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**Investigating the Dynamics of Actors' Formal and  
Informal Organizational Communication during Mergers  
and Acquisitions**



**THE UNIVERSITY  
*of* EDINBURGH**

**Doctor of Philosophy**

**The University of Edinburgh**

**2020**

**By**

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## PAPERS ADAPTED FROM THESIS

### PEER-REVIEWED CONFERENCES

1. Lim, K.\*, Managing Secrecy-Transparency Tensions: The Communicative Role of HR Managers During M&As. Paper accepted for presentation at the Academy of Management (AOM) Meeting, Online, *August 2021*.
2. Lim, K.\*, Managing secrecy in Mergers and Acquisitions (M&As): The boundary-spanning practices of HR as a moderator of organizational secrets. Paper presented at the British Academy of Management (BAM) Meeting, 'Conference in the Cloud', *September 2020*.
3. Lim, K.\*, Calvard, T. & McWha-Hermann, I., Tapping on the rumor mill: Rumor and gossip as a resource in post-merger integration. Paper presented at the Academy of Management (AOM) Meeting, Online, *August 2020*.
4. Lim, K.\*, Deal(-ing) and communicating with people: Symbolic discourse in the early stages of M&As. Paper to be presented at the Western Academy of Management (WAM) Meeting, Hawaii, *March 2020 (conference canceled due to COVID19)*.
5. Lim, K.\*, External communication and HRM in the Post-M&As Integration (PMI) process. Paper presented at the British Academy of Management (BAM) Meeting, Doctoral Colloquium, Bristol, *September 2018*.

### MANUSCRIPT UNDER-REVIEW

1. Lim, K.\*, Calvard, T. & McWha-Hermann, I., The development and role of employee gossip in making sense of change during a merger. (*Revise and resubmit – 2<sup>nd</sup> Round*)

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## ABSTRACT

Mergers and acquisitions (M&As) involve transformational changes and implicate multiple stakeholders at all levels of an organization. Organizations rely on effective communication to deliver the desired merger outcomes and help employees to better cope with the changes of M&As. Yet, the extant literature that is primarily focused on the strategic and financial aspects of M&As lacks nuances in the communicative processes. Through three qualitative research papers, this thesis investigates the various communicative forms, actors, and practices during M&As to shed more light on the phenomenon. This thesis then presents a communication model that helps to inform our understanding of the meaning-making process during M&As.

Paper One investigates formal and top-down communication in the early stages of M&As. The study explores the discursive and symbolic construction of early executive formal communication through a qualitative analysis of 23 M&A deal announcements and earnings calls transcripts from 2006 - 2016. Drawing on symbolic management theory, the study unpacks four symbolic significances of executive communication during M&As: *Appropriateness (of deals)*; *Superiority (of merged entities)*; *Concern (of the workforce)*; and *Continuity (of implementation)*.

Paper Two examines informal and bottom-up communication at the workforce level during M&As. By analyzing secondary data and 27 semi-structured interviews, the study explores how gossip acted as a resource for employee sensemaking during a recent merger between two professional services firms. The study reveals gossip helped employees to make sense of M&As in three ways: *Constituting reactions to shock*; *Acquiring, deciphering, and synthesizing information*; and *Providing social support*.

Paper Three investigates the intersection between communication and HR management during M&As. Through 20 semi-structured interviews with HR Managers, the study explores and examines secrecy-transparency tensions facing HR Managers during M&As. The findings highlight three ways HR Managers managed the tensions by *Rebuilding employee trust*; *Creating a respectful and safe space*; and *Providing Clarity*.

## ACKNOWLEDGMENTS

This thesis is not possible without the support and supervision of Dr. Tom Calvard and Dr. Ishbel McWha-Hermann. I have improved as a scholar and will forever be grateful to both of you for that. I thank Professor Brian Main for believing in me and supporting my applications to the Ph.D. program at the University of Edinburgh and the Business School's Doctoral Scholarship.

*This thesis is in part written and submitted during the lockdown of COVID-19. Thank you, front-line workers. It is also a living reminder that no matter what life gives you, you can make the most out of it.*

*This thesis is dedicated to all the underdogs out there. Never allow anyone to bring you down. Defy gravity.*

*Most of all, this is for my spouse, Qinghan, and in memory of my guinea pig, Moka ♥*

## TABLE OF CONTENTS

<b>1. CHAPTER 1: THESIS INTRODUCTION.....</b>	<b>7</b>
1.1 Overview of the Chapter .....	7
1.2 Popularity, Complexity, and Failure of M&As .....	8
1.2.1 Defining M&As.....	8
1.2.2 M&As as a popular organizational transformation tool.....	8
1.2.3 Communicative complexities in the multiple stages of M&As .....	10
1.2.4 Communication and executive roles during M&As.....	11
1.2.5 Communication and its workforce implications .....	13
1.3 Communication and the Human Side of M&As .....	15
1.4 Thesis Structure and Contributions .....	20
1.5 Chapter Conclusion .....	22
<b>2. CHAPTER 2: METHODOLOGY.....</b>	<b>23</b>
2.1 Overview of the Chapter .....	23
2.2 Philosophical Commitments Shared Across Three Papers.....	24
2.2.1 Epistemological and ontological positions.....	24
2.2.2 Naturalistic inquiry paradigm.....	24
2.2.3 Considerations of trustworthiness .....	27
2.3 Reflexivity .....	29
2.3.1 Researcher’s background .....	30
2.3.2 Personal perspectives on M&As .....	30
2.3.3 Reflexivity, data, and implications.....	31
2.3.4 The reflexive researcher .....	32
2.4 Chapter Conclusion .....	34
2.4.1 Similarities .....	35
2.4.2 Differences .....	35
<b>3. CHAPTER 3: SYMBOLIC MANAGEMENT STRATEGIES IN EXECUTIVE MERGER COMMUNICATION .....</b>	<b>37</b>
3.1 Introduction .....	38
3.2 Literature review .....	41
3.2.1 Organizational communication, change, and M&As .....	41
3.2.2 Symbolic management and strategic change communication.....	45
3.3 Method .....	48
3.4 Findings.....	53
3.4.1 Appropriateness of deals .....	53
3.4.2 Superiority of merged entities .....	56
3.4.3 Concern of the workforce.....	58
3.4.4 Continuity of implementation .....	62
3.5 Discussion .....	65
3.6 Conclusion.....	69
<b>4. CHAPTER 4: THE DEVELOPMENT AND ROLE OF EMPLOYEE GOSSIP IN MAKING SENSE OF CHANGE DURING A MERGER.....</b>	<b>71</b>
4.1 Introduction .....	72
4.2 Literature review .....	75
4.2.1 Employee sensemaking and communication during change.....	75
4.2.2 Gossip and employee change sensemaking in organizations.....	77
4.3 Methodology and research context.....	79
4.4 Case background .....	83

4.5	Findings.....	84
4.5.1	Surprise and news leak.....	85
4.5.2	Lack of information and inconsistent formal communication.....	86
4.6	Gossip aiding employee sensemaking of change.....	88
4.7	Constituting reactions to shock.....	88
4.8	Acquiring, deciphering, and synthesizing information.....	89
4.9	Providing social support by sharing interpretations.....	93
4.10	Discussion.....	95
4.11	Conclusion.....	100
<b>5.</b>	<b>CHAPTER 5: MANAGING SECRECY-TRANSPARENCY TENSIONS: THE COMMUNICATIVE ROLE OF HR MANAGERS DURING M&amp;AS</b>	<b>102</b>
5.1	Introduction.....	103
5.2	Literature review.....	106
5.2.1	Secrecy-transparency: Relations and tensions during M&As.....	106
5.2.2	The human side of M&As.....	108
5.3	Method.....	111
5.3.1	Data collection.....	111
5.3.2	Data analysis.....	115
5.4	Findings: Organizational secrecy and its workforce implications.....	117
5.4.1	Toxic change environment.....	117
5.4.2	Hurtful for the workforce.....	119
5.4.3	Mismatch: executive perceptions and actual employee support.....	121
5.5	Findings: Facilitating transparency through HR Managers.....	124
5.5.1	Rebuilding employee trust.....	124
5.5.2	Creating a respectful and safe space.....	126
5.5.3	Providing clarity.....	129
5.6	Discussion.....	132
5.6.1	Theoretical implications.....	132
5.6.2	Practical implications.....	136
5.7	Limitations and future research.....	137
5.8	Conclusion.....	139
<b>6.</b>	<b>Chapter 6: GENERAL DISCUSSION AND CONCLUSION</b>	<b>141</b>
6.1	Overview of the Chapter.....	141
6.1.1	Contributions.....	141
6.1.2	Individual and collective contributions.....	143
6.2	General Discussion.....	147
6.2.1	Problematic prescriptions of formal communication management ...	147
6.2.2	Less manageable and obvious aspects of communication.....	148
6.2.3	Summary of contributions.....	150
6.3	Practical Implications.....	154
6.3.1	Employees.....	154
6.3.2	Managers.....	154
6.3.3	HR Managers.....	155
6.3.4	Professional bodies and policymakers.....	155
6.4	Limitations of Research and Future Research Suggestions.....	157
6.5	Concluding Statement.....	160
<b>7.</b>	<b>REFERENCES</b>	<b>161</b>
<b>8.</b>	<b>APPENDICES</b>	<b>180</b>

Appendix 1: Samples of Announcement Event Call (AEC) and Earnings Conference Call (ECC) .....	180
Appendix 1a AEC: AnheuserBusch Inbev SA Proposes Combination with SABMiller PLC Call (Morning Session) - Final.....	180
Appendix 1b: ECC: Q4 2016 Anheuser Busch Inbev NV Earnings Call - Final .....	183
Appendix 2: Interview Schedule for Paper Two .....	186
Appendix 3: Sample Interview Transcript (anonymized) of Paper Two.....	188
Appendix 4: Interview Schedule for Paper Three (adapted from Paper Two).....	208
Appendix 5: Sample Interview Transcript (anonymized) of Paper Three.....	211

## **LIST OF TABLES**

Table 1.1: Three key review articles, conceptual relationships, and relevance for thesis .....	18
Table 2.1: Key steps in a naturalistic inquiry (adapted from Lincoln and Guba, 1985) .....	26
Table 2.2: Considerations of trustworthiness .....	28
Table 3.1: Merger deals in the study sample .....	50
Table 4.1: Details of the research participants .....	81
Table 5.1: Profile of interview participants .....	114
Table 5.2: Summary of key findings .....	133
Table 6.1: Summary of collective contributions .....	146
Table 6.2: Summary of practical implications .....	156

## **LIST OF FIGURES**

Figure 6.1: Communicative forms, actors, and practices during M&As.....	153
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## **CHAPTER 1: THESIS INTRODUCTION**

### **1.1 Overview of the Chapter**

This chapter will introduce communication during mergers and acquisitions (M&As) as a research context. It will begin with a discussion of M&As as a popular organizational transformation tool. The discussion will help to highlight the complexity of M&As and underscore the need for effective communication during the integration process. Subsequently, the chapter will detail the issues and challenges that organizations may face during M&As, which could impede organizational communication and its effectiveness. In particular, it will highlight the managerial agency or the self-interests involved in M&As and describe how these factors influence communication. In addition, it will highlight the implications of poor communication on the workforce during M&As. Finally, this chapter will summarize and present three recent review articles to further emphasize the need for study in the domain of interest in this thesis.

The chapter will also provide an outline of the thesis structure and a brief description of the three papers presented in this thesis. This chapter then highlights the individual contributions of the respective papers and their collective contributions. In doing so, this chapter's objective is to provide an overview and orient readers to the research on organizational communication during M&As.

## **1.2 Popularity, Complexity, and Failure of M&As**

### *1.2.1 Defining M&As*

M&As refer to the corporate strategy of acquiring or merging with other organizations to quickly enter into new product and geographical markets that could not be easily achieved organically (Dao & Bauer, 2020). Although ‘mergers’ and ‘acquisitions’ are fundamentally distinct in terms of deal types, most research does not differentiate between the two as these corporate strategies share a similar deal-making and post-merger/acquisition integration process (Steigenberger, 2017). Therefore, this thesis follows Schweiger and Goulet (2000) and adopts ‘M&As’ as a neutral and collective term, which is widely accepted in the management literature. This research defines M&As collectively as a ‘complex human’ phenomenon (Cartwright & Cooper, 1994, p. 49) primarily facilitated through organizational communication that is ‘actor-based, socially constructed, unintended, and emerging’ within the organization (Sarala, Vaara, & Junni, 2019, p. 313).

### *1.2.2 M&As as a popular organizational transformation tool*

Over decades of research, reviews of M&As in management have frequently highlighted M&As as one of the most important and popular tools for organizations to achieve corporate development and organizational growth (Napier, 1989). This is because M&As allow organizations to rapidly acquire novel technology, talents, or achieve economies of scale and scope (Cartwright & Schoenberg, 2006). Despite their popularity and importance as a strategic or investment tool for organizations, M&As involve large-scale organizational and structural changes that are often also highly impactful for all organizational stakeholders (Daly & Geyer, 1994).

Management scholars also agree that M&As represent one of the most aggressive transformational activities organizations can undertake (Angwin, 2007a; Bauer & Matzler, 2014; Stahl et al., 2013). This is because M&As alter operations and hierarchies, influence identities, and affect employee careers within the merging organizations (Cartwright & Cooper, 1994). The extensive organizational changes introduced by M&As also affect the wellbeing of the employees and threaten job security (Y. Weber & Fried, 2011a, 2011b).

The risks involved in deal-makings coupled with the propensity for M&As to fail in post-merger integration could create high levels of stress for both investors and the workforce (Sinkovics, Zagelmeyer, & Kusstatscher, 2011). This is because a failed merger and its subsequent divestiture, disintegration, or demerger process could result in severe workplace disruptions and erode shareholder value. This was evident in the classic (de)merger case study of Daimler and Chrysler (R. A. Weber & Camerer, 2003). The merger failure between the two multinational organizations had caused a drastic decline in workplace performance and employee satisfaction. Furthermore, the merger disintegration eroded employee trust in the management and increased the turnover of talents, which led to greater anxiety and uncertainty in the organization.

Therefore, the risks involved in M&As generate high levels of anxiety for the workforce (Cartwright & Cooper, 1990; Jemison & Sitkin, 1986). The uncertainty of the M&As in turn leads to the apprehension and the lack of stakeholder support for M&As, thereby resulting in post-merger integration failures and the poor performance of M&As (Graebner, Heimeriks, Huy, & Vaara, 2017; Steigenberger, 2017). The high failure rate of M&As is evident in both academic and practice research (Cartwright & Schoenberg, 2006). Research by practitioners indicated that only 56 percent of

acquisitions are considered successful when compared to the initial goals of the deals (Schoenberg, 2006). Other research by management consultancy firms reports that an average of 40 - 60 percent of M&As fail to deliver value (Bagchi & Rao, 1992; Bower, 2001). Some practitioners even suggested that the failure rates of M&As fall between 70 - 90 percent and most deals fail to generate actual value (Christensen, Alton, Rising, & Waldeck, 2011). Hence, organizations require the use of effective communication and human resource management to help to improve the success odds of M&As (Angwin, Mellahi, Gomes, & Peter, 2016; Friedman, Carmeli, Tishler, & Shimizu, 2016).

### *1.2.3 Communicative complexities in the multiple stages of M&As*

The integration challenges of M&As primarily stem from the inherent complexity of the dynamic merger process, which impedes effective communication between organizational members. In particular, M&As tend to unfold over multiple stages and their change implications for the workforce may only be visible and communicable over time. Appelbaum, Gandell, Yortis, Proper, and Jobin (2000) aptly outlined the key stages of M&As and summarized the communicative challenges in the various stages of the merger process.

*Pre-merger:* The ‘pre-merger’ stage is marked by an executive decision for the M&As following the due-diligence activities conducted (an assessment of the financial or strategic compatibility of the merging companies), but a formal public announcement about the potential deals has yet to be made. Due to strict regulatory restrictions, information regarding the M&As tends to be highly secretive during this stage. Hence, communication about the merger is extremely limited and is contained within the senior management teams of the merging organizations.

*During-merger:* The ‘during-merger’ stage is characterized by the official announcement of the decision for the M&As. At this stage, integration activities (such as implementing the new organizational structure) will begin but the merging companies remain separate entities. There is some transparency regarding the decisions for the M&As, as a result of the formal announcements, but detailed plans relating to the transitory process remain unclear during this stage.

*Post-merger integration:* The ‘post-merger integration’ stage reflects post-merger announcements and often includes the legal combination of the involved organizations. Despite being a single legal entity, integration activities continue to occur to bring the merging organizations together. Therefore, the bulk of the structural and people-related changes within the new organization tend to be operationalized during this stage. Hence, post-merger integration frequently introduces high levels of uncertainty to the workforce, which requires even greater communication to facilitate the process.

#### *1.2.4 Communication and executive roles during M&As*

The tendency for decision-making to concentrate within the upper echelon of management shrouds a veil of secrecy over M&As (Marks & Mirvis, 2011). The disproportionate congregation of information relating to M&As at the top level can cause workplace tensions and erode trust, which can create ‘bubbles’ within organizations during M&As (Harwood, Turnock, & Ashleigh, 2014). The proclivity for executives to execute deals with certain strategic motives may introduce agency concerns and stakeholder suspicion of the management during M&As. An instance of a strategic maneuver that could not be openly shared is an acquisition of a competing firm for the purpose of ‘killing off’ the competition (e.g., Vaara & Monin, 2010).

Furthermore, as the leakage of strategic information regarding M&As could also reduce the acquiring firm's competitive advantage in the deal-making process (Appelbaum et al., 2000), organizational management members may actively conceal information and limit communication with the stakeholders in strategic acquisitions. Senior executives may also choose not to truthfully disclose the real reasons for the deal (that is to remove the competition) to avoid inducing premature shock and panic into the workforce, which may lead to unintended turnover and operational disruptions before the actual integration could take place (Y. Weber & Fried, 2011a).

In addition, even when M&As are executed for cost reasons, there will still be a need to retain a number of existing and acquired employees to ensure a successful transition and post-merger integration process. Moreover, the merging firms may also need to keep some talents or retain expertise and knowledge post-merger to achieve stability in the new organization (Siehl & Smith, 1990). Therefore, organizations may benefit from withholding communication about the intentions of the merger or might even be tempted to disclose false information (Ocasio, Laamanen, & Vaara, 2018) to reduce employee attrition until structural plans could be ascertained by the management.

Less obviously to the investors and employees, it is also possible for executives to engage in M&As to further self-interests. Research, particularly in strategy and finance, has shown that Chief Executive Officer (CEO) hubris, referred to as the overconfidence and over-enthusiasm of deals (Cartwright & Cooper, 1994), can be an important factor in the deal-making of M&As, with CEOs executing M&As to build their ego, self-esteem or image (e.g., Bruner, 2002; Chen, Hung, Li, & Xing, 2017). Scholars in organization and management similarly suggest that managerial hubris is

an important and overlooked factor that often results in the failures of M&As (e.g., Seth, Song, & Pettit, 2002; Vaara & Monin, 2010).

In this respect, executives could pursue M&As to build a reputation by illustrating their managerial capabilities to increase their personal worth in the industry. M&As could also be undertaken by executives looking to exert authority and reinforce a personal sense of worth or underscore their importance to the shareholders and employees. Research has also indicated that executives may potentially engage in deals to increase personal compensation (Chen et al., 2017) or to renegotiate personal benefits resulting from the increase in perceived worth (Patrick, 2018). In the ego-laden setting of M&As, executives may likely choose not to be completely transparent in communicating their real motives for the deals. Hence, executives have incentives to control the narratives relating to the deals and to justify the legitimacy of the M&As to stakeholders (Vaara, 2002; Vaara & Tienari, 2002). In addition, rhetorical tactics could also be potentially deployed to direct attention away from the executives' interests and shape stakeholder perspectives to enroll their support (Ocasio, 1997; Ocasio et al., 2018).

#### *1.2.5 Communication and its workforce implications*

The dynamic and multi-stages process of M&As could cause further issues for organizational communication (e.g., Allen, Jimmieson, Bordia, & Irmer, 2007; Russ, 2008). This is because as organizations develop a better vision of the synergy potential over the course of M&As, management priorities would correspondingly change, thereby evolving the priorities and styles of communication. The buoyant and optimistic styles of communication geared at gaining stakeholder support of the proposed deals at the start of M&As could be replaced by distressing messages about

workplace changes in the later stages of post-merger (Cartwright & Cooper, 1994). For instance, earlier promises to limit the disruptions of the M&As made by executives could be replaced by structural changes and the harsh reality of workforce downsizing to reduce the duplication of work (Yahiaoui, Chebbi, & Weber, 2016; Zaheer, Castañer, & Souder, 2013). Furthermore, communication may even stop completely as organizations engage in avoidance or silence tactics discussed earlier, to prevent communicating tough issues with the workforce (Carlos & Lewis, 2018; Morrison & Milliken, 2000).

The lack of information and the uncertainty of M&As can severely impact employees (Cartwright & Cooper, 1990). This is because M&As bring structural and processual changes that could fundamentally alter job scopes and career trajectories of the workforce (Larsson & Finkelstein, 1999). Job changes such as new operational processes, reporting lines, and group membership changes may create confusion at the functional level. Operationally, these changes could mean functional reorganization and territorial losses that could further entrench internal competition, suspicion, and distrust among colleagues (Seo & Hill, 2005), which impede integration efforts. Therefore, effective communication in M&As plays an integral role in helping employees through the people issues (Angwin et al., 2016; Friedman et al., 2016) or the ‘merger syndrome’ (Marks & Mirvis, 1997). On the flip side, ineffective communication has been attributed as one of the main causes of integration failures (Graebner et al., 2017; Sarala et al., 2019; Steigenberger, 2017).

### **1.3 Communication and the Human Side of M&As**

In recent years, management scholars have called for action and for more research to help organizations better deliver integration success during M&As (Sinkovics et al., 2011). In particular, management scholars have highlighted the need for a more nuanced understanding of the forms, actors, and practices of communication (Graebner et al., 2017; Steigenberger, 2017) and on the human side of M&As to help to improve their outcomes (Sarala et al., 2019).

Specifically, three systematic review articles have been picked in this section to emphasize understudied areas within the extant management literature. The three systematic reviews relating to communication and the human side of M&As were published in the field's top management and business journals: *International Journal of Management Reviews*, *Academy of Management Annals*, and *Journal of World Business*. These articles are selected based on their recency, impact, and the comprehensive summaries provided on the research domain, which help to highlight the importance of this thesis.

In the first article, Steigenberger's (2017) review underscored the importance of communication-based interventions in delivering post-merger integration (PMI) success. The author also called for more research and the theoretical development of communication-based and symbolic management strategies that executives may invoke to enroll stakeholders' support during M&As. The article surfaced the need for communication research during M&As to focus attention on the 'human element' or the actors involved in the process.

In the second article, Graebner et al., (2017) highlighted that the (dis)trust-related issues that could arise in M&As when the organizations engage with deception or discursive legitimation and justification tactics (e.g., Vaara & Monin, 2010), particularly in the early stages of M&A and post-merger integration process. The authors further emphasized that more studies should examine the role of communication in constructing and maintaining organizational boundaries in M&As that could eventually help shape power dynamics and a sense of self and organizational identity. In particular, the article highlighted the importance of a more nuanced understanding of communication tools in mediating workplace relationships during M&As, which could help to improve the odds of post-merger integration success.

In the final and latest review article, Sarala et al., (2019) called for more study in the human dynamics of M&As. Specifically, the authors emphasized the need for more research on communication and human resource management (HRM) in M&As to overcome the merger syndrome. The authors described the merger syndrome as the ‘negative employee reactions in M&As’ (Sarala et al., 2019, p. 307) that could be ameliorated through a fine-grained understanding of six key areas relating to the people aspects of M&As (collectively termed the ‘human side of M&As’): multilayered identity dynamics; emotional processes; participation and change agency; resistance; HRM practices and tools; and forms of communication. Specifically, the authors stressed the importance of research to recognize that communication, or more broadly the process of M&As, is ultimately socially constructed by multiple actors and its outcomes tend to be unintended and emerging.

Taken together, the three review articles aided in highlighting the areas of research that remain unclear within the communication and the human side of M&As

literature. The insights gained from the recent review articles relating to the underexplored areas of communication and the human side of M&As have helped in the construction of the research question for this thesis. In particular, the objective of the research is as follows: *How do actors at multiple levels of the organization engage formal and informal channels of communication to better manage and cope with M&As?*

See Table 1.1 for a summary of the three key review literature's core concepts; theoretical relationships within the domain of research in organizational communication, change, and HRM during M&As; the relevance of the concepts to the research; the keywords and their implications to the thesis.

