). Since then, its portfolio of products and services has evolved from punch cards and banking applications into supplying a broad range of IT services. The company had also acquired approximately 50 businesses prior to the merger in 2010 (EDB ErgoGroup, 2010). In 2009, the company had operations in the entire Nordic region, Ukraine, USA, UK and India, with a focus on the former (EDB, 2010). In Norway, the company had eight offices, primarily in the largest cities (EDB, 2010).

Revenues	7.5 billion NOK
EBITA margin	13 %
Number of employees	6,000
CEO	John-Arne Haugerud
Largest owner	Telenor Business Partner Invest (27 %)

EDB Business Partner consisted of the three business areas *IT Operations*, *Solutions*, and *Consulting* (EDB, 2010). The first comprised operational activity of IT systems, infrastructure and applications. Whereas this business area

**Table 10: Facts about EDB Business Partner (2009)**

concerned systems already being functional and in use, *Solutions* was the department that developed these systems. Within *Solutions*, the area of *Bank and Finance* contributed with 88 % of the revenues in 2009, and was thus particularly important (EDB ErgoGroup, 2011). The last business

area was *Consulting*, which offered consultancy services within standardized industry solutions, project management, and system development and testing (EDB, 2010).

### 7.1.2 ErgoGroup

ErgoGroup was founded in 1972 as Statens Driftssentral (EVRY, 2012c), and grew significantly in the following decades through multiple acquisitions. In 1995, the company was bought by Posten Norge (ErgoGroup, 2010), where it operated as an internal unit until 2001, when the name ErgoGroup was launched (EDB ErgoGroup, 2010). Since then, inorganic growth through M&As have been a prevalent strategy for the company, and in 2009 it had operations in Norway, Sweden, Finland, and India (ErgoGroup, 2010). Within Norway, a focus on decentralization and being a regional actor led ErgoGroup to have 28 offices in Norway and more than 90 in the Nordic countries combined by the end of 2009 (ErgoGroup, 2010).

Revenues	5.2 billion NOK
EBITA margin	5 %
Number of employees	3,700
CEO	Terje Mjøs
Largest owner	Posten Norge (100 %)

Prior to the merger, ErgoGroup had five business areas (ErgoGroup, 2010). *Regional Services* consisted of regional and local offices in Norway, and delivered a broad range of IT services to SMEs and cornerstone enterprises. *IT Operations* included operations of infrastructure, outsourcing, and communication

**Table 11: Facts about ErgoGroup (2009)**

services, while *Solutions* in many respects were the manufacturers of these services. *BEKK Consulting AS* was a 100 % owned consultancy firm based in Trondheim and Oslo (Bekk Consulting, 2012; EDB ErgoGroup, 2010). Finally, the business area called *Nordics* managed ErgoGroup's customers outside Norway for a variety of services, primarily in Sweden and Finland.

A common denominator of the two former companies was that both had large, industrial owners, which in turn were, and are, partially or entirely owned by the Norwegian government. EDB's largest owner before the merger in 2010 was Telenor Business Partner Invest AS, owning 27 % of the shares (EDB, 2010). This company is a subsidiary of Telenor ASA, where the Norwegian government owns 54 % of the shares (Nærings- og handelsdepartementet, 2011). As a parallel to EDB's connection to Telenor, ErgoGroup was prior to the merger tightly linked to Posten Norge, which is 100 % owned by the Norwegian government (Posten Norge, 2011). Not only did Posten own all the shares of ErgoGroup, it was also its largest customer, representing 13 % of ErgoGroup's revenues in 2009 (ErgoGroup, 2010).

### 7.1.3 Chronology of the Merger

The first official report of talks between EDB Business Partner and ErgoGroup surfaced early June, 2010, when the owners of the two companies announced their intent to merge. The summer

proceeded with approval from the extraordinary general meeting of EDB Business Partner, and extensive planning of the new organization's strategy and structure. The formal approval from the Norwegian Competition Authority was given on the 15<sup>th</sup> of September, 2010. In the beginning of September 2010, the top management team of the new, to-be-merged entity was presented with former ErgoGroup CEO Terje Mjøs being appointed to run what was to be called EDB ErgoGroup. Of the eleven positions in the top management team, five came from the previous EDB, five came from ErgoGroup, while one was brought in externally. The main events can all be seen in Figure 5, depicting the timeline of the merger in 2010.

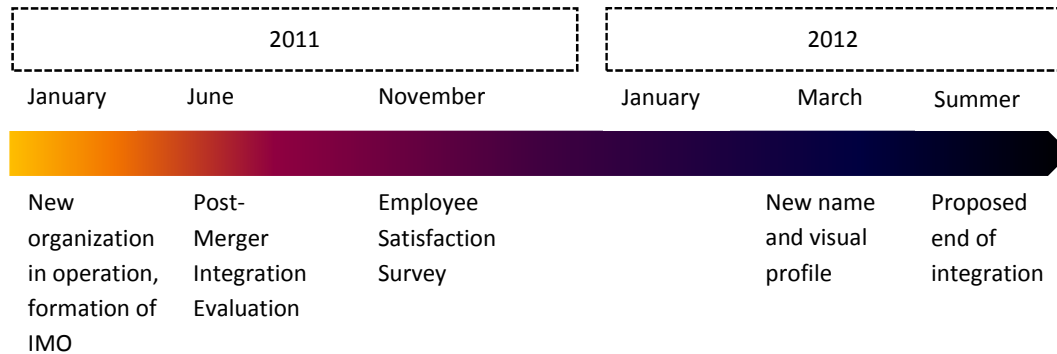


**Figure 5: Timeline of the merger, important events prior to operational merger**

The main motivation behind the decision to merge was a desire to attain a stronger international position, with competition from global actors intensifying (EVERY, 2012b). Large MNCs such as IBM and HP controlled close to 20 % of the Nordic IT service market in 2009 (EDB, 2010), with European players such as Tieto and Logica also representing considerable competition. The motivation to compete with these actors materialized in the strategy laid out in the late summer of 2010, where the aim to become a leading Nordic supplier of IT services was presented. In the fall of 2010 the two companies legally merged, and decided the management structure below the executive team. Before Christmas, all management positions were filled, and on the first day of 2011 the new organizational structure became operational. It was decided that the new company should consist of five major business areas: *IT Operations*, *Solutions*, *Financial Services*, *Consulting*, and *Sweden*. Important integration events after January 1<sup>st</sup>, 2011, can be seen in Figure 6.

In the beginning of 2011, the Integration Management Office (IMO) was established, which was given the responsibility of facilitating the merger process as well as managing communication related to the integration process. The IMO also got the task of controlling the realization of proposed synergies. The official target for annual synergy gains was 325 million NOK, and comprised a better purchasing position, reduction of overhead costs, and naturally, reduction of staff. The *IT Operations*

business area and the support functions were the main targets of layoffs, whereas also *Solutions* underwent minor reductions in staffing. While the downsizing, to some extent, involved the departure of personnel, reshuffling of staff between business units also occurred.



**Figure 6: Timeline of the merger, important events and activities in 2011 and 2012**

IMO was also responsible for several employee surveys throughout the merger process, measuring satisfaction levels, perceptions of the merger and other reactions to it. The so-called Pulse Checks (PCs) are examples of such assessments, and were conducted in February, March, May, and September of 2011. The extended PC in May was the foundation for an extensive post-merger integration evaluation, labeled PMI Evaluation, presented in June 2011. In November, 2011, the company-wide Employee Satisfaction Survey (ESS) was conducted.

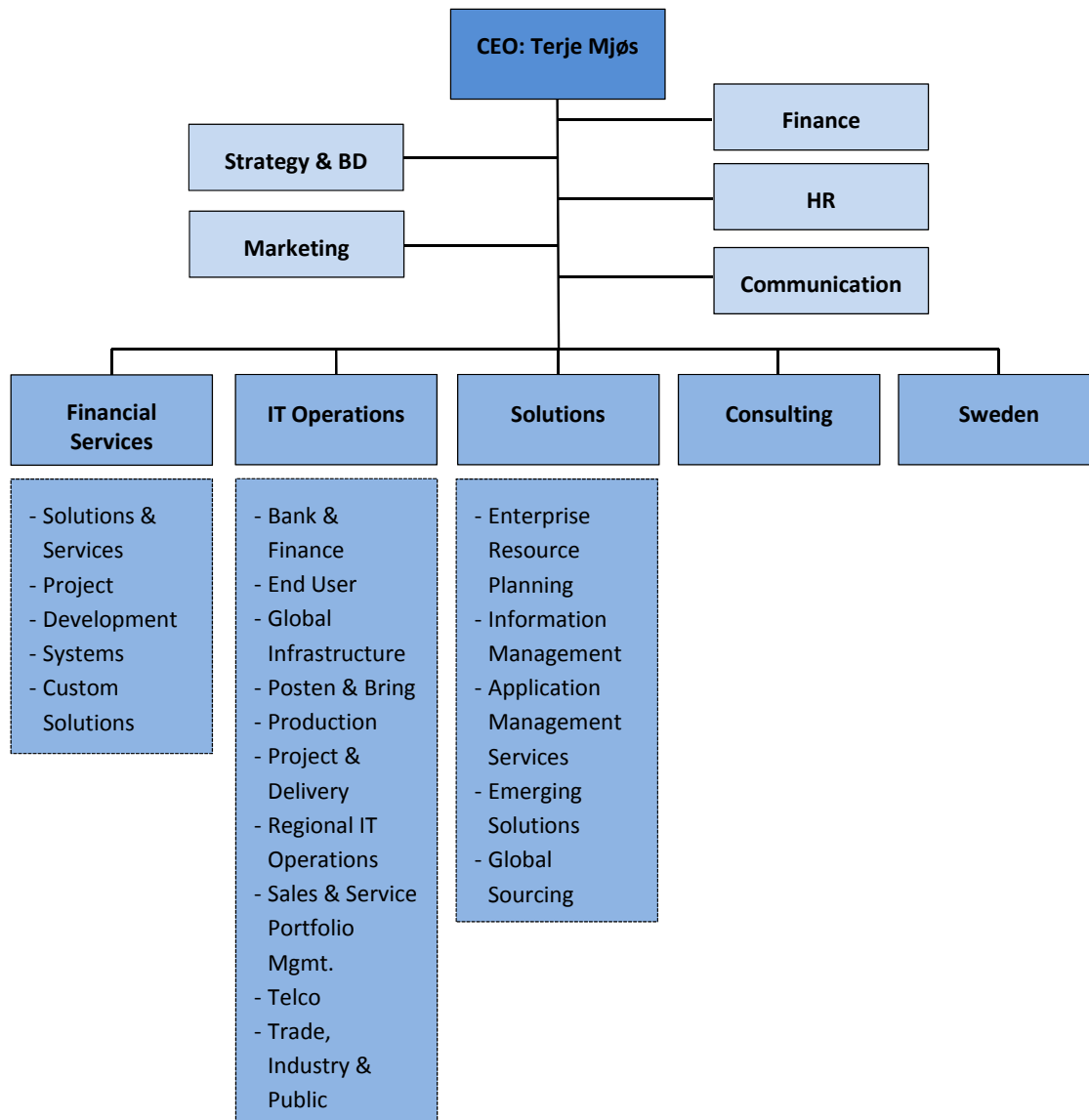
The integration activities taking place in 2011 primarily concerned combining business units and personnel where duplication was present, merging of internal systems, and crafting new company values. The specifics of these activities will be further explained in section 7.2.1. In addition to this, a new visual profile and the name of the new company, EVRY, was presented on March 17<sup>th</sup>, 2012. The IMO will be terminated before the summer of 2012, and the company will, according to their own statements, stop referring to events as part of *the integration*.

#### 7.1.4 The New Company

The merged company was named EDB ErgoGroup until the announcement of its new name, EVRY. In 2011, it had revenues of 12.8 billion NOK and 9,500 employees, of which 4,800 in Norway (EVRY, 2012a). The combined company had more than 100 offices in the Nordic countries, and a total of 135 offices in 16 countries (EVRY, 2012b).

### Organizational structure and Business Areas

The new company is organized in five support functions as well as the five business areas, as can be seen in Figure 7. Here, the business units under each of the three business areas chosen for further investigation in this thesis can also be seen.



**Figure 7: Organizational chart for the new company**

*Financial Services* delivers IT services to the financial and banking industry, and its product portfolio consists of card services, payment terminals, transaction management, business intelligence and compliance (EDB ErgoGroup, 2011). Its position within the industry is solid, with the company claiming it to be the leading supplier of the mentioned services in the Nordic countries (EDB ErgoGroup, 2011). *Financial Services* consists of employees and operations from the previous EDB

Business Partner only, and has not been the target of restructuring since the announcement of the merger. The business area includes five business units, shown in Figure 7, where the latter business unit handles Swedish clients only.

*IT Operations* is responsible for the operation of existing solutions and services, which comprises network services, operation of infrastructure and applications, security services, user support and data communications (EDB ErgoGroup, 2011). The main customers of *IT Operations* are the bank and finance sector, process and manufacturing industries, oil and gas, retail, telecommunications, and the public sector. As *IT Operations* is responsible for the daily operation of services developed at *Financial Services* or *Solutions*, it collaborates closely with these business areas. *IT Operations* went through a major restructuring effective from 1<sup>st</sup> of April, 2012, but until then, it consisted of the business units found in Figure 7. This business area consists of employees from both former companies.

The business area of *Solutions* develops software and provides system maintenance and analysis services, mainly to the public sector (EDB ErgoGroup, 2011). In particular, it delivers a wide range of solutions for municipalities, the healthcare sector, and governmental agencies. The business area consists of employees from both EDB and ErgoGroup, and was re-organized with effect from January 1<sup>st</sup> 2012, and then consisted of the five business units seen in Figure 7.

The fourth business area, *Consulting*, offers a wide set of IT consultancy services, mostly working on-site. The final business area covers EVRY's business in Sweden. As mentioned, *Consulting* and *Sweden* will not be further discussed in this thesis, and neither will the company's support functions.

This section has presented the two former companies, the merger integration process, and some key properties of the new company. The succeeding sections of this chapter will present empirical findings related to the components of the framework, being *change content*, *approaches to change*, *communication* and *employee satisfaction*. As such, the first research question of this thesis will be addressed. With the exception of *approaches to change*, findings on a company-wide level will be presented first, before going into evidence from the business units that were selected for further inquiry. These are *Development* from *Financial Services*, *Information Management* from *Solutions*, and *Production* from *IT Operations*.

## 7.2 CHANGE CONTENT

This section will present relevant findings from the empirical investigation regarding the first concept of the framework, namely *change content*. First, changes affecting the company as a whole will be described. This represents 'objective' changes, as it is changes that evidently have occurred.

Secondly, findings specific for the chosen business units will be brought forth, allowing for deeper understanding of what have occurred in those units. This latter section focuses on *perceptions* of changes held by employees, thus being the more 'subjective' assessments of what changes have taken place, and which are viewed as most important and dramatic.

### 7.2.1 Company-wide Changes

Following the operational merger on January 1<sup>st</sup>, 2011, substantial restructurings and layoffs have taken place in EVRY. The aim of reductions in 2011 was 246 employees, primarily in support functions and *IT Operations* (EVRY, 2011). Downsizing also took place in 2012, but the number of layoffs was not decided in advance, but rather continuously evaluated according to the level of natural departure. While support functions and *IT Operations*, as mentioned, were the primary targets of downsizing due to the high degree of overlapping functions, the *Solutions* business area also experienced some layoffs in 2011. Within these numbers of downsizing, both final departure from the company and internal redeployment are included. During the first rounds of layoffs, severance packages were offered, while the latter round contained more specific targeting.

While 2011 proceeded with combination of business units, the major restructurings took place in the beginning of 2012. A complete restructuring of *Solutions* was effective from the 1<sup>st</sup> of January, 2012, where new business units and management was put in place. The same occurred in *IT Operations* some months later, while a restructuring in *Financial Services* was scheduled for the summer of 2012.

Another type of changes was those concerning internal IT systems. The two former companies brought along separate, and often incompatible, systems for accounting, employee monitoring, intranet, and email, to mention a few. This was a major area of focus for the company in 2011. In some cases, EDB or ErgoGroup's system were chosen, while other times a new solution was developed. In the case of the intranet, the two separate solutions were used simultaneously during 2011, in addition to an interim intranet, before launching the new service in March, 2012. In addition to providing common solutions for internal systems, the company also worked towards migrating the systems and solutions being utilized in customer products and solutions. In order to choose the appropriate platforms, extensive assessments were conducted, and at the time of this research, this process was not completed in several business units. The challenges in this process involved not only training employees to handle new platforms, but also moving customers onto a new system.

There were also changes in corporate mission, vision, values and name during the integration period. New values were carved out during 2011, and presented in the fall the same year, following a large-scale program to involve employees in suggesting and discussing new values.

The perhaps most explicit change for the company as a whole during the integration period was the new name and visual profile announced in March, 2012. At this point, the combined company went from being called EDB ErgoGroup to become EVRY. This change also provided opportunities for engagement from employees, as they were encouraged to submit suggestions for a new name. Many were considered, but the final outcome was not one of the submissions from employees.

Summarized, it is evident how company-wide changes such as restructurings, downsizing, consolidation of IT systems, and new name and values have taken place. In the next section, findings from the chosen business units will be presented.

### 7.2.2 Perceptions of Change Content in the Subcases

While the above presentation of *change content* affecting EVRY as a whole provided insight into the large-scale changes that have occurred, it will also be necessary to investigate the changes that have happened in the specific business units that were closely examined. The succeeding sections will start off by presenting the changes that according to the HR director of the business area in question had occurred, before describing the perceptions of informants about the relevant *change content*.

#### Development, Financial Services

Through interviews with the HR director responsible for the business area and other personnel close to the integration process, it became evident that *Development* in general has not been affected by the merger beyond those changes that have been imposed on all employees. Examples of such are new company values, mission and vision. The business unit consists of employees from former EDB only, and has not undergone organizational restructuring after the merger. There has not been active downsizing or redeployment of personnel; employees generally have the same tasks as prior to the merger; no major shifts in management have occurred, and employees have maintained their physical workplace.

Employees of *Development* in general report of an insignificant amount of experienced change. None of the informants felt that the new corporate strategy, restructuring of units, downsizing or changes in work tasks had affected them in any way. While some employees mentioned participating in workshops about new corporate values, this process had not led to changes in their daily operations. As said by one respondent: "In practice it has not influenced much, but there has been this kind of fuzz" (D3). Considering geographical relocation, most of the respondents are aware that they are most likely to be relocated to the site of the former ErgoGroup, but this fact is seemingly no source of frustration or significant uncertainty.



Regarding internal systems and administrative guidelines, most of the respondents confirm that there have been some changes, although this does not seem to be a major concern or affecting employees in a direct manner. This may be because all employees of *Financial Services* use the previous EDB platforms and systems, avoiding technical problems arising from incompatible solutions. Several of the respondents, however, are frustrated with the new insurance policy, which is viewed as inferior to the previous one. Quite a few of the informants also remark that changes in systems and guidelines are rather common, independent of a merger: “We are so used to changes, so which changes are caused by the merger and which are natural changes?” (D6).

### **Information Management, Solutions**

The investigation of the changes that had occurred in *Information Management* revealed the unit as medium in terms of ‘degree of change’. The HR director responsible for this unit was under the impression that there had neither been changes in tasks for employees, considerable changes in management structure, nor workplace relocations, but she confirmed that some personnel have been redeployed, both functionally and geographically, and that this unit was the result of a combination of two former units. This latter example of change occurred during a restructuring of *Solutions* effective from the 1<sup>st</sup> of January, 2012. Another type of change reported to have been present in *Information Management* is the shift in the systems and platforms that are being used. This results from the need to reduce the number of systems and platforms used in the organization, and thereby concentrate knowledge.

When investigating how different types of *change content* have been perceived by employees in *Information Management*, it became evident that restructuring and the merging of IT systems were viewed as the most important ones. As the unit is a result of a combination of units from both former companies, there are many different systems in use, and several informants express that the process of choosing which systems to maintain have taken too long. When asked how she evaluates the migration of IT systems, one informant characterizes it as “messy” (I4). This frustration also regards internal systems, such as email and intranet, where employees have not been able to use the same platforms yet. One informant even states that he has to use two computers in order to access the platforms and tools he needs, and another confirms that this applies to several others as well.

With regard to downsizing, the employees in the unit state that this has not affected them in a direct manner, but rather that there is uncertainty concerning possible future layoffs. This uncertainty seems to have been amplified by an event in December, 2011, when a message on the intranet stated that *Solutions* would be subject to future downsizing. This had not been communicated earlier, but the statement was withdrawn in January, 2012.

The new strategic direction of the company and its new values are not perceived by the informants as affecting the daily work of the unit, as all informants reject this. Several employees express that they are aware of the new values, but that it is difficult to see how these relate to their day-to-day activities, and that the content of the values have not changed too drastically. In the words of one informant: “I think it often is just ‘same shit, new wrapping’” (I5).

When asked about other types of change, the unit paints a fragmented picture. Workplace relocation, changes in tasks and responsibilities, and new administrative guidelines are seen as important by some, and not important whatsoever by others.

After having obtained first-hand statements from employees in *Information Management* it is apparent that the impression of the HR director regarding changes did not perfectly capture the employees’ views, as her assertion that workplace relocation and changes in tasks had not occurred was questioned.

### **Production, ITO**

The *Production* business unit of the *IT Operations* business area has been experiencing significant changes. This is one of the business units that both companies had an equivalent to prior to the merger, implying a high degree of duplication. According to the HR director responsible for the unit, this has resulted in restructuring, layoffs, redeployment, considerable changes in management positions, and a physical relocation for large portions of the employees. The downsizing of personnel was conducted in multiple rounds, where the first layoffs were announced during the first half of 2011, and a second round in the beginning of 2012. In relation to a large restructuring of *IT Operations* effective from the 1<sup>st</sup> of April, 2012, additional layoffs were made. At the point of investigation, the consequences of this last restructuring were not at all clear, although the last interviews were conducted on the 30<sup>th</sup> of March. In fact, personnel in *Production* were not even sure if the restructuring was to be effective from 1<sup>st</sup> of April or May, as they had heard both.

All of the informants from *Production* confirm to have been affected by restructuring and downsizing, although in different manners. One experienced to have the team he belonged to more or less eradicated from the organizational chart, the result being complete solitude and unclear goals. Another respondent views restructuring and downsizing as a source of stagnation in the unit, as the uncertainty surrounding such changes makes people doubt whether their work will be relevant in the future. He also mentions a lack of strategic planning from management, with regard to what should happen after restructuring: “Making everyone run faster, work faster, write faster: it’s not a good tactic” (P3). In total, restructuring and downsizing, both prior and upcoming, seem to have affected

the work-life of employees in *Production* significantly, and uncertainty surrounding future changes is also prevalent.

Another type of change that seems to be affecting *Production* is the introduction of new IT systems. The unit especially reports of slow processes in the selection of new systems and implementation of these, leading to considerable frustration. One informant states that this originates from poor management, meaning that they do not know which systems to prioritize, and which processes that provide the backbone for the operations the unit carries out. He further mentions decision-avoidance as a problem within the business area, and that the daily operations would benefit from making decisions faster.

This business unit provides mixed responses regarding the effect of new values and strategy. While one mentions the increased focus on customers through new values, others seem to believe that the new values are merely new words for what has always been there. A possible explanation for the limited effect of new values was offered by one respondent, stating that the impact of these largely depends on the extent to which managers utilize them in the day-to-day business. Concerning whether work tasks had been considerably changed, the respondents also give diverging answers, from being extensively affected by changes, to not having any problems with slightly differing tasks.

With regard to changes in administrative guidelines and workplace relocation, the unit does not see this as a significant change. Particularly the latter is considered to be unimportant. In the words of one informant: "After some years, it isn't very important where you keep your flowers and family pictures" (P3). When commenting on changes in administrative guidelines, two of the informants actually express a desire for *more* change, also stating that the implemented changes have not affected them in a direct manner.

Having observed the perceptions of informants in the three business units regarding the content of the change, the next section will go into the second topic of the framework, being the *approaches to change* held by employees.

### 7.3 APPROACHES TO CHANGE

Having presented findings related to the first topic of the framework, the following section will bring forth the findings concerning the employees' *approaches to change*, comprising the second concept of the framework. Regarding this concept, it will not be relevant to discuss company-wide findings, as an *approach to change* resides in the individual. In this thesis, however, such approaches are aggregated from individual perceptions to a business unit level, because employees experiencing the

same objective changes and communication activities are expected to possess a rather similar *approach to change*.

### 7.3.1 Approaches to Change in the Subcases

The findings relating to *approaches to change* from the three business unit cases will now be presented. These solely concern the subjective perceptions of informants from the units.