Table 1.1: Three key review articles, conceptual relationships, and relevance for thesis

Key review articles	Core concepts	Relationship to Organization, Communication, and HRM	Relevance for the thesis	Keywords and research implications
Steigenberger (2017). The challenge of integration: A review of the M&A integration literature. <i>International Journal of Management Reviews</i> , 19(4), 408–431.	<ul style="list-style-type: none"> <li>• M&amp;As are a dynamic process and the understanding of the interactions between organizational stakeholders are critical to its understanding and the post-merger integration (PMI) process</li> <li>• Integration success is suggested to be a function of leadership and communication-based interventions</li> <li>• Leaders need to communicate with multiple stakeholders to facilitate the integration process</li> <li>• Called for more study on the role of symbolic management through communication in M&amp;As</li> <li>• Suggested that more theoretical development in communication-based interventions could benefit the overall understanding of M&amp;As in general</li> <li>• Suggested for more qualitative and inductive studies in M&amp;As and PMI.</li> </ul>	<ul style="list-style-type: none"> <li>• PMI can lead to employee resistance and impede synergy realization</li> <li>• Integration, Middle and HR Managers have communicative responsibilities to mitigate workforce issues and to manage the human element in M&amp;As</li> <li>• Communication aids in motivating and engaging employees to achieve successful PMI</li> </ul>	<ul style="list-style-type: none"> <li>• Emphasis on the human element in PMI can help to drive the success of M&amp;As</li> <li>• Management of communicative-interventions in M&amp;As is crucial in facilitating the PMI process</li> <li>• In particular, leaders or executives' communication in the early stages greatly influences the outcomes of M&amp;As</li> <li>• There is a need for a better understanding of the symbolic aspects of executives' communication</li> </ul>	<ul style="list-style-type: none"> <li>• Workforce issues</li> <li>• Communicative-interventions</li> <li>• Symbolic and impression management</li> <li>• Qualitative and inductive research</li> </ul>
Graebner et al., (2017). The Process of Postmerger Integration: A Review and Agenda for Future Research.	<ul style="list-style-type: none"> <li>• M&amp;As engender profound organizational changes in PMI particularly in the early stages of the integration process</li> <li>• Highlighted that deception tactics or safeguards against deception occur frequently in M&amp;As, which trigger feelings of betrayal and lack of trustworthiness amongst stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Communication is crucial in facilitating both the 'interaction, alignment, and structural integration' and 'reconfiguration and renewal' processes of PMI (p. 3)</li> <li>• Cultural integration includes examining how communication and knowledge transfer could be</li> </ul>	<ul style="list-style-type: none"> <li>• Boundaries are constantly created and recreated in M&amp;As</li> <li>• There is a need to explicate how communication and employee interaction efforts influence PMI, moderate and mediate organizational relationships</li> </ul>	<ul style="list-style-type: none"> <li>• Executive legitimation and justification</li> <li>• Communicative tools</li> <li>• HRM practices</li> </ul>

<p><i>Academy of Management Annals</i>, 11(1), 1–32.</p>	<ul style="list-style-type: none"> <li>• Distrust within firm members fosters negative outcomes for M&amp;As</li> <li>• Suggested that communication plays an important role in negotiating boundaries in the construction of a new sense of self and organization identities during PMI</li> <li>• Hence, future research should place more emphasis on communication and its sociocultural implications in M&amp;As</li> </ul>	<p>facilitated or constrained in M&amp;As, thereby implicating PMI outcomes</p> <ul style="list-style-type: none"> <li>• Discourse and its symbolism can construct organizational boundaries and identities in M&amp;As</li> </ul>	<p>necessary for coordination, consolidation, or standardization</p> <ul style="list-style-type: none"> <li>• Greater insights on communication tools and practices can help to improve our understanding of identification, power, and trust in PMI</li> <li>• Communication tools refer to how organizations legitimize and justify the M&amp;As</li> </ul>
<p>Sarala et al., (2019). Beyond merger syndrome and cultural differences: New avenues for research on the ‘human side’ of global mergers and acquisitions (M&amp;As). <i>Journal of World Business</i>, 54(4), 307–321</p>	<ul style="list-style-type: none"> <li>• Argued that there is a need for a more fine-grained understanding of the human side of M&amp;As</li> <li>• Limited understanding of the human dynamics and recognizing the active agents involved in the integration process</li> <li>• Suggests that there is a tendency for research to cast employee resistance as negative in M&amp;As</li> <li>• Highlighted six areas of future research agendas: (1) multilayered identity dynamics, (2) emotional processes, (3) participation and change agency, (4) resistance, (5) HRM practices and tools, and (6) forms of communication</li> <li>• Suggested there is a general lack of understanding of the mediating and moderating practices of HRM and their implications on M&amp;As</li> <li>• Emphasized that ‘Communication is the most valuable HRM tools in M&amp;As’ (p. 313)</li> </ul>	<ul style="list-style-type: none"> <li>• Socio-cultural dynamics and challenges of M&amp;As are encapsulated in the ‘Merger syndrome’</li> <li>• Merger syndrome refers to the range of HR-related issues and the negative employee reactions in M&amp;As</li> <li>• Informal communication (such as gossip) can be an outlet of information and knowledge for the workforce</li> <li>• The conceptualization of HRM tools and practices refer to the understanding of their links to legitimation and power in M&amp;As</li> <li>• ‘...importance of understanding communication in M&amp;As not only as deliberate and intended, but also as actor-based, socially constructed, unintended, and emerging’ (p. 313)</li> </ul>	<ul style="list-style-type: none"> <li>• Extant literature that is primarily focused on the strategic and financial aspects of M&amp;As fail to completely understand the factors leading to their success and failure</li> <li>• There is a need to recognize the implications of change agency as actors in M&amp;As are social beings ‘who reside in multi-layered webs of cultural and social systems’ (p. 308)</li> <li>• Resistance can be a resource</li> <li>• There is a need for more research on how HRM can be used to mobilize or organize resistance in change</li> </ul> <ul style="list-style-type: none"> <li>• Human side</li> <li>• Change agents</li> <li>• Informal communication</li> <li>• Gossip, Secrecy, and transparency</li> <li>• Moderating and mediating relationships</li> </ul>

## 1.4 Thesis Structure and Contributions

This thesis is being organized in the following way. Chapter 1 (this chapter) formally introduced, presented, and elaborated on the research interest of this thesis: communication and the human side of M&As and its implications on HRM. The introduction chapter also highlighted the inherent complexity and agency of communication (Caldwell, 2005) and discussed the communicative and change challenges that both the management and employees face during M&As.

Chapter 2 will discuss the overall methodology and philosophical commitments of the thesis. In addition, the chapter will describe the naturalistic research approach (Bowen, 2008) that has been adopted across the three papers of the thesis. Furthermore, Chapter 2 will also discuss reflexivity in-depth (Alvesson, Hardy, & Harley, 2008). This discussion is important as it enables a reflection of my personal dispositions and background, which helps me to be more aware of how these factors could potentially influence the research process and outcomes. The considerations and steps taken to mitigate the research issues identified in reflexivity will then be discussed.

Chapters 3, 4, and 5 will highlight the three research papers. Due to the three-paper design of the thesis, pertinent literature and its review will be presented in the respective papers. This would facilitate a better connection between the theoretical contributions and the findings within the respective paper chapters.

Chapter 3 will present the findings of Paper One: *Symbolic management strategies in executive merger communication*. In particular, this paper identifies four themes of formal executive communication to contribute to the symbolic management

literature by shedding more light on the social-symbolic work and strategy performed by executives through communication during M&As. The paper highlights how meaningful and persuasive communication help executives to gain legitimacy during transformational change events in organizations.

Chapter 4 will report on the findings in Paper Two: *The development and role of employee gossip in making sense of change during a merger*. This paper reveals three themes of informal communication that help to show the importance of this form of communication for employees at the workforce level. These findings contribute to the sensemaking literature by explaining the purpose of informal communication and illustrating how it helps employees to better make sense of change during M&As, thereby enabling the workforce to better manage and cope with M&As.

Chapter 5 will discuss Paper Three: *Secrecy-transparency tensions: The communicative work of HR Managers during Mergers and Acquisitions (M&As)*. This paper identifies two themes on the secrecy-transparency tensions that HR managers face and manage during M&As. The first theme highlights the implications of secrecy during M&As for organizations, while the second theme identifies the roles that HR managers play in enabling transparency during M&As. The two key themes contribute to the Human Resource Management (HRM) literature by highlighting how these agents of change actively engage in communicative work during M&As to ease the tensions of secrecy-transparency within organizations.

Chapter 6 will serve as a discussion and conclusion chapter. The chapter summarizes the findings of each paper and then elaborates on the collective contributions and implications of the research on communication, change, and human

resource management during M&As. The collective contributions of this thesis include providing more clarity on how formal and informal communication are utilized by different actors at varying levels of the organization to manage and cope with change during M&As. Lastly, this chapter will connect the findings of the research with the extant literature to draw out research contributions to both the research and practice agendas.

## **1.5 Chapter Conclusion**

In this introduction chapter, the complexity of M&As and the challenges of communication during M&As were discussed. This chapter described the roles that executives perform in communication and explicated the implications of organizational communication on the workforce, thereby highlighting the various actors involved in the process of communication during M&As. This introduction chapter also outlined the structure of the thesis. Lastly, this chapter highlighted three key review articles that emphasized the need for more study on communication and the human side of M&As. The insight gained from the review articles helped in crafting the main objective of the thesis.

The objective of the thesis is aimed at shedding more light and contributing to these domains of literature: communication, change, and human resource management, by answering the following research questions (RQ): *How do actors at multiple levels of the organization engage formal and informal channels of communication to better manage and cope with M&As?* The next chapter shall detail the methodology and highlight the philosophical commitments of the thesis.

## **CHAPTER 2: METHODOLOGY**

### **2.1 Overview of the Chapter**

This chapter will discuss the overall philosophical positioning taken to achieve the overarching objective of the research. Due to the three-paper design of this thesis, greater details of the specific data collection process, sampling procedure, and analytical technique adopted for each study will be provided in the respective paper chapters (Chapters 3, 4, and 5).

The chapter will begin by detailing the philosophical commitments and methodology that have been adopted for the research. In particular, this chapter will highlight the epistemological and ontological positions and also explain the choices of a naturalistic inquiry and qualitative approach to the thesis. Next, the chapter will discuss how trustworthiness was ensured in this research. The chapter will then provide a brief overview of the empirical study designs for each of the studies conducted. In addition, reflexivity will also be discussed and the steps taken to prevent biases and enhance the overall credibility of the thesis will be elaborated. In doing so, this chapter illustrates the appropriateness of the analytical procedures and highlights the reliability of the research. Lastly, this chapter will end by specifying the methodological similarities and differences between the three research papers in the thesis.

## **2.2 Philosophical Commitments Shared Across Three Papers**

### *2.2.1 Epistemological and ontological positions*

This research (i.e., encompassing three papers) is guided by an interpretive epistemological position that helped to provide a better understanding of human behaviors and the formal and informal interactions between people. This adopted position facilitated examination into the way individuals make sense of the world and perceive change and reality through communication. As this research is concerned with investigating the forms, actors, and practices of communication during M&As, which are ultimately social phenomena within organizations, it adopts a social constructionist ontology. This ontology assumes that individuals constitute and interpret reality through conceptual filters, by ascribing meaning and significance to create interpretations of situations (Daft, 1983).

### *2.2.2 Naturalistic inquiry paradigm*

The secrecy and legal regulations of M&As restrict the data collection process, which poses challenges to research in this contextual area. Furthermore, as communication is a form of social construction and the effect of communication on stakeholders may not be easily replicated in a controlled environment, a naturalistic inquiry approach to research that is primarily based on an inductive analysis was deemed necessary and adopted for the thesis. The following section will serve to provide more details on the research choices.

The methodology adopted for this research was guided by a naturalistic inquiry paradigm (Bowen, 2008; Guba & Lincoln, 1982). According to Bowen (2008, p. 138), ‘naturalistic inquiry is characterized by research in natural settings (rather than

laboratories), qualitative methods, purposive sampling, inductive analysis... a case study reporting mode, the tentative application of findings, and special criteria of trustworthiness' In other words, naturalistic inquiry helps researchers to investigate real-world situations and social processes as they naturally unfold.

As communication and M&As are complex social processes that could not be recreated in a laboratory, a naturalistic inquiry is an appropriate approach to examine and provide insights into the phenomenon. Furthermore, Krippendorff (1980, p. 23) reminded that '[m]essages and symbolic communications generally are about phenomena other than those directly observed.' Hence, naturalistic inquiry helps the researcher to systematically make sense of the data through contextual references and interpretations through the use of appropriate theories. Table 2.1 provides a summary of the key steps proposed by Lincoln and Guba (1985, p. 222) to achieve a purposeful research design through a naturalistic inquiry.

*Table 2.1: Key steps in a naturalistic inquiry (adapted from Lincoln and Guba, 1985)*

<b>Key steps in a Naturalistic Inquiry</b>	<b>Suggested Techniques</b>	<b>Purpose</b>
1. Define the problem statements, research questions, and objectives	<ul style="list-style-type: none"> <li>• Provide a clear description of why the study is important and what is to be achieved from the research</li> </ul>	<ul style="list-style-type: none"> <li>• This will aid in the assessment of the appropriateness of the research design</li> </ul>
2. Identify the theoretical perspectives	<ul style="list-style-type: none"> <li>• Select the most appropriate theoretical perspective(s) for the research</li> <li>• It is crucial that the researcher selects a theory that has the most analytical power or leverage in relation to the problem of the study</li> <li>• Theoretical perspectives are often driven by the literature and the findings of the data</li> </ul>	<ul style="list-style-type: none"> <li>• The clarity of theoretical perspectives can help to guide study designs that will be aimed at achieving the goals of the research</li> </ul>
3. Detail the statement of procedures	<ul style="list-style-type: none"> <li>• Three areas to consider when detailing the statement of procedures for the research:               <ol style="list-style-type: none"> <li>a. Sampling: specify the sampling techniques adopted for the research</li> <li>b. Instrumentation: specify the instruments used for the data collection. Methods of data collection such as interview, case study or the use of secondary data should be specified</li> <li>c. Data-analytic procedures: specify the data analytic procedures that are applied to the data collected. The researcher needs to consider the nature of the data collected and the aims of the research to select an appropriate analytical technique that can have the most power in providing ‘conclusive’ (‘significant’) findings</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>• Illustrating the analytical and procedural considerations can provide clarity and enhance the validity and reliability of the research</li> <li>• Detailing the statement of procedures helps the audience to gauge the appropriateness of the research design</li> <li>• The quality of the research design is often judged by the suitability and the leverage that the proposed analytical procedures can offer</li> </ul>

Despite the clarity provided by the step-by-step approach to naturalistic inquiry, Lincoln and Guba (1985) stressed that the procedure, however, neither serves as a prescription for researchers nor intended to remain as a static analytical technique. The authors added that ‘since the form of the data that will ultimately be produced by the human instrument is unknown in advance, the data cannot be specified at the beginning of the inquiry. Further, there are no priori questions or hypotheses that can preordinately guide data-analysis decisions; these must be made as the inquiry proceeds’ (Lincoln & Guba, 1985, p. 224).

The authors emphasized that although naturalistic inquiry starts with a problem, the focus of a study may change, and it is important that the researcher adapts his/her research procedures according to the analysis. Lincoln and Guba (1985) note that the theory of the research could emerge from the inquiry and the appropriate methods to be adopted could at times only be clarified after the theory emerges and the initially identified methods for the research may change along the process of theory definition. Therefore, this research heeded the advice of the authors and adopted the three steps of naturalistic inquiry flexibly, which allowed the researcher to constantly move between them and iteratively adapt each of the steps accordingly during the research process. In particular, throughout the research, I frequently refined the research questions and adjusted the theoretical perspectives and analytical procedures to ensure that all steps aided in achieving the overall objective of this research.

### *2.2.3 Considerations of trustworthiness*

It is important to note that the trustworthiness of the research is a crucial element in a successful naturalistic inquiry. This is because the researcher becomes the instrument of analysis during the inquiry by making decisions relating to the

(de)contextualization, coding, and theming of data (Starks & Brown Trinidad, 2007). Therefore, it is critical that the researcher demonstrates rigor in the research (Nowell, Norris, White, & Moules, 2017). Hence, based on Lincoln and Guba's (1985) criteria for trustworthiness, refer to Table 2.2 for the considerations taken in this thesis to ensure trustworthiness during the naturalistic inquiry.

*Table 2.2: Considerations of trustworthiness*

<b>Criteria</b>	<b>Elaboration</b>	<b>Steps taken in the thesis</b>
Credibility	This is the degree of 'fit' between the respondents' representation and the researcher's representation of the data	<ul style="list-style-type: none"> <li>• Engaging with the data collected over a prolonged period of time</li> <li>• Peer debriefings of preliminary findings and actual findings</li> </ul>
Transferability + Audit trails	This concerns the case-to-case transfer of findings in qualitative research. When a researcher determines transferability, s/he can easily discern the research process (Tobin & Begley, 2004)	<ul style="list-style-type: none"> <li>• Providing a thick description of the analytical procedures.</li> <li>• Archival of interview notes, recordings, and transcripts</li> </ul>
Dependability	This is the degree of logic, traceability, and documentation of the research process	<ul style="list-style-type: none"> <li>• Making sure that the research materials and processes are well-documented and archived so that they could be audited in the future</li> </ul>
Confirmability	This concerns the establishment of a clear linkage that the findings are derived from the data collected	<ul style="list-style-type: none"> <li>• Providing markers in the analytical process that would help in identifying the analytical choices throughout the study</li> <li>• Demonstrating to colleagues how the data was interpreted and interpretations and conclusions were reached</li> </ul>
Reflexivity	A self-critical account of the research process that is central to the audit trail	<ul style="list-style-type: none"> <li>• Providing a detailed and personal account of my background, personal values, and reflections</li> </ul>

### 2.3 Reflexivity

It is essential that this chapter details the considerations of reflexivity as the researcher becomes the instrument of analysis in a naturalistic inquiry. Reflexivity is defined as the self-critical and reflective account of the research process, which includes providing detailed information about the researcher's background and values and reflecting on how these factors could influence the research process (Nowell et al., 2017).

Holland (1999) suggested that all types of research are highly dependent on the reflexive interpretation of an individual's experiences along with the experiences of others. Holland (1977, p. 82) also reminded that reflexivity is crucial in research as 'the person producing the theory is included within the subject matter [s]/he attempts to understand.' Therefore, reflexivity is an important aspect of a naturalistic inquiry as it helps to cast doubt on the perception that the researcher can study a subject 'with objectivity, clarity, and precision report on their own observations of the social world' (Denzin & Lincoln, 1994, p. 11).

Reflexivity is crucial for a naturalistic inquiry as this research approach tends to be more subjective, involves greater interactions with the research participants, and requires more interpretations from the researcher. Hence, prior experience of the researcher coupled with his/her interactions with the research participants and the data collected can impact the outcomes of the research. For instance, the researcher may retroactively reconstruct events, and make certain assumptions and inferences about the data during data collection and analysis. Furthermore, the experience and educational background of the researcher may cause him/her to assume a privileged

position over the subjects unconsciously as s/he takes a lead role during the interview process (Alvesson et al., 2008). Therefore, it is crucial for the researcher to be aware of these potential issues to limit their effects on the research process through reflexivity.

Specifically, for the context of M&As, reflexivity could also play an important role to help the researcher stay objective during the research process. This is because M&As represent transformational events for both the management and employees that could inadvertently trigger emotions, both positive and negative, and influence the data. Therefore, the researcher needs to remain objective during the data collection and analysis process to better discern, understand, and add insights to the phenomenon being studied.

### *2.3.1 Researcher's background*

I have more than 7 years of HR practitioner experience in multi-national companies (MNCs). My last position was an HR Business Partner for the financial services arm of a multinational automotive company based in South-East Asia. During my tenure as an HR practitioner, I have worked and lived in several cities in Asia, North America, and Europe. Although I have not experienced (or been involved in) the deal-making process of M&As, I have worked in a company that had undergone a massive merger failure (and eventual divestiture). I have noticed that the negative effects of the failure lingered for many years despite the completion of the demerger in the organization where I worked.

### *2.3.2 Personal perspectives on M&As*

As an HR practitioner, I see M&As as essential for inorganic organizational growth, particularly in today's economic climate, particularly in the industry of

technology and financial services. I agree with existing literature suggesting that M&As often fail due to poor people integration, specifically poor organizational communication with employees in the merging organizations. Therefore, I see M&As as highly disruptive for the workforce due to the radical organizational changes they invoke, which create high levels of job insecurity, uncertainty, and anxiety for employees.

### *2.3.3 Reflexivity, data, and implications*

In terms of data collection, it is important to note that I do not consider myself to have any personal connections with the organizations studied in this research. Therefore, I was, as far as possible, emotionally detached, and impartial when collecting data about the M&As studied. However, I am aware that personal predisposition from prior experience could subconsciously alter my interactions with the participants. Therefore, I strived to remain professional during the interviewing process and relied on an interview schedule to conduct the interviews and to prevent the conversations from digressing during the discussion. Interviews were also recorded whenever permissions were granted by the participants. Furthermore, I also took detailed notes during the interviews, which allowed for comparisons between the digital recordings and the interview notes, thereby reducing misunderstanding of the data collected.

Therefore, I believe that the primary data collected were, as far as possible, free from biases. However, I am aware that I was not physically or emotionally present at the organizations during the M&As. Hence, I recognize that I am unable to fully appreciate some of the difficulties that the participants experienced during the challenging integration process. I am also aware that I was also constantly

reconstructing events retroactively during the interviews and was constantly making inferences from the data in the analysis, which were based on prior experience and my understanding of the data collected.

#### 2.3.4 *The reflexive researcher*

I recognize that it is unavoidable that my background will influence the direction and outcome of the research. The following were steps taken to mitigate potential issues associated with biases.

*Secondary data collection:* When secondary data was collected, I ensured that a rigorous sampling technique was adopted to allow for a wide selection of sample data that was, as far as possible, free from biases. I also meticulously referred to prior studies that had collected similar secondary data and adapted their methods to suit the purpose of my research. I also made sure that the steps taken to collect the secondary data were recorded so that the research could potentially be replicated and similar secondary datasets could be collected for related studies in the future.

*Primary data collection:* I crafted the interview questions in a way that could be easily understood. I also relied on the interview schedule to avoid asking leading questions and interfere with the responses of the participants. To construct the interview schedule, I first consulted my thesis supervisors and colleagues about the questions to be asked to ensure a high level of clarity. The questions were then amended according to the feedback received.

As for the profile of interview participants, a diverse sample of participants was selected on purpose so that a wide variety of opinions and voices can be captured in the research. During the actual interviews, I assured all participants that

confidentiality will be guaranteed to create a safe space for candid discussion. I also ensured that the interview questions were clearly explained to the participants and that all concerns relating to the questions were immediately addressed to prevent any misunderstanding.

During interviews, I strived to actively listen to the participants and encouraged the interviewees to speak about issues from their own perspectives. Although I would like to ensure consistency and minimize my influence over the interviews, a semi-structured interview format was found necessary and eventually adopted to engage the participants in active and insightful conversations. I constantly maintained a balance of staying on the topic through the interview schedule and also allowing interviewees to elaborate on topics that they felt were important to them or to the research.

After each interview, I reviewed and cross-referenced the digital recording with the detailed notes taken to further prevent recollection errors or misinterpretations. The digital recordings were also immediately transcribed.

*Data analysis:* During analysis, I actively avoided influencing the data towards any preconceived theoretical notions. This was partly achieved by keeping an open mind on theories and their potential applications in the research. Heeding the reflexivity advice of Alvesson et al., (2008, p. 482-483), ‘multi-perspectives’ and ‘multi-voicing’ practices were adopted in the analyses to allow for a better understanding of the data collected. Therefore, the adoption of a multi-stage analytical approach for each study and an overall three-paper design of the thesis also helped to reduce biases for theoretical concepts.

The data collected was generally coded through multiple stages (i.e., inductive and abductive coding) and undergone several iterations to facilitate theory development. Inductive coding refers to the coding of data from the ‘bottom-up’ and the merging of similar themes and codes together (Glaser & Strauss, 1967). Abductive coding refers to an analytical approach that relies on combining the inductive empirical findings with potential theories, thereby facilitating the construction of theory (Timmermans & Tavory, 2012). The initial inductive coding process allowed themes in the data to emerge. Subsequently, the abductive coding process enabled further exploration of the underlying theories. Several iterations of the coding process were conducted to explore potential theories for each study.

*Reporting:* I strived to report the findings of the research by allowing the voices of the participants to come through with minimal editing to the raw quotations in the findings and discussion chapters of each study. Quotes from the data collected were only trimmed for length and edited for simple grammatical corrections that were non-invasive. I showed both the raw and edited quotes and explained my interpretations of them to my thesis supervisors and colleagues to ensure that their eventual presentation stayed accurate to the context and the original voices of the participants. Finally, I ensured that the quotes that were reported in the research were supplemented with context and detailed explanations of my interpretations.

## **2.4 Chapter Conclusion**

This chapter discussed the philosophical commitments and detailed the considerations of reflexivity in this research. Despite the three-paper design of the research, the three papers share common epistemological and ontological positionings.

Furthermore, the studies are also underpinned by a similar naturalistic, qualitative, and inductive/abductive analytical research design (Eisenhardt, Graebner, & Sonenshein, 2016; Jebb, Parrigon, & Woo, 2017).

#### *2.4.1 Similarities*

Although each paper is aimed at answering a specific RQ, the three research papers adopted common epistemological and ontological positions and share the naturalistic inquiry research approach. Collectively, the three papers help to achieve an overarching research objective, which is to enhance our understanding of the various forms, actors, and practices of communication at multiple levels of the organizations during M&As. Hence, this research adds nuances to the meaning-making process during transformational change events in the organization, thereby contributing to the communication (Graebner et al., 2017; Steigenberger, 2017) and the human side of M&As (Sarala et al., 2019).

#### *2.4.2 Differences*

Despite sharing common philosophical commitments, each paper has adopted different data collection and analysis procedures mainly driven by the RQ of the respective paper. Furthermore, each paper makes unique contributions that are related to the literature of communication and M&As, such as change and human resource management, which will be discussed in depth within the paper itself in the following chapters (Chapters 3, 4, and 5). To clearly highlight the contributions of each paper, a typical research paper format will be used to present the findings of the respective papers: Introduction, Literature review, Method, Findings, Discussion, and Conclusion.

In particular, the next chapter (Chapter 3) will present Paper One. Paper One is based on secondary data analysis and examines formal and top-down communication by executives in the early stages of M&As. Subsequently, Chapter 4 will present Paper Two. Paper Two utilizes interview and secondary data with employees to explore informal and bottom-up communication at the workforce level during post-merger integration. Chapter 5 will present Paper Three. Paper Three is based on interviews with HR managers to explore and examine the secrecy-transparency tensions faced by HR managers who serve as communication intermediaries between the management and the workforce during M&As.

## **CHAPTER 3: SYMBOLIC MANAGEMENT STRATEGIES IN EXECUTIVE MERGER COMMUNICATION**

### **Abstract**

As mergers and acquisitions (M&As) unfold, executives are faced with difficult ongoing decisions about how and what to communicate with stakeholders, concerning the announcement of the deal and plans and updates regarding post-merger integration. However, these change communication processes remain under-researched and under-theorized. In this paper, theories of symbolic management and organizational change communication were drawn on to explore the strategies used by executives to address uncertainty and stakeholder support surrounding merger deals. This paper presents a qualitative analysis of announcement and earnings calls transcripts from 23 high-value merger deals completed between 2006 and 2016. The analysis identifies four main symbolic and communicative themes - *appropriateness* (of the deal), *superiority* (of the merged entity), *concern* (of the workforce affected), and *continuity* (of change implementation). The findings of the paper are discussed in terms of how symbolic management and executive communication intersect to shape the meanings and appraisals surrounding strategic organizational change.

### **Keywords**

Change, communication, mergers and acquisitions (M&As), symbolic management

### **3.1 Introduction**

Mergers and acquisitions (M&As) are highly disruptive change events for the organizations involved and the stakeholders affected. In particular, announcements and communications from the top involve high levels of uncertainty and require executives to attempt to legitimize the merger deals to organizational members (Vaara & Monin, 2010; Vaara, Tienari, Piekkari, & Säntti, 2005). Executives are highly motivated to win stakeholder support through such early communication to ensure a successful post-merger integration (Graebner et al., 2017; Steigenberger, 2017). From the early stages of the merger and onwards, organizational change communication therefore plays a significant symbolic role in driving the merger and integration process forward (Vaara & Tienari, 2002).

As senior managers and leaders of change, executives are expected to manage uncertainty about a merger deal while building shareholder confidence for what has been proposed (Tetenbaum, 1999). After initial announcements, executive communication often needs to continue to address prospects for synergies between the newly-merged organizations to be realized during the post-merger integration process (Larsson & Finkelstein, 1999). Yet, communication conditions due to regulatory restriction and confidential constraints arising at the early stages of M&As (Harwood, 2006) - lack of clarity, complexity, uncertainty, confidentiality - put significant pressure on executives to develop holding statements and symbolic narratives to engage and address the knowledge gaps and concerns of stakeholders (Vaara, Tienari, & Laurila, 2006). Hence, it has become a commonplace for executives to utilize symbols and symbolic resources in their merger communication in attempts to shape

messages that support their strategic and personal agendas, such as the framing and proposal of new strategic themes or initiatives (Hambrick & Lovelace, 2018).

Symbolic management is defined as the utilization of symbols (primarily through communication) or symbolic actions to convey ‘socially constructed meanings beyond its intrinsic content or obvious functional use’ (Zott & Huy, 2007, p. 72). Executives looking to execute strategic change tend to engage in symbolic management by adopting symbolic narratives or deploying symbolic resources to garner stakeholder support and gain legitimacy (e.g., Brown, 1994; Creed, Hudson, Okhuysen, & Smith-Crowe, 2014; Fiss & Zajac, 2006; Gioia & Chittipeddi, 1991; Suddaby & Greenwood, 2005). Notably, symbolic management tends to be prevalent during M&As as this transformational change event creates high levels of uncertainty for all stakeholders (Vaara & Monin, 2010; Vaara et al., 2006, 2005).

Yet, executive symbolic management through communication has remained relatively under-researched and under-theorized. Therefore, recent management reviews on M&As have frequently called for more systematic research undertaking fine-grained inquiries into the ‘human side’ – symbolic meanings, communications, identities, emotions - of the practices and contexts of M&As (Sarala et al., 2019). In the current paper, theories of symbolic management and organizational change communication were drawn on to make a contribution, given how the disruptive change associated with mergers can lead executives to rely on symbolic change communication to justify merger deals (Vaara, 2002; Vaara & Tienari, 2002; Vaara et al., 2006). This is important because organizational members and stakeholders tend to pay close attention to the communicative actions of executives in trying to deduce the future priorities of organizations, their leadership and change trajectories, and who

stands to be most impacted by these changes (Huy, Corley, & Kraatz, 2014; Jacquart & Antonakis, 2015; Shamir & Lapidot, 2003).

In focusing on symbolic management and executive communication during mergers, this paper places communication front and center as an organizing force (Cornelissen, Durand, Fiss, Lammers, & Vaara, 2015). Although there could be other forms of symbolic action at executives' disposal in M&As, a primary form of symbolic action is through language (e.g., Conger, 1991; Werner & Cornelissen, 2014). This paper also recognizes that faced with the pressure to communicate using limited information at the start of M&As, executives may unintentionally transmit symbols and lack full awareness of the significance and meanings conveyed by their communication (Westphal & Park, 2012), and any positive or negative consequences arising. When executives reflect on the implications of their communication, it can help them to enhance the effectiveness of their overall communication efforts and messages in cultivating readiness and acceptance for transformational change (Armenakis & Harris, 2002).

The aim of this paper is therefore twofold. First, this paper explores key concepts and themes of communication that are prevalent in organizational change and mergers; specifically, the symbolic significance of executives' communication in the early stages of merger deal announcement and integration. Second, this paper analyzes executive merger communication for themes of symbolic emphasis and value, attempting to identify discursive mechanisms that constitute senior management communication and efforts to legitimize transformational organizational change. The research question asks *how do executives communicatively and symbolically construct M&As in the early stages of the deals to try to engage stakeholders' support?* To

answer this question, this paper gathers and qualitatively analyzes communication data from the M&As' Announcement Event Calls (AEC) and Earnings Conference Calls (ECC) transcripts of 23 high-value deals completed from 2006 - 2016.

The rest of this paper is structured as follows. The paper first discusses relevant literature on organizational change communication and symbolic management, emphasizing their relevance for large-scale transformational change and M&As. Next, the paper presents the analysis of merger announcement and conference calls data, drawing out the main themes of executives' symbolic and communicative emphasis. Finally, the paper discusses the implications of the research findings in terms of how symbolic management and executive communication intersect to shape the meanings and appraisals surrounding strategic organizational change.

## **3.2 Literature review**

### *3.2.1 Organizational communication, change, and M&As*

Communication in organizations has come to encompass many concepts that describe the social and symbolic creation of shared meaning, particularly the discourses, narratives, and rhetorical framings conveyed in talk and text (Cornelissen et al., 2015; Phillips & Oswick, 2012). Communicative talk and text inevitably play a crucial role in constructing the meaning of radical organizational changes, such as in the framing and legitimizing of new ventures or strategic priorities (Cornelissen & Clarke, 2010; Cornelissen, Holt, & Zundel, 2011; Schildt, Mantere, & Vaara, 2011). Communication has also been theorized as a tool for initiating organizational and institutional changes due to its ability to (re)frame taken-for-granted cognitive

schemas and shape a renewed common understanding among organizational members (Werner & Cornelissen, 2014).

The general significance of clear, frequent, and consistent communication in implementing organizational changes like M&As has been widely recognized (Klein, 1996; Lewis, Schmisser, Stephens, & Weir, 2006; Lewis & Seibold, 1998). In organizational situations involving greater disruption and time-sensitive processes, such as crisis, change and uncertainty, communication is instrumental in facilitating and updating a joint understanding between stakeholders in real-time (Okhuysen & Bechky, 2009; Weick & Roberts, 1993). More recently, communication researchers have suggested communication as a resource in strategic change. Despite its importance for organizations and change, however, these scholars also highlighted the lack of specificity in the literature (Ocasio et al., 2018; Sarala et al., 2019). For example, Ocasio and colleagues (2018) argue that past research has too often viewed communication as ‘pipes and prisms’ for information processing...[limiting] its ability to address strategic change’ (p.155). They propose opportunities for future research in contributing to a better understanding of ‘communication practices, vocabularies, rhetorical tactics, and talk and text in shaping organizational attention in strategic change’ (Ocasio et al., 2018, p.155).

Communication also plays a crucial function during M&As in the reduction of uncertainty, addressing stakeholder concerns about the reasons why the merger will be happening, and how its implementation will affect them and their social worlds (Elstak, Bhatt, Van Riel, Pratt, & Berens, 2015; Kavanagh & Ashkanasy, 2006). Particularly in the early stages of M&As, commonly referred to as the ‘first 100 days’, is an important period for executives to communicate change visions symbolically, with

speed and volume in setting expectations and successfully achieving integration outcomes across the combining organizations (Angwin & Meadows, 2015).

While successful M&As can involve many critical factors, communication can be highlighted as playing a central symbolic role in building a unified or harmonious culture in the combined organizations post-merger (Gomes, Angwin, Weber, & Yedidia Tarba, 2013). Effective communication can help in reducing stakeholders' bottom-up resistance to the merger as a change and enables executives to pursue their intended top-down integration strategies (Gomes, Angwin, Peter, & Mellahi, 2012). Merger communications assessed across multiple organizational case studies tend to vary in their effectiveness according to how well they address issues of timing and richness, where deliberately crafted messages and consideration for appropriate timings can positively influence stakeholders in their support of M&As (Angwin et al., 2016).

Furthermore, effective communication can be held to reduce uncertainty by giving sense to people undergoing change (Monin, Noorderhaven, Vaara, & Kroon, 2013) and helping them adaptively make sense of unfolding events (Weick, Sutcliffe, & Obstfeld, 2005). In this way, communication helps to construct meanings for stakeholders and facilitate a shared understanding of an M&A situation (e.g., Vaara & Monin, 2010; Vaara et al., 2006). Managerial communication can serve to justify, legitimize, and naturalize optimistic and pessimistic views of M&As, account for specific managerial actions and responsibilities, and make various reference to rationality, cultural differences, institutionalized roles, societal concerns, and particular individuals (Vaara, 2002; Vaara & Tienari, 2002). Similarly, media texts covering M&As can also influence, and be influenced by, versions of the emerging

reality of the merger in relation to the organization and its external environment and stakeholders (Hellgren et al., 2002; Riad, Vaara, & Zhang, 2012).

Rather than a single event, the discursive legitimation and delegitimation of a merger can be conceptualized as an unfolding and recursive process of political judgments and actions (Vaara & Monin, 2010). Narratives of ‘weddings’, ‘marriages’, and ‘wars’ between the merging organizations are fairly common (Cartwright & Cooper, 1993b; Demers, Giroux, & Chreim, 2003; Koller, 2002). Ultimately, a merger can be legitimated according to different bases and referents, but as far as communication is concerned, and to achieve a significant influence over stakeholders, the deal likely has to be constructed in ways that appear normal, natural, influential, authoritative, rational, moral, and narratively engaging (Vaara et al., 2006).

In sum, executives are therefore in a powerful position to legitimize and justify M&As as they are most involved with the merger deals and utilize communication to convey strategic change information and to shape and create meanings associated with that information over time (Vaara, 2002; Vaara & Tienari, 2002). Furthermore, as recipients of this communication, and in constant dialogue with it, other stakeholders are motivated to look for cues of the executives’ leadership intentions through their communication, and to determine the future directions of the merging organizations (Awamleh & Gardner, 1999). As M&As unfold and integration is implemented and pursued, executives can continue to strategically use discursive techniques to construct selective realities for stakeholders to endorse and elaborate (Riad & Vaara, 2011; Vaara et al., 2006). However, important and critical questions remain about the different ways in which executives might try to do this - in terms of discursively constructing change through symbolism, anticipating, and attempting to influence

meaning-making by sending strong cues in support of certain strategic themes (Hambrick & Lovelace, 2018).

### 3.2.2 *Symbolic management and strategic change communication*

Symbolic management refers to attempts to use symbols as central elements in communicative messages to frame and influence organizational change campaigns (Gioia, Thomas, Clark, & Chittipeddi, 1994). Verbal communication serves as a primary means of constructing meanings in organizations and acts as a medium for symbolic delivery and exchange (Bathurst & Monin, 2010; Cornelissen, Mantere, & Vaara, 2014; Suddaby & Greenwood, 2005; Vaara, Sonenshein, & Boje, 2016). Specifically, verbal communication plays an instrumental role in symbolizing strategic organizational change (Sonenshein, 2010a), and are vital for executives in creating meanings for and with stakeholders during the change (Currie & Brown, 2003; Dunford & Jones, 2000; Gabriel, 1995; Robichaud, Giroux, & Taylor, 2004). This is important and valuable given that stakeholders often face difficulties in envisioning the meaning and merits of organizational changes (Oreg, Vakola, & Armenakis, 2011; Piderit, 2000). Organizational members can also show a dynamic range and mixture of positive and negative reactions to changes and the executives and other agents who propose, announce and implement them, including ambivalence, cynicism, and resistance, as well as commitment, openness, and readiness (Choi, 2011; Chreim, 2006).

In the case of M&As, the relative status and character of the organizations involved in a deal is often presented in highly symbolic terms - as a 'merger of equals' (e.g., Drori, Wrzesniewski, & Ellis, 2011). The uncertainty generated in the merging

organizations requires executives to rely on discursive symbolic techniques to build market confidence and gain stakeholders' support (Trautwein, 1990). Symbols play an essential role in the communicative process of announcing and enacting M&As because they help manage complex stakeholder relationships, and influence their 'ways of knowing, interpreting, and judging organizational actions, events, and outcomes' (Schnackenberg, Bundy, Coen, & Westphal, 2019, p. 6).

Crucially, however, symbols are indirect representations of organizational reality rather than direct experiences of it (Hambrick & Lovelace, 2018; Schnackenberg et al., 2019). Accordingly, symbols can be defined as 'categories of social construction with ascribed meanings defined by the agents and audiences who use them' (Schnackenberg et al., 2019, p. 15). Substances and objects alone may carry little symbolic value while being very concrete, whereas the opposite may be true of symbols that are highly influential but highly abstracted from the substantial, concrete subject matter, such as executive communication (Pfeffer, 1981; Westphal & Graebner, 2010). Furthermore, adopting a symbolic interactionist perspective means recognizing that symbols are socially constructed (Phillips & Brown, 1993; Prasad, 1993), and that symbols are ascribed meanings by the agents who use them (Ashforth & Humphrey, 1997; Morgan, Frost, & Pondy, 1983). Substantive acts of communication typically thus contain symbolic messages within them, which are then perceived by other actors and considered in relation to their first-hand experiences (Hirschheim & Newman, 1991).

Although stakeholders engage with multiple sources of communication for cues regarding organizational change plans and objectives, communication by the top executives are of particular significance to organizational members for their framing

and sensegiving functions that provide and influence interpretation and meaning construction (Balogun, Bartunek, & Do, 2015; Fiss & Zajac, 2006; Maitlis & Lawrence, 2007). Managing strategic change and shifts in organizational directions typically involves powerful leaders such as chief executives, senior management, and board members. These actors serve as change agents to ‘promote a context for change and encourage a strong identification of others with the redundancy of the old order, whilst achieving commitment to new ways of doing things’ (Johnson, 1990, p. 188). However, more qualitative, interpretive research into the corresponding organizational communication is still needed, to better understand various symbolic framing approaches and dimensions, as well as how these agents of change use them to advance particular ends (Fiss & Zajac, 2006; Hambrick & Lovelace, 2018).

Despite the acknowledged importance of symbolic management and communication in many forms of strategic change, the area remains relatively under-researched in terms of (1) qualitative interpretive studies of how leaders attempt it; and (2) with specific reference to M&A deal announcements and earnings calls addressing the strategic change prospects of post-merger integration. M&A deal announcements and conference calls that executives use to discuss earnings represent a distinct communicative mechanism and mode of delivery for symbolic management. Studying them therefore serves to answer Schnackenberg and colleagues’ (2019) call for future research in this area, given that ‘the specific mechanisms that enable organizations to deliver symbols to their internal and external audiences have yet to be systematically scrutinized’ (p. 401). This study’s contribution is thus to help shed light on how executives attempt to construct M&As symbolically so that they can maximize stakeholders’ support in the early stages of a deal, and led accordingly to the research

question - *how do executives communicatively and symbolically construct M&As in the early stages of the deals to try to engage stakeholders' support?*

### **3.3 Method**

For this study, 115 conference call transcripts relating to 23 M&As, with five calls for each M&A corresponding to an Announcement Event Call (AEC), and four quarterly Earnings Conference Calls (ECC) were collected. The AEC calls were held at the beginning of M&As when the deal was announced, representing one of the first forms of communication about M&As that all stakeholders receive, and provided us with a rich source of information regarding executives' intentions concerning the deals at the start of the process. The four ECC calls allowed us to track the ongoing official communication by executives relating to the deal for a subsequent year, a reasonable time period for adequately capturing communication surrounding unfolding post-merger integration efforts (e.g., Larsson & Lubatkin, 2001).

M&A deals were identified using the Thomson Reuters M&A database, the largest collection of deal-making activity in the world. The transactions were ranked by deal value (highest to lowest) and selected 23 sample deals that fit the criteria of having taken place relatively recently in the decade 2006-2016, with a publicly listed acquiring firm and available earnings calls transcripts. To capture the most discrete, significant, and varying M&A events, additional criteria for inclusion and exclusion were applied, similar to other research on merger deals (e.g., Masulis & Simsir, 2018). Namely, only M&As where there was a significant change in ownership of target firm shares before and after the deal (from less than 50% to more than 50%), and where there was no other M&A activity a year before or after the focal M&A deal's announcement and completion date was considered. Conversely, M&A deals where

they had taken place within an existing conglomerate of parent company and subsidiaries; involved a repeat of acquiring/acquired companies from a deal already sampled; and had insufficient public corporate information on both companies for understanding the context of the deals were excluded.

The 23 M&A transactions in our final sample spanned a range of global industries and organizations and are summarized in Table 3.1 below. Collectively, the data obtained enabled us to examine the language of executives and hence their symbolic communication in a consistent setting and across a period meaningful to the announcement of the M&A and the first year of post-integration efforts.

*Table 3.1: Merger deals in the study sample*

	<b>Acquiror Name</b>	<b>Acquiror industry</b>	<b>Target Name</b>	<b>Target industry</b>	<b>Estimated Deal Value (\$'000 USD)</b>
1	Anheuser-Busch Inbev	Consumer Staples	SABMiller	Consumer Staples	101,475,790
2	Royal Dutch Shell	Energy and Power	BG Group	Energy and Power	69,445,020
3	Dell Inc	High Technology	EMC Corp	High Technology	65,999,780
4	Heinz	Consumer Staples	Kraft Foods	Consumer Staples	46,105,540
5	Microsoft Corp	High Technology	LinkedIn Corp	E-commerce	26,638,850
6	Reynolds American	Consumer Staples	Lorillard Inc	Consumer Staples	25,052,410
7	MPLX	Energy and Power	MarkWest Energy Partners	Energy and Power	22,296,400
8	Bayer	Healthcare	Schering AG	Healthcare	21,400,500
9	AbbVie Inc	Healthcare	Pharmacyclics Inc	Healthcare	20,773,970
10	Johnson & Johnson	Healthcare	Synthes Inc	Healthcare	20,097,790
11	Merck	Pharmaceutical	Sigma-Aldrich Corp	Pharmaceutical	16,946,150
12	Bank of New York	Financials	Mellon Financial	Financials	15,679,630
13	Suncor Energy	Energy and Power	Petro-Canada	Energy and Power	15,581,710
14	Thermo Fisher Scientific Inc	Healthcare	Life Technologies Corp	Healthcare	15,501,390
15	Walgreen	Consumer Staples	Alliance Boots	Consumer Staples	15,292,480
16	Capital One	Financials	North Fork Bancorp	Financials	15,132,870
17	Linde	Materials / Chemicals	BOC Group PLC	Materials / Chemicals	14,051,700
18	Alcatel	Telecommunications	Lucent Technologies Inc	Telecommunications	13,591,180
19	Marriott International	Hotel	Starwood Hotels & Resorts	Hotel	13,568,470
20	Monte dei Paschi	Financials	Banca Antonveneta	Financials	13,211,980
21	Quintiles Transnational	High Technology	IMS Health Holdings Inc	High Technology	8,858,480
22	Duke Energy	Energy and Power	Cinergy Corp	Energy and Power	8,832,940
23	Repsol	Energy and Power	Talisman Energy Inc	Energy and Power	8,288,970

The data in the announcement and earnings calls transcripts captured the communications of the senior executives and the analysts from asset management and banking organizations participating in the calls. The senior executives represented on the calls included Chief Executive Officers (CEOs), Chief Financial Officers (CFOs), Chief Operating Officers (COOs), and General and Investor Relations Directors from both sides of the M&A deals. The calls followed a two-part structure: in the first half executives addressed participants following a prepared script, and in the second half, the executives opened the call up for questions and answers (Q&As). The two segments of the call, one structured and the other more unstructured, allowed us to systematically analyze both the intentional language choices of executives, and the subsequent communication relating to the reactions of other participants. Typically, analysts use the information received in these calls to write reports about the progress of the organizations in question, and their reactions can influence stakeholder views and the market performance of the organizations (e.g., Kimbrough, 2005; Price, Doran, Peterson, & Bliss, 2012).

The analysis was qualitative and thematic (Braun & Clarke, 2006), focusing on instances of symbolic management in the communicative content of the M&A call transcripts. A standard process involving systematic, inductive, and iterative cycling back and forth between data and theory were followed (e.g., Brown & Coupland, 2015). Similar to other interpretive analyses of symbolic management and strategic change initiation (Gioia & Chittipeddi, 1991; Gioia et al., 1994), this paper undertook a first-order analysis focused on communicative acts and episodes surrounding executives as informants, and a subsequent second-order analysis where the researcher's judgments about underlying concepts and dimensions were developed and elaborated.

This process began with an open coding of transcripts in ways that adhered closely to informants' language, where a large number of concepts and categories emerged. Subsequent axial coding and progressive familiarization with the data was used to render the number of categories more manageable (Strauss & Corbin, 1998), while phrasal descriptors provided links back to informants' original words and expressions. Coding gradually moved into a more theoretical phase, and the author identified and discussed potential themes to help describe and explain the essence of preexisting categories. Particular attention was given to symbolic and communicative processes partially theorized or referred to in existing literature, in attempts to answer the research question and build on existing theory. The analysis concluded with final rounds of discussion between author and the supervisors to see how to distill and aggregate themes from prior, independent analysis, to consolidate them into a single data structure with the greatest possible depth and breadth of theoretical explanatory power.

The final analysis is presented below in the form of four main themes, all reflecting how executives' verbal communication were implicated in 'managing the symbolic aspects of objects, actions, events, and structures' (Schnackenberg et al., 2019, p. 379), and constructions of M&A deals 'intended to classify emergent experiences, objects, beliefs, and attitudes' (p. 387). These four themes were: *appropriateness* (of the deal), *superiority* (of the merged entity), *concern* (of the workforce), and *continuity* (of change implementation).

### **3.4 Findings**

#### *3.4.1 Appropriateness of deals*

One main way for executives to communicatively construct deals was to create symbolic value through constructions of their appropriateness, in terms of an M&A being the ‘right’ and necessary specific form of change to propose in the face of uncertainty and need, and a change that was clearer and more justified than alternatives (Armenakis & Harris, 2002).

The symbolic construction of an appropriate M&A deal was created and elaborated as something that was fitting, natural, necessary, and logical, based on extensive similarities and complementarities between the two merging organizations that would lead to minimum resistance during integration and maximum competitive success post-integration. Executives communicated in terms of how the merging companies could strategically align and better achieve their goals based on overall similarity and compatibility.

It was clear that the MarkWest and MPLX culture was very much alike....

This is a transaction built off of commercial synergies and combining these two great companies going forward. (Gary Heminger, MPLX-Markwest Energy Partners, AEC/EEC 1-4, CEO)

Appropriateness lay in the idealistic but persuasive symbolic imagery of a smooth, frictionless, matter-of-fact coming together of two similar organizations into a successful whole, reducible to core organizational values and traits symbolizing an appropriate match:

Our companies share similar core values... These values indicate we're going to work well together and create the promise of this transaction. (Jim Rogers, Duke Energy-Cinergy Corp, AEC/EEC 1-4, CEO)

The executives constructed appropriate deals in symbolic terms as bringing together existing skills, talents, and knowledge from two organizations that were both similar and complementary. The suggestion of value creation for both firms from integration was in the conception of employees from both the merging organization working together harmoniously, and the quick sharing and diffusing of skills and knowledge within the newly combined organizations. The deal was a symbol of appropriate two-way learning and collaboration, with no perceived resistance because of the synergies that could be achieved from the proposed deals. Executives presented the appropriateness of the deal as rooted in their own engagements of time and attention devoted to understanding the organization being acquired and constructing a compelling and confidence-inspiring impression from their prospecting.