#### Development, Financial Services

An important component in deciding the *approach to change* in a unit is whether the employees possess insight into the rationale for the merger. Most of the informants in *Development* seem to possess this insight, as they mention how M&A activity is the best way to make the company grow, and thus secure the future position of the firm. As one informant explains: “In this business it is all about growth, and to grow you have to merge” (D3). Considering if this particular merger was the right choice, the unit unanimously agrees.

Further, all employees in the unit expresses that the merger was supported by people they considered important in the old company, including both middle management and the former top management of EDB. None of the informants report that the merger involved changes too dramatic for them to handle, and several state that the merger have not invoked any real change whatsoever. The informants from *Development* also report that they have been given satisfactory information about what the merger will imply for them personally.

When asked if they had felt involved in the merger process, the findings were rather inconclusive. While some firmly declined, others responded that they did feel involved through participation in the corporate values workshops. Among those who did not feel involved, the general trend was that they did not want to either. Regarding the justice of the merger process and outcomes, the informants felt that the equality between former EDB and ErgoGroup managers was satisfying, although their old company at present is outnumbered in the top management positions.

#### Information Management, Solutions

The *Information Management* unit provides interesting results with regard to whether the merger between EDB and ErgoGroup was necessary. Of those informants feeling capable to answer the question, all expressed views that their former company could have maintained their position as an independent firm, such as the informant stating that “we [ErgoGroup] could perfectly well have continued on our own” (I3). However, when asked if this specific merger was the right choice to make, given that a merger was to take place, *Information Management* answers confirmatory. Further, the informants express that they are not entirely sure whether important persons in their

old company supported the merger, but most feel that they have been capable of undertaking the changes imposed by the merger. Employees in this unit also consider the information about the personal consequences of the change as satisfactory, but some point to the fact that this information have been delivered too late.

The informants in the business unit are divided in whether they have been involved in the change process or not. Most report that they have been involved in the sense that they are affected by changes, but do not feel that they have been able to directly influence the process. The one informant that claims to have been involved in a direct manner is a middle manager, and thus the superior of the other employees interviewed. There are also reports of a desire to be more involved, and that informants believe they could have contributed to a better process, if involved to a greater extent.

There is also a prevailing belief in the unit that roles and responsibilities have not been distributed in a righteous way between former EDB and ErgoGroup. One informant even states that “I believe that many, myself included, have a feeling that we have been bought by Ergo, and that we have not entered into a merger” (I6). The reason for this justice-related frustration seems to be that the manager of the business unit came from ErgoGroup, and then predominately selected former ErgoGroup employees to the positions below her. Another explanation is offered by a former ErgoGroup employee, stating that “I believe EDB gained more from this merger than we did” (I1), indicating a certain inequality between the companies. Even those informants coming from ErgoGroup believe the current balance to be unfair, and frustration with this imbalance seems to arise from distinct leadership philosophies, where former EDB employees classify their ErgoGroup manager as being far too authoritative.

### **Production, ITO**

When asked about the necessity and appropriateness of the merger, the informants from *Production* are divided. One states that he is unable to assess this, while the other two clearly see both the need to merge, and why this specific merger was the right choice. As explanations of this, one informant states that “the market [in Norway] has changed; there is no room for two large IT suppliers” (P3). In addition, the fact that EDB and ErgoGroup had considerable similarities is mentioned, making a merger between the two reasonable. The unit also responds affirmative with regard to whether important persons in their old company supported the merger, and mention both top management and their closest superior as examples of such persons.

Two of the informants from *Production* express that they have been able to undertake the changes resulting from the merger, while the last one definitely has problems with this. He mentions how he

now operates in complete solitude, and that the last restructuring nearly eliminated his functional responsibilities. This informant neither feels that he has received information about what the merger would imply for him, while the other informants are satisfied with the amount of information regarding this.

The informants all report that they appreciate the ability to get involved in the change process, but do not agree on whether this has been possible to a desirable extent or not. Two informants feel they have had some opportunities to influence the process, while the last completely disagrees. As one informant says: “I wish I could get involved and influence how we are organized and where responsibility and roles are placed, that would make things clearer, faster, and more transparent” (P1). Those informants that feel they have been involved, states that this primarily has been done through their daily work and duties.

Regarding the perceptions of equality and justice, the informants from the *Production* unit believe that roles and responsibilities have been distributed in a righteous way. That being said, all informants mention that this may not be a view held by others in the business unit. It is also stated that the balance between former EDB and ErgoGroup managers have shifted towards more imbalance during the integration process. This, however, is not necessarily seen as a negative move: “I felt like we blew some dust off of the culture in old EDB, which was a bit static and cud chewed” (P1).

Having presented the empirical findings from the three subcases regarding their *approach to change*, findings related to the next topic of the framework, being *communication*, will now be presented.

## 7.4 COMMUNICATION

The third concept of the framework contains findings on both a company-wide and a business unit-specific level. The former comprises strategies and plans for communication, crafted at the corporate center, and can thus be seen as the *intended* component of communication. The latter perspective will bring forth how smaller units have experienced communication, representing the *perceived* part of communication. Findings on both levels will now be presented.

### 7.4.1 Company-wide Communication

The company-wide communication activities that have been conducted during the integration period of the case merger are best presented through the communication plan from March, 2011. Here, the focus of communication is stated, along with the organizing of communication activities, challenges and strategies. This section will present these, and explain how communication activities have been organized in the integration process.

**Focus of communication**

The main focus of the communication plan was on maintaining 'business as usual' during the integration. This is articulated as a desire to focus on customers, and ensure that they did not suffer from the organizational changes taking place. In addition to this, the communication plan put emphasis on realizing synergies, which was the main task of the IMO and functional managers in the business areas. The last focus area mentioned by the communication plan was working towards becoming one company.

**Organizing of communication**

The organizing of communication in the merger process has been divided according to the messages that are to be delivered. The corporate communications function, in cooperation with top management and particularly CEO Terje Mjøs, has been responsible for general communication, and the more visionary content of communication, aimed at providing direction and creating a community within the organization. This has been done through large meetings with employees, both in Oslo and in regional offices, and blog posts by the CEO. The IMO has been responsible for communication providing specific information about the change process and reaping of synergies. This has primarily been done through intranet posts and newsletters distributed to all employees.

**Challenges regarding communication**

The communication plan also mentions several challenges that have appeared in the integration process. One of these is uncertainty among employees, arising from the need to receive information about the personal consequences of the merger. This relates to how middle managers lack information, thus having difficulties informing their employees. Further, the communication plan mentions the lack of good channels for management communication. Large-scale changes have broken personal relationships, and the channels that previously existed may have been swept away by restructurings or downsizing. The last challenge put forward is that the rationale for the merger may not have been communicated well enough.

**Communication strategies**

The communication plan also names some strategies that are to be applied. One explicit strategy is that both executives and functional management should play a vital role in communication activities. As a part of this, functional management has been given information packages from the IMO in advance of employees, so that they can prepare the relevant messages. Particularly in the early stages of the integration process, business unit managers were given a huge responsibility in the communication process, as these were accountable of passing information on to managers below them. Looking back, this strategy has been characterized as inadequate by personnel vital to the

communication process, and as a result of this, later communications efforts aimed at directly reaching a wider range of middle managers, thus not entirely trusting information to be passed on downwards by the business unit management.

In addition to this, the strategy laid out indicates that communication to a large extent can be characterized as generic. All units in the company have received the same information packages, and it has been the responsibility of middle managers to select which information to pass on, how to present the relevant information, and in what ways information is to be spread. This again highlights the crucial role of middle managers in the communication activities carried out in EVRY.

### **Communication channel strategy**

The communication plan also specifies which channels to make use of, naming email as a primary channel for communication between managers and employees. The content of such communication should be concerned with the rationale for the merger, and clarifying the direction of the new company. In addition, the intention was to make use of information meetings, intranet and newsletters in order to convey information. The materialization of this strategy was for example large meetings with both the CEO and other representatives of the top management. During the fall of 2010, such meetings were held for EDB and ErgoGroup employees separately, all led by CEO Terje Mjøs.

As mentioned earlier, the newsletters from the IMO have been an extensively used channel to convey information to employees. The newsletters have been made available on the intranet frequently, addressing current issues in the merger integration. The emphasis of the letters has been on explaining how the integration proceeds, and providing information about changes that affect large parts of the company. An example of this was the focus on explaining why the development of common internal IT services took so long. This clearly was a source of frustration in the company, and the newsletters thus attempted to provide a rationale for the slow progress.

### **7.4.2 Perceptions of Communication in the Subcases**

While the communication plan provides some insights into what has been done in the merger integration process, it will also be valuable to investigate how the communication process has been perceived by the informants in the specific units. By doing so, we are able to discover whether there are discrepancies between the intentions and perceptions of communication.

#### **Development, Financial Services**

When asked about their perceptions of the communication process, the informants from *Development* felt that communication had taken the form of presentation, not discussion, and that



the content concerned the company as a whole. The use of presentations could be related to how *Development* perceives communication as being primarily a one-way flow of content, although some do state that it has been possible to communicate back to the sender, for instance through responding to blog posts and emails. The impact of such initiatives is nonetheless viewed as limited, or as one informant states: "Coming up with suggestions, I don't really think it would have advanced, that it would make a difference" (D3). All of the informants also state that they received the information they needed, and did not have to actively seek it.

Concerning the intention of the communication, the *Development* unit seems to have the impression that providing information has been the main aim. Some informants also mention the creation of a community as a motivation for communication, but this is not nearly as highlighted as the role of communication in providing information. One informant also mentions another possibility when asked about the aim of communication activities: "Partly informing, partly to sell the information, sell the merger" (D2).

Regarding the channels of communication, the informants described the intranet, email, and department meetings as the best sources of information. Several employees stated that the department meetings had been a useful channel for translating the corporate information into practical implications for the unit. Some also mentioned larger meetings in which the top management participated. Most of the respondents reject informal communication as a source of important information.

### **Information Management, Solutions**

The most prevailing findings regarding the perceptions of communication found in *Information Management* are that presentations are widespread, and that the content of the communication usually concerns the company as a whole. There is, however, some understanding of why this is, as one informant states that "I believe this is the correct way to do it, because if you open up for discussion among 9000 [employees], I'm not sure it is going to be positive" (I3).

When asked about the opportunities to provide feedback to managers and submit suggestions for the future process, *Information Management* expresses that this has not been easy. Some informants mention that there is a hypothetical chance for giving feedback, but that in reality, this is non-existing. As one informant explains: "If it has been easy? I don't feel it has been easy, I don't, because I feel that there is a great distance between me and those making decisions" (I3). This can also be related to how *Information Management* perceives communication as being primarily a one-way flow of content, where the threshold for engaging in a two-way exchange is rather high.

The channels perceived by informants as the most important are department meetings, email and the intranet, and informal communication is considered rather important. While some informants mention informal sources as a way to obtain information directly, others see this as a trigger for pursuing information through other channels.

The *Information Management* unit is divided on quite a few other key characteristics of communication. They paint a fragmented picture with regard to what the aim of communication has been, whether employees have had to seek out information actively, and whether the channels utilized can be classified as personal.

The manager of this specific unit was also interviewed, and asked about what had been his role in the communication process. He stated that he had predominately transmitted the information he received from his superiors to his unit, but aimed at adapting the content of communication to the circumstances. He did, however, note that the opportunities for adaptation were limited, as communication usually regarded routine messages.

### **Production, ITO**

The *Production* unit feels that communication is brought to them through presentations, but there are different views on whether this form of communication is the optimal way of conveying messages. One informant states that “I think it makes it less interesting. You become a passive receiver and do not feel that you participate in a discussion” (P1). This is contrasted by another informant, saying the following when asked to evaluate whether discussion should be an aim: “No, not so much. I think people would be better off if we simply made decisions”, further stating that: “Two weeks of whining, and then we are done” (P3).

Another prevalent finding from *Production* is that the employees feel they have to actively search for information. As an explanation, one informant states how the information that is given, seldom is on the detailed level they need. This could be related to the fact that the unit perceives communication as concerning the company as a whole.

The channels that are most often used in this unit are department meetings, the intranet, and email. The informants name informal communication as important, mentioning their personal networks in the company as an important source of information, which often is quicker than the formal channels. Besides this, the utilized channels are perceived as primarily facilitating a one-way flow of information. This could be related to how informants state that feedback opportunities are limited. As one, rather dissatisfied informant, states: “There is no room for suggesting anything” (P2).

When asked about the aim of communication, there is agreement that providing information has been a priority, but the goal of creating a community is also mentioned by two informants. Whether the company has succeeded in this is, however, questioned. One informant states that while providing information has been the goal, he has not received even close to the information he needs.

This concludes the presentation of empirical findings related to communication in the merger integration and thereby the third component of the framework. The next section is concerned with the fourth and final topic, being employee satisfaction during the merger.

## 7.5 EMPLOYEE SATISFACTION

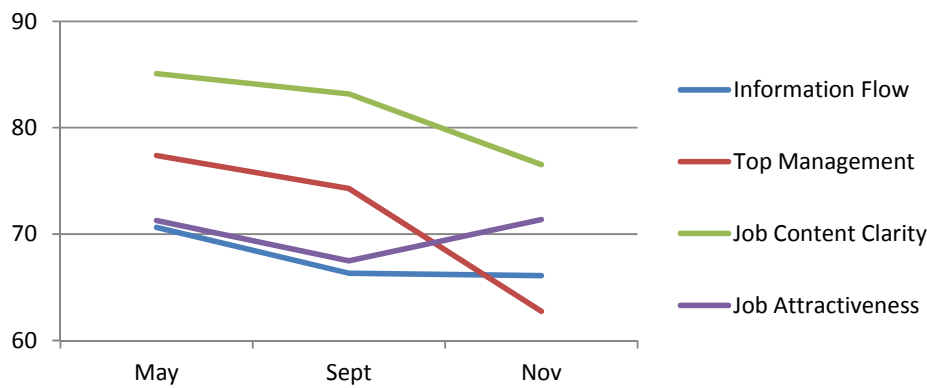
This final part of the framework concerns the work-life satisfaction of the employees. The findings related to this concept arise from employee satisfaction surveys, and the subcases conducted in the three focal business units. As in the previous section in this chapter, findings on a company-wide level are presented first, before going into the specific findings from the respective business units.

### 7.5.1 Company-wide Satisfaction

The findings on a company-wide level result from the employee surveys conducted in 2011, and show developments across three points in time. In this section, results for the whole company across each of the four topics of *Information Flow*, *satisfaction with Top Management*, *Job Content Clarity* and *Job Attractiveness* will be presented, along with the scores of the 'degree of change' categories.

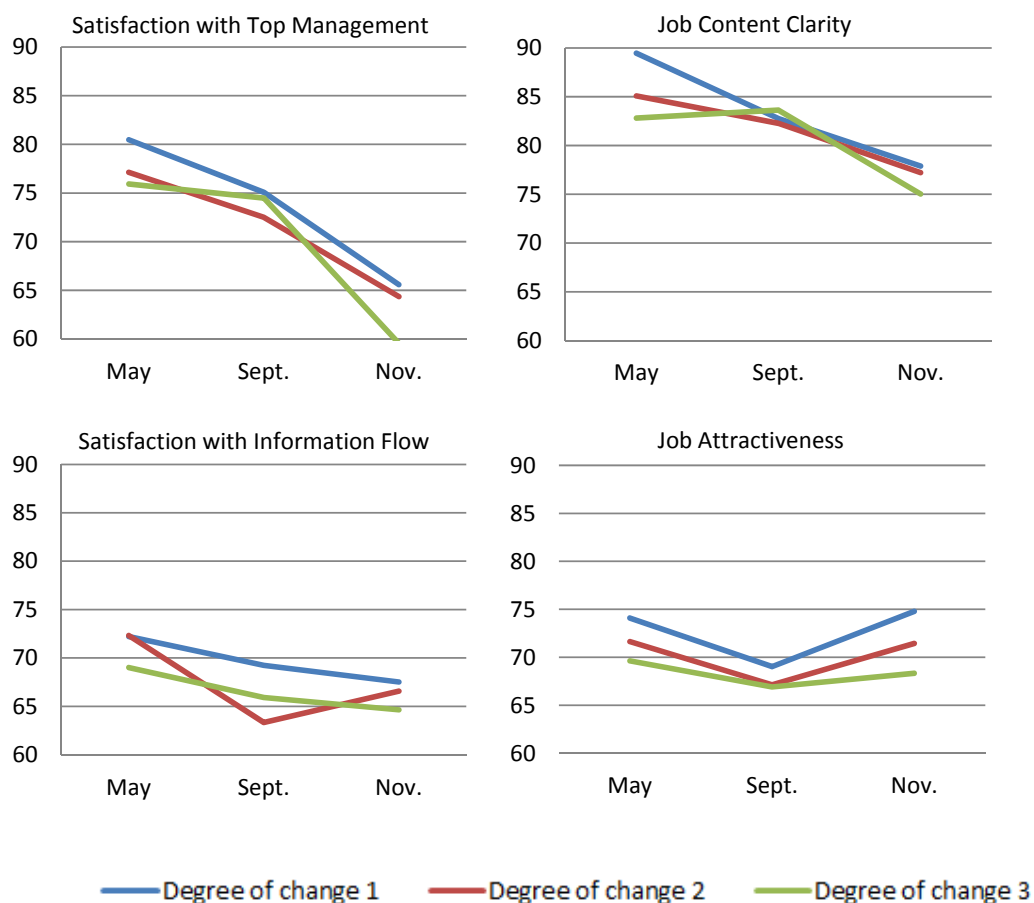
Figure 8 shows the scores and development of EVRY Norway across four topics, on a scale from 0 to 100. As can be seen, employees are mostly satisfied with the *Job Content Clarity*, although a declining trend is evident. The same trend is visible for the *Top Management* topic, which sees a drastic drop from September to November, 2011. This category starts off by quite high degrees of satisfaction, but ends up being the one with lowest scores in November.

Although the categories of *Information Flow* and *Job Attractiveness* see a decline in satisfaction levels from May to September, these topics show the opposite trend of the two former, by leveling out or increasing from September to November.



**Figure 8: Overall scores on the four topics**

In order to understand how the trends of Figure 8 relate to the different areas of the organization, the scores of the 'degree of change' categories can be analyzed. These are shown in Figure 9, where the lines represent 'degree of change' categories 1, 2 and 3.



**Figure 9: Scores of 'degree of change' categories on the four topics**

As can be seen from Figure 9, the drastic decline in satisfaction with *Top Management* is evident in all the three categories, but mostly the units in category 3, representing the most change. The drop in *Job Content Clarity* resembles the development of categories 1 and 2, but also category 3 contributes to the fall from September to November. The development of the *Information Flow* topic seems to be evident in 'degree of change' categories 1 and 3, whereas the last category displays a somewhat different pattern. At last, regarding the development of the *Job Attractiveness* topic, all the 'degree of change' categories show a similar trend as the company-wide development.

Another finding arising from the scores of the 'degree of change' categories is that those units experiencing the least change seem to be most satisfied on all topics. Both in May and November, this is the category with all of the highest scores, indicating satisfaction. Similarly, the units experiencing the most change accounts for the lowest scores in both May and November. This could point to the fact that 'degree of change' actually is related to degree of satisfaction, which will be further investigated in the succeeding parts of this thesis.

On the other hand, the 'degree of change' category 2 represents those units being least satisfied in September on three of the four topics. This could indicate a somewhat different relationships between change and satisfaction, but it must be noted that the absolute differences in the scores from September are small, and that September actually sees a convergence of the lines in Figure 9. It should also be emphasized that the differences in scores between the 'degree of change' categories are rather insignificant, making it less valuable to speculate in implications of the graphs.

### 7.5.2 Employee Satisfaction in the Subcases

After having seen the results of the company-wide surveys, this section will further describe the work-life satisfaction of the employees in the three subcases. As mentioned, the subcases were selected as representatives of each 'degree of change' category, and will thus elaborate the results from Figure 9.

#### Development, Financial Services

When asked about their satisfaction with their job, and whether they are proud to work for the company, the answers from informants in *Development* were with only one exception confirmative. The exception concerned an informant dissatisfied with the development of salary levels, which is not entirely a consequence of the merger. All the employees were satisfied with the information they had received from their closest manager, and no one reported of any uncertainty concerning their work tasks. On the question concerning the performance of the top management, the respondents were remarkably positive. With the exception of one interviewee, no one had anything to hold against the top management. Especially CEO Terje Mjøs is held in high esteem, as one informant

states: “Terje Mjøs is very okay, good with media, good at information meetings. He is motivating, he seems very dedicated to the company. I have a very good impression of him.” (D1). It should be noted that CEO Terje Mjøs came from the previous ErgoGroup, whereas all of the informants from *Development* are former EDB employees.

In short, the *Development* unit of *Financial Services* is, almost without exception, very satisfied with their work-life, assessed across measures from daily tasks to the role of top management.

### **Information Management, Solutions**

The informants from *Information Management* provide somewhat of a middle-path regarding work-life satisfaction. The unit reports that they have been given satisfactory information from their closest superior, but when asked about the top management, responses indicate only a medium level of satisfaction. This seems to stem from the internal work of top management, which is criticized by several informants. As reasons for this, lack of information and motivation is mentioned, along with insufficient rationalization of important decisions. One informant elaborates by saying that “they have done a good job internally as well, but there are certain areas that have been underestimated. The effect of not being able to work with the same routines internally has, in my eyes, been underestimated” (I3). The part of the top management’s work that concerns the external environment is, however, very well received by *Information Management*.

When asked whether their tasks are clearly defined, the informants of *Information Management* are divided in their responses. Some firmly confirm that they know exactly what to do; others are clearly confused, and some state that their tasks are fairly defined. Much of the same holds true when informants are asked whether they are satisfied with their work. Of those clearly expressing signs of dissatisfaction, some are optimistic about the future following the announcement of the new name and the publicity surrounding it, while others have shifted from being satisfied towards discontent. As a reason for this, the constant assessments of which systems to use, and time spent on not making decisions, are mentioned.

*Information Management* is united in the fact that they are proud to work for the company. As explanations for this, the large size of EVRY, its image among people outside the company, and the exciting opportunities it provides for employees, are mentioned. In addition, the re-branding of the company, including the new name and visual profile, seems to have induced feelings of proudness among some informants.

### **Production, ITO**

The informants from *Production* have greatly diverging perceptions of work-life satisfaction. The only topic they do agree on is that the information flow from the middle management has been insufficient. According to one informant: “I think it is important in any middle management to share more of the thoughts being around, I think it creates commitment, a positivity, and an understanding of what is going on” (P1). The lack of initiation of discussions is also highlighted as problematic.

Concerning the performance of top management, one informant feels that the executive team has done a good job. Another employee claims that the external part of the job has been successful, while the internal part has been insufficient. The third respondent is not satisfied whatsoever, and states that “There are a lot of activities initiated, but it is not coordinated to move in the same direction. We joke that we are building the foundations of a house, and someone comes telling us to change the wallpaper. You have to wait, we need the walls first. That is how it feels.”(P3)

Two of the respondents feel that their tasks have been well defined, while the third, as a result of being more or less eradicated from the organizational chart, “have had the tasks I have given myself” (P2). While this could be viewed as positive by some, he does not see this as a constructive way of working. The two former informants also report to be proud to work for the company, and being generally satisfied with their work-life, while the latter firmly rejects the statements. Of those seemingly satisfied and proud, reasons such as EVRY being a large company, representing something Norwegian, and being able to influence your own tasks and responsibilities are mentioned.

This chapter started by providing a general description of the case company and the post-merger integration process, before presenting empirical findings regarding the four components of the framework, being *change content*, *approaches to change*, *communication* and *employee satisfaction*. The next chapter will analyze the findings presented here in light of the theory presented in chapters 2, 3 and 4.

## CHAPTER 8: ANALYSIS

This chapter will analyze the empirical findings presented in Chapter 6 in light of the theoretical perspectives from chapters 2, 3 and 4, as well as the framework brought forth in Chapter 5. Each of the business unit cases will be analyzed, structured according to the topics and interconnections of the framework. In addition to this, the factors that significantly influence the work-life satisfaction of employees will be presented. As such, this section addresses the second and third research questions of this thesis, being to assess how the topics of the framework are connected to each other, as well as investigate how these can explain the work-life satisfaction of employees post-merger. This chapter will end by comparing the three cases, presenting prevailing differences and similarities.

### 8.1 SUBCASE 1: DEVELOPMENT

The *Development* business unit is a part of the *Financial Services* business area, and was chosen for further inquiry as a representative of the 'degree of change' category 1, being those units having experienced the least change.

#### 8.1.1 Change Content

The entire *Financial Services* business area has, as mentioned, largely remained untouched by the merger, due to being a product of the former EDB only. Thus, the organizational structure has remained the same, and there are few reports of significant changes whatsoever. Changes such as downsizing or restructuring, which would be labeled *structural changes*, have not yet occurred, but there are plans to restructure the *Financial Services* business area in June, 2012. This did, however, not seem to stress the unit.

Another example of *structural change* is the introduction of new internal systems, in the case of *Development* most prominently the intranet. As stated by several of our informants, however, these changes could very well have occurred regardless of the merger, and were as such not considered drastic. As all of the members of the *Development* unit use the same systems, they have not had to go through the frustrating period of jiggling incompatible systems. Thus, changes in IT systems are perceived as a *structural change*, and not a *job-related change*, since it does not interfere with the daily activities of the unit.

Another change that is of relevance to the *Development* unit is that of *geographical relocation*, corresponding to a *structural change*. Bordia et al. (2004) consider this as a major change that is likely to upset the employees, but the informants from the *Development* unit do not seem to care much about this. While some are completely indifferent, others wonder whether the car parking and



bus frequency will be equivalent to today's situation. No one seems to think of the relocation as a negative change. Another change that undeniably has occurred in the *Development* unit is that their relative contribution to the entire company has been reduced, as they are now a part of a much bigger company. This is a *structural change*, and could possibly have influenced the employees' perceptions of their own importance to the company, but none of the informants seem to express such views.

There are also reports of some new administrative guidelines, being a *strategic change* as it regards the company as a whole, but this is not seen as influencing employees directly. Regarding changes in the job role, the employees have to a large extent kept the tasks and responsibilities held prior to the merger, indicating that this potential *job-related change* is not perceived as affecting the unit.

Despite the lack of impacts from *job-related* and *structural* changes, *Development* has undeniably been the subject of the general *strategic change* that the merger represents. New vision, mission, and values have been crafted, but this does not seem to have affected the employees of *Development* significantly. The general belief is that the values and strategic direction do not really represent any real changes to their context. This can be related to the interconnectedness of the changes types, as shown in Figure 1, in which the *strategic change* is assumed to induce *structural* and *job-related changes*. As the latter two are perceived as non-existing by the *Development* unit, it makes sense that neither the *strategic* changes are perceived as significant.

In total, *Development* does not perceive any changes to have affected their daily tasks significantly, although some changes have occurred. There is consensus in the unit regarding this, and thus very low internal variance.

### 8.1.2 Approaches to Change

In general, the *Development* unit seems able to answer the questions of the *change message* (Armenakis et al., 1993) successfully. The unit seems to acknowledge the need both to achieve growth through a merger and to conduct this specific merger, addressing the components labeled *discrepancy* and *appropriateness* in the *change message*. Further, the unit feels that the merger received *principal support*. Regarding the two latter components, the informants emphasize the lack of perceived change, thus rendering the *efficacy* and *personal valence* components rather irrelevant. Apparently, the *change message* has been sufficiently delivered.

Almost all informants from *Development* state that they have been involved in the change process, primarily through the workshops regarding the establishment of corporate values. It is, however, difficult to assess whether this *involvement* indicates *commitment* (Herscovitch & Meyer, 2002;

Parish et al., 2008), as there practically has been no need for the employees to actively engage, because the arena for *involvement* has been brought to them. In addition, it could be questioned whether *Development* has any changes to be committed to, as they perceive their work-life as rather unaltered. However, one informant clearly displays *continuance commitment* (Herscovitch & Meyer, 2002; Parish et al., 2008), by stating that “it is unwise to resist such a cause, you would only get exhausted if you do, it is practically unthinkable; you just play along” (FS2).

Considering the *equality* of the merger, the *Development* unit believes that the selection of top management was fair, even though the former ErgoGroup CEO was chosen to lead the company. Further, there are neither feelings of inequality nor injustice, which could be explained by the fact that the structure of the entire business area has remained unchanged. Together, this indicates that the expectations of *equality* (Zaheer et al., 2003) have been met. Further, there are no signs of *resistance to change* or *antecedents* of it (Oreg, 2006; Self & Schraeder, 2008).

In conclusion, the *Development* unit seems to possess *readiness for change*, although it could be questioned what they are actually ready for, as the content of the change hardly can be said to be very dramatic. Nonetheless, the merger has gained acceptance from the unit, which does not seem to resist it in any way. The *approaches to change* held by informants in this unit also sees great convergence, and there is limited internal variation.

### 8.1.3 Communication

The communication is in essence perceived by the *Development* unit as *asymmetric, one-way* presentations (Erlien, 2003) carrying content focused on *strategic information* rather than the ‘me-issues’ (Schweiger & DeNisi, 1991). All of these characteristics are symptomatic of the *Spreading Information* strategy. Other properties of communication in this unit include how informants perceive the *informative* function of communication as having been prevalent, and that they have been *passive* (Erlien, 2003) receivers of communication, which further emphasize the presence of *Spreading Information*. The informants have not perceived this form of communication as problematic, implying that the mere spreading of information may satisfy their needs. The apparent lack of *informal* communication (Erlien, 2003) further highlights that the employees seemingly have felt no need to utilize other channels than those represented by the *Spreading Information* strategy.

However, the content of the *Spreading Information* strategy only concerns *strategic information*. The other component, labeled the ‘me-issues’ (Schweiger & DeNisi, 1991), has been addressed through *Selective Interaction* between the informants and their closest superior, either through emails or department meetings. This is also well aligned with the communication plan, which holds the middle managers responsible for the delivery of the individual-specific information. The communication with

the superior has, to some extent, been *two-way* (Erlien, 2003), and seems to have fulfilled the employees' need to provide feedback and response. While these forms of communication, resembling the *Selective Interaction* strategy, have not been extensively used in the unit, the informants seem to be satisfied with the current situation.

As described in section 4.2, the function of communication exceeds that of merely providing information. Another important component of post-merger communication relates to the establishment of *one* company, i.e. creating a sense of community within the new organization (Elving, 2005; Erlien, 2003). This has also been emphasized in the communication plan. The *Development* unit does recognize the *community-creating* function of communication as an intention of the company, and highlights both workshops concerning the new corporate values, meetings with the CEO, and the work surrounding the re-branding as important events relating to this. Through the workshops, the informants also state that they have felt involved in the merger process. All of these activities are elements of the *Developing Understanding* strategy, which aims at creating a community and involving the employees. This strategy thus describes parts of the communication activities that have taken place in *Development*.

In conclusion, it seems that the communication activities have been mostly within the scope of the *Spreading Information* strategy, although some emphasis has also been put into creating a sense of a united company, corresponding to the *Developing Understanding* strategy. Communication is only partially represented by a *Selective Interaction* strategy, which could be related to the *change content* faced by *Development*. Similarly to the other topics of the framework, the informants from *Development* agree wholeheartedly about how communication has been conducted, and there are hardly any differences between their statements.

#### **8.1.4 Relations between Change Content, Approach to Change and Communication**

##### **Change Content and communication**

The first interconnection analyzed here concerns how the communication efforts are affected by the *change content*. In the *Development* unit, communication is seemingly well adapted to the needs of the informants, which are a result of the *change content* they face. The communication is perceived as dominated by generic, *strategic information*. As the employees do not perceive any drastic changes related to the merger, there has been no need to focus on the 'me-issues' (Schweiger & DeNisi, 1991), making the *Selective Interaction* strategy less valuable, and the desired information has thus been successfully conveyed through the *Spreading Information* strategy utilizing *formal* channels (Aalto, 2004; Erlien, 2003).

Another example of this interconnection is how communication early in the merger process emphasized the fact that there would be no significant changes in the *Financial Services* business area during the merger integration, effectively eliminating potential uncertainty. As such, this is an example of how communication can influence the way *change content* is perceived.

### **Change Content and Approach to Change**

When considering the interconnection between *change content* and the *approaches to change* of the *Development* unit, one may ask whether this is relevant, as several of the employees firmly deny any perceptions of change affecting their work-life. However, there have certainly been elements in their work-life, such as the expected relocation, the establishment of new values, and the rebranding, which *could* have been perceived as significant changes. Thus, it could be relevant to evaluate how and why the *change content* has been approached the way it has.

Considering how most of the changes faced by the *Development* unit can be classified as *strategic*, and thus only indirectly affecting the employees, the two latter components of the *change message* (Armenakis & Harris, 2002; Armenakis et al., 1993), i.e. *efficacy* and *personal valence*, are of minor importance once the employees realize that there will be no significant *job-related* or *structural changes*. This was emphasized by informants in the unit, who repeatedly answered that there had been no job-specific consequences as a result of the merger. As such, the *change content* has affected which components that will be of importance to the employees' *approach to change*. To create readiness in *Development*, the key has been to secure understanding of the strategic rationale of the merger, as well as ensuring *principal support*. These challenges were according to the informants successfully addressed.

Due to the *structural change* of becoming a much larger company, perceptions of negligence and being overlooked could have induced *resistance to change* (Oreg, 2003, 2006; Oreg et al., 2008), resulting from perceived *procedural* injustice (Lipponen et al., 2004). That is, the *change content* could have affected the *approach to change* of employees. In relation to this, several of the employees state that it was important that the position and interests of former EDB were maintained. Seemingly, this potential source of resistance has been managed through the emphasis on the importance of the business area.

### **Communication and Approach to Change**

As mentioned above, the most important components of the *change message* (Armenakis & Harris, 2002; Armenakis et al., 1993; Self & Schraeder, 2008) in *Development* are the first three, regarding the strategic rationale for the change, and whether the merger has received support from important persons. Informants seemingly possess knowledge of this rationale, which could be related to how

they perceive communication as primarily concerned with *strategic information*. Communication in this unit thus seems to have been adapted to focus on those prerequisites most important for establishing a positive *approach to change* through the creation of *readiness for change*.

Another area of focus for the communication in *Development* was to maintain 'business as usual', as was also explicitly stated in the communication plan, and emphasize the unit's important role in the company, as it could be expected to generate revenues as usual through a merger process not involving significant changes for the unit. This focus seems to have provided a more positive *approach to change*, as the unit does not report feeling neglected or experiencing frustration due to becoming a smaller part of a larger company. As explanations for this, the emphasis on the unit's important role could have inhibited feelings of *procedural* injustice (Lipponen et al., 2004), and limited the occurrences of *resistance to change* (Oreg, 2003, 2006). Also, the occurrences of communication activities aimed at creating a community within the organization (Elving, 2005; Erlien, 2003) can have contributed in preventing *Development* from feeling overlooked, and rather promoted emotions of belonging to a greater whole.

### 8.1.5 Factors Influencing Employee Satisfaction

In the *Development* business unit, it is hard to find signs of frustration and dissatisfaction with the merger process. On the contrary, all of the informants report to be satisfied with their work-life. When analyzing the components of the framework, several explanations for this can be identified.

First of all, the relative absence of *structural* and *job-related changes* has resulted in virtually no uncertainty regarding the future role of the employees. This could be related to how informants report of having clearly defined tasks and responsibilities, as these have not been changed significantly during the integration. Some *strategic changes* have occurred, but these have apparently not induced negative emotions. Further, the unit appears to possess *readiness for change*, as its employees are able to answer the questions of the *change message* (Armenakis & Harris, 2002; Armenakis et al., 1993), and there are no signs of *resistance to change* or antecedents of it (Oreg, 2003, 2006; Oreg et al., 2008), all of which make the change more manageable and thus contribute to the unit's satisfaction with work-life. Concerning the last topic of the framework, the *Development* unit seems highly satisfied with the communication they have been subjected to, primarily characterized as a *Spreading Information* strategy. This satisfaction regards both the communication from the corporate center and the information received from each employee's closest superior. In addition, some activities aimed at creating a community (Elving, 2005; Erlien, 2003) have been conducted, which have fulfilled the employees' desire to be involved in the process. A particularly important communication activity was the launch of the new name and visual profile,

which seems to have induced emotions of proudness and satisfaction among employees, clearly illustrating the importance of such symbolic changes.

The interconnections between topics can further explain the satisfaction of the employees in *Development*. The early communication of the fact that there would be no changes to the business area seem to have induced a positive *approach to change*, and the unit does not express feelings of being neglected in a large company. On the contrary, the increased size is mentioned by informants as a factor contributing to more proud and satisfaction with work-life. The good fit between the need for information, resulting from the specific *change content*, and received information, can also be used as an explanation of satisfaction. The prevalence of the *Spreading Information* strategy in this unit appears to be welcomed by informants, as their need for interaction and information about their 'me-issues' has been very limited. At last, communication in this unit seems to have addressed the most important components of the *change message* (Armenakis & Harris, 2002; Armenakis et al., 1993) successfully, being the establishment of the strategic rationale for the merger, and thus securing *readiness for change*.

In conclusion, there are several factors underpinning the satisfaction of employees in *Development*, and these are summarized in section 8.4.3. The analysis of the unit has not discovered any significant elements decreasing the level of employee satisfaction post-merger.

## 8.2 SUBCASE 2: INFORMATION MANAGEMENT

The *Information Management* business unit is a part of the *Solutions* business area, and was the selected unit from 'degree of change' category 2, representing a medium level of change.

### 8.2.1 Change Content

The change types perceived as most important by *Information Management* are restructuring and the introduction of new IT systems. The former can be classified as a *structural change*. The specific nature of the restructuring in this unit was a combination of two previously independent units, which led to employees getting new colleagues, but also that a double set of IT systems was brought along. This type of change is also an example of *structural change*, but can be seen as a *job-related change* if it interferes with the daily tasks of individuals. This was undoubtedly the situation in *Information Management*, where several employees were forced to simultaneously operate two computers in order to carry out their duties. This, and the long duration of the process of migrating the systems, led to frustration and deteriorating effectiveness. As such, the linkage between different types of *structural change*, and *structural change* and *job-related change* become evident.

This business unit also perceived downsizing as a threat, even though it did not affect the informants directly. It was rather the surrounding uncertainty, and the awareness that the unit may be the subject of future layoffs that led to downsizing being named as a relevant change. As such, downsizing was perceived by *Information Management* as being a purely *structural change*, only concerning employees in other business areas, but uncertainty was induced as a result of the realization that it could become a *job-related change*.

The new strategic direction and values of the merged company were not perceived as significant changes, and several informants explained how they had difficulties seeing tangible implications of such changes. This could relate to the fact that *strategic changes* such as a new direction and new values are more high-level changes, as depicted in Chapter 2. As such, their abstract nature makes them more distant from the daily activities of employees, thus not affecting them in a direct manner.

In total, significant *structural changes* are present in *Information Management*, and particularly the migration of IT systems onto a common platform is perceived as directly influencing employees' daily doings, thus being a *job-related change*. *Strategic change* is not seen as problematic or affecting employees, even though its presence is acknowledged. Although there are some variations between informants from this unit regarding the perceptions of *change content*, they seemingly agree on what is most important.

### 8.2.2 Approaches to Change

The *approach to change* held by employees in *Information Management* can be evaluated through the *change message* necessary to create *readiness for change* (Armenakis & Harris, 2002; Armenakis et al., 1993; Self & Schraeder, 2008). From this it becomes evident that *Information Management* does not acknowledge the *discrepancy* between the current state and the desired end-state of the change initiative. Failure to establish this rationale of the merger was also mentioned in the communication plan. However, they do evaluate the merger as being *appropriate*, naming various reasons for why the two companies provided a good fit. Regarding the third component of the *change message*, informants cannot unanimously confirm that they have experienced *principal support* for the change, as several employees state that they cannot remember such support being visible. The two last components of the *change message*, on the other hand, seems to have been addressed, as *Information Management* generally believe that they are capable of undertaking the changes resulting from the merger, and that they do recognize the personal consequences of the changes.

Regarding *involvement* and *commitment* (Herscovitch & Meyer, 2002; Parish et al., 2008) to the change initiative, the *Information Management* unit is fragmented. Some feel that they have been

able to affect the change process, while others perceive this as impossible. The general attitude towards *involvement* and *commitment* is, however, positive, and informants express a desire to be involved. According to Weber (1996), this confirms that the informants are indeed committed. The informants also indicate that they could see advantages from being involved more, which point to *affective commitment* (Herscovitch & Meyer, 2002; Parish et al., 2008) being present. According to Herscovitch and Meyer (2002), this would lead to championing of the change initiative. This linkage has not been observed in *Information Management*, but this could also be explained by the lack of opportunities for actually displaying *commitment* (Herscovitch & Meyer, 2002; Parish et al., 2008).

While *resistance to change* has not been directly observed in *Information Management*, there are indications that antecedents of such exist, for instance the lack of trust in management, which is described by Oreg (2006) as the strongest predictor of *resistance to change*. The specific statements state how the manager of *Information Management* uses a leadership style unfamiliar to former EDB employees, characterized as very authoritative, and inhibiting a climate for suggestions and dialogue with employees. In addition, the informants are generally expressing dissatisfaction with the long duration of the implementation of changes, a feeling that indicates the presence of *change-specific* antecedents to resistance (Self & Schraeder, 2008).

When asked about their perceptions of *equality* (Zaheer et al., 2003) and *justice* (Lipponen et al., 2004) in the merger process, *Information Management* firmly rejects that their expectations have been met. Several informants state that the current distribution of former EDB and ErgoGroup managers is unfair, indicating that the lack of *distributive equality* (Zaheer et al., 2003) in the business unit produces frustration. As a reason for this, the management selection process is mentioned as problematic, implying that *procedural justice* (Lipponen et al., 2004) has not been present. Whereas Zaheer et al. (2003) do not favor either *distributive* or *integrative equality*, the statements from *Information Management* could indicate that *distributive equality* is perceived as more righteous by employees. They do not seem to be concerned with the balance between managers in other business units, but focus solely on the distribution of managers in their own surroundings.

In conclusion, the employees from *Information Management* does not possess *readiness for change* (Armenakis & Harris, 2002; Armenakis et al., 1993; Self & Schraeder, 2008), as they fail to fulfill two of the components of the *change message*. They do, however, display *commitment* (Herscovitch & Meyer, 2002; Parish et al., 2008), indicating that they to some extent embrace the change. However, there are also potential sources of resistance present, in the form of perceptions of injustice regarding the selection and distribution of managers, and a lack of trust in management. While *behavioral* resistance has not been observed, both *affective* and *cognitive* resistance may be present



below the surface. There are some internal variations in the unit's answers regarding the *approach to change*, but primarily due to one informant.

### 8.2.3 Communication

Communication in *Information Management* is perceived, in accordance with one of the intentions of the communication plan, as presentations of a pre-defined content, implying that a certain degree of *asymmetry* (Eide & Eide, 2007; Falkheimer & Heide, 2007) is present between the sender and receivers of information. The content of these presentations most often concerns the company as a whole, corresponding to what Chapter 4 identified as *strategic information*. The prevalence of the mentioned characteristics clearly resembles the *Spreading Information* strategy. This is also supported by the dominant role of *one-way* channels (Erlien, 2003) and the limited *richness* of channels (Aalto, 2004; Appelbaum et al., 2000). The extensive use of channels such as email and intranet are also symptomatic of the *Spreading Information* strategy, as these are concerned with sending information one way, without facilitating interaction or dialogue. This dominant role of technological channels is proposed by Robson and Tourish (2005) as decreasing satisfaction among employees, as they also need face-to-face interaction. Informants from *Information Management* also agree that providing information has been the main aim of communication, further highlighting the presence of the *Spreading Information* strategy.

However, the employees of *Information Management* state that they, in addition to *strategic information*, have received satisfactory information about what the change implies for them personally, i.e. the 'me-issues' (Schweiger & DeNisi, 1991), a need that is beyond the scope of the *Spreading Information* strategy. This emphasis on both *strategic information* and the 'me-issues' is a characteristic of the *Selective Interaction* strategy. Other perceptions supporting the presence of this strategy are the hypothetic opportunity to engage in *two-way* communication (Erlien, 2003), as well as how informants express views that they have had to be *active* (Erlien, 2003) receivers of information. Together, this shows how signs of communication resembling *Selective Interaction* are present. Still, the threshold to get involved in *two-way* dialogue is considered high, making it evident that efforts of *Selective Interaction* have not been successful, or thorough enough.

Another vital function of communication is to create cohesion and a community within the organization (Elving, 2005; Erlien, 2003), which is a key aim of the *Developing Understanding* strategy. While some informants state that this has been attempted, the consensus is that it has not succeeded. One employee mentions how "we could have had more community-creating activities" (I5), and further explains: "The focus has been on the business, providing information about the merger, there has not been much concerning building a new unified company" (I5). One informant

actually perceives the creation of a community as successful, but explains this by the similarities among the employees, and does not feel that the communication process has contributed significantly to this. Together, this points to how the *Developing Understanding* strategy has not been prevalent to a satisfactory degree, and that the need of employees to feel belonging to the new company has not been addressed sufficiently, even though establishing a sense of 'one company' has been an explicit focus of the communication plan.

The insufficient utilization of *Selective Interaction* was established above, and according to the communication plan, this is the responsibility of the middle management. In order to understand this shortcoming, it can be useful to look at the role of the middle manager. His responses when discussing his role in the communication process clearly indicate that he had not been able to significantly adapt the content of communication to the specific situation, and that he had not made decisions or otherwise enacted upon the communication he had been subjected to. As such, he clearly has taken the role of a *technician* (Cornelissen, 2011; Cornelissen et al., 2006), as opposed to a *manager*. The proposition arising from Chapter 4 was that this role is most appropriate when applying a *centralized* (Argenti, 2009; Cornelissen, 2011) organizing of communication activities. This cannot be said to be the case in EVRY, where the strategy laid out by the communication plan was to make middle management responsible for communication in their designated areas, with only a generic flow of information from the corporate center. Thus, the role of the middle manager in *Information Management* has not corresponded well to the overall communication organizing, possibly decreasing the value of communication in this unit.

Together, the *Spreading Information* strategy appears to be prevalent in *Information Management*, possibly at the expense of *Selective Interaction*. While there are signs of this latter strategy in the perceptions of employees, its implementation cannot be said to have been successful. At last, statements from informants in the unit point to a lack of *Developing Understanding*, as communication as a facilitator of community-building is longed for. The answers of informants regarding communication contain only minor variance, increasing the quality of the findings presented here.

## 8.2.4 Relations between Change Content, Approach to Change and Communication

### Change content and communication

In the case of *Information Management*, the *change content* faced by the unit does not seem to have affected communication sufficiently. The process of selecting which IT systems to maintain was an important part of the changes experienced by *Information Management*, but the informants express

that they have not been given satisfactory information about this. Not only do employees not know when the final decisions will be made, and when the migration of systems is to be completed, but they also seem to lack understanding of the reasons for the constant delays. As one informant puts it: “It is difficult to fully understand that this can be very complicated” (I3). As such, it appears that the communication has not successfully explained the rationale of the changes must occur, making it difficult for employees to understand the constant delays. Another sign of mismatch between *change content* and *communication* arises from one informant stating that the changes have been bloated, implying that the communication may have given the impression that changes are more dramatic than perceived by employees.

In addition to this, the findings from *Information Management* indicate that the utilized channels of communication have lacked *richness*, i.e. been *lean*, which according to Aalto (2004) and Appelbaum et al. (2000) are suitable when delivering routine-messages. In this unit, however, there has been a need for specific, non-routine messages, for example concerning the mentioned IT systems process, and whether or not the unit will be subject of future downsizing. Thus, the utilized channels have not acknowledged the nature of the *change content* that is to be communicated. As such, the adaptation of *communication* to the relevant *change content* has not been sufficient.

### **Change content and approach to change**

As mentioned above, the changes concerning the migration of IT systems were seen as a source of frustration among informants from *Information Management*. The employees in this unit do not fully understand the reason for the changes, or do not agree with the way they are implemented, which could be seen as an example of a *change-specific* antecedent of *resistance to change* (Self & Schraeder, 2008). As such, the way *change content* is implemented can also influence the *approach to change* held by employees, in this case in a negative manner.

### **Communication and approach to change**

The analysis of communication in *Information Management* revealed a lack of initiatives aimed at creating understanding for the pending changes, a pattern of activities previously labeled the *Developing Understanding* strategy. This can be related to how the *Information Management* unit fails to answer confirmatory on the first question of the *change message* (Armenakis & Harris, 2002; Armenakis et al., 1993; Self & Schraeder, 2008), being to understand the *discrepancy* between the current state and the desired state of the organization. As the communication activities have not focused on engaging employees in *two-way* interactions, it has definitely been difficult for them to obtain any understanding of why the merger is necessary. Thus, this is another example of how *communication* activities should be adapted to address the content of the *change message*

(Armenakis & Harris, 2002; Armenakis et al., 1993; Self & Schraeder, 2008), which again relates to the employees' *approach to change*.

It should also be noted that the communication plan explicitly puts emphasis on establishing the rationale for the merger, and that the informants from *Information Management* clearly perceive communication as being concerned with the company as a whole, indicating that strategic matters have been conveyed. Despite all this, an understanding of the necessity of the merger is not present, illustrating that communication has failed to achieve one of the main goals.