I had the opportunity... to spend significant time with the executive management team, broader leadership team, and many of the Pharmacyclic employees. I'm tremendously impressed with the accomplishments of that team and organization... (Rick Gonzalez, Abbvie Inc-Pharmacyclics Inc, AEC/EEC 1-4, CEO)

Executives' tended to render the deal appropriate by directly attributing potential growth to this activity, with a sense of vision and excitement that was reinforced across calls. Deals were appropriate in terms of being a necessary and imperative part of realizing strategic plans for the future.

Strategically, this is what the deal is all about. Accelerating the strategic intent, deep water, and integrated gas and in that process creating three pillars of Shell for the future. (Ben van Beurden, Royal Dutch Shell-BG Group, AEC/EEC 1-4, CEO)

Appropriateness of the M&A deal was thus elaborated in terms of being an unquestionably, self-evidently perfect match for a combined organizational entity realizing strategic value into the future, with benefits for both shareholders and other stakeholders, such as employees. In articulating these benefits, executives made explicit references to increasing share prices and generating greater returns from holding on to the shares, such as through dividend payouts or share buybacks. This was appropriate in terms of executives fulfilling their fiduciary duties as to the management of the organizations, and they stressed that the proposed deals were necessary to capitalize on opportunities to bring financial value to their shareholders. Indeed, not pursuing the deals was constructed as inappropriate; a disservice to the organizations and the shareholders, because of the opportunity costs and monetary rewards that would be lost from neglecting to pursue the change.

I think when you digest what our goals are..., it is going to be very hard to see that any other thing of this magnitude will deliver the kind of financial value that we believe it is going to deliver to shareholders. (Wade Miquelon, Walgreen-Alliance Boots, AEC/EEC 1-4, CFO)

At the same time, executives also framed the deals as appropriate by highlighting the non-monetary benefits, such as the positive implications of the M&A on the communities and beneficiaries. The deals were positioned as being part of the

natural course of running the business and helping to improve the societies in which organizations were embedded. For example, a healthcare M&A was described as follows:

This is a tremendous opportunity to have a positive impact on the health of millions of patients around the world. (Bill Weldon, Johnson & Johnson-Synthes Inc, AEC/EEC 1-4, Chairman)

In sum, the appropriateness of M&A deals reflected symbolic management in terms of executives' communication of deals in ways that were institutionally conformist, exploiting mythical and historical constructions of the myriad benefits an ideal M&A match would bring as expected by stakeholders.

#### *3.4.2 Superiority of merged entities*

A second symbolic register of executive M&A communication concerned the superiority of the merged entity that would result from the corresponding appropriateness of the deal, in terms of greater profit generation, managerial controls, operational efficiencies, and costs savings compared with competing organizations in the same industry.

In taking control of assets through an M&A, a senior leader's attitude typically 'translates into a strong air of superiority' (Marks & Mirvis, 2001, p. 87). Symbolically, communication can therefore be aimed at constructing a self-perception of a merged organization as superior along with a range of hierarchies and comparative dimensions (Sherman, 2005). In this regard, executives in the current study focused their communication on the greater, superior scale ('bigger', 'biggest') of the combined organizations, and reaching and passing a critical mass of resources or capabilities

enabling them to expand internationally and compete effectively in the global marketplace ('most', 'best'). The superlative language and symbolism of superiority seemed designed to instill confidence about M&As, and that the merged organization would outpace competitors after completion of the deals.

This new entity will be the largest energy company in Canada and will take its place on the global stage as one of the largest independent energy companies in the world. Together we will have an unparalleled resource base. (Ron Brenneman, Suncor Energy-Petro-Canada, AEC/EEC 1-4, CEO)

The means and attributes of the merged entity which would constitute its symbolic value as superior were elaborated in terms of synergies, cross-selling, and more multi-pronged opportunities arising from the whole being greater than the sum of the parts. These opportunities and solutions were framed as not otherwise possible if the organizations were operating independently, or at least would have been much slower and more challenging than the 'quick wins' or 'low-hanging fruit' that can be constructed as enabled by a fearless change.

We see upside potential from revenue synergies, cross-selling of products and services, the joint application of innovation and knowledge sharing, the ability to serve global customers on a global basis. (Wolfgang Reitzie, Linde-BOC Group PLC, AEC/EEC 1-4, CEO)

Executives thus communicated a carefully balanced picture, or symbol, of a merged entity capable of significant profit generation, synergy realization, and cost savings efficiencies amounting to competitive superiority. The ultimate symbolic

horizon was one of global superiority, where the self-interest and hubris of senior managers can risk exaggerated and complacent perceptions of the untouchable superiority of very large organizations leading on the world stage (Philippatos & Baird, 1996; Roll, 1986).

Simply put, the combination will create the most innovative and comprehensive orthopedics business in the world. (Bill Weldon, Johnson & Johnson-Synthes Inc, AEC/EEC 1-4, Chairman)

### *3.4.3 Concern of the workforce*

A symbolic dimension of concern for workforces was constructed through executives' communicative emphasis on adhering to high moral standards in doing the right things for and by employees. Symbolically, this meant conveying empathy for the disruptive effects on the workforces, and intentions to retain, grow and nurture talent in the merging organizations, despite any cuts or restructuring that might need to take place. The construction is one of reassurance, compassion, and solidarity, where the employees' best interests sit at the heart of the merger and overcoming difficulties and disruptions together.

Executives emphasized transparency, respectful treatment, and appreciation for additional efforts in relation to employees. This reflects an awareness from executives that job insecurity and layoffs create employee anxieties, perceptions of fairness and the upholding of promises become central to securing cooperation and more positive reactions to mergers (Melkonian, Monin, & Noorderhaven, 2011; Turnley & Feldman, 1998). The notions of openness, honesty, transparency, and due notice were symbolically important in terms of the idea that affected employees would

be able to make the necessary life adjustments or seek other employment early, which would help to reduce the impact of the deals in their personal lives.

We're going to work really hard to be open and honest with our employees all the way through... we're going to do this right. (Bob Kelly, Bank of New York-Mellon Financial, AEC/EEC 1-4, CEO)

The idea is that a process will be in place for treating all fairly, whatever their circumstances. Particularly because mergers can involve large-scale retrenchments to achieve synergies and cost savings, decisions and processes need to be transparent because that would signify who would be laid off and who would remain in the newly-merged organizations. Symbolically, communication is used to create these impressions in a timely and persuasive fashion - that mitigating steps will be taken to avoid adverse impacts on sections of the workforce, and that jobs will be carefully and fairly evaluated, whether employees are on the 'acquiring' or 'acquired' side, or are victims or survivors (Campion, Guerrero, & Posthuma, 2011; Ozag, 2006).

Affected people have been notified and are in the process of receiving severance benefits in line with our commitment to treat all our associates with respect. (Gary Perlin, Capital One-North Fork Bancorp, AEC/EEC 1-4, CFO)

To further set a positive tone for the integration, executives highlighted their appreciation of the workforce in potentially being willing and able to overcome challenges of reorganization with additional time and effort in their work and roles. Employees are important here for ensuring continuity in daily operations and collaborating with stakeholders to ensure the successful integration of business

processes and the success of the merger going forward. The symbolism is one of admiration, praise, credit, recognition and appreciation for the resilience, commitment, and tireless work ethic needed from the efforts of the workforce to drive progress and support for the merger deals.

...I owe to the Banca Antonveneta colleagues, who worked very hard in the first half of this fiscal year so that we were able to bring forward the deadline as opposed to what was expected in the business plan. (Antonio Vigni, Monte dei Paschi-Banca Antonveneta, AEC/EEC 1-4, Director General)

Additional symbolic content relating to the workforce concerned constructing the merged organizations as an employer of choice and a place whereby talented workers would be attracted to and retained. This would then construct and reinforce the sense of a vote of confidence from the employees, regarding the potential of the merger in constituting a great place to work, avoiding the risks of losing employee trust and a weakened company identity post-combination (Maguire & Phillips, 2008). The assumption is that involuntary and voluntary employee turnover can be avoided and the retention and development of human capital critical to the business will lead to stability within the merging organizations. Moreover, for employees who have remained with the organizations, the symbolism provides some indication that a positive merger experience can lead to greater job security and more career opportunities in the new organization.

Executives therefore sought to communicate and construct the attractiveness of a great place to work, talent, and knowledge retention. Employee turnover was

something that would always be regrettable to an extent. In contrast, a rejuvenated pipeline of exceptional talent and ample career development opportunities was something that executives could signal an intention to shape - the identification and cultivation of talents at all levels of the newly merged organization.

Because the talent pipeline is very good... we had some very good young people to promote. But most people are staying with us in all geographies of SAB. And that's what encourages us because the knowledge is retained and the dream was big enough to excite old colleagues and new colleagues.  
(Carlos Brito, Anheuser-Busch Inbev-SABMiller, AEC/EEC 1-4, CEO)

Since the acquisition, I'm proud to say we have promoted more than 1,400 people internally. (Bernardo Hees, Heinz-Kraft Foods, AEC/EEC 1-4, CEO)

Anecdotes of the excitement and the zealously of the workforce were a final embellishment to the workforce dimension of the symbolic construction of merger deals. Executives tended to highlight the enthusiasm from the employees as a result of the additional career opportunities in the newly merged organizations. Again, this suggested a portrayal of the organization's continued attractiveness as an employer of choice, and indirectly, a vote of confidence for integration success given the dedication and support from the workforce being highlighted.

There are many advantages to the combination for them, including a mutual commitment to innovation, more career opportunities for individuals to be part of a larger organization. (Greg Lucier, Thermo Fisher Scientific Inc-Life Technologies Corp, AEC/EEC 1-4, CEO)

#### *3.4.4 Continuity of implementation*

A final symbolic dimension and theme identified in the data concerned how executives constructed a sense of continuity around the longer-term implementation of change. This relates to a need for change management communication to take into account the interdependencies between change and stability as a duality (e.g., some things need to change to stay the same, see Farjoun, 2010), and the sustaining, or ‘refreezing’ of the change to ensure its benefits stick rather than decay (Buchanan et al., 2005).

Executives communicated this in part by seeking to assert and establish a degree of authority, one that would add further credibility to and bolster the strength of the other symbolic communicative dimensions. Executives emphasized their leadership capabilities, strong management of the integration process, and historical anecdotes of personal and/or organizational accomplishments. The symbolism here has the potential to convey a leadership commitment to deliver successful merger outcomes, links between prior efforts and interim successes, and a long smooth road of ongoing change management and oversight.

Executives were positioned as dedicated to seeing the change through in its entirety. As management turnover during M&As is particularly prevalent following mergers (Walsh, 1988), it was crucial for the executives to assure stakeholders of their

intentions to stay to integration completion (or beyond) and deliver the deals' promises in the merged organization. In contrast, a change at the helm of the organizations could be perceived as threatening the relative stability of the integrating organizations.

I am absolutely committed in terms of contract for two years... I will be seeing all of that through. And if that results in any extension of my tenure, we'll keep you posted. (Susan Cameron, Reynolds American-Lorillard Inc, AEC/EEC 1-4, CEO)

You can be 110% confident that I am 120% committed to this venture. Frankly, to me, it has been the absolute right fit. (Michael Quigley, Alcatel-Lucent Technologies Inc, AEC/EEC 1-4, COO)

Executives' emphasis on continuity as a symbol started out from the comprehensive due diligence that was conducted prior to the deals. Executives wanted to convey how they had seriously considered the implication of the deals on the merging organizations before committing to them. The positive effects of the due diligence were then linked to a smooth integration process to date. Continuity signified an integration process that is going according to plans, and with no major surprises faced that could hinder that process.

In this way, any increased operating expenses due to integration costs, such as additional labor, consultation and inefficient duplication of work were also framed and justified as smooth and robust administrative processes to mitigate against perceptions of difficulties or bad management.

Surprises in the integration...I would say no bad ones. What is, for me at least, a little surprise is how well both organizations fit together culturally, so the integration is running very smoothly. (Marcus Kuhnert, Merck-Sigma-Aldrich Corp, AEC/EEC 1-4, CFO)

The most far-reaching aspect of this symbolic theme of continuity was a communicative emphasis on legacy and reputation from the executives. This involved the evocation of past events and anecdotes about the merging organizations linked to longstanding capabilities and track records of integration experiences and successes. Part of this was communicating the successful histories of the respective organizations, an important symbolic resource, and site for constructing the change narrative (Ybema, 2014). For instance, executives referred to the iconic brands of either of the merging organizations, and how past successes would come together to complement one another to shape even greater continued and future successes.

Looking back over the course of decades the Marriott family has built a unique and iconic legacy with an impact on the hospitality industry that has been tremendous. (Arne Sorensen, Marriott International-Starwood Hotels & Resorts, AEC/EEC 1-4, CEO)

Furthermore, we're excited about the potential to revitalize our iconic brands with brand extensions and offerings that would be difficult to execute for each of these companies on a standalone basis. (John Cahill, Heinz-Kraft Foods, AEC/EEC 1-4, CEO)

As well as the track records for organizations as a whole, executives also tapped into the symbolic value of their own personal or team track records as leaders

and change agents, delivering success in complex organizations and/or programs of organizational change. This reinforced management's capability to manage the iconic brands and histories referred to in the same communication.

We ourselves acquired and integrated 14 banks over the last 20 years. So I speak with some authority when I look at the task ahead of us in integrating these systems and these banking institutions. (John Kanas, Capital One-North Fork Bancorp, AEC/EEC 1-4, CEO)

### **3.5 Discussion**

This paper explored the symbolic and communicative significance of the change communication delivered by executives early on in the context of M&A change. This paper contributes to the literature on these topics by uncovering the underlying symbolic significance and themes inherent to executive communication in the early stages of M&As, where the intent appears to be addressing uncertainty and the need for stakeholder support in embarking on a radical change process that will affect the fates of two merging organizations.

Together, the four symbolic themes identified in the current study, and their associated objects or referents – 1. appropriateness (of deals), 2. superiority (of merged entities), 3. concern (of the workforce), and 4. continuity (of implementation) - highlight the intentional social-symbolic work and strategy undertaken by executives (Jarzabkowski, 2008) in attempting to shape the meanings and appraisals attached to strategic changes (Lawrence & Phillips, 2019). These findings build on and extend existing work on symbolic management, showing how senior managers deliberately adjust their language to favorably draw attention to meanings and actions, and to

acquire resources and secure legitimacy from stakeholder audiences (Fiss & Zajac, 2006; Zott & Huy, 2007). This paper applied and explored these ideas in relation to a specific type of strategic change (M&As) and a specific medium and format of change communication (M&A deal announcements and earnings calls). These public communications by executives through M&A deal announcements and earnings calls play a crucial role for managers to discursively construct narratives and imbue symbols in the process to enlist the support of stakeholders (Riad & Vaara, 2011).

The study and findings also build on and extend the existing literature on the discursive construction and legitimation strategies of managers in trying to make sense of the success and failure of merger restructurings and integrations (Vaara, 2002; Vaara & Monin, 2010; Vaara et al., 2006). In particular, this paper looked at the relatively underexplored early stages of M&A announcements and their subsequent communication, and the way positive symbols and communicative constructions are used by executives to potentially alleviate uncertainty and reinforce supportive and successful appraisals of imminent acquisitions and prospective integrations.

Future research can continue to build on the four main symbolic themes, and to explore how they may recursively affect subsequent stages of relative M&A or strategic change success and failure, and how they may be received and reshaped in various divergent ways, unintended by the executives who initiated them (Hambrick & Lovelace, 2018). Appropriateness of the deal or superiority of the merged organization symbolism, for example, may vary in how meaningful or persuasive the taken-for-granted cognitive legitimacy is to investors and employees, and whether problems with or alternatives to the deal become symbols of contestation and resistance to change. These types of symbolic constructions of M&A deals invoke a

sense of naturalization and inevitability around the proposed deals, which reduce uncertainty but risk limiting critical, alternative modes of scrutiny and reflection on organizational change (Vaara & Tienari, 2002).

The symbolic dimensions identified suggest a fairly high degree of isomorphism and conformity in executives' symbolic management of early communication during M&As, with the general symbolism of many large M&A deals having common resemblances at a high level of justification and rationalization (Glynn & Abzug, 2002). However, future research could adopt a more comparative perspective on the four symbolic dimensions identified, and with different research questions and samples, investigate the adequacy of different combinations and deviations in emphasis in serving different functions for different stakeholders and contexts (Schnackenberg et al., 2019).

The symbolism of a superior merged entity, while understandable to a degree in its economic emphasis on growth and synergy benefits and the strength of joining forces, resonates with troubling themes of hubris, financial greed, and a quest for domination by executives leading M&As, and the need for ethical and social metaphors to counteract these unwanted excesses (Schriber, King, & Bauer, 2019). An appropriate deal to make a superior entity creates quite a powerful interlocking symbol of highly positive, confident, and anticipatory impression management from the executives involved. However, while it may serve to temporarily 'offset' and fend off negative impressions of the organization on other issues, whether related to the M&A or not (Gamache et al., 2019; Graffin, Haleblan, & Kiley, 2016), it risks rendering other symbolic dimensions - concern for affected workforces and assured continuity

of implementation - more unsustainable and contradictory if issues or problems reemerge.

The symbolic theme of concern for workforces and affected employees were suggestive of executives' awareness to show broad humanistic recognition to and solidarity with the many people involved in and affected by an M&A. This included declared efforts to do right by employees, ensure they were treated fairly and transparently regarding job losses, and to demonstrate the availability of career and development opportunities in the future merged organization. However, this concern can also be argued to be self-serving and instrumental to a degree, as executives have a vested interest in continuing to retain and attract talented employees as part of managing merger change processes. In any case, evaluations of leaders' moral, cultural, empathic, and compassionate communication to employees thus also merit further research, in terms of how successful 'moralizing' or 'humanistic' symbolic communication may help in reducing dehumanizing perceptions of executives' only pursuing M&As for personal and financial gain (Sarala et al., 2019).

The fourth and final communicative dimension was one where executives sought to manage a symbolic sense of the continuity of their being involved in a thorough, far-reaching change implementation - past, present, and future. There was a symbolized sense of an enduring, capable, authoritative leadership figure, building on a prior history of personal success and preparations, organizational legacies, and a smooth transition of maintained reputations and continued future improvements and successes. This position reinforced the executives' right to preside over the merger and potentially acted to minimize opposition and polarization (Li, Green Jr, & Hirsch, 2018). An implication of this seems to be the importance of the symbolic construction

of some sense of continuity and stability running through the path of the change (Farjoun, 2010). The discursive constitution of authority and legitimacy and trust rests on the establishing of related symbols associated with traditions, legacies, reputations, laws, and customs that are relatively robust across time (Van Leeuwen & Wodak, 1999). Future M&A research might further explore additional meaningful symbolic themes associated with continuity, smooth implementation, and the momentum and impact of change over time, communicated with reference to the experts and leaders handling the process, connections between events, and the balance or dialectics between change and stability.

### **3.6 Conclusion**

In conclusion, executive announcement and earnings calls represent a window into high-level change symbolism and communication in the early stages of M&A deals between organizations. Symbolic management is a way for executives to help justify, rationalize, and give meaning to radical, strategic, and large-scale changes in organizations. The symbolic imagery, impressions, objects, and other meaningful associations represent a powerful and authoritative source of communication and opportunity for anticipating and shaping the meaning and appraisals subsequently given to M&As by investors and other stakeholders. Where symbolic management and executive communication intersect is in trying to construct a mutually reinforcing verbal sense of a change that is appropriate, superlative, humanistic, and on a reliable course, addressing uncertainty and attracting support by providing cues from within the general context of a planned M&A deal.

One limitation of the current study is that it cannot provide more definitive answers about how successful these symbolic constructions are, or some of the

unintended consequences they might give rise to, beyond the text and talk of the announcements themselves. Future research should focus on how the workforces and human environments on the receiving end of these symbolic M&A communications receive them in the wider social context of other channels, media, tools, and practices (Sarala et al., 2019). For instance, executives' symbolic constructions of M&A deals may be judged as failures to synthesize multiple images and dimensions, as something to be met with apathy or disinterest, as inappropriately constructed for the context, and/or as poorly delivered in terms of comprehension of the transmitted symbols. Executives face a constrained and difficult task insofar as there are legal restrictions on what they can communicate, things change rapidly and unexpectedly over the course of the longer post-merger integration process. Future research might also therefore consider how constraints affect the scope of symbolic management of change communication, and how further changes necessitate adaptations and revisions to symbolic communication as well.

As both high growth rates and high failure rates of M&As continue to co-exist, communication also continues to be cited by consultants as imperative and decisive change management and integration factor (e.g., EY, 2019; Mercer, 2017). The dominant strategic and financial views of M&A change management and effectiveness tend not to incorporate the social and symbolic function of verbal communication (Sarala et al., 2019; Schriber et al., 2019). However, as the current study has explored, executives are engaged in significant attempts at symbolic management, broadcasting messages that confidently encompass positive images of change, establishing an initial meaning and legitimacy that awaits a further response.

## **CHAPTER 4: THE DEVELOPMENT AND ROLE OF EMPLOYEE GOSSIP IN MAKING SENSE OF CHANGE DURING A MERGER**

### **Abstract**

This paper addresses underexplored relationships between employee gossip, sensemaking, and organizational change. Drawing on interview data focused on a merger between two professional services organizations, this paper identifies the catalysts of gossip during a merger and explores how gossip aids employees in making sense of change. The findings show how gossip developed in response to the surprise of the merger revealed through a news leak, coupled with a perceived paucity of information and inconsistent formal communication during the change process. In turn, gossip, a type of informal communication or lateral social processes of interaction, facilitated employee sensemaking in fulfillment of three main purposes – constituting reactions to the shock; acquiring, deciphering, and synthesizing information; and providing social support by sharing interpretations. This paper contributes to management literature by showing how gossip aided in the sensemaking process of employees during a merger and change. The paper discusses the practical implications of conceptualizing gossip as a resource for employees during organizational change. In destigmatizing gossip, this paper encourages future research to study the positive attributes of other forms of informal communication, and the roles they might play in change sensemaking.

**Keywords:** Gossip, change, informal, communication, sensemaking, merger

## 4.1 Introduction

During the uncertainty of change, employees continuously acquire, interpret, and share information so as to make sense of and resolve the ambiguity and uncertainty of change (Brown, 2000; Louis & Sutton, 1991). This social process of information and knowledge exchange is facilitated primarily through communication (Rouleau & Balogun, 2011), and has been studied extensively in the management literature (Maitlis & Christianson, 2014; Maitlis & Sonenshein, 2010). Studies have mainly shown how different forms of formal communication and interactions help change recipients to develop interpretations of change that influence change outcomes (Balogun & Johnson, 2004).

Scholars of change communication and sensemaking have increasingly come to recognize the impact of employees outside of the senior management team on sensemaking (Balogun, Sigismund Huff, & Johnson, 2003). There were also calls for action to examine the micro-social processes within organizations in influencing change and its outcomes (Johnson, Melin, & Whittington, 2003). There is some evidence that informal lateral social processes of interaction between organizational stakeholders are crucial to change, and that they may even be more important than formal conversations in the social construction of meanings (Sturdy, Schwarz, & Spicer, 2006). In a study of the informal social organizational process in change sensemaking, Balogun and Johnson (2005: 1574) have emphasized how actors' 'stories, gossip, jokes, conversations, and discussions they share with their peers about these experiences...shape their interpretations of what they should be doing'.

While research that builds on these developing insights is growing, studies in employee sensemaking have continued to primarily focus on the role of managers in prescribing, influencing, and shaping employee sensemaking through vertical interactions and formally designed interventions (Sonenshein & Dholakia, 2012). This strategic focus on formal communication in sensemaking has arguably overemphasized managers as key communicators in the meaning-making process and top-down processes of organizing change (Stensaker, Balogun, & Langley, 2020). Conversely, this has deemphasized the importance of the everyday experiences of individuals and the lateral social processes of interaction that tend to occur through informal conversations occurring between employees during change (Balogun & Johnson, 2005).

As one influential form of informal communication and the central focus of this study, gossip and its role in the sensemaking process remains underdeveloped in the management literature. Gossip plays a critical role for employees to understand change as it is a ‘reflexive communicative process through which individuals engage in sensemaking and knowing’ (Waddington, 2012, p. 21). In this paper, gossip is defined as ‘informal evaluative talk about individuals/issues/groups in and about organizations between at least two people’ (Waddington, 2012, p. 47). This paper develops insights on the role of gossip in organizational change and sensemaking by exploring how gossip develops in a merger and clarifying the ways in which gossip facilitates processes of employee sensemaking during change.

To achieve these research objectives, this paper draws mainly on 27 semi-structured employee interviews that are focused on a recent merger between two

professional services organizations based in the United Kingdom (UK), which hereafter this paper refers to pseudonymously as Company Heritage and Company Alpha. This particular merger was leaked to the press prior to its formal organizational announcements thereby introducing high degrees of uncertainty into the merging organizations and triggering gossip amongst employees. Furthermore, as is often the case, the senior management of the merging companies was unable to be completely transparent in their formal communication due to the complexity of the merger and the legal restrictions imposed on it. This study therefore foregrounds a change event that is mired in inadequate formal vertical communicative and control processes. Thus, enabling examination of the consequent employee reliance on informal lateral social processes of interaction - gossip - to overcome the surprise, dissonance, and discrepancies arising from the merger.