Another finding from *Information Management* was the positive attitude towards and desire for being involved and demonstrating *commitment* (Herscovitch & Meyer, 2002; Parish et al., 2008), but that opportunities for this were limited. Here, the communication channels do not seem to have satisfyingly facilitated the employees' desire to be involved, illustrating an inadequate linkage between *communication* and *approach to change*. This could be a result of how the channels have primarily involved *one-way* flow of information (Erlien, 2003), and that the threshold for providing feedback and giving input is considered to be high. Making more use of dialogue, mutual exchange of opinions and channels emphasizing feedback, being characteristics of a *Selective Interaction* approach, could have provided the employees with better opportunities for developing *commitment*.

The informants of *Information Management* also paint a picture of inequality and display perceptions of injustice with regard to the distribution of managers between former EDB and ErgoGroup. The reason for such an attitude could reside in how expectations of this distribution have been communicated. The proposition of Zaheer et al. (2003) is that both *integrative* and *distributive equality* can be suitable, but that the expectations of employees must be met, which obviously have not been the case with *Information Management*. Here, greater emphasis on creating understanding for why *integrative equality* is preferable from the company's viewpoint could have mediated the negative perceptions of employees. As such, communication should have been more adapted to facilitate a positive *approach to change*.

Taking a more practical perspective, it could also be questioned whether *integrative equality* is compatible with the satisfaction of employees. The informants from *Information Management* do not seem to care whatsoever about the distribution of roles and responsibilities in other departments or units, but maintain a focus on their immediate surroundings.

### 8.2.5 Factors Influencing Employee Satisfaction

The *Information Management* unit can be said to possess a medium degree of satisfaction, where both positive and negative perceptions of the merger are evident. In the following, factors both limiting and increasing the level of satisfaction of employees will be presented.

Regarding the *change content* faced by *Information Management*, it became clear that particularly the *structural change* of establishing new IT systems was a source of negative emotions and frustration, as this change type evolved into a *job-related change* when employees had to operate multiple independent systems simultaneously. Further, the unit could not be characterized as possessing *readiness for change*, as it failed to address several of the components of the *change message* (Armenakis & Harris, 2002; Armenakis et al., 1993). In addition, the opportunities to display *commitment* (Herscovitch & Meyer, 2002; Parish et al., 2008) through *involvement* in the process were limited, and some sources of *resistance to change* (Oreg, 2003, 2006) were evident, resulting in a rather negative *approach to change*, which may have reduced the overall satisfaction of employees with the changes. Also, the present *communication* can provide explanations for the mediocre satisfaction of *Information Management*. The analysis revealed that the communication primarily concerned activities resembling the *Spreading Information* strategy, leaving the unit with a lack of *Selective Interaction* and *Developing Understanding*. The communication activities did not seem to address the needs of employees in the unit, thus producing irritation and frustration.

While the three main topics analyzed present some sources of frustration in *Information Management*, so can the interconnections in the framework. First of all, the poor fit between *change content* and *communication* seems to induce negative emotions among employees, as several mention a lack of specific information, while others feel that the communication paints a bloated picture of the changes. There are also frustration and dissatisfaction evident due to not understanding the frequent delays of the migration of IT systems, and the poor facilitation of this process appears as the single most influential factor on the limited satisfaction of employees. When asked directly to elaborate on what inhibits their degree of satisfaction, the informants unanimously mention this issue. At last, the utilization of suboptimal channels, as indicated by the *richness* concept (Aalto, 2004; Appelbaum et al., 2000), may have been a source of distress for informants, as the channels have not facilitated the necessary extent of feedback opportunities that the nature of the content would imply.

The linkage between *communication* and *approach to change* can also help explain the satisfaction, or lack of it, of employees in *Information Management*. For example, the communication process has not focused on facilitating the employees' desire to be involved, which could eventually lead to

decreased *commitment* (Herscovitch & Meyer, 2002; Parish et al., 2008), as employees feel that their engagement is not valued. In addition, the failure to meet expectations of *equality* (Zaheer et al., 2003) most certainly has produced negative emotions.

The informants of *Information Management* also mention some factors that increase their level of satisfaction. Examples related to the merger include how the two companies provided a good fit, and how the merger led to their employer becoming even bigger, both of which are considered as positive by informants. The latter could relate to increased long-term job security in a large corporation, or the symbolic value of being part of something big. Further, the rebranding is mentioned as an event that increased work-life satisfaction among employees, as this induced a sense of optimism in the organization.

### 8.3 SUBCASE 3: PRODUCTION

The *Production* business unit is a part of the *IT Operations* business area, and represents 'degree of change category' 3, i.e. those units that have experienced the most change in the merger process.

#### 8.3.1 Change Content

Restructuring and downsizing were perceived as dramatic and substantial changes in *Production*, and both can be classified as *structural changes* according to the categorization presented in Chapter 2. Two of the informants express views that restructuring was not a significant influencer in itself, and one of these even claimed that the combination of personnel, viewed in isolation, had been positive. As such, the restructuring seems to have remained on the *structural* level for these informants. The same regards downsizing: although it had occurred in their surroundings, it did not affect them in a direct manner, making it a *structural change*.

For the last informant, however, restructurings and downsizing in his former team had led to significant changes, both directly and indirectly. His work situation had gone from participating in team-work towards working in complete solitude, and was more or less left as an island in the unit. As such, the *structural changes* in his immediate surroundings had led to *job-related changes*, confirming that downsizing and restructuring can be experienced as *job-related changes* by individuals directly affected by them.

It is, however, interesting to observe that it is not *restructuring* in itself that is problematic for *Production*. Two informants state that they have experienced positive effects of the change, such as having new colleagues. It is rather the facilitation of the process, and the lack of speed in implementing changes, that cause the frustration.

Another type of change that was perceived as significant in *Production* was the process of selecting which IT systems to maintain. This kind of *structural change* also has the ability to be perceived as a *job-related change* if it affects the daily activities of employees. In *Production*, this has been the case for two of the three informants who, for instance, state that the absence of a common IT platform makes it more difficult to obtain necessary information about other units in the company.

Regarding new strategic direction and values, the informants from *Production* was divided, with only one stating that this has been a direct influencer on the daily activities. In this case, the new values of the company and in particular the increased focus on being 'best on customer' had affected his work. This essentially implies that the *strategic change* of new values and direction is only a precursor of perceived change, and that what actually affects the specific employee is when this high-level change transforms into changes in the focus of the work and new guidelines, thus a *job-related change*.

At last, the *structural change* of workplace relocation is perceived as not important whatsoever, thereby contradicting the findings of Bareil et al. (2007). In addition, changes in administrative guidelines, representing an organization-level *strategic change*, have not affected employees in *Production*.

In conclusion, the informants from *Production* perceive several *structural changes*, and some of these are influencing their daily tasks to such an extent that they can be characterized as *job-related changes*. *Strategic changes* do not appear to be perceived as significant. As have been illustrated above, there are some variations within the unit, with particularly one informant perceiving changes as more drastic than the other two. However, they do agree regarding which changes that have been significant, and it is more the severity of the changes that causes the internal variance in the unit.

### 8.3.2 Approaches to Change

When assessing *Production* in relation to the *change message* (Armenakis & Harris, 2002; Armenakis et al., 1993; Self & Schraeder, 2008), it becomes evident that the unit answers confirmatory on the three first components: they did see the necessity of the merger; they did find this specific merger to be appropriate, and they feel that *principal support* was evident in their former company. Concerning the two latter components, the unit is more divided. Two informants report that they have both been able to undertake the changes resulting from the merger and been given a satisfactory amount of information about the personal consequences of the changes, while the third informant firmly rejects both of these statements. This provides an interesting pattern, where those components of the *change message* concerning the company or the change as a whole appear to have been communicated successfully, whereas those components residing within the individual, i.e. *efficacy* and *personal valence*, is not address in a satisfactory manner.

While it is difficult to evaluate the *readiness for change* of *Production* due to the limited number of informants, findings indicate that some employees definitely hold an approach indicating readiness, while others do not. The answers of one informant could also indicate that there has been focus on achieving readiness through strategic matters, while those areas of readiness directly concerned with the individual have not been addressed optimally.

When asked about their level of *involvement* in the integration process, two of the informants from *Production* feel that they have been highly involved in the merger process, indicating a certain *commitment* (Herscovitch & Meyer, 2002; Parish et al., 2008) to the change initiative. The reason for becoming involved seemingly stem from a belief among informants that they can contribute in the change process with a deeper understanding of the detailed work processes, i.e. that their additional *involvement* could have advantages for the company. According to Herscovitch and Meyer (2002), this is labeled *affective commitment*, and its presence could further increase the *readiness for change* in the unit. In addition, the informants show an attitude of being *committed* to change as the alternative is unfavorable. In the words of one employee: "If I was in a threatened position, I would work more and shown myself as valuable" (P3). This statement depicts an inclination to adapt to the change rather than fight it, thus resembling *continuance commitment* (Herscovitch & Meyer, 2002; Parish et al., 2008).

The informants from *Production* also express frustration concerning the process of implementing changes. This particularly regards the introduction of new IT systems, such as the intranet, but also 'decision-avoidance' from management and an inadequate ability to facilitate the implementation of changes such as layoffs are mentioned. This could be seen as examples of *change-specific* antecedents of *resistance to change* (Self & Schraeder, 2008), and thereby present the opportunity that the *approach to change* held by employees in *Production* also comprises resistance.

The distribution of roles and responsibilities between former EDB and ErgoGroup is perceived as righteous by the informants from *Production*, indicating that they think *procedural justice* (Lipponen et al., 2004) has been present, and that expectations of *equality* (Zaheer et al., 2003) have been fulfilled. All the informants, however, state that this is not a widespread attitude in the business unit. This could be related to how *resistance to change* theory sees *personality* (Oreg, 2003, 2006) as a key factor in deciding the *approach to change*, in the sense that our chosen informants did not consider inequality problematic, while others in the same unit did, due to different personalities.

Summarizing the *approach to change* observed in *Production*, it cannot be concluded that neither *readiness for change* nor *resistance to change* are prevalent. There are, however, signs of both: readiness in the sense that some informants definitely possess the necessary insight and



*commitment* (Herscovitch & Meyer, 2002; Parish et al., 2008) to be labeled ready for change, and potential sources of resistance in the form of frustration arising from the implementation of changes and perceptions of injustice among employees in the unit.

### 8.3.3 Communication

When analyzing the findings in the *Production* unit, it becomes apparent that communication is perceived as *asymmetric* (Eide & Eide, 2007; Falkheimer & Heide, 2007) presentations concerning the company as a whole. These are symptoms of the *Spreading Information* strategy, and correspond well with the communication plan. However, two out of three informants from *Production* express views that they would appreciate more discussion, as opposed to presentations, thus not being completely satisfied with the distribution of information provided by this strategy. In the words of one informant: “I think there should have been [discussion], if not for anything else because you then can create a community within a unit” (P2). This leads to another important function of communication, being to build a community and create cohesion (Elving, 2005; Erlien, 2003).

Building a community is the main aim of the *Developing Understanding* strategy, and the *Production* unit mentions some examples indicating attempts to utilize this function of communication. One informant mentions the blog of the CEO as such an effort, and feels that this has succeeded in establishing a sense of a community. Further, the rebranding is mentioned as an event attempting to create cohesion within the company, but the informants from *Production* agree wholeheartedly that this did not succeed. As one informant states: “Standing there with 6000 strangers, it gives me nothing” (P1). Another informant characterizes the event as an anticlimax. Summarized, the company has seemingly sought to address the need for cohesion through applying the strategy of *Developing Understanding*, but not necessarily extensively enough, or optimally conducted.

While the strategies of *Spreading Information* and *Developing Understanding* clearly describe a major part of the communication activities that have taken place, there are indications that the needs of employees at *Production* have not been completely addressed through these strategies. The informants agree that they have had to be *active* receivers of information (Erlien, 2003), and that this in many cases has been done through *informal* channels (Aalto, 2004; Erlien, 2003). Such channels bring along the danger of inaccurate information, both unintentionally and deliberately as a result of personal agendas (Bastien, 1987; Kitchen & Daly, 2002). This clearly indicates that *Spreading Information* and *Developing Understanding* have not provided employees with all relevant information. The information this unit seems to lack relates to the personal consequences of the merger, future restructurings, and how the implementation of new IT systems is to proceed. In the

case of the pending restructuring, the informants literally knew nothing two days before the changes were supposed to be realized:

There has been zero communication. It has been announced, and for instance the department I am working in, we do not know where it is placed [on the organizational chart]. There are managers who suddenly see that one of their employees from the day before yesterday is the manager of a new department and so on (P2).

These are topics that could have been successfully conveyed through the use of *Selective Interaction*, but there are no clear sign of this being present, even though the communication plan highlights the importance of activities resembling this strategy. On the contrary, communication is perceived as being primarily *one-way* (Erlie, 2003), and informants mention how feedback opportunities are limited. In the instances where feedback to decision-makers is possible, the realistic chances of making an impact are considered to be small. A channel such as department meetings would normally be considered an opportunity for feedback and exchange of viewpoints, but even this is seen by one informant as being primarily concerned with *one-way, asymmetric* presentations (Eide & Eide, 2007).

In total, informants of *Production* seems to perceive communication as primarily resembling the *Spreading Information* strategy, and the absence of focus on the 'me-issues' (Schweiger & DeNisi, 1991) in such a strategy apparently produces frustration among employees. These are issues that could have been managed through a *Selective Interaction* approach, but signs of this strategy are difficult to find. The need to create a community within the organization seems to have been addressed partly through *Developing Understanding*, but the overall success is questioned. The informants are rather consistent in their perceptions of the communication process, and the internal variance is thus low.

### 8.3.4 Relations between Change Content, Approach to Change and Communication

#### Change content and communication

The first interconnection treated here is that between *change content* and *communication*. The underlying assumption of this linkage is that communication should be adapted to the specific changes that the receivers of communication are exposed to. In the *Production* unit, however, there appears to be no such adaptation. Even though the unit undoubtedly has faced *strategic, structural* and *job-related changes*, communication is still perceived as concerning the company as a whole, and thus not addressing the specific changes or the 'me-issues' (Schweiger & DeNisi, 1991). The employees for instance mention limited or no information about pending restructurings, and vague

information about the process of implementing new IT solutions as specific issues of concern. The informants from *Production* clearly see the current situation as far from ideal, and express a desire to participate in communication beyond the mere delivery of *strategic information* through presentations.

### **Change content and approach to change**

Considering the drastic changes faced by the *Production* unit, the *outcomes* of the change are likely to be quite different from the situation prior to the merger. According to Oreg (2006), *outcomes* representing a considerable change from the *status quo* increase the chance of *resistance to change*, either because of the uncertainty produced by the gap, or because the *outcomes* represent a loss for employees. While *resistance to change* has not been observed directly through the statements or behavior of the informants from *Production*, the opportunities for its existence through less visible forms are definitely present, considering theory on *resistance to change* (Oreg, 2006; Self & Schraeder, 2008) and the *change content* faced by the unit. As such, this is an example of how *change content* can affect the *approach to change* of employees.

Another example related to how certain *change content* can affect the *approach to change* is offered by Elving (2005). He mentions how downsizing, which can be seen as both a *structural* and *job-related* change, is likely to inhibit the achievement of readiness among employees. This results from the uncertainty surrounding such changes, where employees will have difficulties preparing for change when they are not certain about their future within the company. This could explain the somewhat negative *approach to change* observed in *Production*, as downsizing is perceived as significant by the informants.

The linkage between *change content* and *approaches to change* was originally believed to be in the direction that the *content* of the change would affect the *approach to change*, and not the opposite, as an approach could not exist without change. The analysis of findings from *Production* indicates otherwise, as certain informants seem to possess a specific *approach to change* independently of the pending changes. In *Production*, the observed approach of some informants can be characterized as pragmatic, treating organizational change as an ingredient in the everyday work, not necessarily evoking stress or negative emotions. As one informant stated when asked about the effects of uncertainty: "I believe the worries are there, but when it comes to actual work, people perform their tasks regardless of it" (P3). The previous M&As experienced by the informants throughout their career in the organization can explain why they now see merger-induced changes as natural. Of course, this could also be explained by personal characteristics or the *coping strategies* of individuals (Fugate, Kinicki, & Prussia, 2008; Terry, Callan, & Sartori, 1996). As such, *change content* does

influence the *approach to change*, but this is not restricted to the current *change content*, as also prior experiences can explain the approach held by employees. While the organization's previous experience with change programs is mentioned by Self and Schraeder (2008) as an antecedent of *resistance to change*, it can be contended that it may also make employees more *ready* for change.

### **Communication and approach to change**

An example of the interconnectedness between *communication* and *approach to change* is how the content of communication affects employees' *readiness for change*. In *Production*, all informants state that they possess awareness of the two first components of the *change message*, i.e. *discrepancy* and *appropriateness*. This resembles the strategic components of the *change message*, and the fact that informants are able to address these could result from the focus on *strategic information* in communication. Another linkage, as indicated by one informant, is that a similar relationship could exist between the two latter components of the *change message* and the degree to which the 'me-issues' (Schweiger & DeNisi, 1991) are addressed in the communication. This informant does not fulfill the *efficacy* and *personal valence* components, and also expresses views that he has not received satisfactory information about his 'me-issues'. Thus, it is evident that while *strategic information* is crucial in order to address the first two components of the *change message* (Armenakis & Harris, 2002; Armenakis et al., 1993; Self & Schraeder, 2008), communication regarding the 'me-issues' can help fulfill the latter two. In the *Production* unit, the communication has only partially managed to produce the desired effect on the employees' *approach to change*.

Another example of this interconnection concerns the lack of specific information about the *outcomes* the change process will result in. In *Production*, this involves the selection of the systems that are to be utilized in the future, what the result of the pending restructuring will be, how many future layoffs will be done, and so on. Undesired *outcomes* are mentioned by Oreg (2006) as a potential source of *resistance to change*, and addressing them in a suitable manner thereby becomes crucial to avoid resistance. This clearly has not been an area of focus of communication in *Production*, increasing the chances that resistance may occur. This risk is further increased by the fact that employees make use of *informal* channels to determine what the *outcomes* of the process actually are, where rumors could carry inaccurate information (Bastien, 1987; Cartwright & Cooper, 1996; Gutmacht & Keys, 1993; Kitchen & Daly, 2002; Schweiger, 2002). As such, communication, or the lack of it, could induce *resistance to change* and thereby a more hostile *approach to change*.

### **8.3.5 Factors Influencing Employee Satisfaction**

The level of satisfaction among informants from *Production* varies significantly between individuals, with some being partially satisfied with the work-life, and one being as dissatisfied as can be. There

are, however, commonalities regarding what are perceived as inhibiting work-life satisfaction, and these will now be presented. The components increasing satisfaction will also be mentioned.

The content of the change faced by *Production* definitely produces negative emotions among the informants. There are reports of several *structural changes*, and some of these are even perceived as *job-related changes*. Examples of such are changes in IT systems, restructuring, and downsizing, which all induce frustration among employees, decreasing the level of satisfaction. Regarding the *approach to change* held by *Production*, neither readiness nor resistance was prominent. There are signs of both, but the incompleteness of *readiness for change*, and the potential sources of *resistance to change*, especially the perceptions of injustice and inequality, could create dissatisfaction among employees. Just as important is the mismatch between the preferred communication activities and those actually carried out, where the prevalence of *Spreading Information* at the expense of *Selective Interaction* seems to inhibit specific information and *two-way* interaction. Failed attempts to create a community through *Developing Understanding* further explain the level of satisfaction in *Production*.

The problems with communication can also be illustrated as a poor fit between the *change content* and communication, as information about the specific changes and its consequences has not been addressed in a satisfactory manner. This also relates to the interconnection between communication and the *approach to change* held by employees, where the failure to inform about the *outcomes* (Oreg, 2006) of the changes, representing a significant change from the status quo, has led to frustration. This has led to only limited *readiness for change*, and could constitute a source of *resistance to change*.

When asked to explain their current level of satisfaction, the informants mention several factors partly related to the findings previously presented. The internal organizing, including coordination of units, tasks and responsibilities and work-flow processes are described as suboptimal. In the same vein, slow decision processes and 'decision-avoidance' is brought up. All this seemingly produce frustration and inhibit effectiveness, as informants feel unable to fully utilize their capabilities.

There are also signs of merger-related factors increasing the employees' level of satisfaction. The pragmatic view on changes held by some informants, resulting from extensive experience with change programs, seems to mediate negative perceptions outcomes of the process. The informants also report that the increased size of the new company is a factor raising their work-life satisfaction.

## 8.4 CROSS-CASE COMPARISON

The analysis of empirical findings clearly displays similarities and differences between the cases. In this section, the three subcases will be compared according to the main components of the

framework, the interconnections between them, and at last, the factors that most significantly contributes to employee satisfaction.

#### 8.4.1 Comparison of Change Content, Approaches to Change and Communication

Table 14 shows which changes that are perceived as important, the *approaches to change* held by informants in the units, and some characteristics of communication.

		Case 1: Development	Case 2: Information Management	Case 3: Production
Perceived change content	<i>Strategic</i>	Insignificant	Insignificant	Insignificant
	<i>Structural</i>	Insignificant	Significant	Significant
	<i>Job-related</i>	Insignificant	To some extent	Significant
Approaches to change	<i>Change message</i>	Addressed	Not addressed	Inconclusive
	<i>Involvement and commitment</i>	Inconclusive	Signs of <i>affective commitment</i>	<i>Affective and continuance commitment</i>
	<i>Resistance to change</i>	No signs	Presence of some antecedents	Presence of some antecedents
	<i>Equality and justice</i>	Expectations are met	Expectations are not met	Expectations are not fully met
Communication	<i>Spreading Information</i>	Very much	Very much	Very much
	<i>Selective Interaction</i>	Some signs	Some signs	No signs
	<i>Developing Understanding</i>	Some instances	Lack of	Questionable success

**Table 12: Comparison of change content, approach to change and communication in the three subcases**

As can be seen from Table 14, there are large differences regarding the changes each unit has faced, and how these are perceived by the units. The exception is *strategic changes*, which all units have been exposed to, but none seem to consider as significant. *Development* has not perceived any significant changes, while *Information Management* reports of some *structural changes* and one instance of a *job-related change*, represented by the process of migrating different IT systems onto a common platform. *Production* has experienced several *structural* and *job-related* changes, including restructuring, downsizing, and changes related to selecting and establishing new IT systems. As such, the 'degree of change' parameter established earlier seemingly have denoted the perceptions of employees quite well, as the unit representing the least change in that classification also is the unit

where informants perceive the least changes to have occurred. This correspondence between the 'degree of change' classification and the analysis also holds true for *Information Management* and *Production*, being placed in category 2 and 3 of the 'degree of change' scale, respectively.

Concerning the *approach to change* observed in each unit, there appears to be significant differences. The *Development* unit addresses the *change message* (Armenakis & Harris, 2002; Armenakis et al., 1993; Self & Schraeder, 2008) successfully, it perceives the distribution of roles and responsibilities as righteous, and there are nothing indicating the presence of antecedents of *resistance to change* (Oreg, 2003, 2006; Oreg et al., 2008). Together, this gives rise to a rather positive *approach to change* in the *Development* unit. *Information Management*, on the other side, maintains an *approach to change* making it less likely that they will embrace and support changes. The unit does not possess *readiness for change*, perceives inequality and injustice, and certain antecedents of *resistance to change* (Oreg, 2006; Self & Schraeder, 2008) are also present. The *approach to change* held by the informants from the *Production* unit is somewhat fragmented. The ambiguity concerning the *change message* (Armenakis & Harris, 2002; Armenakis et al., 1993; Self & Schraeder, 2008) contributes to a less positive *approach*, while signs of *commitment* (Herscovitch & Meyer, 2002; Parish et al., 2008) and a pragmatic attitude, perhaps as a result of the informants' *coping strategies* (Fugate et al., 2008; Terry et al., 1996), promote an approach better suited for dealing with the pending change. Summarizing the *approaches to change* held by the three units, it is obvious that *Development* has the most positive, that *Information Management* maintains the most negative, while *Production* is somewhere in between, displaying elements contributing both to a negative and a positive *approach to change*.

The final topic of the framework is *communication*, where the three strategies proposed in Chapter 4 were used to describe communication activities in the three cases. Here, striking similarities across cases are evident. For all the units, the *Spreading Information* strategy seems to describe the perceptions of the informants most accurately, while there are limited or no evidence of *Selective Interaction* being present. While *Development* seems satisfied with the occurrence of activities represented by the *Developing Understanding* strategy, the two other units either perceive it as insufficient, or are dissatisfied with the implementation of it.

#### **8.4.2 Comparison of the Interrelations between Change Content, Approaches to Change and Communication**

The analysis of the empirical findings also included the interrelations between the three components of the framework. As these are highly complex in nature, and depend on the context in which they appear, not all interrelations can be directly compared or graphically summarized.