This paper contributes to change and sensemaking literature by uncovering several conditions that promote lateral conversations in the form of gossip during change: surprise of the merger revealed through a news leak, the perceived paucity of information, and inconsistent formal communication. Through the data, this paper also theorizes how gossip can aid employees in making sense of and constructing narratives of change in fulfillment of three main purposes: processing reactions to a shock; acquiring, deciphering, and synthesizing information; and providing social support by sharing interpretations. Finally, this paper highlights the critical importance of gossip for employees in understanding and responding to change, which ultimately influences responses to change. In doing so, this paper helps to emphasize gossip as an integral part of change and highlight some of its more positive attributes. This also helps to

destigmatize some of the negative or pejorative assumptions surrounding gossip in the management literature (e.g. Michelson et al., 2010).

This paper is structured in the following way. Before presenting the case and its findings, the literature on sensemaking during change and on gossip and employee sensemaking will be reviewed to establish theoretical foundations for the research. Subsequently, the paper will highlight the methodology and the case background to provide more context to the research. Thereafter, the paper discusses the importance of its research findings on sensemaking and the practical implications of conceptualizing gossip positively in organizational change.

## **4.2 Literature review**

### *4.2.1 Employee sensemaking and communication during change*

Individuals tend to face discrepant gaps between their expectations and their experiences during unfolding organizational change (Louis & Sutton, 1991). Hence, employees interact and communicate with each other to make sense of change and to figure out appropriate responses to the situation (Weick, 1995). In particular, ‘individuals exchange gossip, stories, rumors, and accounts of past experiences’ to overcome the cognitive disorder experienced in change (Balogun & Johnson, 2004, p. 524). These social processes of knowledge and information exchange help employees to develop a better understanding of events and to refine interpretive frameworks during change (Balogun & Johnson, 2005). Change itself can also be constituted through shifts in conversations and language (Ford, 1999). Accordingly, research examining discursive sensemaking practices has emphasized the need for managers to help employees to make sense of change. For example, Cornelissen (2012) highlighted how the use of discursive devices such as metaphors by senior management can help

to prescribe a course of action and align expectations for individuals. Similarly, Rouleau and Balogun (2011) studied how the use of discursive strategies in both formal (between employees and managers) and informal conversations (between employees) helped managers to set the scene and gain employee support for their change agenda.

Sensemaking - the process through which individuals work to understand the novel, unexpected, or confusing events (Maitlis and Christianson, 2014) - is in large part a narrative and conversational process in which people create an intersubjective world (Brown, 2000). There are many ways individuals can enlist communication for sensemaking purposes, such as formal and informal communication channels, storytelling, and documents (Boje, 1995). For example, managerial influences can shape individual sensemaking by reorienting cognitive frames for capturing the meaning of organizational change (J. B. Thomas, Clark, & Gioia, 1993). Although managers may attempt to influence employees' sensemaking of change through formal vertical channels of communication, such as 'verbal (written and spoken) communication in the form of documentation and presentations' (Balogun & Johnson, 2005, p. 1595), studies have also shown that change recipients are unlikely to experience and interpret change in the same ways (Bartunek, Rousseau, Rudolph, & DePalma, 2006).

Furthermore, as people in an organization experience change differently, it is likely that individuals will 'have different interpretations of common events' (Weick, 1995, p. 53). As employees typically have limited means by which to share information through formal communication and participate in merger decision-making (Vaara, 2003), they may well resort to informal means of communication as a more effective

way for the workforce to share their diverse knowledge and lived experiences of the change (Balogun & Johnson, 2005). While informal communication plays a crucial role in employee sensemaking, the interactions between the two have received relatively little attention from management scholars (Balogun & Johnson, 2004). Hence, this paper turns to a particularly pervasive and influential mode of informal communication, that of gossip, and discusses its role in employee sensemaking to shed more light on this underexplored area of the management literature.

#### 4.2.2 *Gossip and employee change sensemaking in organizations*

Gossip, a specific and pervasive form of informal communication (Bok, 1989), represents a social process by which people within an organization share and develop knowledge (Waddington, 2012). In particular, gossip forms a part of the ‘informal communication network’ that helps to create the ‘informal structures of organizations’ (Noon & Delbridge, 1993, pp. 23–24). Within this informal network, employees gossip to gather timely information and disseminate knowledge (Grosser, Kidwell, & Labianca, 2012) so as to make sense of rapidly unfolding changes and insecurity in the workplace (Tebbutt & Marchington, 1997).

Gossip has also been ‘one of the most basic but perhaps one of the most misunderstood forms of communication’ (Fan, Grey, & Kärreman, 2020, p. 4). Much previous research on gossip in organizations has emphasized its negative aspects; describing it as ‘idle chit-chat’ or ‘the evil tongue’ (Kurland & Pelled, 2000). Organizational perspectives on gossip have also often treated it as a self-interested and socially dysfunctional phenomenon - in terms of, for example, the power and influence accruing to the initiator(s) (Kurland & Pelled, 2000). Gossip is deemed disruptive and unmanageable to the extent that it involves the intentional sabotage of group values by

deviant individuals (Noon & Delbridge, 1993). In recent studies, these dysfunctional views of gossip have remained a focus in management literature, predominantly emphasizing the harmful and destructive effects of gossip in organizational life (e.g., L.-Z. Wu, Birtch, Chiang, & Zhang, 2018; X. Wu, Kwan, Wu, & Ma, 2018).

However, while gossip can be detrimental to organizations, or at best ‘a symptom of the uncertainty that often accompanies change’ (see DiFonzo & Bordia, 1998, p. 297), this paper wishes to propose that gossip may also play an underappreciated role in employee sensemaking during organizational change. This is because gossip tends to arise in response to uncertainty, particularly during radical organizational change (Bordia, Hobman, Jones, Gallois, & Callan, 2004), whereby a shortage of relevant information in the constraints of formal channels of communication is perceived by recipients (Houmanfar & Johnson, 2003). In this regard, gossip may also bring specific benefits to organizations, given that one of its major functions is to provide context-specific information (Noon & Delbridge, 1993). Therefore the opportunity to acquire relevant information during the uncertainty of change may help to reduce anxiety and feelings of tension during the disruptive and prolonged unfolding of change events (Michelson, Van Iterson, & Waddington, 2010). Furthermore, the circulation of information via gossip is likely to help shape and reshape meanings throughout change, thereby aiding in the related process of employee sensemaking (Baumeister, Zhang, & Vohs, 2004; Colville, Hennestad, & Thoner, 2014).

In sum, however, despite its pervasive existence in organizations, gossip remains under-theorized and under-studied in management (Kurland and Pelled, 2000; Michelson et al., 2010). In the current study, this paper therefore asks how gossip

develops during the organizational change of a merger, and explores the potential ways in which gossip might facilitate processes of employee sensemaking during change. This addresses a persistent concern around the need to qualify, reposition and reconfigure assumptions about gossip in organizations, in order to better appreciate their more processual and constructive aspects, and avoid misunderstandings of these aspects from a management perspective (Waddington, 2012).

### **4.3 Methodology and research context**

In 2017-2018, data pertaining to the merger of the organizations Heritage and Alpha was collected. Primary data was collected through a program of semi-structured interviews with 27 employees from the merging companies, who were employed on the day of the formal merger completion. The author approached interviewees, initially via personal connections, and subsequently by snowball sampling through referrals, to sample a broad cross-section of employees affected by and involved in the merger integration process. The author also conducted all 27 interviews, whereby 25 were recorded and detailed notes were taken for the remaining two participants who opted not to be recorded. The average interview duration was 43 minutes, and ranged from 22 minutes to 71 minutes. The interviews were semi-structured, following a schedule co-designed by the author and his/her supervisors to cover main areas relating to the participants' role in the organizations, the communication strategy that accompanied the merger, key events in the timeline of the merger, and ongoing patterns of communication and reaction relating to change.

A diverse sample of interviewees was pursued to capture accounts from multiple angles and gather as many informal perspectives and communication flows as possible concerning the merger. In the sample, eighteen participants were originally

from Heritage, and eight from Alpha. One participant had left Heritage to join Alpha a month before the merger announcement. This distribution of interview participants reflected the actual proportion of employees from Heritage and Alpha prior to the merger, in which Heritage employed about 6000 employees and Alpha employed 3000 employees. Fourteen interviewees had some form of managerial duties (direct or indirect supervisory roles), while thirteen were frontline staff. One was from the 'Board-minus-one' level in Alpha. One other was on a confidential merger 'insider' list and had privileged knowledge of the merger dating from four months before the official announcement. Twenty-one participants had remained employed in the newly-merged organization, while six had left after the official merger completion. The background details of the research participants are summarized in Table 4.1. In order to protect the anonymity of these individuals, pseudonyms and generic job titles have been provided in place of the actual names of the merging organizations and participants.

*Table 4.1: Details of the research participants*

	Title	Legacy	Years with the company (approx.)	Left org.	Management
1	Product Analyst 1	Heritage	3	✓	
2	Client Analyst	Heritage	4	✓	
3	HR Manager 1	Heritage	4		✓
4	Integration Analyst	Heritage	5		
5	Product Analyst 2	Heritage	5		
6	Integration Consultant	Heritage	5		
7	Press Manager	Heritage	7		✓
8	Corporate Analyst	Heritage	7		
9	Strategy Manager	Heritage	8	✓	✓
10	Business Manager 1	Heritage	9		✓
11	Business Manager 2	Heritage	11		✓
12	Business Analyst 1	Heritage	12		
13	Client Manager	Heritage	15	✓	✓
14	Sales Manager	Heritage	16		✓
15	Commercial Manager	Heritage	18		✓
16	Finance Manager	Heritage	18		✓
17	HR Manager 2	Heritage	20	✓	✓
18	Change Analyst	Heritage	20		
19	Research Manager	Alpha	4	✓	✓
20	Market Analyst 1	Alpha	4		
21	Business Analyst 2	Alpha	5		
22	Product Manager 1	Alpha	6		✓
23	Finance Analyst	Alpha	7		
24	Product Analyst 3	Alpha	7		
25	Product Manager 2	Alpha	15		✓
26	‘Board-minus-one’ level	Alpha	15		✓
27	Market Analyst 2	Both	6		

After contacting interviewees, further internal documentation pertaining to the case was gathered, in the form of an integration blueprint and implementation strategy relating to the merger. The author used these materials to contextualize the interviews against the broader backdrop of the change initiative, and to supplement and crosscheck interview details and analysis. Further secondary data sources were also consulted, including an official merger prospectus, shareholder announcement, and earnings reports, and other detailed plans for the merging organizations.

Data analysis followed steps appropriate to inductive study and interview research (Yin, 2005), moving from concrete descriptions of the data to abstract concepts by identifying categories and themes in the data. To maintain the rigor of the qualitative study, several iterations of coding and analysis were conducted, which allowed theoretical saturation and data triangulation. The author coded the data to establish concrete descriptions of events, conditions, and processes relating to accounts of the merger and subsequent integration. These codes were then cross-checked and refined to develop more abstracted concepts and descriptions by identifying categories and themes in the data. Overall, the author participated in an iterative process of reducing the categories by culling and merging themes with similar concepts to arrive at a final analysis (Miles & Huberman, 1994).

All data collected were first inductively coded through open coding, coding the data from the 'bottom-up' by merging codes with similar themes together (Eisenhardt et al., 2016). Using this approach, narrow categories pertaining to all related merger events and corresponding formal and informal communication were coded at the first stage of the analysis. The coding of the company documents provided a temporal

understanding of the organization merger strategy, which captured the actual sequence of events that transpired during the period of study. It also provided an understanding of the context of the merger, which helped lay the foundation for studying communication in the organization.

Initial open coding revealed that gossip surrounding the deal-making and merger integration process were key concerns for the interview participants. Further rounds of abductive coding were then conducted, with the aim of further exploring patterns and themes relating to gossip. Using codes generated from the inductive and abductive stages, the codes were merged together to form meaningful categories to further explore how gossip aided employee sensemaking during change events. In the final step, the codes that were generated from all data were considered to construct the final framework for understanding the case.

#### **4.4 Case background**

The case involved the 2017 merging of two professional services organizations, Heritage and Alpha (pseudonyms), based in the UK. The merger was announced in early 2017 and officially completed at the end of 2017. Heritage was a larger and older company, compared to Alpha, prior to the merger. Heritage had a long history of success through organic growth when it was first established more than 150 years ago. The company had only two small-scale acquisitions in the last ten-year period and had been focused on building a long-term relationship with its clients. Heritage was considered a large-scale professional service firm and, as of the closing of the financial year 2016, the company had more than £350 billion of Assets under Management (AuM) and employed more than 6000 full-time equivalent employees. Heritage was a

larger company (compared to Alpha) prior to the merger. Alpha, on the other hand, was about half the size of Heritage and had only been in operation for about thirty years. The company had an AuM of more than £300 billion and a headcount of about 3000 full-time equivalent employees. Alpha had grown aggressively through large-scale mergers and acquisitions and had acquired more than five companies in the last ten-year period.

At the end of 2017, Heritage and Alpha completed the official merger process and combined to form the new organization (pseudonym HeritageAlpha). Although Heritage was clearly in a better position over Alpha, the smaller and under-performing of the two organizations, the deal was structured as a merger-of-equals and both companies were represented at the highest level during the merger integration process through a combined board of management (i.e., co-Chief Executive Officers (co-CEOs)). The combined management arrangement remained until the end of 2019 when one of the co-CEOs eventually stepped down from the position.

#### **4.5 Findings**

Based on the analysis of the data collected and the case background, the study findings are presented below. In this section, the paper first highlights several catalysts of gossip identified. Subsequently, the findings will illustrate the three main purposes of gossip and how gossip aided in employee sensemaking of the merger: constituting reactions to the shock; acquiring, deciphering, and synthesizing information; and providing social support by sharing interpretations.

#### *4.5.1 Surprise and news leak*

One main catalyst of gossip in the newly-merged HeritageAlpha was a leak to the media regarding the merger decision itself, which occurred prior to public and press announcements. Based on the confidential integration blueprint, made available to the researchers, the news leak was neither executed as part of the deal strategy nor expected as part of the merger. The news leak represented the first time that employees had access to previously exclusive knowledge of the merger. Hence, the workforce, including both the employees on the ground and middle managers, were caught off-guard with respect to receiving the news on television. Employees reported actively reaching out to their informal networks in the organization to better comprehend the quickly unfolding situation.

...a friend of mine sent me a link, when it was leaked to the press, so before it was actually any announcement or anything official internally, it was all available via the press. (Business Analyst 2, Alpha)

Unexpected news emerging in the media generated high levels of uncertainty and surprise reactions from the workforce: ‘A lot of communications were just constant surprises...it [the news] came, and then at midnight that evening my phone suddenly started pinging with a variety of messages, people around the globe started to pick up and were suddenly going ‘do you know anything about this? Does anybody know what is happening?’ (Client Manager, Heritage). Employees reported being shocked about the merger news leak and began to figure out how the merger would impact the merging organization, their jobs, and careers through informal channels. Furthermore, the surprise announcement had sparked more curiosity and generated

gossip when the employees returned to the office on the following Monday morning: ‘[I]t went out to the employee and the market and everyone at the same time, which is bad [as] it just leads to a lot of questions. People were just keen to get into the office and see what was being said and what people were thinking.’ (Business Manager 2, Heritage). In particular, employees in an attempt to make sense of the merger wanted to understand how both the merging organizations are going to become one organization.

Kind of shocked [about the leak]? And then what does that mean for us? It was very much, oh my goodness, how are these two businesses going to come together. (Finance Manager, Heritage)

#### *4.5.2 Lack of information and inconsistent formal communication*

Another catalyst of gossip was the paucity of information resulting from poor communication following the news leak and in the merger integration process. Employees reported that they were receiving information on the press but had difficulty in receiving more information with regards to the merger from their management: ‘Ok you see it in the press, but they won't tell you much more than what you hear in the press, then you start to hear, so you are going to be my boss, or is somebody else going to be my boss’ (Product Manager 2, Alpha). In addition, as staffs were deeply committed to the companies they were working for, they felt that the merging organizations ought to provide more information than what they had received in the media as the employees will ultimately experience change and be impacted by it: ‘What is always funny internally, as staff goes, that is the external message, surely internally we can go a little bit more...’ (Client Manager, Heritage). The lack of

communication had also caused employees to perceive a lack of visibility from the management of the merging organizations, which caused employees to be unable to make sense of change fully and felt insecure in their jobs.

...there is no visibility from senior management in terms of our thoughts with regards to that, there is no holding comment internally or externally, so we don't know what is going on. There is a big lack of communication.

(Product Manager 1, Alpha)

Adding to the surprise of the merger leak and the insecurity caused by the lack of communication, employees also mentioned that the management of the merging organizations tended to communicate and deliver inconsistent messages post-announcement. This is in a large part due to the 'merger-of-equals' structuring of the deal that resulted in a co-CEOs arrangement and duplication of functions for a period of time during the merger integration. Employees alluded that they received fragmented communication relating to the merger and observed that the two CEOs were different in personalities and communicated in distinct styles. As a result, employees perceived that the management had different intentions regarding the merger and its integration: 'I think at the time it felt quite fragmented with different senior managers coming out of every week with different communication. I think at the very top it appears as one company, but you got two actors with very different styles, quite a polar opposite in terms of the communication preferences.' (HR Manager 2, Heritage). Furthermore, employees also alluded that integration plans unfolded over an extended period and synergies only became apparent and communicated to different functions at various periods of time. Hence, employees

perceived that they were informed differently within the organization and that gossip was the only feasible solution to gather information relating to the merger.

We were told different things at different times, and a lot of the communication was conversations between, say a handful of people, so it wasn't official communication, it was gossip. (Product Analyst 2, Heritage)

#### **4.6 Gossip aiding employee sensemaking of change**

#### **4.7 Constituting reactions to shock**

Amidst the uncertainty of the merger, gossip played a key role in aiding individuals in making sense of the unfolding change. At the onset, the surprise leak of the merger via the press had surprised employees. The unexpected announcement of the merger also meant that employees had no opportunity to clarify the news in the formal channels of communication. Employees needed to understand how the merger would affect them and if the merging companies would carefully integrate their operations and the people: '...people were a bit shocked, they didn't really know what it would mean for them.' (Change Analyst, Heritage). Employees reportedly engaged in gossip to discuss the unfolding events and express their frustration towards the management for leaking the news of the merger.

They don't like surprises; they don't like being told things through leaks to the press... it was almost like oh we are now going back the way that we were excluded from this and it was. I got hate texts from my staff saying, I can't believe this is happening. (Finance Manager, Heritage)

Furthermore, as the leak took place on a Friday night, employees were out of the office at the time of the news release and for two days following. Hence, employees turned towards informal communication to discuss the implications of the merger amongst themselves: ‘So, at that stage, you would just have more like chats amongst themselves around what this kind of meant...’ (Sales Manager, Heritage). Employees also alluded that they were emotionally affected by both the news of the merger and the fact that they were informed through the press on such an important matter. Employees mentioned that they had resorted to conversing via informal chat groups to better comprehend the situation: ‘Shocked and very down beaten... my colleagues, we had already been on WhatsApp chats, as a team we were already talking about it’ (Product Analyst 2, Heritage). Invariably, speculations over the impact of the merger on the merging companies and its potential job implication formed the basis of gossip amongst the workforce in the informal channels of communication.

I was on a week’s vacation with my family, and I literally just pulled out a phone and went onto the news, and on the news, it’s almost like this merger is happening and you just like “what the hell?”, you know, its, where the hell does this come from. You know, sort of speculation of what is going on. (Business Analyst 1, Heritage)

#### **4.8 Acquiring, deciphering, and synthesizing information**

Beyond the initial leak of the merger news, employees continued to engage in gossip to both acquire and process the limited information post-announcement. Information shortages persisted due to legal restrictions and the dynamic nature of a merger that limits the ability of the management to communicate effectively. Hence,

gossip was invaluable for employees to acquire information relating to the merger when faced with the paucity of information in the formal channels of communication. Employees noted that information tended to be diluted and altered as it cascades down the organizational hierarchy through formal communication, thus necessitating gossip: 'I think internally the main source of communication is gossip. [That is] never ideal. You have the message cascaded down to various levels of management, and once it reaches the level where I am at, where really entry-level, mid-level employees, it tends to have been diluted, it tends to have been altered in some ways.' (Product Analyst 1, Heritage).

Furthermore, employees showed distrust in the organizations as they felt betrayed by their management for excluding them in the decision-making process of the merger. The perceived betrayal had led to a loss of confidence in the management and employees indicated skepticism of the formal channel of communication as a result. Employees mentioned that they had to read between the lines to decipher the perceived underlying hidden meanings of the messages received from management. Employees highlighted the frustrations that they faced from not getting the full picture of the merger and the perceived lack of truthfulness of management, which hindered their ability to make sense of the merger: 'I think everyone was always a bit skeptical, because you know, you always feel like you have to read between the lines, everyone knows that you are not getting the full picture, but actually maybe we shouldn't know the full picture, that is not a bad thing, but that doesn't make it any less frustrating...' (Client Analyst, Heritage).

You are reading between the lines, there is a lot of reading between the lines, it's like, ok that's what that says, but what does it not say that is very important. These are the juicy bits. (Product Manager 1, Alpha)

In particular, employees challenged the prescribed 'merger-of-equals' narrative and wanted to understand the true intentions of the merger. This is because employees felt that their organizations had a better reputation in the industry and were in superior financial standings to acquire the other organization: 'I think people just don't really buy into it, I think they think why did we get involved in this, we would have been fine if it had been a full acquisition, but I don't think they believe passionately that this has been a good merger' (Change Analyst, Heritage). Furthermore, an understanding of the power dynamics of the newly combined organization would allow employees to determine their job security and predict the associated structural changes of the merger. Therefore, employees engaged in gossip to share their interpretations of the formal communication and speculate about the outcome of the merger amongst themselves: 'there was a lot of speculation really where, a lot of language being used of that, sort of a reverse takeover, I think there was a bit of a rumor mill started where they believe that the other side as they would refer to them as the ones who had the power in the situation' (Business Analyst 1, Heritage).

Ultimately, in making sense of change, employees constructed distinct realities of the merger when faced with information shortages, uncertainty, and distrust of the management and the formal communication. The realities deviated from the official narratives for employees had little trust in their management. One such reality that was disseminated through gossip was that employees in the merging organizations

perceived that the other side had acquired their organization: ‘It created an environment of fear and gossip and if you surveyed in the pub, Alpha staff and Heritage staff, both sets of staff felt like they were taken over by the other side’ (Strategy Manager, Heritage).

...what was frustrating for people from [Heritage] side was that the impression, that it was different in Alpha, that they were much more slick with the way they were communicating. A lot more insides seemed to be given to those teams [in Alpha]. I mean there were lots of chats, and lots of gossips. (Sales Manager, Heritage)

Furthermore, the inconsistency of communication by the co-CEOs in the formal channels reinforced the ‘reverse-takeover’ reality that the employees had construed. Employees alluded that the two CEOs had different personalities and tended to communicate differently even after the merger had been completed. One employee stated that the CEO from Heritage was rather passive and tended to ‘keep cards close to his chest’, while the CEO from Alpha was aggressive and spoke frequently and freely to the press about the merger. This difference in the style of communication portrayed to that employee that the Alpha came up on top after the merger and had acquired Heritage: ‘...it was just that, an idea of there are two leaders, one is very visible, and one was far less so, so it begins to look like the one that is visible communicating his message more strongly has control’ (Product Analyst 1, Heritage). Similarly, an employee who had worked in both Heritage and Alpha (moved to Alpha a month before the merger announcement only to return to HeritageAlpha during the merger integration process) similarly reported on the confusion caused by the

conflicting realities amongst the employees. The employee reported that employees had engaged in gossip to synthesize the information and share their interpretations with their co-workers.

There were speculations over what was going to happen; the way the merger is happening; was it an acquisition or was it a merger? (Market Analyst 2, Both)

#### **4.9 Providing social support by sharing interpretations**

The conflicting realities between what the employees had construed and what was prescribed by the organizations created high degrees of cognitive dissonance for the workforce. Moreover, the contradictory narratives surrounding the leak, merger, and its intentions, coupled with the perception that the management had communicated untruthfully, had led to low employee morale. An employee alluded that there was anger amongst the workforce as they felt that the management had unilaterally imposed the change on them. Employees felt that there were no avenues for voicing concerns about the merger and clarifying the consequent uncertainty. Therefore, gossip became a way for employees to share interpretations and reinforce social support – in supporting the management of anger and frustrations, for instance.

I think it's the anger coming out; sometimes people would be saying, you are trying to impose your will on us - so that became the gossip.  
(Commercial Manager, Heritage)

In addition to frustration, there was also sadness within the workforce. Witnessing the eventual departure of co-workers due to redundancies or indirectly

resulting from the dissatisfaction experienced during change had further unsettled employees. Employees mentioned the importance of gossip as a channel for the workforce to express and share grievances with each other. One employee explained that the workforce shared problems relating to the merger through gossip and found peer support through that channel.

What people generally refer to as the water cooler talk, or gossip, is just massive, I know this because for twelve months, I had conversations with thousands of people about exactly the same topic every minute every day. Everybody I spoke to [and worked with] would come and tell me their problems. (Strategy Manager, Heritage)

Employees reported that the workforce had experienced a ‘mourning phase’, as though they had lost the companies which they had worked for and loved. An employee alluded that the workforce engaged in gossip to share information about the latest ‘casualty’ of the merger. Employees also described how gossip had afforded an outlet for them to share their woes concerning the merger. Gossiping about the merger provided a source of solace, where employees would open up about their sentiments of the merger more during their first days with the newly merged organization:

Awful. Like I said, you go through a mourning phase, everyone was so sad. So, the first six months were whispering, whispering, whispering. He said she said. The first six months were like calamity news, and then good news, calamity news, then good news, and I can't even remember. Because I was leaving, everyone used to come to me and tell me all their woes, and you are leaving, [so] they can tell you everything because you are not going to tell anyone and you don't care. (Client Analyst, Heritage)

#### **4.10 Discussion**

Through the data, this paper highlighted the catalysts of gossip and illustrated ways in which gossip aided employees in making sense of change. Following that, this section will discuss the theoretical implications of the findings. The discussion section then explores how gossip may be a resource for employees during change. Subsequently, the practical implications of conceptualizing gossip as a resource during change will be discussed. Finally, this paper acknowledges and discusses the limitation of this study at the end of this discussion section. Thereafter, this paper will conclude by summarizing the research objective of this paper.

The findings of this paper build on and extend the literature on gossip, change, and sensemaking by showing how employees respond to and make sense of change through informal lateral social processes of interaction such as gossip. In particular, the findings helped to identify factors triggering gossip during a merger – surprise and the leaking of news coupled with a lack of information and inconsistent formal managerial communication. The findings also helped to identify the purposes of gossip and how this mode of informal communication aided in employee sensemaking - constituting reactions to the shock of change; acquiring, deciphering, and synthesizing information concerning the merger; and providing social support by sharing interpretations of how the merger had affected employees. Together, these findings also contribute to emerging research and conceptualizations of gossip in organizations suggesting it represents more than a coincidental byproduct of other areas of organizational life or a harmful and stigmatized problem to be managed out of existence (Michelson et al., 2010; Waddington, 2012).

Existing research on individuals' sensemaking during organizational change has emphasized the importance of discursive competence and narrative control in the formal channels of communication in influencing employee sensemaking (Rouleau & Balogun, 2011). Formal communication clearly influences employee understandings of change and affects individual and collective reactions to change (Balogun et al., 2015). However, lateral social interactive processes in informal communication at the workforce level can also play an equally important role in organizational change sensemaking (Balogun & Johnson, 2005). This paper builds on these latter ideas to understand how informal social-communicative processes of information and knowledge exchange through gossip relate to, diverge from, and complement formal change communication.

Processes of organizational change and their communication can catalyze gossip by way of response, informally constituting shared experiences, and helping employees who engage in gossip to make sense of and address the uncertainties of change. The findings showed how gossip constituted a big part of the lived and human experience of employees during a merger. Broadly, formal communication in the organization did not accord with a complete picture of employee sensemaking during change. In this regard, although formal narratives and their control play an important role in processes of 'sensegiving' and 'sensemaking', this potentially overemphasizes the importance of sensegiving agencies (Tourish & Robson, 2006), but at the expense of change recipients as sensemaking agencies (Weick et al., 2005). In the current case, stemming from the announcement leak, lack of information, and inconsistent messaging, formal communication apparently proved inadequate for supporting employee sensemaking. Rather, employees engaged in gossip in order to make sense

of the formal communication that they received, and to partially co-create alternative reactions to and realities of change. These findings acknowledge actors outside of the senior management team and their roles as they construct their own environment to some extent, by creating distinct interpretations and meanings within the organization (Smircich & Stubbart, 1985).

The treatment of employee gossip helps to unpack processes of employee sensemaking during change, building on Balogun and Johnson's emphasis on how 'change interventions arise primarily from lateral, informal social processes of interaction between themselves' (2005: 1574). This paper has sought to clarify the sensemaking roles of gossip in constituting employee reactions to change, processing formal information about change, and sharing interpretations for bolstering emotional and social support. This adds nuances to our understandings of how informal change communication help to shape individual meaning-making and responses to change (Sonenshein, 2010b), and how power or resistance dynamics in change and sensemaking can be more enabling and generative than commonly supposed (Thomas et al., 2011). The findings highlight some positive aspects of informal communication in change, particularly in terms of how gossip can meet employee needs for understanding, coping, and support. This helps to emphasize the positive virtues of gossip and to weigh them against more pejorative assumptions about gossip and management (Michelson et al., 2010), as well as how experiences of informal communication form an integral part of change.

From the perspective of how employees learn about organizational change in the face of shock and uncertainty, employees were found to rely on informal communication like gossip as a quick response to formal news. During the change

process, gossip became an avenue for employees to share their opinions and sentiments about change. Gossip not only allowed employees to disseminate information, but also share interpretations and read between the lines of more cryptic formal messages, seeking to resolve competing realities and cognitive dissonance experienced during change. In this sense, gossip provided an outlet for employees to meaningfully engage with change and its development - albeit through informal and unofficial means – and to learn and adjust their responses and understandings. This resonates with the position that gossip is a particularly integral part of social exchanges of information and sensemaking during periods of uncertainty (Mills, 2010).

To the extent that organizational change unsettles employees, gossip can also provide solace in interactions and create peer support during the process. In particular, the current case illustrates that poor formal communication led to some loss of trust in senior management and perceptions of elevated job insecurity for the workforce. Negative sentiments such as anger and sadness appeared as expressed predominantly through gossip, whereas masking them risks demoralizing employees and hampering their ability to learn and cope with the novel demands of a merger (Vuori, Vuori, & Huy, 2018). Hence, employees look to form informal groups and engage in gossip to channel their frustration with change, while at the same time supporting each other through the difficulties of the process. This is in line with findings on gossiping as a way for groups to comfort one another during distress (Waddington, 2012). This finding also supports studies suggesting that the motive for gossiping is to build social bonds and provide emotional comfort that can enhance cooperation between people and benefit individuals and groups (Beersma & Van Kleef, 2012; Feinberg, Willer, Stellar, & Keltner, 2012). Therefore, this finding informs connections between

affective moods and sensemaking (Holt & Cornelissen, 2014; Vitry, Sage, & Dainty, 2020), by highlighting how gossip aids individuals in strengthening affective states across interactions and groups in change contexts (Kniffin & Sloan Wilson, 2010).

A key implication for practice concerns the developing view that managers should not seek to eliminate, control, or condemn gossip (Michelson et al., 2010). Instead, managers and change agents might do better by employees to openly acknowledge and question the feasibility of top-down control of change and its implementation primarily through vertical processes (formal communication) (Balogun & Johnson, 2005). Gossip might be reframed in more constructive terms as a way for employees to be active shapers of change and influence change support dynamics at lower levels of the organization and in diverse local environments. In sum, change managers and leaders could do more to appreciate gossip ‘as a social process that needs to be understood and strategized in the same way as other legitimate organizational processes’ (Mills, 2010, p. 235). While it is important to acknowledge that gossip may create negative consequences for organizations (L.-Z. Wu et al., 2018; X. Wu et al., 2018), the findings suggest that eradicating gossip may ultimately limit management’s ability to achieve broadly successful and sustainable change outcomes as gossip plays an important role for employee change sensemaking. One agenda for future research and practice might be to investigate how middle managers, Human Resources (HR) and Organizational Development (OD) professionals, and other change agents working with workforces can create safe spaces and containers for informal communication and sensemaking, within a culture that reframes gossip as something not associated with stigma or costly repercussions for employees. At its

most valuable and vital, gossip could be used to detect early critical signs of change failure appearing on the ground or on the front lines (Waddington, 2012).

The paper also acknowledges the limited generalizability of the current study - in terms of its being concerned with a single merger deal in a single country derived from general interviewee accounts of a particular time period concerning the integration. Indeed, as change settings, mergers can be difficult to secure privileged access to, and the nature and dynamics of merger deals can differ radically from one situation to the next. Similarly, gossip about organizational change could look very different in future research, accounting for the size, structure, and power relations of the organizations involved, which may create different dynamics from the ones studied here. It is likely to take multiple studies and methodologies to more comprehensively account for the prevalence, form, and content of gossip in various change contexts, and the different senders, receivers, and objects it involves. Regarding mergers, for example, future research could task itself with gaining access and insight into communication *prior* to an official announcement, where market-sensitive and secretive conversations as well as due diligence is likely to be occurring between organizations seeking to learn about and negotiate with each other.

#### **4.11 Conclusion**

In conclusion, this paper has argued and explored how organizational change and its formal communication, such as the announcement of a merger, creates conditions and needs for employees which gives rise to gossip. Gossip, as a type of informal lateral social processes of interaction, aided in employee sensemaking. Gossip helped to inform employees, constitute reactions to change, and share

interpretations expressive of social and emotional support for change experiences. This brings together underexplored associations between gossip, sensemaking, and organizational change, suggesting nuanced views of employee reactions to change and positive roles for gossip in employee change sensemaking (Balogun and Johnson, 2005; Waddington, 2012). In the future, managers and workforces going through change may need to rethink how gossip supports learning and acts as a social and communicative resource for coping, understanding, and supportive sharing interactions. Further destigmatization of employee gossip in future research should paint a more comprehensive picture of its role in relation to informal communication and organizational sensemaking (Michelson et al., 2010). Similarly, research on large-scale organizational changes like mergers has typically been financial and strategic in orientation, with much less attention on the ‘human side’ of such changes, such as communication (Sarala et al., 2019). As a pervasive and human form of communication, gossip remains a relatively underappreciated form of organizational communication in mergers and change or more generally in organizational life.

## **CHAPTER 5: MANAGING SECRECY-TRANSPARENCY TENSIONS: THE COMMUNICATIVE ROLE OF HR MANAGERS DURING M&AS**

### **Abstract**

During change communication, HR Managers constantly balance the competing requirements of organizational secrecy maintenance vis-à-vis employee needs for transparent communication to help to deliver the desired outcomes of M&As. Yet, relatively little attention has been paid to these tensions faced and managed by HR Managers during M&As. Hence, drawing on twenty semi-structured interviews with international HR Managers who have considerable experience in integrating companies and M&As, this study qualitatively examines the experiences of HR Managers on the contradictory demands of change communication during M&As. The findings reveal two key themes (and three sub-themes within respectively). The first key theme identifies the causes for organizational secrecy and its workforce implications during M&As. The second theme then highlights the communicative role that HR Managers perform to facilitate transparency, amidst the secrecy, during M&As. This study then discusses the important theoretical and practical implications of recognizing this communicative role performed by HR Managers to contribute to the literature of human resource management and the human side of M&As literature.

**Keywords:** HR Managers, secrecy-transparency, communication, change, M&As

## 5.1 Introduction

Secrecy and transparency can complement and work against each other in the pursuit of organizational objectives during M&As. Secrecy - defined as an approach to communication with the intention to conceal information (Costas & Grey, 2014; Grey & Costas, 2016) - can help organizations to secure competitive advantages derived from ambiguity (Sumelius, Smale, & Yamao, 2020). The intentional withholding of information could allow senior managers to engage in silence or attention tactics by limiting or directing the flow of information (see Ocasio et al., 2018) to achieve strategic or personal agendas (Eisenberg, 1984). Executives may conceal certain information relating to the deals and the integration process to prevent inducing unnecessary fears and premature shocks into the organization during M&As (Marks & Mirvis, 1985, 1986).

Similarly, much research in management has also highlighted the importance of transparency in facilitating change, particularly at the workforce level during M&As (Cartwright & Holmes, 2006). Transparency - defined as an approach to communication with the intention to enhance the perceived quality of information through disclosure, clarity, and accuracy (Schnackenberg & Tomlinson, 2016; Schnackenberg, Tomlinson, & Coen, 2020) - aids change by providing employees with adequate and relevant information to better manage and cope with M&As (Schweiger & Denisi, 1991). Research in the domain of communication management argues that transparent communication reduces the ambiguity of change (Lengel & Daft, 1988) by enhancing change clarity and providing change direction (Ranft & Lord, 2002) that prevents the development of dysfunctional outcomes of M&As (Y. Weber, 2014).

Secrecy and transparency could at times contest each other during M&As. This is because secrecy limits information available for the workforce to effectively manage and cope with change, while transparency restricts the ability of the management to flexibly adopt change strategies that can best deliver the desired organizational goals during M&As. Furthermore, the varying demands and preferences to communication at different levels of the organization further add to the secrecy-transparency tensions during M&As. This is exacerbated by the conflicting demands for information by the stakeholders at both ends of the organization due to the differing agendas and needs for communication. From an organizational control standpoint, the senior management requires HR Managers to limit or maintain transparency so that organizations can better construct the narratives of M&As to gain legitimacy (Vaara & Monin, 2010; Vaara et al., 2006). From an organizational collaboration perspective, employees rely on HR Managers to communicate openly and timely about change in order to allow the workforce to interpret and evaluate the change situation so as to ascertain if the change would result in favorable outcomes (Cullen, Edwards, Casper, & Gue, 2014).

Hence, HR Managers are positioned at the center of the dilemma to experience and manage the tensions of secrecy and transparency during M&As. HR Managers in their change intermediary role may often need to manage both secrecy and transparency during organizational communication and at the same time. This is because HR Managers are functionally mandated to serve the interests of both the management and employees within organizations during change (Alfes, Truss, & Gill, 2010). Specifically, HR Managers are tasked with responsibilities to execute and facilitate the change objectives of M&As (Bagdadli, Hayton, & Perfido, 2014), which

would require the adoption, maintenance, and facilitation of secrecy and transparency on different occasions during M&As.

Despite the challenges that HR Managers face in managing the tensions of secrecy and transparency and the important communicative roles they play for both the management and employees during M&As, little attention has been paid to this group of stakeholders who is instrumental in shaping organizational communication and its outcomes during M&As (Antila, 2006; Vasilaki, Tarba, Ahammad, & Glaister, 2016). Drawing on twenty semi-structured interviews with international HR Managers who are experienced with integrating companies and M&As, this study helps to shed more light on the communicative practices adopted by HR Managers in navigating the constraints of communication and in fulfilling employee desires for transparency during M&As.

The study then discusses the important theoretical and practical implications of HR Managers role in change communication and human resource management and linking them more broadly to the human side of M&As literature (Buono & Bowditch, 1989; Cartwright & Cooper, 1990). Through exploring the communicative role of HR Managers, this study directly responds to recent calls to action by management scholars within the human side of M&As literature to place more emphasis on the social interactions and communication that occurs during such organizational changes (Sarala et al., 2019). More specifically, this study extends the literature of the human side of M&As by moving away from the tendency to view M&As through the strategic lens that has dominated studies in this domain of management and offered an incomplete explanation for the success and failures of M&As (Graebner et al., 2017; King, Bauer, Weng, Schriber, & Tarba, 2019).

## 5.2 Literature review

### 5.2.1 *Secrecy-transparency: Relations and tensions during M&As*

The intimate relationship between secrecy and transparency is evident in their definitions. Within organizational studies, transparency is ‘commonly understood as an effort to increase the visibility of organizational activities by eliminating secrecy, with secrecy – especially in the public domain – being widely considered illegitimate and unjustifiable’ (Ringel, 2019, p. 705). Research in management typically measures secrecy in terms of the lack of transparency due to information withholding or concealment (Berglund, 2014). Conversely, transparency tends to be determined by the perceived quality of information or the lack of secrecy derived from information disclosure, clarity, and accuracy (Schnackenberg et al., 2020). From a definitional angle, transparency involves how much information appears to be accessible, reliable, and understandable through communication (Fernandez-Feijoo, Romero, & Ruiz, 2014). Although, on the surface, the concept of secrecy may appear inversely related to and mutually exclusive from the concept of transparency (Bernstein, 2012), the two concepts are deeply intertwined in terms of their definitions within the management and organization studies literature.

Operationally, the adoption of secrecy and transparency within organizations further illustrate their complementary and divisive nature in accomplishing organizational goals (Ringel, 2019). Many studies within the management literature have highlighted the benefits of adopting secrecy and transparency in achieving the various agendas of organizations. In terms of secrecy, scholars highlight its virtues in aiding organizations to achieve strategic objectives (Dufresne & Offstein, 2008)

through the protection of valuable information (Grey, 2014), the introduction and maintenance of ethics (Younes, Courpasson, & Jacob, 2018), and the enhancement of individual creativity (Courpasson & Younes, 2018). Research in organizational transparency, on the other hand, tout its benefits with its ability to create, maintain, and repair trust between organization stakeholders (Pirson & Malhotra, 2011; Rawlins, 2008).

Hence, the appropriate adoption of secrecy and transparency can benefit organizations in different ways and situations, and for different purposes. Even within a common event, secrecy and transparency are likely to be used and preferred by different groups of stakeholders to achieve different purposes within the organization. Particularly in large-scale transformational change events, such as M&As, the desires for secrecy and transparency and their respective and complementary uses by organizational stakeholders can be most widely observed.

Secrecy tends to be a cornerstone of M&As (Galpin & Herndon, 2007), as there may be a need for executives to prevent confidential negotiation and integration details from falling into the hands of competing firms (Jemison & Sitkin, 1986; Vaara & Monin, 2010). Furthermore, the confidential deal-making process (Harwood, 2006) coupled with the complexity of the integration program and change process complex and dynamic (Appelbaum et al., 2000) could severely limit communication within organizations during M&As (Angwin et al., 2016), thereby adding to the need for organizational secrecy. Consequently, the secrecy of M&As drives a corresponding desire for transparency by stakeholders. These stakeholders, such as employees, are not privy to information that typically resides at the upper echelons during M&As. Under conditions of extreme stress that employees undergo during M&As,

transparency is vital in facilitating change (Bastien, 1987), therefore, employees demand transparency to better understand, manage, and cope with change during M&As.

### 5.2.2 *The human side of M&As*

The tensions between secrecy and transparency faced by the management during M&As can be attributed to the normative approach to visibility that organizations adopt. This is because of the ascribed illegitimacy of secrecy within organizations and the tendency for transparency to be promoted as a cure or remedy for secrecy, thereby earning a status of a ‘widespread normative doctrine’ (Hood, 2007, p. 193). Yet, in change, organizations frequently alternate between both types of communication approaches to maintain boundaries of visibility so as to achieve various corporate goals (Ringel, 2019).

Situated at the crux of the secrecy-transparency tensions during M&As are HR Managers who constantly need to carefully balance the demands and tradeoffs between these two approaches to organizational communication during M&As. As intermediaries, HR Managers may be exposed to exclusive information relating to M&As but are nevertheless required to maintain the organizational position of secrecy should executives decide to limit information sharing relating to the specifics of the deals, integration, and change process within the organization. At the same time, as agents and facilitators of change, however, HR Managers are faced with the constant desires by employees for organizational transparency to manage and cope with M&As.

Functioning within the contradictory demands of secrecy and transparency during M&As, employees may perceive HR manager's lack of communication on the rapidly unfolding events of M&As and their corresponding shocking announcements of large-scale organizational change plans as a breach of employee trust in the organization, management, and their human resources function (Harwood & Ashleigh, 2005). Therefore, while working towards facilitating change through the use of secrecy and transparency, HR Managers may face ethical struggles stemming from the balance of secrecy-transparency in terms of establishing its level of information appropriateness for employees within organizations (Younes et al., 2018). Particularly in M&As, HR Managers frequently weigh the costs and benefits of transparency and secrecy in terms of determining employee right to know certain information (such as layoffs) and the effect of disclosing such information for the overall good of the organization (Pompa, 1992).

Although the effective management of secrecy-transparency tensions play an important role in achieving the success of M&As, there has been a relative lack of attention on the dilemma associated with performing this communicative role (Graebner et al., 2017; Steigenberger, 2017) that are required from HR Managers during M&As (Antila, 2006; Nikandrou & Papalexandris, 2007; Yahiaoui et al., 2016). During M&As, the communicative work of HR Managers takes on greater importance within organizations as these agents of change aids in safekeeping, directing, and dissemination of information, which enables an effective 'communication climate' to facilitate M&As and its consequent change and integration activities (Friedman et al., 2016, p. 2339). Hence, both theoretical and empirical research in the human side of M&As has frequently highlighted the critical roles HR Managers play in determining

the success of M&As by facilitating organizational communication (Angwin et al., 2016; Gomes et al., 2012).

Within the human side of M&As literature, management scholars have not only alluded to the importance of communication and human resource management, but also highlighted the lack of nuances on the roles within communication performed by stakeholders outside of the senior management team within organizations (Sarala et al., 2019; Seo & Hill, 2005). The paucity of research has been emphasized in research reviews particularly in the human side of M&As literature (Seo & Hill, 2005; Shirley, 1977). Research in the human side of M&As ‘emphasizes the role of employees, human resource management practices, social processes, and culture in M&As’ (Sarala et al., 2019, p. 307), which determines the ultimate ability for organizations to realize synergies and knowledge transfer during M&As (Sarala, Junni, Cooper, & Tarba, 2016).

For instance, management research has frequently highlighted that management communication has been shown to facilitate cultural and people integration (Schweiger & Lippert, 2005), build trust (Melkonian et al., 2011), and support knowledge transfer during M&As (Ranft & Lord, 2002). Yet, little is known about the middle managers and other agents of change such as HR Managers who are actually implementing communication strategies and operationalizing communication practices during M&As (Boselie & Koene, 2010). Furthermore, the lack of research in this area may even undervalue and overlook the strategic contributions of HR Managers who are influential to the outcomes of M&As. In this line of scholarship focusing on the more ‘human’ and ‘soft’ issues within M&As (Cartwright & Cooper, 1995), management scholars have called for a move away from the ‘hard’ - financial

and strategic - perspectives, that are largely quantitative, in the research of M&As (Cartwright & Cooper, 1990). Furthermore, little is known about the challenges faced by HR Managers and their corresponding responses and practices when performing such a role in communication during M&As.

Hence, drawing from twenty interviews with HR Managers, this study examines the perceptions and reasons of these agents of change in managing the tensions of secrecy-transparency during M&As. In doing so, this study sheds more light on the human side of M&As by explicating the struggles and lived experiences of HR Managers. This is important because a more nuanced understanding of the struggles of HR Managers with the competing requirements of organizational communication can help us to better understand their contributions to change, thereby facilitating the outcomes of M&As. This study also contributes to the three research agendas identified in the human side of M&As literature by Sarala et al., (2019): change agents, human resource management, and communication practices and management. The following section shall discuss the methods adopted in this study to help us achieve the objectives of this paper.

### **5.3 Method**

#### *5.3.1 Data collection*

This study draws from twenty semi-structured interviews with international HR practitioners and HR integration consultants (collectively termed as HR Managers) experienced in M&As (refer to Table 5.1 for the profile of interview participants). The interview participants were carefully selected based on their experience with M&As and their ability to provide insights on the subject from the human resource

management perspective. The interviewees were required to have at least five years of experience in areas relating to human resource management during M&As and possess expert knowledge in organizational communication and people integration during M&As. Individuals who did not meet the requirements were not interviewed. Furthermore, interview data that was unable to provide insights into human resource management and communication during M&As were dropped from the eventual sample pool (two interviews were removed for this reason).

Interview participants worked in diverse industries such as fast-moving consumer goods (FMCG), chemical, financial services, furnishing, and technology. At the point of the interview, the participants were based internationally in countries such as the United States of America (USA), the United Kingdom (UK), Singapore, India, Spain, and Switzerland. Of the twenty participants (13 males and 7 females), there were 9 HR practitioners and 11 HR integration consultants. Of the HR practitioners interviewed, 4 participants were mid-senior level managers (directors) who reported directly to senior executives and were directly responsible for delivering successful people integration during M&As. Within the integration consultants interviewed, 5 were HR practitioners prior to their current roles in people integration consulting for M&As. The official job titles of interviewees were intentionally modified to ensure anonymity.

The interview participants were primarily sourced through LinkedIn, a professional and social networking media platform. At the end of 2019, the author joined eleven major interest groups on M&As within the platform. Collectively, including overlapping members, there were more than 120,000 members in the interest groups joined. The group with the highest membership was named 'Mergers &

Acquisitions Network' with an excess of 61,000 members. The group with the least number of members was 'Mercer Worldwide M&A Forum' with about 1,400 members. After joining the groups, the author began tracking members' activities on the respective group's main page to identify knowledgeable and active HR Managers within each group. Subsequently, the author sent more than 100 interview requests to potential participants over LinkedIn's messaging tool. At the beginning of 2020, twenty HR Managers with a diverse profile were interviewed by utilizing the snowballing technique. The interviews lasted between 21 to 51 minutes and the average duration was 33 minutes. The rich qualitative data obtained through the interviews facilitated analysis and theorization in this study.

*Table 5.1: Profile of interview participants*

	<b>Job Title</b>	<b>Years of experience</b>	<b>ex-HR Manager</b>	<b>Industry</b>	<b>Country of work</b>	<b>Gender</b>
1	HR manager 1	> 10		Financial services	UK	F
2	HR manager 2	> 10		Financial services	UK	F
3	HR director 1	> 15		FMCG	Switzerland	F
4	HR director 2	> 15		Technology	USA	M
5	HR director 3	> 20		Technology	Singapore	F
6	HR director 4	> 20		Varied	USA	M
7	Communications and HR manager 1	> 10		Financial services	UK	F
8	Communications and HR manager 2	> 15		Financial services	UK	F
9	HR and communications director	> 20		Furnishing	Singapore	F
10	HR consultant 1	> 5	✓	Chemical	USA	M
11	HR consultant 2	> 5		Varied	USA	M
12	HR consultant 3	> 10	✓	Varied	USA	M
13	HR consultant 4	> 10		Financial services	UK	M
14	HR consultant 5	> 10		Technology	India	M
15	HR consultant 6	> 10		Varied	India	M
16	HR consultant 7	> 20	✓	FMCG	UK	M
17	HR consultant 8	> 20	✓	Varied	USA	M
18	HR consultant 9	> 20	✓	Varied	USA	M
19	HR consultant 10	> 20		Varied	Spain	M
20	HR consultant 11	> 20		Varied	UK	M

### 5.3.2 *Data analysis*

This study adopts a qualitative and abductive research approach to develop existing concepts and to explore their relationships (Dubois & Gadde, 2002). Abductive research aids in theory construction as it aids in ‘generating novel theoretical insights that reframe empirical findings in contrast to existing theories’ (Timmermans & Tavory, 2012, p. 134), which is particularly useful for this study to shed more light, explore, and extend HR Managers role in communication during M&As.