The first interrelation regards *change content* and *communication*. In *Development*, the adaptation of communication to the *change content* seems to have been successful, while this certainly does not apply to the two other units, where the lack of adaptation has led to an information deficit and frustration among employees. The poor fit between perceived communication and the employees' needs both regard the utilized channels and the content they have conveyed.

The second interrelation concerned *change content* and *approach to change*, where the findings from the business units differ significantly. In *Development*, the insignificant *change content* rendered the two last components of the *change message* (Armenakis & Harris, 2002; Armenakis et al., 1993; Self & Schraeder, 2008) obsolete. An example from *Information Management* shows that the implementation of certain *change content* could constitute an antecedent for *resistance to change* (Oreg, 2003, 2006). In *Production*, the interrelatedness between *change content* and *approach to change* concerned how the *outcomes* of the change could induce *resistance to change* (Oreg, 2003, 2006), that downsizing may lead to difficulties in obtaining *readiness for change*, and that past experience with changes could influence the approach towards the merger changes.

The third interconnection was that between *communication* and *approach to change*. Here, a common denominator is the issue of how *communication* must be adapted to address the most important components of the *change message*. In *Production*, for instance, the lack of focus on the 'me-issues' (Schweiger & DeNisi, 1991) has made employees unable to understand the personal consequences of the merger. Another example of the interrelation, also from *Production*, regards how *communication* must also explain the *outcomes* of the change process, in order to minimize the risk of *resistance to change* (Oreg, 2003, 2006). From *Development*, it was reported that the explicit communication ensuring the unit of its importance had inhibited the feelings of being overlooked that could have risen from becoming a larger company. This could have induced a more negative *approach to change* if not handled correctly. In *Information Management*, it was found that *communication* had failed at facilitating the desired degree of *involvement*, and that it had not clearly addressed the expectations of *equality* between the two former companies.

This comparison shows that there is evidence of all interconnections in all three business units, and that two of these examples are relevant in all units. This concerned the adaptation of communication to *change content*, and the influence of communication on the *change message* (Armenakis & Harris, 2002; Armenakis et al., 1993; Self & Schraeder, 2008).

### 8.4.3 Comparison of Factors Influencing Work-life Satisfaction of Employees

The analysis of the subcases also presented findings concerning the factors contributing to employees' work-life satisfaction, and these are summarized in Table 15. In relation to this, it is



important to point out that the framework applied in this thesis assumes employee satisfaction to be a result of *change content*, *approach to change*, *communication*, and the interplay between them. As such, it would be misleading to assign specific factors contributing to employees' satisfaction to specific components of the framework.

	Positive	Negative
<b>Case 1: Development</b>	<ul style="list-style-type: none"> <li>- No uncertainty</li> <li>- Clearly defined tasks</li> <li>- Understands rationale for merger</li> <li>- Receives sufficient information</li> <li>- Larger company</li> <li>- Rebranding</li> </ul>	
<b>Case 2: Information Management</b>	<ul style="list-style-type: none"> <li>- Good fit between companies</li> <li>- Larger company</li> <li>- Rebranding</li> </ul>	<ul style="list-style-type: none"> <li>- Frustrating process with IT systems</li> <li>- Does not understand rationale for the merger</li> <li>- Not involved to a satisfactory degree</li> <li>- Perceptions of inequality &amp; injustice</li> <li>- Lack of trust in management</li> <li>- Lack of specific information</li> </ul>
<b>Case 3: Production</b>	<ul style="list-style-type: none"> <li>- Larger company</li> </ul>	<ul style="list-style-type: none"> <li>- Problematic internal organizing and coordination</li> <li>- Slow change processes</li> <li>- Decision-avoidance by executives</li> <li>- Does not fully understand personal consequences of the change</li> <li>- Lack of specific information</li> </ul>

**Table 13: Comparison of the factors contributing to employee satisfaction in the three subcases**

First, it can be observed that while the *Development* unit mentions several factors raising the degree of satisfaction, the two other units only mention a few. With regard to the negative influences, *Development* mentions nothing, as they are indeed very satisfied, while *Information Management* and *Production* both have several complaints. There are also some commonalities across the units. The size of the new company is mentioned by all units as a positive effect of the merger, with several informants claiming to be proud to work for a large company. Another commonality is that both *Development* and *Information Management* see the rebranding as a positive change. Among the factors decreasing work-life satisfaction, *Information Management* and *Production* respond similarly. The consequences of *job-related changes*, such as having to operate two incompatible IT systems in *Information Management* and new internal organizing in *Production* are examples of such. In addition, both units see the lack of adaptation of communication to their context as problematic, where information about specific elements of the change program has not been provided.

This cross-case comparison ends the analysis of empirical data, and the similarities and differences arising from the comparison will be utilized in the following discussion.

## CHAPTER 9: DISCUSSION

This chapter will use the analysis of empirical data to discuss interconnections and adaptations between the topics of the framework, in order to gain deeper understanding of events detrimental to the integration process. As such, we address the second and third research question of this thesis. This chapter contains five topics, of which the first four directly rise from the analytical framework. The fifth is a relevant topic that emerged from the empirical investigation. The specific selection of topics is based on the cross-case analysis in the previous chapter. While some issues were selected because they were perceived by the employees as particularly important, other topics were chosen as they display significant similarities or differences across the subcases. In some instances, differences or similarities between all three subcases will be utilized, but in others, specific findings from only two of the investigated business units give rise to the topics of discussion. The following topics will be addressed in this chapter:

1. Adapting communication to *change content*
2. Satisfaction with top management
3. *Equality* in relation to communication
4. Employee *involvement* in the merger process
5. The process surrounding changes

### 9.1 ADAPTING COMMUNICATION TO CHANGE CONTENT

When analyzing which factors that significantly contributed to the current levels of satisfaction in the three subcases, it became clear that perceptions of the successfulness of communication varied considerably. While *Development* was satisfied with the communication process, the communication contributed to dissatisfaction among the employees from the two other units. Still, there are striking similarities regarding which communication activities and initiatives had taken place in the units.

This section will discuss the adaptation of *communication to change content*, i.e. the interconnection between them. First, it will be presented how the units have perceived the communication process, before explaining what these perceptions could be caused by. At last, some suggestions regarding the adaptation of communication will be brought forth.

#### **Perceptions of communication in the subcases**

Having analyzed the pattern of communication activities in the three subcases, there are some apparent similarities. Firstly, all units perceive communication as presentations about the company, implying *asymmetry* (Eide & Eide, 2007) and that the content can be characterized as *strategic*

*information*. Secondly, there is striking agreement between the units regarding the channels that have primarily been utilized, being email, the intranet, and to some extent department meetings. Thirdly, all units report that *two-way* communication (Erlien, 2003) has been either very difficult or non-existing. However, there are also significant differences between the business units, primarily concerning whether employees have received or actively pursued information (Erlien, 2003), and how important *informal* channels (Aalto, 2004; Erlien, 2003) have been.

The three similarities mentioned above relate to how the *Spreading Information* strategy has been prevalent in all the examined units, and that this could have been at the expense of *Selective Interaction*, as signs of this latter strategy have been difficult to find. This was also mentioned in the cross-case comparison in section 8.4. The problem with this homogeneity in communication activities becomes evident when the different *change content* faced by each unit is also considered.

*Development* perceives changes as being mostly absent; *Information Management* reports of some *structural changes* and certain *job-related changes*, while *Production* has encountered all change types. As such, the *change content* faced by each unit is very different, and this could explain how satisfied the units are with communication. In *Development*, the communication activities fulfill the needs of employees, as there has been no need for information about specific changes. The prevalence of *Spreading Information* and relative absence of *Selective Interaction* have therefore been unproblematic. However, informants in the two other units express a lack of information concerning specific changes, eventually leading to frustration and challenges with performing daily tasks properly. Thus, the dominant role of *Spreading Information* and minor focus on *Selective Interaction* have produced negative emotions among employees in these units. The problem thus becomes clear: the generic nature of communication does not provide all units with the necessary information, as they face highly different changes, both with regard to *magnitude* and *amplitude* (Wit & Meyer, 2010).

This flaw of communication can also be related to the two characteristics where the perceptions of the business units differed. These were concerned with the degree to which informants claim that they have to pursue the necessary information themselves, and whether they make use of *informal* communication channels (Aalto, 2004; Erlien, 2003). These two dimensions of communication are highly interrelated, as *informal* channels comprise an important method for actively seeking information when *formal* channels do not address the issues that concern the employees. In *Development*, the informants report to receive information, and *informal* channels have not constituted an important source of information. *Information Management*, however, both seeks and receives information, with *informal* channels being quite important. Lastly, the informants from *Production* have been *active* seekers of information through extensive use of *informal* channels. This

pattern strengthens the claim that *Development* receives sufficient information through the *Spreading Information* strategy, while increasing discrepancy between needed and received information, as is the case in *Information Management* and *Production*, unsurprisingly leads to more *active* seeking and use of *informal* channels. One could of course question whether this is a problem or not, but from the company's point of view, this pattern leads to decreased control with the flow of communication through the organization. Extensive use of *informal* channels, often constituting rumors, could also lead to outright wrong information being passed on between employees (Bastien, 1987; Kitchen & Daly, 2002; Schweiger, 2002), and more uncertainty and time being spent on searching for the necessary information.

To understand why the communication apparently has not been adjusted sufficiently to each unit's change context, it can be useful to look at the role of middle management. The analysis of *Information Management* found that the interviewed middle manager had not been able to take the role of *manager* (Cornelissen, 2011), which in turn could result from him not being empowered to a sufficient extent by his superiors. Instead, he took the *technician* role of simply transmitting information, without any adaptation of communication to the unit's context. If this lack of empowerment has been a widespread problem in the EVRY merger, it could explain the lack of adjustment of communication to the specific change contexts of the business units. A finding supporting the insufficient empowerment was the remark in the communication plan that middle management seemed to lack information, which again could be related to how the plan mentions an absence of good communication channels for middle managers. This highlights how important it is to create efficient channels to keep middle management informed at any time, and ensure that they are given the tools and authority that a *decentralized* strategy (Cornelissen, 2011) implies. In total, the communication plan seems to offer many possible explanations for the lack of adaptation of communication to *change content*, but this awareness does not appear to have been materialized in concrete actions. On a more personal level, it should also be mentioned that middle management faced uncertainty regarding their future role in the new company, as a result of the upcoming restructurings and layoffs. This would make it even harder for them to fully comprehend their subordinates' needs for information and communication.

Another possible explanation for the apparent lack of adaptation could reside in the fact that tailoring the communication to the *change content* faced by the employees inevitably would demand more resources. In most cases, applying the *Spreading Information* strategy will be the easiest solution, both in terms of complexity and cost, as such activities merely involve producing and distributing information without any real effort. The *Selective Interaction* and *Developing Understanding* strategies, on the other hand, constitute approaches that demand much more

facilitation, interaction, participation, and thus resource use. As such, it is understandable why *Spreading Information* has been prevalent in the business units, while the two other functions have been utilized only sporadically.

### **Ensuring adaptation of communication to *change content***

The frustration observed in the units that were dissatisfied with the communication process illustrates how communication in merger integration could see advantages from being adapted to the current situation of the receiver, which often will be described by the *change content* they perceive. This advantage relates to how communication then could address the 'me-issues' (Schweiger & DeNisi, 1991) in the merger process, possibly target the needs of specific units better, and reduce frustration and dissatisfaction by employees not obtaining the necessary information. While the above discussion has been concerned with the *informative* function of communication, a more tailored approach to the three other functions could see advantages as well. However, the cost of doing so must also be compared to the gains, as more adaptation implies more resource-demanding approaches to communication. In relation to this, it must be emphasized that aiming to adapt communication to the *change content* does not imply spending more resources everywhere. It is more concerned with avoiding a generic 'one size fits all'-approach. In the case of *Development*, the *Spreading Information* strategy proved successful, but in the two units facing more change, the more resource-demanding *Selective Interaction* strategy should have been utilized to a larger extent to achieve the aforementioned advantages. In other words, it will be crucial for management to assess which units are in most need of specific communicative efforts, and which units will find the generic *Spreading Information* strategy sufficient.

The above discussion about adaptation of communication has found that communication in the examined business units has not been sufficiently adapted to the *change content* the units face. The prevalence of the *Spreading Information* strategy has been at the expense of *Selective Interaction*, which could have suited the needs of the employees from *Information Management* and *Production* better. Explanations for this include the insufficient empowerment of middle managers, and that the more resource-demanding strategies may not be equally attractive from an economic point of view. While this certainly is true, it is advisable for merging companies to use resources where it is necessary, and thus adapt communication according to the needs of the units.

## **9.2 SATISFACTION WITH TOP MANAGEMENT**

From the empirical investigation in the business unit subcases, it became clear that the levels of satisfaction with top management in EVRY varied significantly across the units. While *Development* was very satisfied with the top management, *Information Management* was quite displeased, and

*Production* rather inconclusive. This variation between the subcases certainly implies that the role of top management is an interesting topic for discussion.

In order to investigate the different levels of satisfaction with top management, this discussion will examine the *approach to change* and *change content* of *Information Management* and *Development*, as the two units also display differences on these topics. The *Production* unit will be omitted from further discussion, as the inconclusive answers of this unit made it difficult to assess their satisfaction with top management. This section will start by presenting the differences in levels of satisfaction with top management, and then provide some possible explanations for these. At last, the focus of top management will be discussed in order to suggest measures that could increase the employees' satisfaction.

### **Perceptions of top management in the subcases**

The informants in all three business unit cases were asked questions about their satisfaction with the internal and external role of top management, and the findings were significantly different.

*Development* was highly satisfied with top management, and particularly CEO Terje Mjøs was viewed as an excellent leader. *Information Management*, on the other hand, was of a different opinion. They did not perceive the top management team as handling the internal role well, but did acknowledge that the externally oriented part of their tasks was conducted satisfactory.

It could be contented that it is the failure to understand the rationale of the merger within *Information Management* that produces less satisfaction with top management, as establishing this rationale is seen as the role of executives. Because the employees in *Information Management* do not possess insights into why the merger was necessary, they neither understand why they must adapt and make an effort to integrate the organizations, for instance through having to temporarily operate several independent systems simultaneously. As such, their level of acceptance for unwanted or energy-consuming merger outcomes becomes limited, and this could easily escalate into frustration with those responsible for the merger, i.e. top management. The proposition that the degree of understanding of the rationale for the merger will influence the satisfaction with top management is strengthened by the fact that in *Development*, the employees express an understanding of the rationale for the merger, and assess the work of top management to be satisfactory.

However, frustration arising from not understanding the rationale of changes in *Information Management* could also point to the fact that perceptions of *change content* could be detrimental to how top management is assessed. In the case of *Information Management*, the migration of IT systems onto a common platform, which is perceived as a *job-related change*, is experienced as

challenging and a source of frustration, while *Development* reports of no significant changes. As such, the need for top management to prioritize internal issues may be perceived as more important by those units experiencing changes that affect their daily tasks, i.e. *job-related changes*. Statements from informants in *Information Management* point to how top management could have emphasized quicker decision processes, thereby providing solutions to be conceived at an earlier point in time. This could have helped reducing frustration with not knowing which systems that will be maintained, as well as the duration of operating multiple systems. Taking this into consideration, it could be that top management has not been sufficiently dedicated to internal affairs and thus showing *commitment* to the employees, but rather has focused on external stakeholders. This could also be the reason for why the external role of top management is perceived as being performed well by all units investigated. As such, the explanation for *Information Management's* reduced satisfaction compared to *Development* could be related to how more drastic *change content* implies an increased demand for internal focus from top management, which may not have been present to a satisfactory degree.

### **Ensuring satisfaction with top management**

Seeing as units in the company could have different needs concerning the role of top management, the question arises: what should be the main focus of top management leading merging companies? Should they put emphasis on maintaining customer relations and ensuring financial markets of their performance, or should they rather focus on employees and internal processes? There certainly is a need for providing customers with confidence that the merger will not result in decreased quality or reliability of products and services, and thereby not losing important customers in an already turbulent time. Ensuring shareholders that their invested share will not diminish will also be crucial. In addition, how the company is perceived by the external stakeholders will affect the perceptions of the employees (Hatch & Schultz, 1997). However, if this is at the expense of internal focus, the effects of putting emphasis on external stakeholders may vanish. The lack of clear prioritizations and guiding principles could lead to the company becoming less effective, thus eventually decreasing customer value. An example of this is the ineffectiveness created by the delays in selecting the new IT platforms of *Information Management*, where informants report that this inhibits their ability to perform optimally and be effective, which in turn will affect customer satisfaction. Putting more emphasis on internal affairs could thus be said to bring many of the same advantages that are used as arguments for focusing on external stakeholders, with the side effect of demonstrating *commitment* to employees.

The above discussion of the role of top management has shown how both the *approach to change* held by employees and the *change content* they have faced could explain the differing levels of

satisfaction with their performance. This could, in turn, be related to where top management chooses to focus their attention: on internal issues and employees, or external stakeholders. While management must address both the concerns of internal and external stakeholders, it could be contended that underestimating the need of internal stakeholders could diminish gains from the external focus.

### 9.3 EQUALITY IN RELATION TO COMMUNICATION

Another interesting result from the empirical findings and the analysis is that not all units perceive the distribution of roles and responsibilities between former EDB and ErgoGroup managers as righteous. Particularly *Information Management*, and to some extent *Production*, expressed such views. *Development*, on the other hand, perceives the current distribution as righteous.

The need to meet employees' expectations of *equality* is crucial in a merger process, because the failure to do so may cause resistance towards the merger changes, and a more negative *approach to change*, which could lead to decreased work-life satisfaction. To meet the expectations of *equality*, the role of communication will be crucial. As such, this discussion is concerned with the *approaches to change* and *communication* components of the framework, and how they relate to each other.

This discussion will first describe the views on *equality* and *justice* that was observed in the subcases, and then discuss how communication could be utilized to influence the expectations of employees concerning the mentioned topics.

#### Perceptions of *equality* in the subcases

From the business unit cases it became evident that informants saw two possible criteria for the selection of managers: either a pure 50-50 division between the two former companies, i.e. *distributive equality* (Zaheer et al., 2003), or using knowledge, experience, and competence as the ruling factors. Informants from *Development* unanimously agree that using competence or experience as a selection criterion is the best way of choosing managers, but it must be remembered that this unit has not experienced any changes in its management structure. The attitude is rather different in *Information Management*, where perceptions of inequality and injustice were widespread, and informants expressed views that *distributive equality* (Zaheer et al., 2003) would have been a more righteous approach to the selection of management. A possible explanation for this resides in the focus of communication. While there had been an explicit focus on achieving *distributive equality* in the top management team of EVERY, the selection criterion for middle managers was competency, and thus not to ensure any form of *equality* (Zaheer et al., 2003). As a result of this, the employees had not been subjected to communication aimed at creating realistic



expectations regarding how the distribution between EDB and ErgoGroup middle managers would be. Considering this, it is possible that unless employees are convinced otherwise, they perceive *distributive equality* as the most righteous approach. In addition, the criteria used to select top management may have led to expectations among employees that the same principles of *equality* would be applied when selecting middle managers. However, if *distributive equality* (Zaheer et al., 2003) is indeed expected by employees, what are the implications of this?

From the company's point of view, it brings along some disadvantages. First of all, it would be highly resource demanding to ensure that each business unit or section had an equal number of managers from each former company. Secondly, and perhaps most important, the company would have more freedom when using selection criteria such as experience and competence. By doing this, the most competent managers could be given further responsibility, whereas those less skilled or motivated were redeployed. On the other hand, it could be contended that actually pursuing *distributive equality* (Zaheer et al., 2003) would increase the chances of taking the best from both companies, as should be the aim of mergers.

### **Ensuring perceptions of *equality***

Taking the expectations of the employees and the challenges these could imply into account, it becomes apparent that communication should be utilized in order to create expectations of *equality* that benefit the company as a whole. This could be either acceptance of *integrative equality* (Zaheer et al., 2003) or gaining approval for another selection criterion such as seniority, competence, or experience. Communication could then be aimed at all organizational members through internal mass media, large meetings or such, attempting to inform and educate employees about the advantages of other forms of *equality* besides *distributive*. This kind of communication would resemble the *Spreading Information* strategy. If there are certain units more prone to resist anything but *distributive equality* (Zaheer et al., 2003), special measures could be undertaken here, for example activities typical for the *Developing Understanding* strategy. This could help employees understand why *distributive equality* may be suboptimal, but also aid the understanding of top management regarding why employees perceive *distributive equality* (Zaheer et al., 2003) as more righteous. It could also be contended that communication should be aimed at facilitating dialogue between the elected managers and their employees, in order to persuade employees that the specific manager represents the optimal solution. As such, the concept of *equality* could also be managed by focusing on the specific manager as an individual, as opposed to the company-wide distribution of roles. If such an attempt succeeds, the attention moves from the manager's previous affiliation to his or her suitability for the position. This shift of focus could also address the findings from *Information Management*, where it was observed that informants did not care about the

situation in other units of the company, but only worried about their near surroundings. This is an example of what Simon (1997) labels *bounded rationality*, in this case that the employees primarily relate to their immediate context, at the expense of the aggregated distribution of roles and responsibilities.

At last, it must be noted that perceptions among employees involving unfairness and injustice could be the result of factors far beyond the actual selection of managers, as it is likely that some informants express views of inequality simply because they are dissatisfied with their management or work in general.

In conclusion, this discussion has demonstrated how not all employees are satisfied with the current distribution of roles and responsibilities between the former companies. The informants possessing such views often see *distributive equality* (Zaheer et al., 2003) as a more righteous approach to the selection of middle managers, which could be explained by the fact that they have not been subjected to sufficient communication addressing expectations of *equality*. It was also shown how the current expectations of the employees imply certain challenges for the merged company. In order to address this, communication can prove to be a powerful tool, both by distributing information through a *Spreading Information* strategy and utilizing properties of the *Developing Understanding* strategy.

## 9.4 EMPLOYEE INVOLVEMENT IN THE MERGER PROCESS

From the empirical investigation in the subcases, it became clear that different views on *involvement* were present, both in relation to *how* employees are involved, but also to what extent they would like to be involved. This variation primarily relates to a divide between *Development* on one side, and *Information Management* and *Production* on the other, where the former expresses to have been involved in a different manner than the latter two. *Involvement* is an important part of employees' *approach to change*, which in the analysis of empirical findings was found to be influenced by communication. In addition to this, the following section will demonstrate how also the *change content* experienced by units could affect employees' desire to be involved. As such, this discussion concerns the interconnection between the three encapsulated topics of the framework.

In the succeeding section, the viewpoints of informants from the business units on *involvement* in the integration process will be presented and discussed, before concluding with some suggestions for how *involvement* could be facilitated in large organizations undergoing mergers.

### Perceptions of *involvement* in the subcases

From the encounters with informants in the business units, it became evident that employees can be involved in several ways. In the *Development* unit, *involvement* had primarily taken place through participation in value workshops, i.e. the implementation of a *strategic change*. This seemed to satisfy their needs to be involved in the process. In the other two business units, however, many informants state that they are involved in the sense that they are able to influence their daily tasks and the way they are conducted. As such, their *involvement* primarily concerns operational contributions. While this certainly is *one* form of contribution, it is somewhat different from what is labeled *involvement* by change management literature, where a focus on being involved in the *change process* is found. Waddell and Sohal (1998), for instance, mention being involved in “the learning, planning and implementation stages of a change process” (p. 549). When asked about how they would like to be involved, as opposed to how they *are* involved, several informants from *Information Management* and *Production* express views suggesting that it is actually stages such as those mentioned by Waddell and Sohal (1998) that they desire to be involved in. More specifically, many state that they could have contributed with specialized knowledge concerning the core processes of the work flow and key systems, as these are issues beyond the scope of management’s insight. Thus, it seems that it is the implementation of *job-related changes* that the informants want to be involved in. Comparing the views on *involvement* across the subcases, it could be contended that the employees directly affected by changes would like to participate in the implementation of these, i.e. the *job-related changes*, whereas those employees mostly untouched are satisfied with being involved in more abstract and *strategic changes*.

While many informants from *Information Management* and *Production* expressed a desire to be more involved in the change process, some also recognized the fact that the facilitation of *involvement* is resource-demanding. As stated by one informant: “If you are to do a real involvement process, you have to do some sort of an interview round, where people can provide their experiences (...), suggestions for changes, and then you get an awful job with categorizing (...) and structuring it in a reasonable way” (P2). In a large organization such as EVRY, employing close to 10,000 employees, the need for *involvement* must definitely be weighted against the cost of doing so. If *involvement* is to provide value, employees must be able to see the results of their contribution. Large-scale *involvement* initiatives must then be succeeded by a process of consolidating the viewpoints and opinions that emerged, with the risk that this results in a compromise where nobody can actually recognize their own contribution.