The interview schedule created for the study was primarily aimed at understanding the experiences of HR Managers with M&As (i.e., context leading to M&As, communication challenges faced, the involvement and role of HR Managers in change communication). While the interview schedule served as a guide to prevent digression during discussions, a semi-structured format to the interview was found necessary as it allows participants to surface important people and communication issues relating to M&As and speak about these topics in their own words (Strauss & Corbin, 1998).

During interviews, HR Managers frequently highlighted challenges with organizational communication relating to secrecy and transparency during M&As. The author probed deeper into these issues mentioned by asking follow-up questions such as ‘What do you think are the reasons for secrecy during M&As?’ and ‘How did you help to facilitate communication in the restrictive environment of M&As?’. The author listened attentively, took detailed notes, and avoided interrupting the participants unnecessarily during the interview process to allow the participants to feel comfortable in sharing their experiences. Thereafter, the recorded data was immediately transcribed

after each interview. The rich data obtained from the transcription was analyzed using the thematic analysis procedures proposed by Braun and Clarke (2006). Thematic analysis was adopted as it provided a systematic analytical method for the understanding of a complex phenomenon (i.e., M&As, communication, secrecy, and transparency) and the discovery of new insights by drawing out themes from the qualitative data collected (Spiggle, 1994).

During the thematic abductive analysis, the raw data was first inductively coded to explore emerging themes. The initial analysis yielded insights such as HR Managers' general concerns over the potential for executives to pursue M&As in further personal agendas and the consequent lack of communication during the deal process. In particular, HR Managers highlighted the tendency for executives to adopt secrecy during M&As and the consequent negative implications of the lack of transparency on the workforce. Therefore, the author decided to explore secrecy and transparency within the data abductively. Hence, in the subsequent abductive analysis, the author coded the data into two key themes: (i) *Organizational secrecy and its workforce implications*; (ii) *Facilitating transparency through HR Managers*.

The two key themes identified in the data allow us to examine the communicative role of HR Managers and its workforce implications by uncovering the contextual reasons leading to organizational secrecy and how, amidst this secrecy, HR Managers facilitate transparency within the organization during M&As. The next section will provide details of the findings and highlight the themes and subthemes of the data.

## **5.4 Findings: Organizational secrecy and its workforce implications**

### *5.4.1 Toxic change environment*

The findings indicated that HR Managers recognized the general need for secrecy and the secretive nature of the deal-making process during M&As. Interview participants highlighted that maintaining secrecy was necessary due to the competitive nature of the deal-making process coupled with the possibility for M&As to fail at any stage of the negotiation and integration process, thereby severely limiting the ability for organizations to communicate openly about these deals and their change process with stakeholders. HR Managers further added that premature or poorly timed communication about M&As that do not eventually occur may even be counterproductive as it could introduce unnecessary fear and anxiety into the organization.

Despite its benefits, HR Managers also alluded to the challenges and implications of maintaining secrecy about M&As within the organization. In particular, HR Managers highlighted that when M&As could finally be communicated to the workforce, the announcements of M&As may inject even greater amounts of shock into the organization. This is because the unexpected news of M&As are not only impactful, but also could cause employees to perceive the intentional concealment of information and the lack of trust in their workforce. Furthermore, the lack of prior communication about the deals could cause employees to develop a sense of distrust in the executive decisions to unilaterally impose their will to proceed with the deals without consultations with the workforce, who are most affected by the change

proposed and at the same time their support imperative to the success of the change program.

I think M&A activities are by its nature a secretive activity, I think for reasons that are entirely explainable but you can't communicate, these deals fall over all the time and they are often competitive, they can't communicate at all about them, ...what that does is when the announcement is made, it shocks the business, so they feel a shock that all of a sudden their lives are about to be turned upside down, and they weren't consulted in the process. (HR consultant 7)

While HR Managers understand the need for some secrecy during the process of M&As, the findings revealed disagreements particularly with senior managers abusing the constraints on communication. A participant mentioned the tendency for executives to prefer to withhold information due to the challenges faced in communication and how that leads to a toxic change environment for the workforce: 'The problem with M&As, is there's a lot of need for secrecy along the deal cycle. But sometimes people use that as a reason not to communicate. And I think that's dangerous. So toxic in communication.' (HR consultant 2). Interview participants further added that the avoidance of communication could instigate greater misunderstandings between the management and the workforce and create a toxic change environment as a result.

HR Managers further highlighted their discontent with the executives' neglect of the need for information at the workforce level and the abuse of the restrictions to communication as an excuse to not communicate effectively with the

employees. Furthermore, HR Managers emphasized the harm that senior management could do by avoiding communicating difficult messages to the workforce regarding M&As and their associated structural change requirements such as rationalizations: ‘...unfortunately, more times than not senior managers don't like to deliver bad news.’ (HR consultant 11). As a consequence, the executives’ avoidance of communication with the workforce may lead to the failure for employees to connect with the executive decisions for M&As and the importance of such deals for the merging organizations, thereby leading to the lack of support for M&As amongst employees.

They [executives] don't do a good job making that connection for the people they lead and what the organization is trying to do. (HR consultant 3)

#### 5.4.2 *Hurtful for the workforce*

More than manifesting an inconducive environment that hinders HR Managers’ mandate to facilitate change within the organization, the desire of the senior management for secrecy during M&As often raises agency concerns for HR Managers. In particular, the findings revealed that HR Managers were worried about the potential for executives to further or protect self-interests through M&As, such as enhancing personal worth in the industry or increase personal compensation. Specifically, HR Managers were concerned that being unaware of the true intentions of the M&As, HR Managers may inadvertently falsely communicate with employees about the potential impacts and benefits of the change required.

The concerns over managerial agency through M&As was highlighted by an HR consultant who alluded to the tendency for executives to have a ‘skin in the game’ and the ability to potentially benefit from these deals: ‘...it’s all in the numbers because you are figuring there’s a skin in the game. They want the deal to go through. They [executives] benefit from it.’ (HR consultant 8). Other interviewees similarly alluded to how executives see M&As as opportunities to make money and increase personal worth: ‘I think a lot of them [M&As] happen because senior executives see an opportunity to cash out. They make a big bump every time. The management team agrees with it and moves forward with it, because again they get a bump.’ (HR consultant 7). Furthermore, another HR consultant highlighted that other decision-makers (such as non-executive board members) can also potentially influence deal decisions and pursue M&As for their own benefit: ‘They’re usually the decision-makers. They also usually stand to make a bunch of money off of the sale of that business.’ (HR consultant 9).

Against this backdrop, HR Managers described the potential implications of secrecy that stems from the potential for managerial agency. HR Managers highlighted how executive concealment of the actual reasons for M&As can be hurtful to employees. In particular, an HR manager mentioned that M&As that are carried out with no intentions to develop people and the organization, but for executives at the top to ‘cash out’, causes employees to be at the ‘mercy’ of their management. This is because the executives not only betray the trust of employees in the management, but also the brutal approach to communication and strategy in furthering the agendas of executives causes anxiety and uncertainty for the workforce in terms of their livelihoods.

Actually, I think M&As are about [people] at the top level who want to cash out and make money. It is very painful and hurtful to people... A lot of times, usually the top level, SVP, and the executive management team, they get good money out of it, but can you imagine the whole group, thousands of people who are at the mercy of a new company, not knowing the future. A lot of integrations are never done with full intentions of keeping people or building people, so that is why I say it is a very brutal kind of business transaction. (HR director 3)

#### *5.4.3 Mismatch: executive perceptions and actual employee support*

The challenges of secrecy during change communication are worsened by the misguided sense of employee support during M&As by the senior management. The findings indicate that in the state of excitement and exhilaration from the completion of the perceived profitable deals, the initial success may cloud the judgment of executives who may assume stakeholder understanding of the potential of the deals and support for M&As. Furthermore, executives may also perceive the initial deal-making success as a representation of their managerial and change capability, while at the same time reducing their belief in the need for justifying and communicating the reasons to the workforce as executive wrongly believe employees would immediately understand and support their deal and change decisions. As a consequence, HR Managers may receive little support and information from the senior management in fulfilling their responsibilities of facilitating change communication. Furthermore, the misplaced confidence of organizational support for M&As could in turn result in less communication by executives as they perceive legitimacy in their management capability and in their adoption of secrecy.

HR Managers interviewed alluded to the perceptions of managerial legitimacy during M&As. HR Managers explained that executives gain a sense of superiority as a result of completing the acquisition or merger with another firm and striking a profitable deal. HR Managers further highlighted the overconfidence of senior managers, also commonly referred to as hubris, is reinforced by the high opinions that executives hold on themselves accumulated through their academic and professional success: ‘...those people [the executives] tend to have a very high opinion of themselves. These people are usually really bright, very strong academic and professional backgrounds, [but are also] pretty arrogant of themselves, selfish and secretive’ (HR manager 2). Another interview participant commented on the arrogance of executives resulting from hubris as they believe that stakeholders would naturally buy into the idea for M&As and support the executive decisions for such deals: ‘these deals are often born out of very senior people who think they know this is the right thing to do, and I think they often have the courage, or arrogance, what you want to call it, that everyone will buy into their idea, because they think it’s great...’ (HR consultant 4). An HR manager further commented that M&As can often be pursued for an ‘ego stroke’ by executives and how this hubris can cloud the judgment of the senior management in the need to communicate with the workforce.

It's an ego stroke for that [senior] people team like, ‘hey, I came I conquered, I wrote a big cheque, see it’? Don't roll with it or do the victory lap. Do that with the plants. Don't do that with the employees. (HR director 2)

The belief of success and support at the upper echelon of the organization regarding M&As could also cause executives to communicate tactlessly. With the lack of information and communication on M&As, employees may not immediately understand and see the benefits of the deals in the same way as the senior management. As a result, the overly positive communication from executives about M&As may further trigger negative emotions. Hence, the lack of tact in executive communication could further erode senior managers' credibility amongst employees: 'And you get some dude up front yapping on. And then in addition to yapping on there, they lie, they say things like oh well nothing's going to change. Well, the employees don't believe that because they're not idiots. And that team that goes up there has just completely lost all of their credibility.' (HR director 2). An HR consultant mentioned that executives may even be incognizant with the fact that the impending change would have severe consequences on employees by communicating irrelevant details, 'ignoring the elephant in the room', and not making themselves available for employee scrutiny by avoiding difficult questions relating to M&As.

...they will act as though nothing is happening, they will start talking about other things that are going on in the business, and starting to implement change, they will say 'oh we are doing this now, we are starting this big initiative', and it is ignoring the elephant in the room. You can't do that. I have seen employee engagement events where you get senior leaders [to] come... and as soon as the questions get hard, they run away... (HR consultant 4)

## **5.5 Findings: Facilitating transparency through HR Managers**

### *5.5.1 Rebuilding employee trust*

The lack of transparency during M&As creates additional demands on HR Managers in facilitating change communication. Although HR Managers often have limited information and may have no better clarity over M&As and the associated organizational changes, employees could perceive the lack of organizational communication as the intentional concealment of information by HR Managers. This can erode the credibility of the HR function, which could further impair change implementation and success during M&As. HR Managers alluded to the challenges and tensions of meeting the transparency requirements and expectations on the ground. The findings show that, in particular, HR Managers emphasized the need to put in extra effort in communicating with employees and the importance of regaining the trust of the workforce in spite of the lack of information and constraints on communication that HR Managers face during M&As.

In this regard, HR Managers highlighted the additional efforts that they put in to attempt to provide explanations on the predicament and ambiguity that not only they were experiencing, but also facing the organization as a whole during M&As. HR Managers described this work as providing honest communication by adequately explaining the uncertainty of M&As to the workforce, even when they do not have a clear direction of the change. Honest communication also involves communicating what HR Managers do not know about the change process as well. It entails actively articulating on the uncertainty relating to the change itself and communicating with

employees as soon as HR Managers become informed and are allowed to communicate about the new information.

... honest transparent communication when you [HR Managers] know something. You also share when you don't know anything. When you don't know something, you explain that you don't know anything... (HR consultant 3)

While honest communication of the uncertainty of change may not provide direct information for employees to deal with change immediately, it indirectly aids employees in coping with M&As. This is because the willingness of HR Managers to communicate openly about what they know and do not know about M&As helps to portray a commitment by the organization to be transparent to the workforce about the impending organizational changes. Interview participants emphasized the importance of the portrayal of organizational honesty about M&As through HR Managers to communicate candidly about change. Despite the fear of potential employee turnover for communicating about the uncertainty of M&As and the lack of management clarity about change, HR Managers alluded that employees appreciate the honesty and the concern shown for the wellbeing of the workforce. Furthermore, HR Managers cautioned that the HR Managers who try to hide information for the fear of employee attrition will instead lead to greater staff turnover as employees perceive the lack of trust by their organization.

...you need to be open and transparent, and share the news and update people on a regular basis and don't try to hide, that is where many companies, they say, if you share this with people, many people will start to leave, that is not true. People will start leaving if you don't show them trust (HR consultant 6)

### 5.5.2 *Creating a respectful and safe space*

Beyond facilitating the perception of organizational honesty, the findings reveal the crucial role that HR Managers play in enabling communication and encouraging interactions between the senior management and the workforce to take place within the organization during M&As. This work that HR Managers perform is of particular importance in terms of providing transparency of M&As because executives, overwhelmed by the demands of deal-making, may neglect the need to communicate effectively with their employees. An interview participant mentioned the tendency for executives to fail to communicate effectively with employees and the need for HR Managers to do so on behalf of the senior management.

Executives tend to say, "I have my own business to run, I have the revenue to chase, I do not have the time to communicate". A lot of these [communication with employees] are left unmanaged, sometimes I feel that we [HR] are like nannies and have to take care of communication for them. (HR consultant 7)

An area whereby executives tend to fall short when communicating with employees as highlighted by HR Managers was the tendency to neglect or address the fear and uncertainty of M&As experienced by the workforce. HR Managers mentioned

that executives tended to communicate disrespectfully (or be perceived as communicating disrespectfully) with the workforce by expressing their joy of engaging or completing M&As, thereby disregarding employees' emotions about change during M&As. This was highlighted by interview participants who pointed out the tendency for executives to be incognizant of the feelings of employees and, in turn, is perceived as disrespectful of the wellbeing of the workforce. HR Managers added that the lack of respect for employee feelings could lead to further erode managerial credibility and result in demotivation for all employees, trigger staff turnover and, impair the success of M&As: 'All of them are watching you. Once you lose that [respect] then demotivation starts, and productivity reduces. People start looking for a better job and your synergies are going to go out of the door.' (HR consultant 5).

I think one of the key things is not underestimating how much a toll it has on people. From [the] HR standpoint, being very cognizant and being respectful to the employees all the way through I think it was critical. Because a lot of the people that are staying are watching how you are handling this, and this could happen to me in the future, will they uphold respect. (HR director 1)

The findings highlighted the importance of two-way communication in achieving respectful communication with employees during M&As, which HR Managers actively facilitate. The findings revealed that respectful communication involves relying less on formal, top-down, styles of communication. Rather, executives need to actively seek employee feedback and listen to their concerns in order to achieve respectful communication. An HR manager added that a part of

respecting employees was to recognize, hear, understand, and illustrate plans to address the concerns of the workforce during M&As. The HR manager added that executives can achieve this by communicating their desire to listen by ‘...saying we [the organization] get this, and we are hearing, and this is what we are doing about it.’ (HR consultant 11). HR Managers highlight that respectful communication entails trusting employees to manage confidential information relating to M&As and organizational change. As HR manager described the approach to communication as treating employees as adults and communicating with ‘more informal speak and being less an adult-child [way of] speaking to people, it was more adult to adult.’ (Communications and HR manager 1).

HR Managers emphasized the importance of creating an environment that allows employees to question executive decisions relating to change during M&As in two-way communication. In this regard, HR Managers mentioned that they help to create multiple channels and tools to solicit employee feedback such as creating ‘...lots of collateral and come up with ideas, such as colleagues Q&A, that would engage people and take them along on that journey... because, it can be a bit top-down all the time.’ (Internal communications and HR manager 1). Two-way communication not only allows employees to raise concerns about the change process, but also encourages them to engage with the process. This is because when employees feel that they are able to participate in shaping change: ‘...people [employees] feel close to it and they feel that they were able to ask questions.’ (HR consultant 11).

...so that everybody gets on board and everybody and anybody can say whether it's somebody on the Board or an individual contributor from any function coming to a meeting and say I see this in the process but I question those, that they feel comfortable that they can ask it (HR consultant 8)

An HR manager further added that the willingness for executives to listen, consider, and act upon the voices of the workforce can portray a strong sense of humility to employees. The respect for employee opinions enables the workforce to feel more engaged with the change and more able to contribute to the process. An HR manager emphasized the importance of showing humility and respecting employee opinions in the change process, particularly on how to motivate and retain employees to enlist their support during M&As.

You ask, 'teach me to understand why employees stay.' (HR director 4)

### 5.5.3 *Providing clarity*

As an intermediary between the management and the workforce, the findings reveal that HR Managers play an essential role in facilitating the understanding of the ambiguous change strategies and the change messages for employees. The findings also reveal that employees found difficulty in comprehending the change decisions, requirements, and measures during M&As, which required HR Managers to aid in connecting and helping employees through the change process. Amidst the inherent complexity and uncertainty of M&As, coupled with the tendency for information concealment by executives, HR Managers observed that senior managers within organizations have a propensity to enlist employee support for change. HR Managers attribute this to the ineffective messaging by senior managers resulting from the lack

of clarity or an audience-focus during communication: ‘What amazes me is the companies that don't use an audience-focused approach to their cause...’ (HR director 2).

HR Managers highlight how they provide clarity of change and aid employee understanding of M&As. HR Managers alluded that an important element of this work they perform is to connect the change demands by the senior management to implications on each individual at the workforce level. HR Managers refer to this additional communicative role as ‘hitting home for people at an individual level’ (Communications and HR manager 1). HR Managers detailed the ways in which they helped employees visualize the implications of the change by breaking down change visions into attainable and relatable parts for the workforce and illustrating how employees could contribute to achieving the goals of M&As. As an HR manager described: ‘I think a level of transparency into what the current state looks like, what the business looks like, and what their [executives] vision for the future is pretty important.’ (HR consultant 1).

The findings also reveal that HR Managers frequently referred to this communicative role as ‘handholding’. Handholding involved allowing employees to both understand the need for change and letting them know how they can shape that change such that the organization benefits as a whole. As aptly mentioned by an HR manager: ‘It is making people understand that this is a change, and this is a change that they can help shape, that they are part of, and if everybody gets it right, everybody succeeds. (HR consultant 4). An HR manager stressed that handholding involved getting ‘...employees to understand the purpose [of the change] and rather than the ‘ta-da’, here it's done [type of communication].’ (HR manager 1). Through

handholding, it was crucial for HR Managers to garner employee support by communicating and illustrating how employees could contribute to the outcomes of change. An HR director described handholding by HR Managers as helping ‘...employees to get to acceptance and excitement about the future and the engagement. You have to help employees through that change. A lot of handholding and a lot of tactics.’ (HR director 4). An HR manager described how handholding enables organizations to better engage employees during M&As:

...you need handholding, you need to make them understand why certain things are being done, you need to engage the employees aggressively, you need to tell them not only on why certain things have been done, but engaged them on the future looking options, how do you think we should bring these two companies together. (HR consultant 6)

Ultimately, HR Managers through this work aid employees in understanding the change process, facilitating employee support and engagement, and helping employees cope with M&As: ‘you help them by understanding the situation and kind of coaching them through that situation.’ (HR consultant 3). This communicative role is especially important as executives, in the midst of the complexity of change and the excitement of M&As, may emphasize on illustrating job done in integrating the companies but neglect the human element during communication in M&As: ...need to focus on, not only on the integration and transition or to demonstrate job done, and not sail through the human element. (HR and communications director). Therefore, handholding employees through change helps organizations to take stock of the wellbeing of employees and

communication to the workforce that: ‘we [the organization] recognize where the employee is, we're doing something to help manage the employees’ experience. I usually think that that's a good starting point.’ (HR director 2). Handholding not only allows organizations to clarify the change visions and demands on the workforce, but also invites employees to be part of the change to encourage employee engagement to facilitate the desired outcomes of M&As.

So it’s really trying to get them [employees] to understand, here is the direction and the path they [the executives] want to head down, and all are welcomed on this ride, maybe not in the role they envisioned before the announcement... if people want to take on those challenges and roles, [they can] put their best foot forward (HR consultant 1)

## **5.6 Discussion**

### *5.6.1 Theoretical implications*

While much research has highlighted the importance of human resource management and the role of HR Managers in change management and M&As (e.g., Alfes et al., 2010; Antila, 2006), relatively little is known about the communicative practices of these change intermediaries. In particular, little attention has been paid to HR Managers’ role in communication, in relation to the secrecy-transparency tensions experienced, during M&As and the integration process (Graebner et al., 2017; Steigenberger, 2017). The paucity of research has been emphasized in recent reviews in the human side of M&As literature, which has also called for action on more research on the communicative and human resource management practices of agents of change during M&As (Sarala et al., 2019).

By examining the secrecy-transparency tensions faced by HR Managers during M&As, this study provides a more nuanced view of the extra demands stemming from the additional communication roles performed by HR Managers to facilitate change within the organization. In so doing, the findings revealed the contradictory pressures on HR Managers by stakeholders at the top and bottom levels of the organization in maintaining both secrecy and transparency during M&As. In particular, the findings reveal that when faced with pressures from the top for secrecy due to communication restrictions, managerial agency, overconfidence, and desire for secrecy, HR Managers help to build a perception of organizational honesty and respect and guide employees through the change journey. Refer to Table 5.2 for a summary of the key findings.

*Table 5.2: Summary of key findings*

<b>Theme 1: Causes of Secrecy</b>	<b>Workforce Implications</b>	<b>Theme 2: Effects of Transparency</b>	<b>Role of HR Managers</b>
<b>Toxic change environment</b>	Failure to connect with change and the need for M&As	<b>Rebuilding employee trust</b>	Enabling honest and open communication
<b>Hurtful for the workforce</b>	Increase uncertainty and lose trust in the management	<b>Creating a respectful and safe space</b>	Connecting the management and employees
<b>Mismatch: Executive perceptions and employee support</b>	Add frustration due to misunderstandings within the organization	<b>Providing clarity</b>	Directing communication handholding organizations through the change

The tensions between secrecy and transparency and the dilemmas associated with maintaining both within the organization are most apparent for HR Managers during M&As (Galpin & Herndon, 2007). Despite these challenges and constraints on communication faced by HR Managers during M&As, the findings highlight the communicative roles of HR Managers to facilitate communication between the senior management and the workforce. The findings illustrated how HR Managers, in spite of the constraints of communication, aided in providing transparency to the workforce by rebuilding trust in the management, creating respectful and safe spaces, and providing clarity during communication. In particular, the findings add to the literature on the role of middle managers in facilitating organizational change (Balogun & Johnson, 2004; Rouleau & Balogun, 2011) by elaborating on the implications of organizational secrecy and how HR Managers facilitated transparency amidst these communication constraints.

By exploring the secrecy-transparency tension, this study also sheds more light on the additional efforts by HR Managers that constitute a form of work that is less obvious in the workplace and tends to be underappreciated in management, particularly in the human side of M&As literature. In particular, the findings illustrated how HR Managers through communication and its practices helped to enhance perceptions of organizational honesty and openness for employees (Cartwright & Holmes, 2006). The findings show support for the nascent transparency literature which suggests that transparency is a perception of the quality of information rather than just its disclosure alone (Schnackenberg & Tomlinson, 2016). This study contributes to this literature by highlighting an important stakeholder (i.e., HR manager) during M&As and illustrating how they play an imperative role in providing

the perception of information quality to employees, which is key to delivering success in the change process. This study therefore conversely also adds to a growing theoretical body of work on organizational secrecy (e.g., Costas & Grey, 2014; Fan et al., 2020) by empirically examining secrecy in the workplace and identifying the triggers and implications of secrecy on the workforce, and how secrecy impact employees and constraint the communicative role of HR Managers.

Furthermore, the findings also show support for the recent empirical findings on the importance and impact of clear communication on the rationale of M&As to employees by Bansal and King (2020). In this regard, the findings highlighted that HR Managers created respectful and safe spaces for mutual communication to occur effectively between the managers and employees during M&As. The findings reveal that HR Managers play a crucial role in enabling effective organizational communication by connecting the strategic agendas of M&As to the individual change expectations on employees to improve communication clarity and help guide employees through change.

Lastly, the recognition of such a less visible communicative role of HR Managers helps to move research emphasis away from the strategic and financial perspectives that have tended to dominate the literature of M&As (Cartwright & Cooper, 1990). In particular, this study highlights how HR Managers, by managing tensions of secrecy-transparency that stems from the varying demands for information at different levels of the organization, help to achieve positive outcomes of M&As by gaining employee trust, support, and understanding during change (Cartwright & Cooper, 1993a). In so doing, the focus on communication within the organization and the communicative role of HR Managers, and its implications on employees

emphasizes the human element or the people interactions that ultimately shape the success and failure of M&As (Cartwright & Schoenberg, 2006).