**Ensuring employee *involvement***

A possible solution to the mentioned challenge is to facilitate *involvement* through local initiatives of fewer contributors. For example, workshops in business units or even smaller groups could be conducted, or department meetings could be utilized as arenas to exchange viewpoints, rather than being merely informative. Such activities resemble the *Developing Understanding* strategy, where mutual understanding could be achieved through *two-way* interaction (Erlén, 2003) and *symmetric* relations (Eide & Eide, 2007). These intimate arenas could also address the desire of some employees to be involved in specific issues rather than abstract changes. As such, it is an arena where employees can contribute with their expertise, as their knowledge of specific systems and processes enables them to make qualified suggestions. This kind of *involvement* will also prove valuable for the company, in addition to ensuring the *commitment* (Herscovitch & Meyer, 2002; Parish et al., 2008) of the employees.

Initiatives like those mentioned would also be a way of adapting the *involvement* process to the needs of each specific unit. As the business unit cases demonstrated, some units will be satisfied with being involved in for example value workshops, whereas others have a need to be involved in change processes directly affecting their tasks. Using small-scale activities facilitating *involvement* could also have the favorable effect that the employees unwilling to participate in company-wide *involvement* initiatives would step forth, as these smaller venues could be perceived as less frightening and more relevant.

This discussion of *involvement* in the merger integration process has shown how employees can be involved in different ways, and findings from the business unit cases illustrate how employees directly affected by change prefer to participate in processes related to *job-related changes*. Further, small-scale *involvement* initiatives could have advantages, such as enabling employees to contribute with their expertise, and adapting the *involvement* process according to the needs of different units. In this process, the role of communication will be essential to the value that is created, and particularly elements of the *Developing Understanding* strategy could provide the necessary tools. As such, this is another example of how communication can affect the *approach to change* of employees, where the facilitation of *involvement* could produce a more positive attitude towards the change.

**9.5 THE PROCESS SURROUNDING CHANGES**

A topic that was not explicitly included in the framework of this thesis, but rather discovered as a possible explanation for the perceptions and emotions of informants, was the *change process* or *implementation* of the changes. This discovery was primarily sparked by statements from employees

in *Information Management* and *Production*, where it seemed that the process surrounding the changes caused severe frustration. In the former unit, this primarily regarded the process of selecting which IT systems to maintain, whereas *Production* reported of frustration arising from so-called 'decision-avoidance' and the sequence in which changes were implemented. As this topic has not been systematically investigated in the business unit subcases, the following discussion will not be concerned with variation between units, but rather use statements from informants in *Production* and *Information Management* to shed light on the challenges related to the *change process*.

The *change process* could be considered both an influencer and a result of all the components of the framework. It is undoubtedly highly interrelated with *change content*, as it regards how these changes are to be manifested in the organization. As have been confirmed by several informants on numerous occasions, it will influence the *approach to change* held by employees, and in some cases also be directly related to work-life satisfaction. In addition to this, *communication* will incorporate messages concerning the *change process*, as well as directly facilitating the implementation.

In this section, three topics related to the *change process* will be discussed. Firstly, the *sequence* of implementing changes will be treated. Secondly, the *speed* of implementing changes will be discussed, and thirdly, the necessity of facilitating the implications of a change will be presented.

### **The sequence of implementing changes**

Findings from the business units have highlighted how it may be necessary for some changes to precede others, as they provide a foundation for succeeding changes. In the *Production* unit, it was mentioned how the absence of common IT systems, such as a functioning intranet, made it difficult to maintain an overview through recurring restructurings. As one informant states: "This with the intranet and understanding the organization and how it is constructed; we depend on it" (P1). Similar views are expressed by another informant, stating that "when you need to have contact with other units in the company, things can take [a] long [time], or you do not know who to talk to". For some employees, this lack of overview reduced their ability to perform daily tasks efficiently, as they were highly dependent on other units in their work.

Another example of the effects of the sequence in which changes are implemented concerns the timing of doing layoffs in support functions. In the EVRY merger, these were conducted rather early, and one informant mentions how the person responsible for creating organizational charts had been fired, resulting in difficulties obtaining updated information about units in the company, and thus inhibiting collaboration between departments. The early layoffs in support functions could also help explain the lack of information mentioned by some informants, making the successful implementation of the merger more challenging.

As such, changes in internal systems for sharing of information should be implemented early, and the personnel responsible for maintaining the internal infrastructure should be able to continue doing so in a time when the organization depends highly on it. Addressing these suggestions could make later changes more manageable and maintain the ability of employees to conduct their tasks. Of course, this is easier said than done. In EVRY, attempts to establish new, common internal systems were done early in the integration period, but this work did not materialize in new solutions within the time frame expected by the informants. In order to overcome this challenge, companies should dedicate a sufficient amount of resources, and perhaps also adjust the expectations of employees regarding the timing of launching new systems. The latter suggestion was addressed in the EVRY merger through the newsletters to employees, but seemingly this did not succeed in creating the desired understanding or expectations.

It could also be suggested that layoffs in support functions are delayed until the first restructurings after the merger are completed. This would ensure that the support functions are sufficiently staffed in a time where their facilitating role is crucial. However, this could be complicated by shareholders demanding rapid realization of synergies, and as support functions are an easy target due to often being duplicated in the two companies, it could be difficult for the merged entity to defend a postponing of layoffs. In addition to this, there could be considerable voluntary departure from support function managers that do not maintain their previous role in the new company, and merging companies should try to persuade these employees to stay at least throughout the transition period (Schweiger, 2002).

### **The speed of change implementation**

Another prevailing finding from the analysis of the business unit cases in EVRY is the frustration that can be caused when changes are not implemented quickly enough. This was particularly the case in *Information Management*, where frustration was induced as a result of the slow process of migrating IT systems onto a common platform. Informants from *Production* also expressed such views, although in a more general critique of the change process, whereas *Development* naturally reported of no problems surrounding the speed of change implementation. The lack of speed in the implementation of the changes not only produces uncertainty as employees have to wait until knowing specifically how the changes will affect them, it also seems to reduce the effectiveness of the work being done. Several informants stated that they could have performed better if they had known which systems that would be kept in the future, and which would be discontinued. A possible solution to this challenge is to prioritize quick decision processes, even though this might not lead to the optimal decisions being made. As stated by Gadish, Ormiston, and Rovit (2003): "An 80 percent right solution is almost always better than delay" (p. 37). Similar views are expressed by one

informant from *Production*: “If we early on had decided to establish one intranet, make a poor one or whatever, just get on with it, it would have been much easier for me” (P3). As such, it seems that speed has a value in itself, and that the possible shortcomings of quick decisions may be offset by a rapid implementation.

Evidence from the business units clearly stresses how speed in the implementation of changes is of importance. Several informants, both from *Production* and *Information Management*, state that they would prefer a suboptimal, but quick, solution rather than waiting for the ideal. The dilemma for the company will then be whether they should meet the wishes of employees, or continue with less speedy and more thorough decision processes. The advantage of a rapid process would be less frustration among employees, while the disadvantage is that the quality of decisions may suffer. By using more time, the company would also use more money and resources, yet probably developing a solution that objectively is better. As both approaches have their pros and cons, it could be advisable to achieve a compromise that both management and employees can be satisfied with. Seeing as employees seem to prefer quick processes, management should attempt to convince employees about the advantages of a more thorough decision process, for instance through emphasizing that also employees could suffer from poor solutions, while at the same time facilitating processes that allow for solutions to be implemented earlier.

### **Managing the implications of a change**

Although the issues mentioned above clearly demonstrate that the *change process* is crucial to any merger integration, findings from *Production* also point to how the implications of a specific change may be underestimated. One informant mentions how *change content* was introduced without any *process* supporting its implementation, in this case concerning downsizing: “You remove someone, and that is alright some times, but you have to do changes, the way you work has to change” (P3). Not only does such a strategy inhibit the successful implementation of changes, it could also break down the remaining employees. In the case of layoffs, the absence of a proper *change process* will only lead to increased workload for those who remain in the organization, and no adaptation to a new way of working. A similar example of neglecting the *process* is explained by another informant: “What you experience with every restructuring is that some communication channels are broken each time. And if you restructure often enough, you do not get time to establish new communication channels, the informal channels, between each restructuring” (P2). This again highlights the importance of establishing a *change process* supporting the *change content*, in this case having a focus on either maintaining vital communication channels or re-building them in the aftermath of changes.

In total, these examples show how it is important to adjust the organization after changes are made, as potential efficiency gains will be the result of a better organizing of activities and improved work processes, rather than a new organizational chart. As such, the *change process* of implementing changes should be highly prioritized.

This discussion concerning the implementation of the *change content* in mergers shows how this is a potentially valuable topic in order to gain understanding of both the reactions and emotions of employees and how changes affect the work-flow in the company. In specific, changes should be implemented in a sequence acknowledging that some systems and processes must be in place before conducting other changes, and the importance of providing the core systems quickly cannot be overemphasized. In addition to this, the speed of implementing changes seems crucial to the employees, as lack of it often induces frustration and decreases efficiency. At last, it was discussed how all changes must be followed by a new way of organizing if the changes are to provide the desired gains. As such, the *change process* should be an area of particular attention to merging companies, as opposed to simply being concerned with *which* changes that are to be implemented.

In relation to the framework of this thesis, findings from the business unit subcases show that the *change process* is closely related to *change content*, and that it could affect the employees' *approaches to change*. In addition to this, failing to facilitate the implementation of changes properly could inhibit communication by breaking down important channels. Communication will, however, also play a major role in order to inform about the process, and creating understanding for it. Lastly, the *change process* definitely seems to affect employees' satisfaction with work-life, and it could thus relate to the third research question of this thesis, being to understand the factors that contribute to the work-life satisfaction of employees post-merger. Although the topic was not included in the current framework of this thesis, due to it not addressing the time dimension explicitly, it will play an important role in the revised framework presented in the next chapter.



## CHAPTER 10: CONCLUSIONS AND IMPLICATIONS

Having conducted a review of relevant literature, presented empirical data, analyzed these, and discussed their implications, this chapter will conclude the preceding ones. Firstly, it will be shown how the research questions have been addressed. Secondly, suggestions for further research will be presented, including a revised framework that could be useful for future research. Thirdly, the implications for merger practitioners will be brought forth.

### 10.1 ANSWERING THE RESEARCH QUESTIONS

This thesis has attempted to describe and explain the complex phenomena occurring in merger integrations, and how these affect employee satisfaction. In order to achieve this, three research questions was posted, and this section will present the most prevailing results from our study of them. Resulting from a review of relevant literature, the framework in Figure 10 was developed and used to address the research questions.

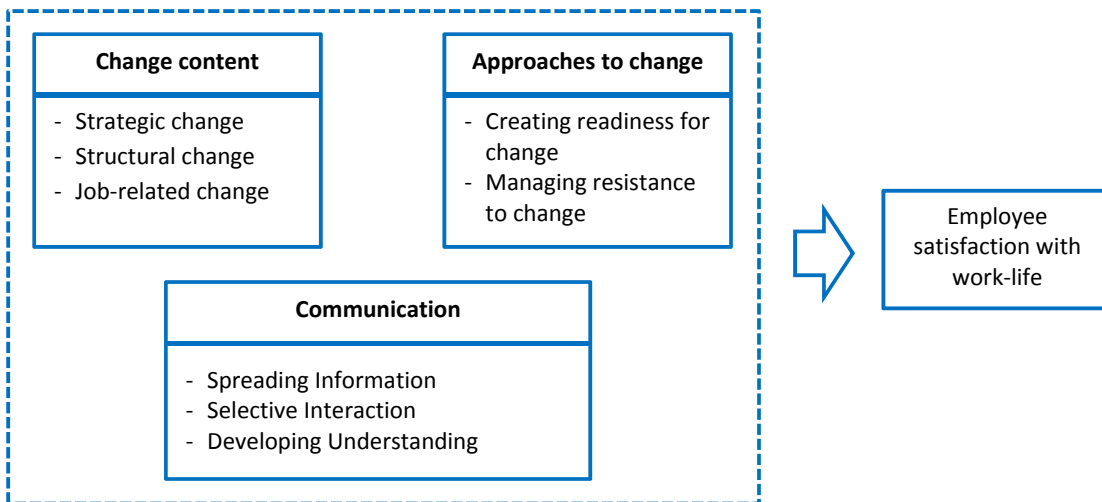


Figure 10: The original framework of this thesis

#### 10.1.1 The First Research Question

The first research question of this thesis was to investigate which types of *change content*, *approaches to change* and *communication* activities that are present in mergers. This has been examined through a literature review as well as collection and analysis of data about the EVRY merger, with a primary focus on three business units from three different business areas. The theoretical findings were presented in chapters 2-4. The empirical findings were presented in Chapter 7, and analyzed in light of theory in Chapter 8. Regarding *change content*, the literature

review concluded with three main types of change, being *strategic*, *structural* and *job-related changes*. All of these were present in the case merger. *Strategic changes* were not perceived as drastic or important by the business units that were investigated, while *structural changes* were considered significant in two of three cases. In some instances, the *structural changes* were so influential that they qualified as *job-related changes*, implying that they affected the daily work of employees directly. The specific changes that were perceived as the most important ones were migration of IT systems onto a common platform, downsizing, and restructuring of business units. The theory on *change content* also proposed that the change types are interrelated, and this was demonstrated in the case merger, for example where restructuring in the form of combining two previously separate units had led to a double set of IT systems, which again created the need for a process of eliminating some of these.

The literature review also unveiled several topics influencing how an employee approaches pending change, which can be separated into factors creating *readiness for change* and elements that potentially produce *resistance to change*. When utilizing these to analyze the *approach to change*, it became clear that employees can approach the merger in a variety of different ways. In the most positive case observed, the *approach to change* was characterized by understanding of the *change message* (Armenakis & Harris, 2002; Armenakis et al., 1993; Self & Schraeder, 2008), a feeling of being involved in the change process, and no signs of antecedents of *resistance to change* (Oreg, 2003, 2006). This differs greatly from the most negative case, where the *approach to change* included a failure in understanding the rationale for the merger, not being sufficiently involved in the process, strong feelings of inequality and injustice, and a lack of trust in management. It was also found that the *approach to change* of employees in a merger can include a pragmatic attitude, where experience with past changes made employees more equipped to manage the current merger.

The last topic of investigation in the first research question was communication, where the literature review ended by proposing three strategies, each comprising several characteristics. A striking homogeneity in the perceptions of communication was observed from the empirical investigation. Communication was primarily carried out through presentations concerning the company as a whole, implying a certain *asymmetry* (Erlien, 2003) between the sender and receivers. Also, channels such as email, the intranet and department meetings were considered the most important ones by all the examined business units, and *two-way* channels (Erlien, 2003) enabling interaction was largely absent. This pattern resembles a strategy that in this thesis was labeled *Spreading Information*, and its prevalence seems to have been at the expense of strategies such as *Selective Interaction*, where opportunities to provide feedback and engage in dialogue would have been present, and *Developing*

*Understanding*, which could have involved participants in mutual discussions and developed a common understanding of relevant issues.

### 10.1.2 The Second Research Question

The second research question of this thesis was to investigate how *change content*, *approaches to change* and *communication* affected each other. This was addressed through the analysis in Chapter 8, where it was shown that the *change content* should influence the *communication* process.

Specifically, communication activities must be adapted to the relevant *change content* of each unit in order to address the 'me-issues' (Schweiger & DeNisi, 1991) of the employees. Failing to achieve this will inevitably induce frustration among employees. It was discovered that the interrelation also could be evident in the opposite direction, i.e. that *communication* can affect how *change content* is perceived by employees.

Regarding the interconnection between *change content* and *approach to change*, multiple examples were found, confirming that *change content* can affect the *approach to change* directly. One of these is how drastic *change content* will imply that the *outcomes* of the process are very different from the current state, which could lead to *resistance to change* (Oreg, 2003, 2006), and thereby affect the *approach to change* in a negative manner. In addition, it was shown that the relevant *change content* will decide which of the components of the *change message* (Armenakis & Harris, 2002; Armenakis et al., 1993) that will be most detrimental to the employees' approach. For example, it was found that insignificant *change content* will render the two last components obsolete, while drastic *change content* will require a stronger emphasis on these. It was also shown how the implementation of *change content* can affect the *approach to change*. Regarding the opposite direction of the interrelation, it was discovered that past experience with change could be embedded in employees' approach towards the current change initiative.

The third interconnection between the topics showed that *communication* significantly influences the employees' *approach to change*. Here, it was found that communication must be utilized in order to convey the *change message* (Armenakis & Harris, 2002; Armenakis et al., 1993) to employees, and that it must be adapted to address the most important components of the message. Which components that are the most important will, in turn, be decided by the relevant *change content* of each unit. In addition, communication must clarify the *outcome* of the change for employees in order to prevent occurrences of *resistance to change* (Oreg, 2003, 2006), act as a facilitator of *involvement* processes, and create realistic expectations of *equality* (Zaheer et al., 2003) between the merging firms. Evidence supporting a relationship in the opposite direction, i.e. that employees' *approach to change* would affect how communication is perceived, was not unveiled.

### 10.1.3 The Third Research Question

The third research question of this thesis regarded how *change content*, *approach to change* and *communication* affected employees' satisfaction with work-life post-merger, and was addressed in the analysis in Chapter 8. Where *change* content was rather absent, uncertainty did not seem to be prevalent, and the employees had maintained clearly defined tasks during the merger process. However, more substantial *change content* seemed to lead to frustration and decreasing satisfaction among employees. Specific examples of *change content* that directly affected employee satisfaction included the process surrounding the migration of IT systems, as well as trouble with the new internal organizing and coordination of tasks and responsibilities.

Concerning *approaches to change*, it seems that a more negative approach is related to more frustration and less satisfaction. This proposition is further strengthened by an observation where a very positive approach was observed together with high levels of work-life satisfaction. It was also observed that past experience with mergers and large-scale organizational change programs could enable an approach where changes became more manageable, and perhaps mediated the negative effect of changes.

Communication can also explain the varying levels of satisfaction among employees, but this is primarily related to the adaptation between *communication* and *change content*. Those units experiencing that communication has not addressed the specific changes they perceive as important are the most dissatisfied, while good fit between *communication* and *change content* seems to induce satisfaction.

While the three mentioned topics can explain the satisfaction of employees post-merger, it must be emphasized that it is just as much the interconnections between them that affect the levels of satisfaction. The *approach to change*, for instance, seems to be highly correlated with how the *change content* is perceived, and the weaknesses of the communication process are primarily explained by its lack of adaptation to *change content*. This confirms the initial proposition presented in Chapter 5, where it was contended that it is the sum of the topics and their interconnections that will eventually affect employees' satisfaction with work-life post-merger.

## 10.2 SUGGESTIONS FOR FURTHER RESEARCH

One important limitation that was made at the beginning of this research was to exclude the time dimension as an explicit focus. While the rationale of this choice was explained in Chapter 1, the findings arising from the investigation has showed that developments in time are detrimental to how

employees experience the merger integration. The findings both concern the timing of certain events and the speed of implementing changes, which was treated in section 9.5 as the *change process*.

Acknowledging the importance of this topic gives rise to a revised framework, which can be seen in Figure 11. Here, the mentioned *change process* has been incorporated, and future research could use this as a point of departure for empirical investigation. As can be seen, the *change process* is depicted in the center between the concepts of *change content*, *approach to change*, *communication*, and their interconnections, thus both influencing and being influenced by all the other components and interrelations. Specifically, the *change process* will influence how *change content* is actually implemented; it further emphasizes the dynamism of *communication*, and the duration and sequence of the process is likely to affect the *approach to change* of employees. It should also be noted that the dual direction of the interconnections represents a suggestion to future research. While not all interrelations were found to be present in both directions in this study, this should be further investigated when also including the process dimension. While definitely introducing another layer of complexity, we do feel that analyzing how the three components and their interconnections develop during the process will greatly enhance the understanding of a merger's influence on employee satisfaction. Taking this into account, future research aimed at understanding human-related phenomena in the merger process could do wise in applying real-time, longitudinal research methods. This would allow for deeper understanding of the frustration that is produced when the *change process* takes too long, or the particular effects that the sequence of change implementation could have.

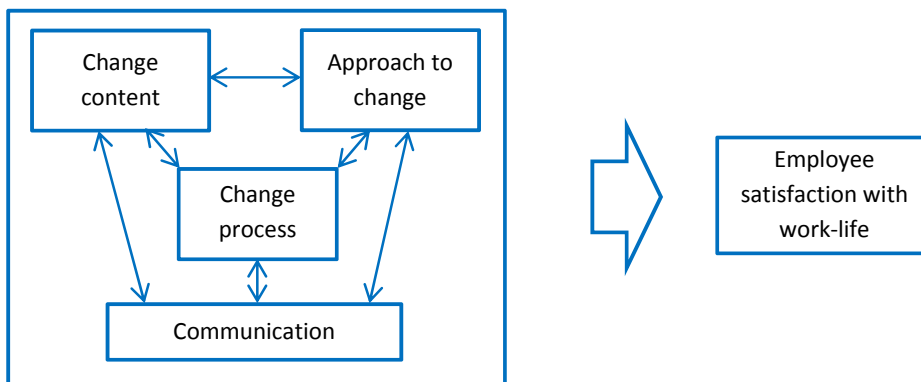


Figure 11: The revised framework

In addition to the mentioned suggestions for future research, it could be beneficial to investigate and analyze *personality* more explicitly than this thesis has. Such a study could use the individual as the unit of analysis, as opposed to the focus on business units held in this thesis. The rationale for this is findings from the business units, which point to how employees deal with changes in very different

ways. Although this to some extent can be explained by the *change content*, *change process*, *approach to change* and *communication*, there also seems to be some underlying personal characteristics that could explain the levels of satisfaction among employees. Insight into these characteristics could for instance be obtained by putting more emphasis on theories concerning personality in the analysis of employees' *approach to change*.

### 10.3 IMPLICATIONS FOR MERGER PRACTITIONERS

This thesis has provided conclusions and suggestions that are aimed at merger practitioners. This could include managers working in a dedicated merger integration team, executives responsible for integration-related decisions and processes, and consultants working with mergers. The following section will provide an overview of the implications of this research for the mentioned stakeholders, based on the five topics discussed in Chapter 9.

The first important implication concerns the crucial need to adapt communication to the *change content* faced by different units in the company. In a merger where different business units are affected in different ways, a generic approach to communication will not be sufficient, but the communication activities must rather be adapted to the needs of each unit. Management must therefore assess the necessary magnitude of information in different units, and address those issues that are of the most importance. While this could be perceived as resource demanding, the gains from doing so are likely to offset the cost. The findings from this thesis also point to how empowering functional management constitutes a considerable challenge, but that this is necessary if managers are to successfully adapt communication to the relevant *change content*.

The second implication is related to the role of top management in the merged entity. The discussion in Chapter 9 showed how they can be held responsible for conveying the rationale for the merger, and that failure to do so could lead to low levels of work-life satisfaction among employees. Also, top executives must acknowledge the need to maintain an internal focus and display attention to employees in the organization, although this is challenged by the need to focus on external stakeholders. If employees perceive that top management neglects them, this could have consequences also for external stakeholders, such as shareholders or customers, through decreased quality or efficiency.

Thirdly, it will be crucial for merging companies to utilize communication to establish realistic expectations of the distribution of roles and responsibilities between the two former companies. Failing to achieve this could result in perceptions of inequality and injustice among employees, which will lead to less acceptance of the change initiative. Perceptions of *equality* and *justice* could be

created by providing information about the advantages of the planned distribution, or more targeted efforts where perceptions of inequality are likely to occur.

The fourth implication for merger practitioners relate to the employees' desire to be involved in the merger process. Findings show that employees experiencing *job-related changes* would like to participate in how these changes will eventually be implemented, while those employees not directly affected are satisfied with contributing on more abstract issues, such as the establishment of new corporate values. It could also be suggested to facilitate *involvement* at a more local level, as this would allow employees to participate in the changes that they personally experience. Local initiatives would also increase the opportunities to make use of employees' expertise.

The fifth and last implication provided here concerns the *change process*, as this was found to be a factor detrimental to employees' satisfaction with work-life. Chapter 9 suggested that the planning of changes should take into account that some must precede others, and that speedy implementation is valued by employees, also in some cases if this comes at the expense of decision quality and employee involvement. It was also shown how every change must be followed by a new way of working and organizing, as simply implementing a specific change not necessarily will create the desired value for the company.

These implications for merger practitioners conclude this chapter, and thereby this thesis.

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# APPENDIX

## APPENDIX A: INTERVIEW GUIDE

This appendix is written in Norwegian, as all of the interviews were conducted in Norwegian. The questions in *italic* were only used in the interviews with the section and department managers.

### Fase 1: Introduksjon

Dette intervjuet er ledd i en masteroppgave ved NTNU som tar utgangspunkt i sammenslåingen mellom EDB Business Partner og ErgoGroup. Målet med oppgaven er å avdekke hvordan gjennomgåtte endringer og kommunikasjon i fusjonsprosessen har påvirket og henger sammen med de ansattes opplevelser av arbeidshverdagen.

Vi skal intervju ansatte fra ulike deler av selskapet som har opplevd forskjellige typer endring, og ønsker deretter å sammenligne funn mellom disse. Noen av spørsmålene kan det derfor virke mindre relevant for deg. Fokuset i alle spørsmål som stilles her er på det fusjonsspesifikke, det vil si at vi kun viser til endringer som har skjedd som følge av fusjonen og kommunikasjonsarbeidet som har blitt utført i løpet av fusjonsperioden. Med fusjonsperioden vises det til perioden fra kunngjøring av fusjonen og frem til i dag.

- Hva dette betyr for deg:
  - Anonymitet
  - Vil bli tatt opp, gi beskjed der du ikke vil bli sitert
  - Du vil få muligheten til å lese gjennom transkripsjonen
- Hvordan dette intervjuet vil foregå
  - Tre hovedtemaer:
    - Opplevelse av endring
    - Opplevelse av kommunikasjon
    - Opplevelser av fusjonsprosessen
  - Blir forholdsvis strukturert og utspørrende, for sammenlignbarhet
- Personlig informasjon:
  - Hvor lenge har du vært i selskapet?
  - Hva er din nåværende stilling i selskapet?
  - Hvor lenge har du vært i nåværende stilling?

## Fase 2: Hoveddel

### Tema 1: Opplevelser av endring

1. I hvor stor grad føler du at det nye selskapets strategiske retning og verdier har påvirket din arbeidshverdag?  
[Oppfølging: Hvordan har dette påvirket din arbeidshverdag?]
2. Føler du at omorganisering av enheter i selskapet har påvirket din arbeidshverdag?  
[Oppfølging: Hvis «ja», hvordan?]
3. Føler du at geografisk relokalisering av enheter i selskapet har påvirket din arbeidshverdag?  
[Oppfølging: Hvis «ja», hvordan?]
4. Har du på noe tidspunkt følt at nedbemanninger i selskapet har påvirket din arbeidshverdag?  
[Oppfølging: Hvis «ja», hvordan?]
5. I hvor stor grad føler du at det har forekommet endringer i dine arbeidsoppgaver eller måten du utfører dem på?
6. Føler du at introduksjonen av nye systemer har påvirket din arbeidshverdag, både interne eller ut mot kunde?  
[Oppfølging: Hvis «ja», hvordan?]
7. Føler du at endring i administrative retningslinjer har påvirket din arbeidshverdag?  
[Oppfølging: Hvis «ja», hvordan?]
8. Føler du at en fusjon var nødvendig for selskapet du tidligere jobbet i?
9. Føler du at denne konkrete fusjonen var et riktig valg?
10. Føler du at viktige personer i ditt tidligere selskap støttet fusjonen?
11. Føler du at du har vært i stand til å gjennomføre de endringer som fusjonen innebærer?
12. Føler du at du har fått tilstrekkelig informasjon om hva fusjonen innebærer for deg?
13. Føler du at du har vært involvert i fusjonsprosessen?  
[Oppfølging: På hvilken måte? Skulle du ønske du kunne vært mer involvert?]
14. Føler du at roller og ansvar har blitt rettferdig fordelt mellom ansatte fra de to tidligere selskapene?  
[Oppfølging: Hva legger du i begrepet «rettferdighet»?]



**Tema 2: Opplevelser av kommunikasjon**

15. Føler du at hensikten med kommunikasjonen har vært å informere, å skape en form for samhold innad i selskapet, eller noe annet?
16. *Hvilke kommunikasjonsaktiviteter har du som leder for denne enheten utført?*
17. *Føler du at du har hatt mulighet til å påvirke budskapet i kommunikasjonen og ta avgjørelser på bakgrunn av den?*
18. Føler du at kommunikasjonen har vært preget av presentasjon av et visst budskap, eller diskusjon rundt viktige temaer?
19. Føler du at du har fått den informasjonen du trenger, eller har du vært nødt til å oppsøke denne?  
[Oppfølging: Hvilken informasjon har du vært nødt til å oppsøke? Vil du si at å lese på intranettet innebærer oppsøking?]
20. Føler du at informasjon har kommet i etterkant av omfattende endringer, i forkant, eller begge deler?
21. Føler det at det har vært lett for deg å komme med forslag, innspill eller spørsmål til beslutningstagere?
22. Føler du at kommunikasjon har vært rettet mot deg og din rolle, selskapet som helhet, eller begge deler?
23. Hvilke kanaler har blitt brukt for å kommunisere med deg?  
[Oppfølging: Spør etter det som ikke nevnes: personlige samtaler, allmøter, intranett, nyhetsbrev, seminar, uformelle samtaler]
24. I samtale med din nærmeste leder, har dette skjedd i avdelingsmøter eller personlige samtaler?
25. I hvor stor grad føler du at kanalene som har vært anvendt har gitt mulighet for toveis-kommunikasjon?
26. I hvor stor grad føler du at informasjon har blitt formidlet gjennom personlige kanaler?  
[Oppfølging: Hvilke har vært brukt for personlig og upersonlig, henholdsvis? Hva legger du i at en kanal er personlig?]
27. Føler du at du har fått mye nyttig informasjon gjennom uformelle kanaler?  
[Oppfølging: Hva slags informasjon? Mer nyttig enn formelle kanaler?]

**Tema 3: Opplevelser av fusjonsprosessen**

28. Jeg føler at min nærmeste leder har gir tilfredsstillende informasjon om hva som foregår innen forretningsområdet.
29. Toppledelsen i selskapet har drevet det på en god måte.  
[Oppfølging: Hva legger du i å drive selskapet på en god måte?]
30. Jeg føler at jeg har hatt tydelig og klart definerte arbeidsoppgaver.
31. Jeg er stolt av å jobbe for selskapet.  
[Oppfølging: Hvorfor, hvorfor ikke?]
32. Jeg er tilfreds med jobben min.  
[Oppfølging: Hvorfor, hvorfor ikke?]

**Fase 3: Oppsummering**

- Oppsummering av hva vi har funnet ut
  - Opplevd endring
  - Opplevd kommunikasjon
  - Opplevelser av fusjonsprosessen
- Stemmer dette? Utdypende kommentarer.

## APPENDIX B: LIST OF INTERVIEWS

Date	Person	Company	Role	Form	Structure	Interviewers	Documentation	Duration
26.01.2012	May Kristin Haugen	Gambit	Senior Account Director	Face-to-face	Unstructured	UNA+EO	Notes	1h
26.01.2012	Morten Søgård	EVRY	SVP Corporate Development	Face-to-face	Unstructured	UNA+EO	Notes	1h
	Jakob van der Hagen		SVP Strategy & BD					
26.01.2012	Knut Olav Rød	BCG	Partner	Face-to-face	Unstructured	UNA+EO	Notes	45 min
09.02.2012	Helen Holthe	Brandlab	Consultant	Face-to-face	Unstructured	UNA+EO	Notes	90 min
09.02.2012	Yngvar Sjøner	EVRY	HR	Face-to-face	Unstructured	UNA+EO	Notes	1h
10.02.2012	Tone Øvregård	EVRY	HR Executive	Face-to-face	Unstructured	UNA+EO	Notes	1h
24.02.2012	Kristin Orskaug	EVRY	HR Director	Phone call	Unstructured	UNA+EO	Notes	20 min
29.02.2012	Bjørn Askildsen	EVRY	HR Director	Face-to-face	Unstructured	UNA+EO	Notes	1h
29.02.2012	Tove Kaiku	EVRY	HR Director	Face-to-face	Unstructured	UNA+EO	Notes	30 min
01.03.2012	Hege Larssen	EVRY	HR Director	Face-to-face	Unstructured	UNA+EO	Notes	1h
01.03.2012	Terje Kabbe	EVRY	IMO	Face-to-face	Unstructured	UNA+EO	Recording, transcription	50 min
01.03.2012	Cecilie Wang	EVRY	IMO	Face-to-face	Unstructured	UNA+EO	Recording, transcription	30 min
01.03.2012	Elina Mendelin-Norebø	EVRY	IMO	Face-to-face	Unstructured	UNA+EO	Recording, transcription	30 min

Figure 12: List of interviews part 1

Date	Role	Company	Form	Structure	Interviewers	Documentation	Duration
21.03.2012	Section manager Development	EVRY	Face-to-face	Semi-structured	UNA+EO	Recording, transcription	28 min
21.03.2012	Employee FS, Development	EVRY	Face-to-face	Semi-structured	UNA+EO	Recording, transcription	24 min
21.03.2012	Employee FS, Development	EVRY	Face-to-face	Semi-structured	UNA+EO	Recording, transcription	25 min
21.03.2012	Employee FS, Development	EVRY	Face-to-face	Semi-structured	UNA+EO	Recording, transcription	45 min
21.03.2012	Employee FS, Development	EVRY	Face-to-face	Semi-structured	UNA+EO	Recording, transcription	25 min
21.03.2012	Employee FS, Development	EVRY	Face-to-face	Semi-structured	UNA+EO	Recording, transcription	30 min
21.03.2012	Employee FS, Development	EVRY	Face-to-face	Semi-structured	UNA+EO	Recording, transcription	35 min
28.03.2012	Employee Solutions, IM	EVRY	Face-to-face	Semi-structured	UNA+EO	Recording, transcription	1h 2 min
29.03.2012	Employee ITO, Production	EVRY	Face-to-face	Semi-structured	UNA+EO	Recording, transcription	1h
29.03.2012	Employee ITO, Production	EVRY	Face-to-face	Semi-structured	UNA+EO	Recording, transcription	1h 1 min
29.03.2012	Employee ITO, Production	EVRY	Face-to-face	Semi-structured	UNA+EO	Recording, transcription	42 min
30.03.2012	Department manager IM	EVRY	Face-to-face	Semi-structured	UNA+EO	Recording, transcription	37 min
30.03.2012	Employee Solutions, IM	EVRY	Face-to-face	Semi-structured	UNA+EO	Recording, transcription	46 min
30.03.2012	Employee Solutions, IM	EVRY	Face-to-face	Semi-structured	UNA+EO	Recording, transcription	48 min
30.03.2012	Employee Solutions, IM	EVRY	Face-to-face	Semi-structured	UNA+EO	Recording, transcription	51 min

Figure 13: List of interviews part 2

## APPENDIX C: SURVEY TO HR DIRECTORS

The following questions were asked, where all business units within the relevant business area were listed as alternatives:

Q1: I denne BUen har ansatte fått tilbud om sluttpakke eller blitt oppsagt

Q2: I denne BUen har ansatte fått vesentlig endrede arbeidsoppgaver

Q3: I denne BUen har ansatte blitt omplassert internt i Buen

Q4: I denne BUen har det forekommet vesentlige omrokinger blant ledere

Q5: Denne BUen er sammensatt av ansatte fra begge de to tidligere selskapene

Q6: I denne Buen har ansatte fått eller skal få nytt arbeidssted

The last question concerned geographical spread of business units, where all units were listed, along with answer options of (i) below 25 %, (ii) between 25 and 50 %, and (iii) more than 75 %.

Q7: Hvor stor andel av de ansatte i BUen har samme arbeidsplass?

Business Unit	Q1	Q2	Q3	Q4	Q5	Q6	Q7	DoC
<b>Financial Services</b>								
Development							25-75 %	1
KAM							>75 %	1
Project							25-75 %	1
Solutions & Services							25-75 %	1
Systems							25-75 %	1
<b>Global ITO</b>								
Regional IT Operations		N/A					<25%	1
Posten & Bring	1	N/A		1		1	>75 %	2
Telco	1	N/A	1				>75 %	2
Bank & Finance	1	N/A	1	1	1	1	25-75 %	3
End User	1	N/A	1	1	1	1	25-75 %	3
Global Infrastructure	1	N/A	1	1	1	1	25-75 %	3
Production	1	N/A	1	1	1	1	25-75 %	3
Project & Delivery	1	N/A	1	1	1	1	25-75 %	3
Sales & Service Portfolio Management	1	N/A	1	1	1	1	25-75 %	3
Trade, Industry & Public	1	N/A	1	1	1	1	25-75 %	3
<b>Solutions</b>								
Application Management Services	N/A		1		1		>75 %	2
Enterprise Resource Planning	N/A		1		1		>75 %	2
Information Management	N/A		1		1		>75 %	2
Global Sourcing	N/A				1		>75 %	2
Emerging Solutions	1	1	1	1	1	1	>75 %	3

1 indicates that the specific change has occurred in the business unit.

Figure 14: Results from the survey to HR directors

## APPENDIX D: THE QUESTION CLUSTERS

In this thesis, four clusters of questions from employee surveys in EVRY were developed, and the questions they consist of can also be seen in Table 14. The table also shows if the specific question is obtained from the 'Pulse Checks' (PC) or Employee Satisfaction Survey (ESS).

Cluster name	Question	Survey
<b>Information Flow</b>	I am well informed about what is going on within the business	ESS
	My manager ensures that I am properly informed about the integration	PC
	Communication from corporate and IMO about the integration is at a sufficient level	PC
	I believe we have clear and visible management in my unit/function	PC
	My manager is good at informing us about things going on in the company	ESS
<b>Top Management</b>	I have a good understanding of EDB ErgoGroup's mission and vision	PC
	Senior management is committed to EDB ErgoGroup	PC
	The <i>Top Management</i> of EDB/EG manage our business in a good way	PC
<b>Job Content Clarity</b>	I am aware of the demands on and expectations linked to my work	ESS
	I know what is expected of me in my job	PC
	I know which results my unit are measured against	ESS
<b>Job Attractiveness</b>	I am proud to work for the company	ESS
	The best talent is retained in my business unit/function	PC
	I believe that the company has a good reputation	ESS
	Motivation and morale is high in my business unit/function	PC
	I am satisfied with my work	ESS
	I am excited and engaged about the opportunities the new EDB ErgoGroup offers	PC

**Table 14: The question clusters and the questions they contain**

Each of the following graphs shows the development of every business unit in EVRY across three points in time. While May and September constitute the results of the PCs, November equals the ESS. This was done in order to assess the validity of the question clusters presented above. If the graphs had shown a distinct pattern between May and September on the one hand, and November on the other, this would imply that the questions from PCs and the ESS in the same cluster are *not* perceived as equal by respondents. The clustering of questions would then be biased. However, the graphs shown here illustrate that there is no clear pattern between the points in time. The *Top Management* cluster may be said to see a drop from September to November on quite a few business units, but this is not considered enough to indicate a bias in the composition of questions in this cluster.

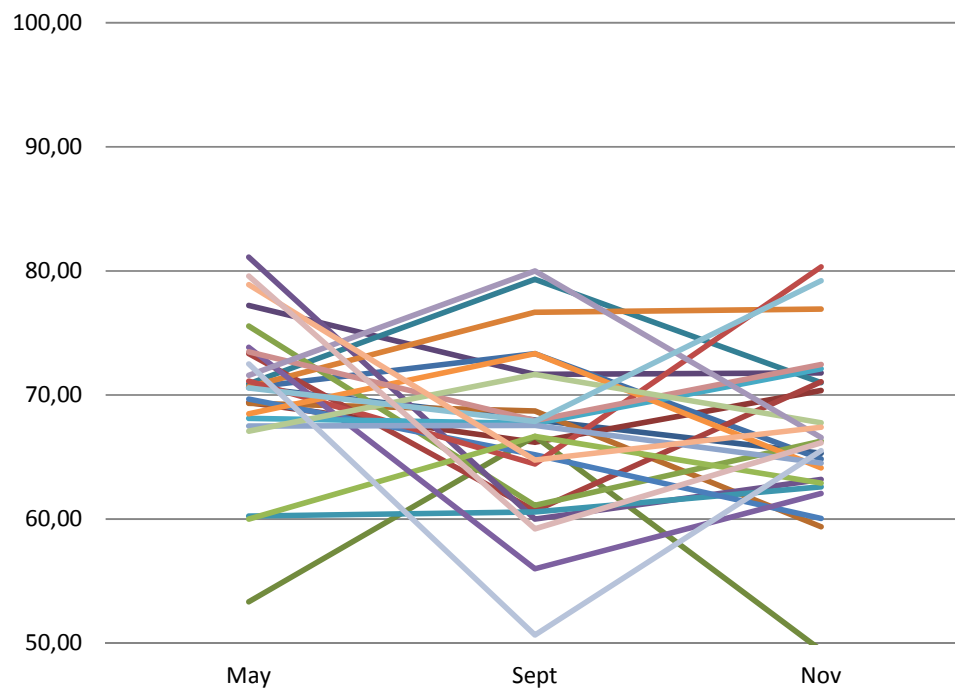


Figure 15: Results of the Information Flow question cluster

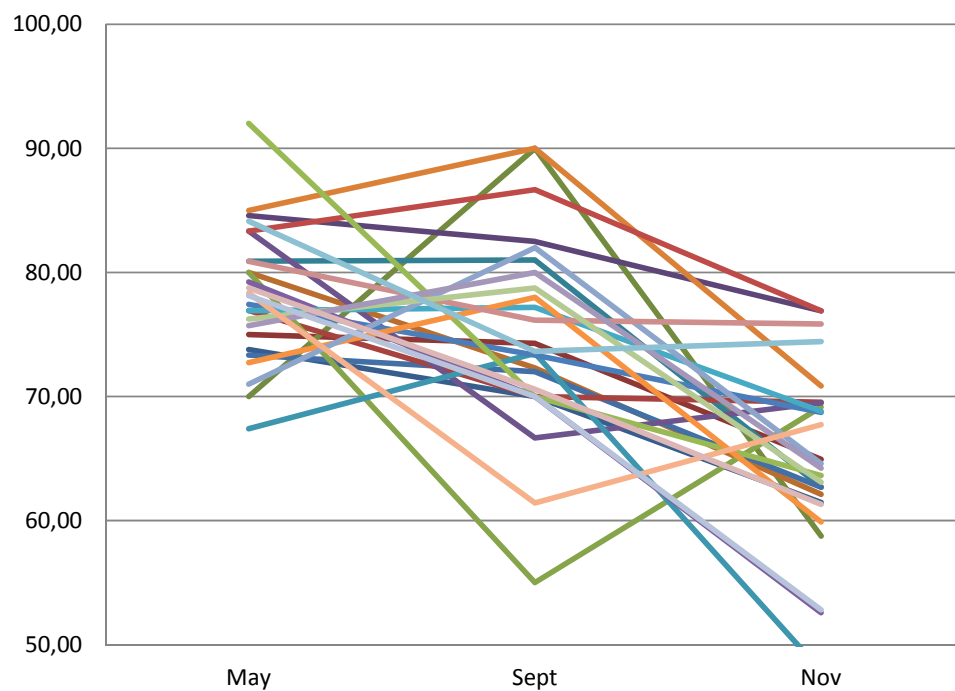


Figure 16: Results of the Top Management question cluster

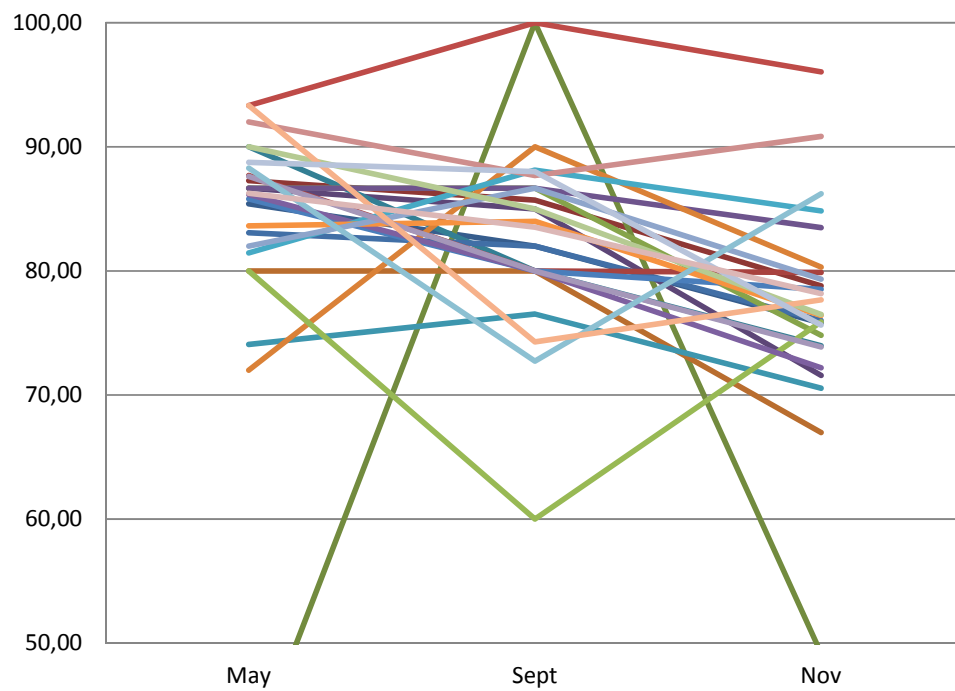


Figure 17: Results of the Job Content Clarity question cluster

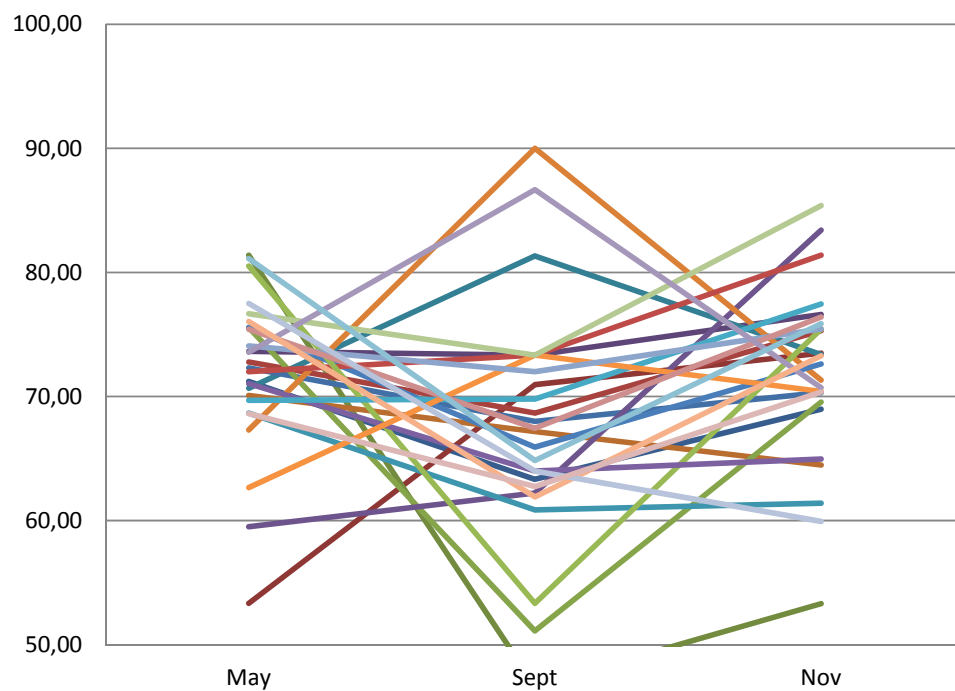


Figure 18: Results of the Job Attractiveness question cluster



## **APPENDIX E: GRAPHICAL PRESENTATIONS OF CALCULATIONS FROM EMPLOYEE SURVEYS**

The following graphs have been made from calculations based on the data material from the Employee Satisfaction Survey (ESS) and the Pulse Checks (PCs). They depict the levels of satisfaction in business areas and business units, either consolidated or on the question clusters.

Figures 19-21 show the levels of satisfaction over time for relevant business areas, both consolidated scores and for each question cluster.

Figures 22-24 show the overall satisfaction over time for business units within the relevant business areas. All scores in these Figures are consolidated.

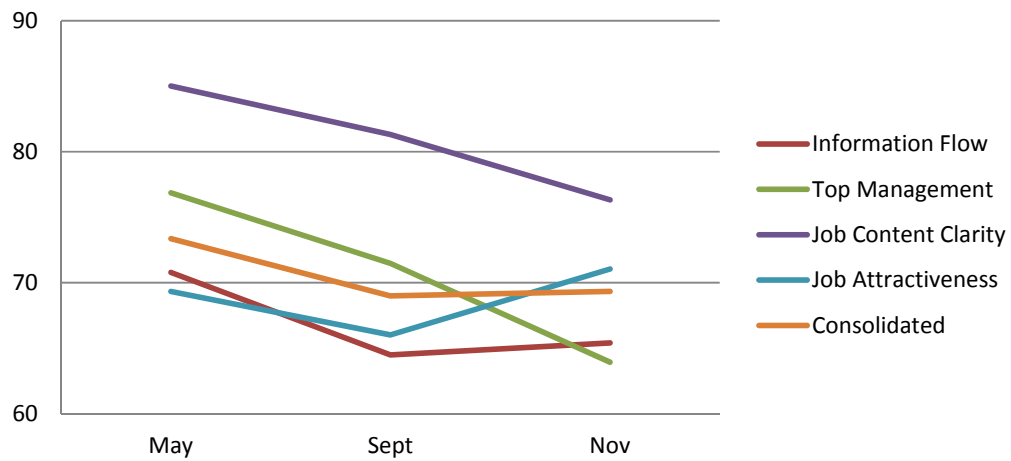


Figure 19: Scores from Solutions

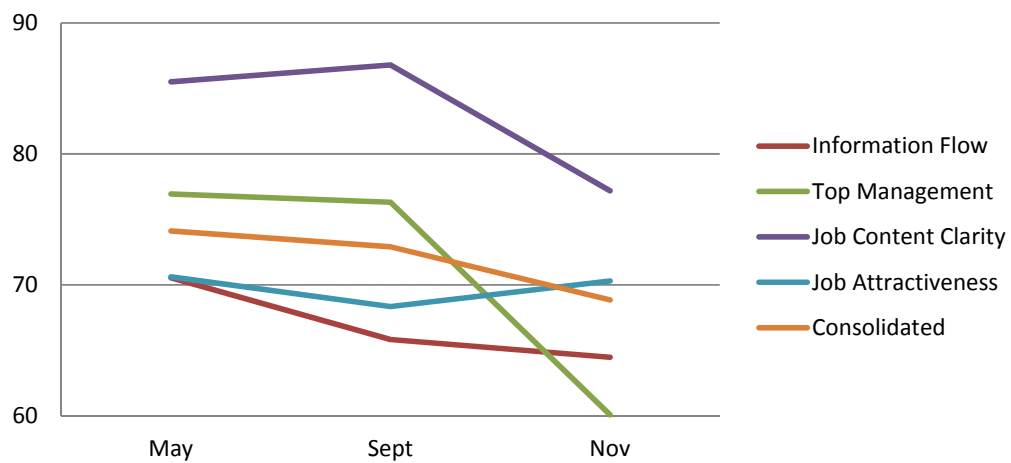


Figure 20: Scores from IT Operations

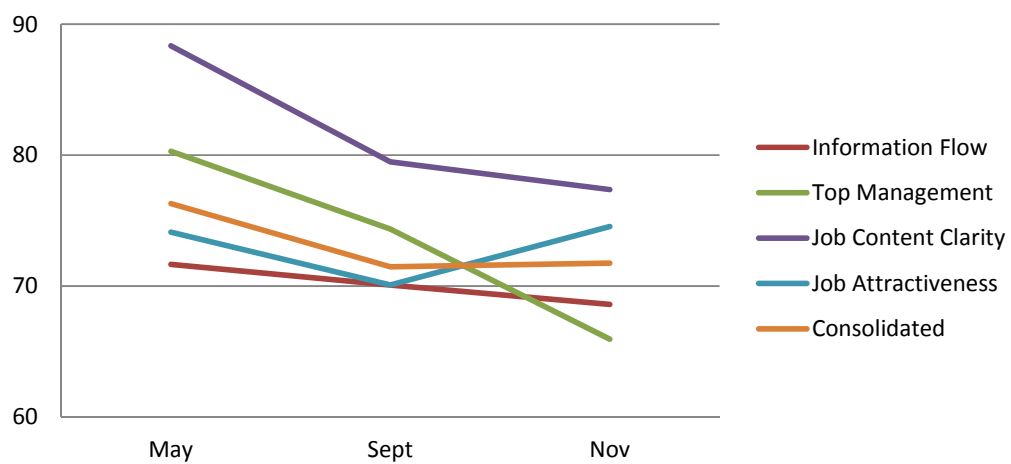


Figure 21: Scores from Financial Services

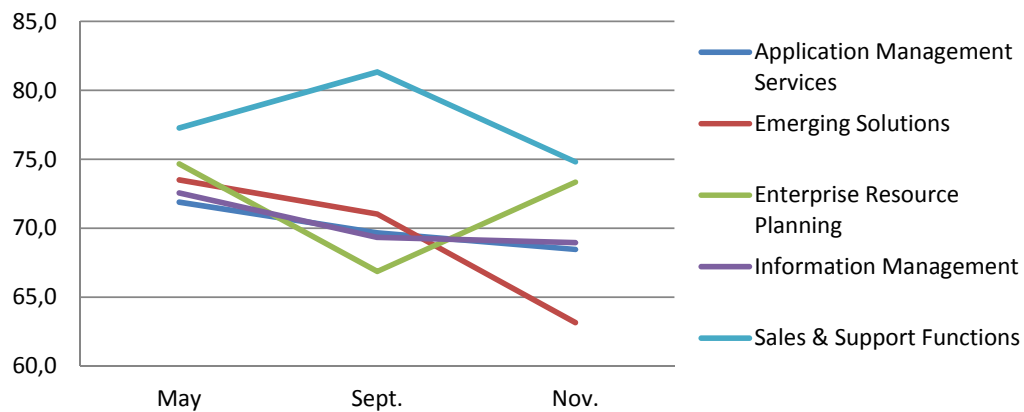


Figure 22: Scores of business units in Solutions

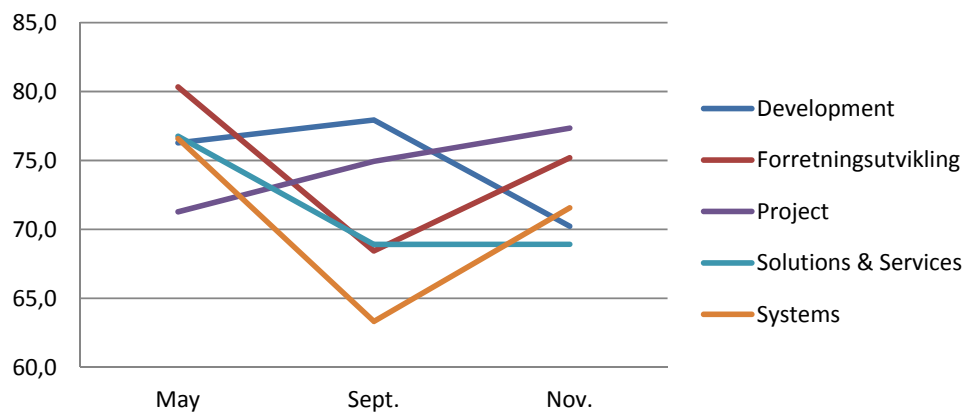


Figure 23: Scores of business units in Financial Services

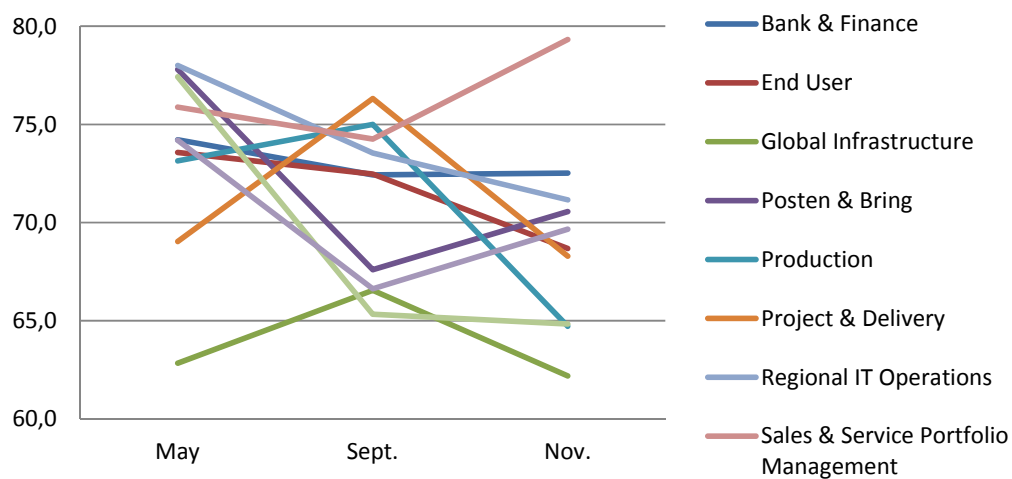


Figure 24: Scores of business units in IT Operations

## APPENDIX F: SELECTING THE BUSINESS UNITS OF THE SUBCASES

As explained in the methodology chapter of this thesis, three business units were chosen for further inquiry, based upon the 'degree of change' estimate and the business units' results in the PCs and the ESS. The process of choosing these will now be explained.

### Establishing the 'degree of change' categories

The 'degree of change' estimate was provided by HR directors in the case company, who assessed each business unit in *Financial Services*, *IT Operations* and *Solutions* on six metrics. The results of this assessment can be seen in Table 15, while the full sheet of values can be found in Appendix C. In the table below, 'degree of change' with value 1 represents units where practically no changes have occurred as a result of the merger, with the exception of general changes affecting all units within the new company, such as name change and new administrative guidelines. Category 2 contains units where one to three of the six possible changes have occurred, while the last category comprise of units which have undertaken changes on four or more of the change metrics. As such, the 'degree of change' parameter actually measures the number of relevant changes in each business unit, and not their severity.

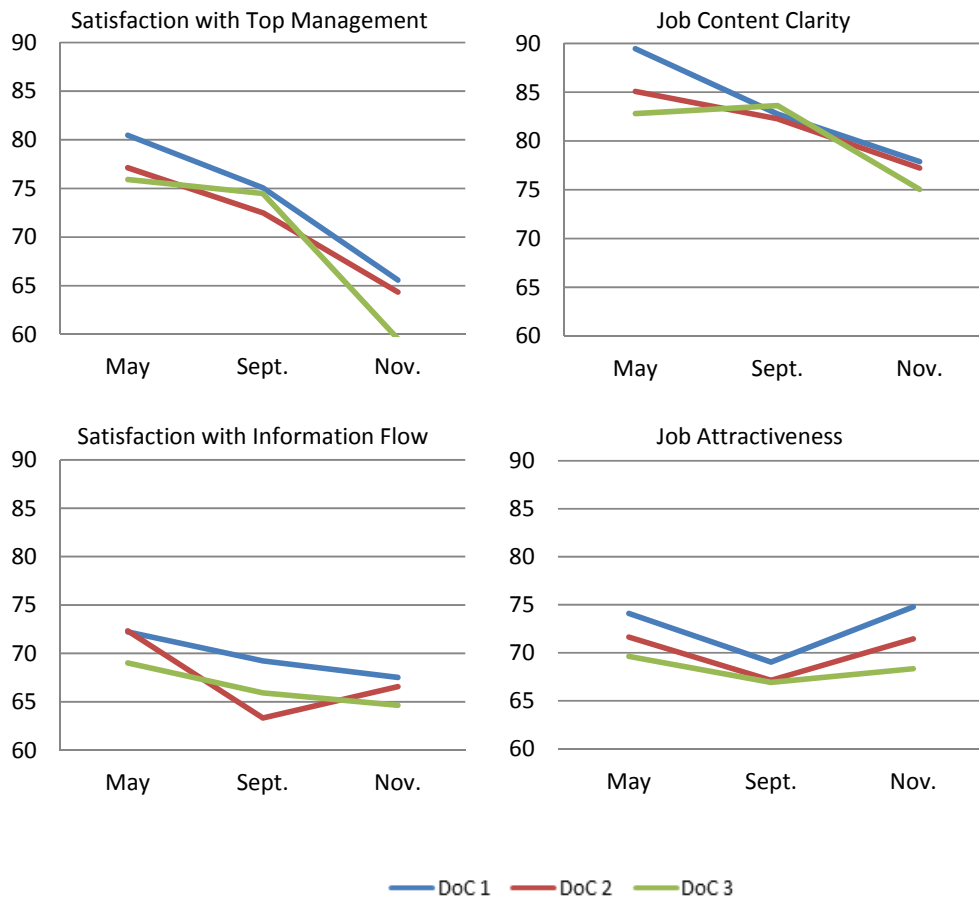
Degree of change 1 [small]	Degree of change 2 [some]	Degree of change 3 [large]
Development, FS	Posten & Bring, ITO	Bank & Finance, ITO
Key Account Management, FS	Telco, ITO	End User, ITO
Project, FS	Application Management Services, Solutions	Global Infrastructure, ITO
Solutions & Services, FS	Enterprise Resource Planning, Solutions	Production, ITO
Systems, FS	Information Management, Solutions	Project & Delivery, ITO
Regional IT Operations	Global Sourcing, Solutions	Sales & Service Portfolio Mgmt, ITO
		Trade, Industry & Public, ITO
		Emerging Solutions, Solutions

**Table 15: The business units within each 'degree of change' category**

### Identifying the business units

The scores of each 'degree of change' category were when calculated, resulting in Figure 25. These results were calculated by processing the scores from the employee surveys conducted by the case

company, and consolidating business units according Table 15. Figure 25 show the scores across the four topics of *Information Flow*, *Top Management*, *Job Content Clarity* and *Job Attractiveness* for each 'degree of change' value. The legend at the bottom of the Figure illustrates 'degree of change' category 1, 2 and 3, and all Figures include the scores on the PC in May and September, as well as the ESS in November. In the graphs, it is worth noting that the axis have been adjusted in order to make the patterns more visible. All scores are on a scale from 0 to 100.



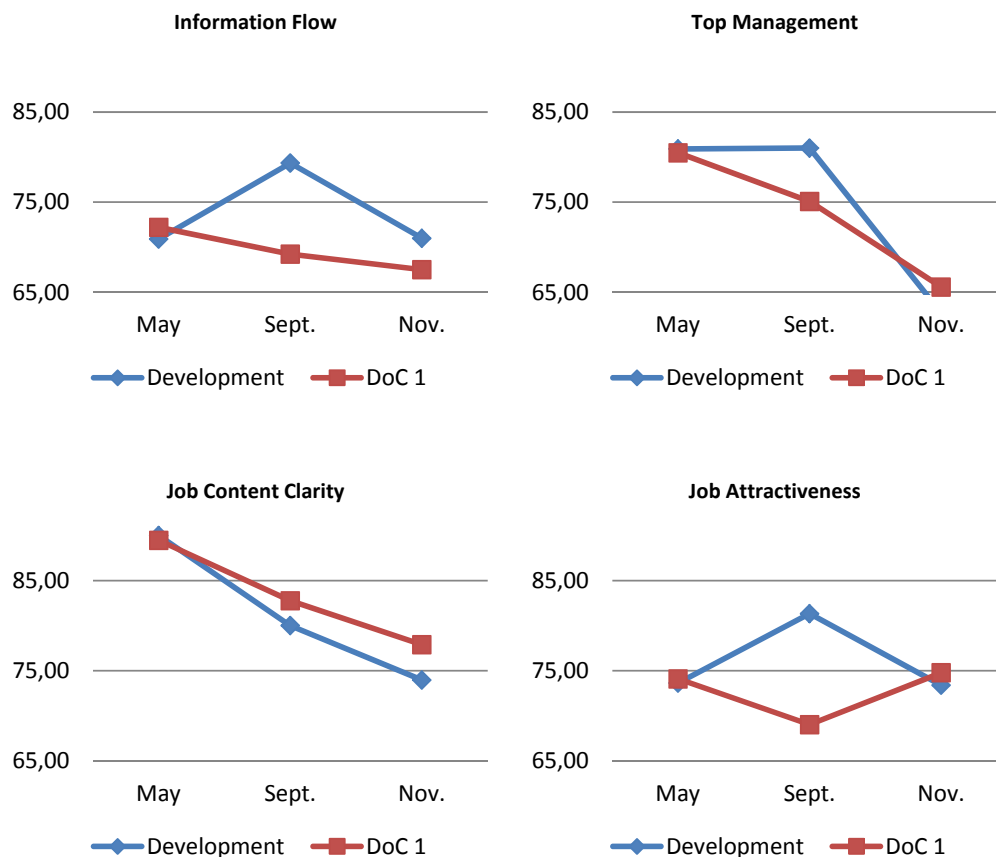
**Figure 25: Scores from all 'degree of change' categories on all topics**

These four graphs depict the results of the three 'degrees of change' for each of the four question cluster, and provided the foundation for identifying the chosen business units. This was done by finding a distinctive pattern in the scores of each 'degree of change' category, and then comparing these to the scores of the business units.

### 1<sup>st</sup> degree of change

For 'degree of change' category 1, there is a steady decline in scores on *Information Flow*, *Top Management* and *Job Content Clarity*. Particularly the *Top Management* scores fall drastically from May to November, with a decline of around 15 percentage points. The business unit that best

represented this pattern was found to be the *Development* unit of *Financial Services*. A comparison of the scores of *Development* and 'degree of change' category 1 can be seen below.



**Figure 26: The scores of Development compared to 'degree of change' category 1**

As can be seen in Figure 26, the pattern in the *Development* unit does not correspond perfectly to category 1 of degree of change. The *Information Flow* and *Job Attractiveness* topics both show the opposite trend from May to September of what would be expected. However, the correlation on the topics of *Top Management* and *Job Content Clarity* was convincingly strong, and the unit was thus chosen to represent small or none change, in objective terms.

## 2<sup>nd</sup> degree of change

For the 'degree of change' category 2, depicted in Figure 27, there is a trend of considerable decline in scores from May to November on the topics of *Top Management* and *Job Content Clarity*. In addition to this, *Information Flow* and *Job Attractiveness* appear in a V-shape. Considering the business units in this category of 'degree of change', the best candidate for a match was the *Information Management* business unit in *Solutions*. A comparison of *Information Management's* scores and those of 'degree of change' category 2 can be seen below, and compliance is found on

three of the four topics. Especially *Top Management* and *Job Content Clarity* are found to greatly correspond to the pattern exhibited by the degree of change category.

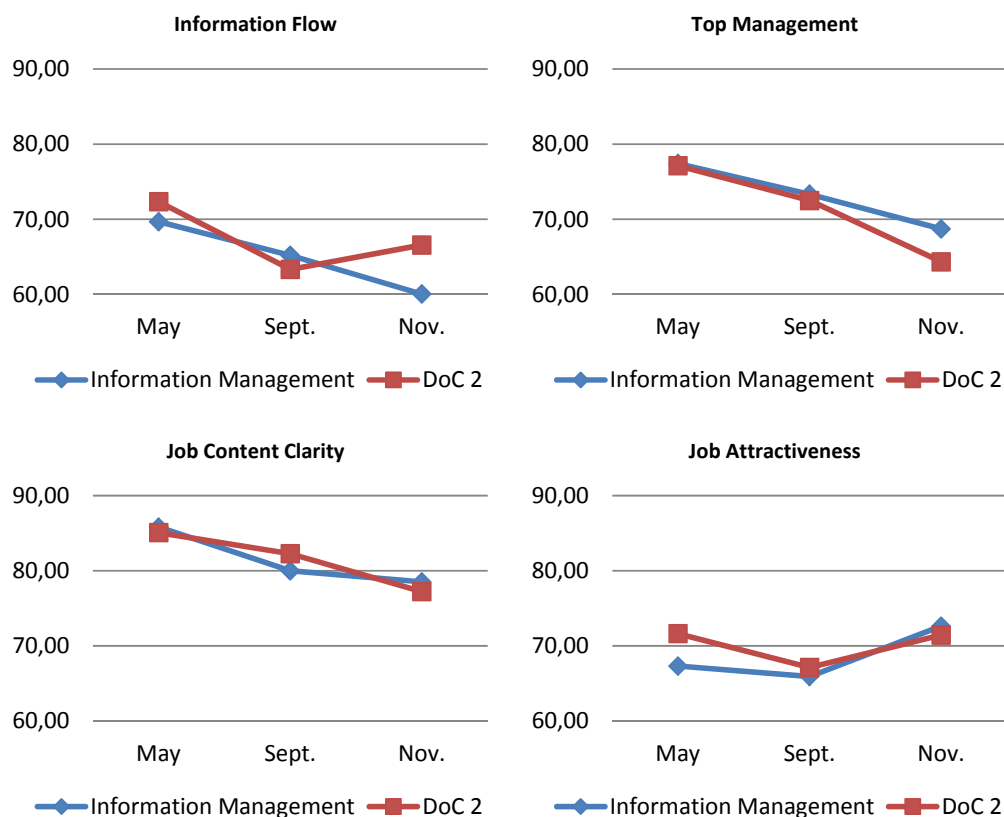


Figure 27: The scores of Information Management compared to 'degree of change' category 2

### 3<sup>rd</sup> degree of change

The last 'degree of change' category displays a similar pattern across the *Top Management* and *Job Content Clarity* topics, being a small decrease or increase from May to September, and then a drastic drop in scores. A steady decline in scores on *Information Flow* can also be seen. Of those business units belonging to this 'degree of change' category, the *Production* unit within *IT Operations* was found to best represent this pattern. Its results are compared to the scores of 'degree of change' category 3 in Figure 28, where the compliance on the *Top Management* and *Job Content Clarity* is striking. Similarly, the *Information Flow* topic also has a good fit between the business unit and the 'degree of change' category.

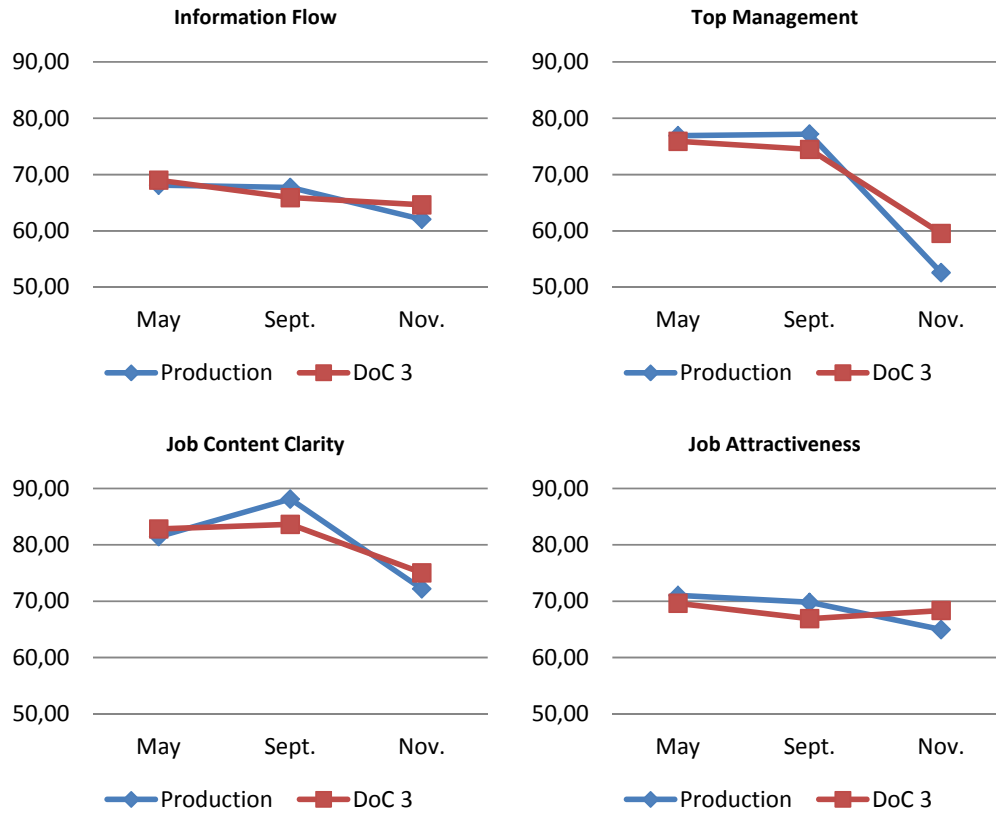


Figure 28: The scores of Production compared to 'degree of change' category 3

### The chosen business units

Through the process depicted above, three units were chosen for further investigation. The *Development* unit in *Financial Services* is responsible for the programming of products and services within this business area, and mainly works with the banking and insurance sector. We chose to focus on the Trondheim branch of the *Development* unit, as this branch is considered to have experienced even less change than the Oslo branch.

*Information Management* in *Solutions* delivers a wide range of services, including archival systems, document handling and democracy services. It develops solutions, but also sells and distributes services produced by third-parties. From *Information Management*, the Oslo branch was chosen, as most of the employees are located here.

The last business unit chosen for further inquiry is the *Production* unit of *IT Operations*. The unit is concerned with crisis management, quality systems, process architecture and creating new processes for development and operation of systems. The department within *Production* that was chosen for interviews primarily conducted the latter tasks. From *Production*, the Oslo branch was chosen, since most of the employees are located here.