### *5.6.2 Practical implications*

This study has practical implications for the management of change communication during M&As. While it is important to recognize that secrecy may be necessary for organizations to gain competitive advantages in various ways at the different stages of M&As, it is also necessary to question the legitimacy and use of prolonged silence and avoidance tactics by executives to further their personal agendas at the expense of their employees and inhibiting HR Managers from performing their communicative role. Therefore, in terms of change policymaking, the findings suggest that organizations should ensure HR Managers' early involvement in the planning phases of the M&As to prevent the congregation of information only at the upper echelon of the organization. This policy would allow HR Managers to effectively fulfill their mandate as a trusted intermediary and change partner by both the management and employees within the organization. Furthermore, it could also prevent executives from abusing power derived from the possession of information and their exclusive position during M&As. With a better knowledge of the key rationales of M&As, HR Managers would then be able to effectively mediate management-employee relations, handle employee complaints regarding the change, or even whistle-blow unethical managerial behaviors when necessary.

With regards to implications on the practices of human resource management, this study suggests that although HR Managers may not contribute directly to the strategic or financial agendas of M&As, the communicative role performed by HR Managers at various levels of the organization indirectly shapes the outcomes of

M&As. The unique change communication role of HR Managers that mediates the management-employee relationship, strained by the secrecy-transparency tensions, helps to build trust within the organization during M&As. As this important role during organizational communication has been seldom fully acknowledged by organizations and in the management literature, HR Managers receive little senior managerial support with regards to these additional demands on the function during M&As. In light of the findings, this study suggests that organizations dedicate more resources to develop competence for HR Managers to manage communication during M&As. With more competence in communication management relating to the maintenance of secrecy-transparency and management-employee relations during M&As, HR Managers will be able to contribute not only strategically to M&As, but also enable organizations to aid employees to better manage and cope with change.

## **5.7 Limitations and future research**

There are two limitations of this study that are noteworthy. First, as the main objective of this study was to explore secrecy-transparency tensions during M&As from the perspective of HR Managers, the study deemphasized the possibility of the varying needs for secrecy and transparency across deals. One may argue that the role of HR Managers in managing these tensions in the organization would differ from deal to deal and during different phases of M&As. Although this study does acknowledge that individual deal differences may alter the degree of the secrecy-transparency tensions that HR Managers may experience, the findings do suggest that, regardless of deal types or stages of M&As, information or power asymmetry exist within the organization during M&As, which requires additional effort from HR Managers to

actively perform their communicative role in order to mediate workplace relations. Despite this limitation, this study provides a good foundation for future studies to empirically study secrecy and transparency across multiple deals during M&As. Therefore, in line with the proposal of Bansal and King (2020), this study suggests future research to examine the communication roles of HR Managers during M&As using multiple case studies and to adopt longitudinal approaches to studying communication during M&As to corroborate the research findings.

Second, while this study added nuances to the communicative role of HR Managers during M&As, this study recognizes that organizational change communication is ultimately a complex and dynamic process that involves multiple actors within the organization (e.g., Buchanan & Dawson, 2007). By studying this phenomenon from a single-actor perspective (i.e., HR Managers), it may inadvertently undermine the roles and agendas of other actors who may play a no less important role in shaping organizational communication and its outcomes. Although HR Managers are functionally positioned to serve the interests of all constituents within the organization, the findings do suggest that HR Managers tend to lean towards prioritizing the wellbeing of employees when performing this role during M&As. This study recognizes that this may be due to HR Managers' status as employees themselves, thereby empathizing with the predicaments faced by employees (more than the management) during change and M&As. Therefore, future research can shed more light on whether the degree of support for either the causes of the management or of the employees may influence the way HR Managers perform their communicative role and their ability to contribute strategically during M&As (Bagdadli et al., 2014).

## 5.8 Conclusion

In conclusion, this study examined the secrecy-transparency tensions that HR Managers experience during M&As. Drawing on qualitative data derived from interviews with HR Managers, this study helped to shed more light on the communicative role that HR Managers perform and their workforce implications during M&As. The findings first revealed the communication constraints HR Managers face as a result of secrecy and its workforce implications and subsequently highlighted the additional demands placed on HR Managers to facilitate transparency during M&As. This study then discussed the theoretical and practical implications of the study in relation to the literature of change, secrecy, transparency, and the human side of M&As.

This paper contributes to the literature of change, human resource management, and the human side of M&As literature. Drawing on the existing literature on secrecy (Costas & Grey, 2014; Grey & Costas, 2016) and transparency (Schnackenberg & Tomlinson, 2016; Schnackenberg et al., 2020), this paper highlights the communication tensions faced and managed by HR managers during M&As. It does so by first identifying the causes and implications of secrecy and then highlighting how HR managers facilitate transparency within organizations during M&As. It then discusses the importance of this communicative role that HR managers perform to emphasize how they contribute strategically during M&As. This not only helps to emphasize the strategic contributions of HR Managers during M&As (Bagdadli et al., 2014), but also adds nuances on how they provide transparency despite facing the constraints of organizational secrecy.

In doing so, this paper illustrates the additional demands placed on HR managers to effectively manage the secrecy-transparency tensions during M&As to build on the literature of the human side of M&As (Sarala et al., 2019). It does so by shifting research focus away from the financial aspects of M&As and revealing the communicative work performed by an important agent of change and stakeholder (i.e., HR managers) of M&As. Finally, this study also has implications for the practice of human resource management, as it showed how HR Managers helped employees to better cope with change during M&As, when organizational communication could often be extremely limited and restricted.

## CHAPTER 6: GENERAL DISCUSSION AND CONCLUSION

### 6.1 Overview of the Chapter

This final chapter will first provide a general discussion of the thesis contributions. It will highlight the theoretical contributions and discuss the practical implications of the thesis as a whole. Thereafter, it will describe the limitations of the research and provide suggestions for future studies. Lastly, this chapter will end by providing a concluding statement for the research.

#### 6.1.1 Contributions

Set in the context of M&As, this thesis draws on the theories of organizational communication, change, and human resource management to investigate the varied aspects of communication and its implications on people within the organization – i.e., the human side of M&As (Sarala et al., 2019). The thesis contributes to the human side of M&As by placing emphasis on the formal and informal human interactions and the implications of change on people within the organization during M&As. By examining communication and human resource management during M&As, this thesis therefore contributes to shedding more light on this area of management literature.

The thesis, through three research papers, examined formal and informal communication from the perspectives of different actors at varying levels of the organization (senior management/executives, HR managers/middle management, employees) during M&As. In doing so, the thesis helped to reveal the structural struggles that key actors face when communicating and highlighted the agency of each group of actors and clarify how they shape and influence communication during M&As. The collective findings of the thesis enabled the illustration of how these

separate groups of actors, as a whole create, meanings within organizations during M&As. Therefore, the thesis helped to connect the interrelated literature of communication, change, and human resource management (within the context of M&As) in making the theoretical contributions.

M&As provide an appropriate context for the study of communication and the human side of M&As as they represent large-scale transformational events in organizations (Rafferty & Restubog, 2010) that are also highly secretive (Marks & Mirvis, 2011) and stressful for organizational stakeholders (Angwin et al., 2016; Friedman et al., 2016). Therefore, communication plays an important role in alleviating people issues during M&As, such as employee uncertainty, demotivation, and anxiety (Cartwright & Cooper, 1990, 1994) or commonly known as the merger syndrome (Sinkovics et al., 2011).

In particular, this research places communication at the front and center of analysis (Cornelissen et al., 2015) by examining different communicative forms (informal and formal communication), actors (executives, employees, and HR Managers), and practices (gossip, and secrecy) at varying levels of the organization during M&As. More specifically, this research sheds more light on the complex organizational meaning-making process during M&As. It reveals how the meanings of M&As are shaped through both top-down and bottom-up communication or interactions between organization actors. Furthermore, it highlights how agents of change help to influence communication and its outcomes from within the organization. Therefore, this research adds insights into how communication helps various actors to better manage and cope with M&As, thereby contributing to the communication (Graebner et al., 2017; Steigenberger, 2017) and the human side of

M&As (Sarala et al., 2019). Ultimately, this thesis helps to unpack and illustrate how communication takes place in organizations through multi-actors, multi-channels, and multi-directions during M&As, which will be further elucidated in the rest of this chapter.

More broadly, the study of communication is important as communication has been referred to as a black box in the management literature (Suddaby, 2011). The neglect of communication by management scholars has seen this meaning-making process, when recognized, assumed to operate through a channel or conduit, in which cognitive contents are easily disseminated typically in a top-down and linear manner (Axley, 1984; Reddy, 1979). Furthermore, in this simplistic conception, communication has been seen primarily as a dyadic event occurring between ‘speakers’ and ‘listeners’. The lack of nuances in organizational communication research has led to a poor understanding and overlooked the less manageable and obvious communicative forms, actors, and practices of communication in management (Cornelissen et al., 2015) and during M&As (Graebner et al., 2017; Sarala et al., 2019; Steigenberger, 2017). Therefore, this thesis contributes by investigating the different aspects of communication through multiple actors in various levels of the organization during M&As.

### *6.1.2 Individual and collective contributions*

Against this backdrop, this research contributes by informing our understanding of the dynamic meaning-making process and the human side of M&As. Through a three-paper design, this thesis investigates the various forms, actors, and practices of communication by exploring and examining formal and informal communication during M&As at varying levels of the organization.

- i. The first paper, through the examination of formal communication, helps to unpack and highlight executive discursive construction in the early stages of M&As. Using the theoretical lens of symbolic management, the study sheds more light on the underlying symbolic significance of executive communication at the start of M&As to shape stakeholder perceptions and enroll support.
- ii. The second paper investigates informal communication at the workforce level during post-merger integration. Through a qualitative analysis of a recent merger, the study highlights the importance of gossip for employee sensemaking during M&As and explores how such less manageable forms of communication serve as positive resources for employees during a merger.
- iii. The third paper examines the tensions of secrecy-transparency during M&As. Through a thematic and abductive analysis, the study identifies the context leading to secrecy and its consequent implications on the workforce during M&As. It then uncovers how HR Managers, amidst secrecy, help to facilitate transparency within the organization. In doing so, the paper highlights the communicative role of HR Managers during M&As.

In sum, this thesis contributes by examining formal and informal communication during M&As through multiple perspectives to achieve the overall research objective: *How do actors at multiple levels of the organization engage formal and informal channels of communication to better manage and cope with M&As?* In so doing, this research sheds more light on the complex communication process and

illustrates how organizational meanings are dynamically constructed through various communicative forms, actors, and practices during M&As. Refer to Figure 6.1 for a summary of the contributions of the thesis.

Table 6.1: Summary of collective contributions

Research Questions	Literature / Theories Applied	Contributions
Paper One. How do executives discursively construct formal communication and influence stakeholder support in the early stages of M&As?	<ul style="list-style-type: none"> <li>• Formal communication</li> <li>• Symbolic Management</li> </ul>	<ul style="list-style-type: none"> <li>• Illustrated how executives discursively construct M&amp;As in the early stages and its symbolic significances</li> </ul>
Paper Two. How does informal communication help employees manage and better cope with M&As?	<ul style="list-style-type: none"> <li>• Informal communication</li> <li>• Gossip</li> </ul>	<ul style="list-style-type: none"> <li>• Identified the less manageable forms of communication during M&amp;As that the workforce engages to overcome the inadequacy of formal communication</li> </ul>
Paper Three. How do HR Managers navigate organizational secrecy, shape, and influence communication during M&As?	<ul style="list-style-type: none"> <li>• Secrecy-transparency Management</li> <li>• Change agency</li> <li>• Human Resource Management</li> </ul>	<ul style="list-style-type: none"> <li>• Highlighted the less obvious actors of communication (HR Managers) and their communicative role in managing secrecy-transparency tensions during M&amp;As</li> </ul>
Overall: How do actors at multiple levels of the organization engage formal and informal channels of communication to better manage and cope with M&As?	<ul style="list-style-type: none"> <li>• Formal and informal communication</li> <li>• Communicative practices and intermediaries</li> </ul>	<ul style="list-style-type: none"> <li>• Investigated the various forms, actors, and practices of communication that influence and shape meanings during M&amp;As</li> <li>• Informed understanding of the multi-actors, multi-channels, and multi-dimensions of organizational communication during M&amp;As</li> </ul>

## 6.2 General Discussion

### 6.2.1 *Problematic prescriptions of formal communication management*

This research, by directing attention towards the multi-dimensional construction of meanings during M&As, helped to surface issues in the extant change and communication management literature. More specifically, this research revealed issues associated with the tendency to prescribe overly-simplistic communication management techniques.

In particular, this research underscored the need for nuances in communication research. It highlighted how prescriptive recommendations to organizational communication in the management literature were not only unrealistic, but also unlikely to improve the outcomes of M&As. These prescriptions tended to involve programmatic-based campaigns - an approach that heavily relied on information cascading and depended on the fidelity of messages (Allen et al., 2007; Fairhurst, 1993; Russ, 2008) - to improve communication (Angwin, 2004). The findings of this research suggested that such prescriptions in the extant literature may not necessarily lead to the desired communication outcomes during M&As.

Furthermore, these prescriptions for managing communication perpetuated the conduit metaphor by treating communication as non-dynamic and a linear process that occurred primarily in a top-down fashion. In addition, the conduit metaphor also assumed meaning-making to be a dyadic process between 'speakers' and 'listeners'. The existing communication prescriptions, albeit relatively easy to understand and implement in practice, therefore inadvertently neglected the less manageable forms

and less obvious actors and practices of communication that play crucial roles in organizational communication during M&As.

This research revealed that communication is a dynamic process that involves multiple communicative forms, actors, and practices. Hence, a ‘one-size-fits-all’ programmatic-based communication approach, such as cascading information down the organization through the ‘waterfall’ method, would likely fail in improving communication during M&As. Furthermore, frequent and faster communication as proposed in this literature (Russ, 2008) may even be counterproductive to the change process and could lead to more communicative issues, such as misunderstandings and contesting meanings or realities within the organization, during M&As.

Instead, this research suggests that organizations should holistically design communication management plans. During formal communication, executives should consider addressing not only the needs of the investors, but also the concerns of the workforce. The management then needs to consider the symbolic significance of formal communication in order to capture the attention and gain the support of the stakeholders. In addition, executives need to gather feedback about the communication and gain insights about employee issues on the ground to better address workforce concerns about the M&As. To do so, executives should frequently engage with HR Managers to tap into the informal channels of communication to improve the effectiveness of communication during M&As.

### *6.2.2 Less manageable and obvious aspects of communication*

This research also highlighted that communication or meaning-making is neither a linear nor a dyadic process. It emphasized that organizational meanings are

constituted by various communicative forms, actors, and practices, which may be less manageable and less obvious within the organization. The multi-faceted conception of organizational meaning in this research underscored the interpretive importance of communication and helped to cast more light on the less manageable forms of communication (informal communication) and the less obvious communicative actors (employees and HR Managers) and practices (gossip, and secrecy) during M&As. Therefore, this research departed from the conduit metaphor of communication that has been prevalent in the management literature (Axley, 1984; Reddy, 1979).

In particular, this research highlighted the misconceptions about the less manageable practices of communication, particularly gossip, and secrecy (see Grey & Costas, 2016). While this research recognized that informal communication and secrecy may at times be detrimental to the strategic agendas of the organization, it illustrated that these less manageable communicative practices were crucial resources for employees and HR Managers. Specifically, this research found that gossip and secrecy helped organizational stakeholders within the organization to construct meanings and shape realities during M&As. Furthermore, this research also helped to cast light on the less obvious actors of communication. It placed emphasis on the communicative functions of HR Managers and illustrated how these change agents influenced the outcomes of organizational communication during M&As. This finding sheds more light on the strategic contributions of HR Managers, which has tended to be undervalued in the management literature (Bagdadli et al., 2014; Drori et al., 2011).

In this regard, this research suggests that organizations should allocate more resources to train HR Managers so as to improve the overall efficacy of formal and informal communication during M&As. This research also suggests that organizations

should refrain from spending resources in their attempts to eradicate these fundamental components of organizational life during M&As (Costas & Grey, 2014). Rather, organizations should instead try to tap on or even nurture gossip as resources, through HR Managers, to enhance organizational communication. Ultimately, this research also helps to shift attention away from the negative and pejorative assumptions of the less manageable and obvious aspects of communication in management. Hence it hopes to encourage a more positive positioning of informal communication and its practices within management research in the future.

### *6.2.3 Summary of contributions*

This research by considering the various communicative forms, actors, and practices of communication helped to illustrate how seemingly disparate types of communication collectively construct meanings and realities dynamically during M&As. Refer to Figure 6.1 for an illustration of the various communicative processes and flows of communication during M&As.

The model of communication, derived from the findings of the research, aided in demonstrating how meanings of M&As are constituted through multiple ways, flows, and directions, at varying levels of the organization. The various communicative flows taking place through formal communication by the executives (top-down) and informal communication at the workforce level (bottom-up) helped in constructing meanings of M&As. In particular, through formal communication, senior managers discursively constructed M&As through symbolic management strategies, which allowed executives to embed desirable symbols in their messages. In addition, the workforce engaged with informal communication, through gossip, to create realities of their own during M&As to better comprehend and cope with the situation. Due to

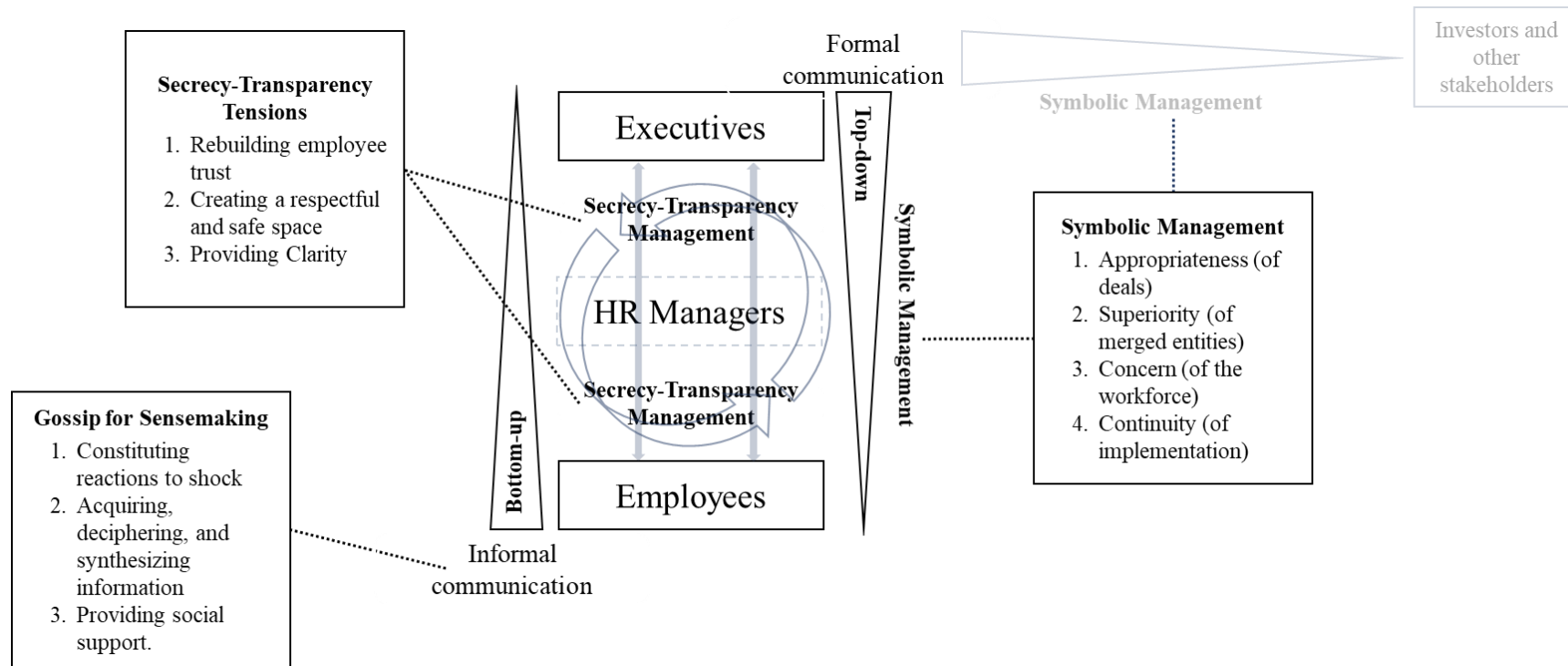
the inherent challenges of both top-down and bottom-up communication, contested meanings and multiple realities may emerge at all levels of the organization. The multiple distinctive meanings created by various actors of communication during M&As could create tensions within the organization. Therefore, as agents of change, HR Managers play an essential role in synchronizing meanings across the organization, thereby mediating the management-employee relationship during M&As.

The dynamic model derived from this research helped to illustrate the meaning-making process that is constructed by the various forms, actors, and practices of communication during M&As. The model also helped to stress that meaning-making is ultimately a social construction process that involves real people who are asynchronously sending, receiving, processing, and understanding information collectively (Schnackenberg et al., 2019). The multi-dimensional view of organizational communication resonates with the management literature that emphasizes the polyphony construction of organizations (Castelló, Morsing, & Schultz, 2013; Trittin & Schoeneborn, 2017) or the polyvocal construction of change through multi-story (Buchanan & Dawson, 2007). This line of research suggests that communication and meanings are collectively shaped by the narratives of different actors of the organization.

In this perspective, this research similarly highlighted the multi-dimensional and multi-faceted aspects of the meaning-making process. In particular, this research underscored that communication is not a dyadic process that involves only ‘speakers’ and ‘listeners’. The model helped to emphasize and identify the less obvious actors and practices of communication, which are crucial in shaping communication during M&As. Hence, this research informs our understanding of the meaning-making and

the communication process during M&As. It unpacks the communicative forms, actors, and practices involved in constructing organizational meanings during M&As. In doing so, this research responded to the calls of management scholars for more research and nuances on communication (Graebner et al., 2017; Steigenberger, 2017) and on the human side of M&As (Sarala et al., 2019).

Figure 6.1: Communicative forms, actors, and practices during M&As



## **6.3 Practical Implications**

### *6.3.1 Employees*

This research has practical implications for various organizational constituents. First and foremost, this research suggests that employees play an active role in contributing to communication during M&As and their outcomes. Employees can form informal groups and engage in gossip to tap on the informal knowledge, which helps to open avenues for employees to shape the realities of M&As situation. This form of informal organization (Smith et al., 1994) can be effective in allowing employee participation in the process of M&As through collective voicing (Edwards & Edwards, 2015). Furthermore, this research suggests that employees should engage in constant dialogs with HR Managers in order to reflect the concerns of the workforce and tap on their knowledge regarding M&As. This will help organizations to enhance the effectiveness of communication and better address employee issues during M&As.

### *6.3.2 Managers*

The research suggests that executives should design communication during M&As by considering both the top-down and bottom-up implications. Executives' tendency to focus on the investors and neglect the workforce concerns during formal communication can create tensions in the management-employee relationship. Therefore, managers should attempt to gain access to the informal channels of communication to uncover deeper employee issues during M&As. One way to surface and understand employee issues is to rely and tap on the knowledge of HR Managers. HR Managers' understanding of employee issues is derived from interactions with the informal organization, which could provide an accurate litmus test of the effectiveness

of organizational communication and indicate the true wellbeing of the employees during the process of M&As. Hence, this research suggests that organizations should consider dedicating more resources to support and train HR Managers on change, communication, and secrecy management.

### *6.3.3 HR Managers*

This research highlights the strategic importance of HR Managers during M&As. It shows that HR Managers play an important role in communication during M&As and their outcomes. Therefore, this research suggests that organizations should consider dedicating more time and effort to shaping communication as part of their HR business partnering function during M&As. It also suggests that HR Managers should actively try to be involved in the planning and execution process of M&As to enhance organizational communication and help achieve the desired outcomes of M&As. Equally important, HR Managers need to document and explicitly illustrate their influence on communication through secrecy management to gain more recognition within the organization, which will help to emphasize their strategic contributions and importance during M&As.

### *6.3.4 Professional bodies and policymakers*

At a broad level, this research has practical implications for the HR professional bodies. This research suggests for these bodies to call on organizations to place more emphasis on communication management during M&As. HR professional bodies can also help organizations to gain competency on change communication by providing communication management training to managers involved in M&As. Training topics should also include the less obvious aspects of communication such as gossip, and secrecy, and help managers to see how such communicative forms and

practices can positively influence the outcomes of communication during M&As.

Refer to Table 6.2 for a summary of the practical implications of the research.

*Table 6.2: Summary of practical implications*

<b>Organizational constituents</b>	<b>Main ideas</b>	<b>Practical implications</b>
Employees	<ul style="list-style-type: none"> <li>• Informal channels of communication, such as gossip, act as resources for information and knowledge</li> </ul>	<ul style="list-style-type: none"> <li>• Form or join informal groups to gain information, reduce uncertainty, and participate in the process of M&amp;As</li> <li>• Engage in dialogs with HR Managers to reflect concerns at the workforce level and learn more about the M&amp;As</li> </ul>
Managers	<ul style="list-style-type: none"> <li>• Formal communication and symbols require interpretation and significance to be effective</li> <li>• Organizational communication occurs in both the formal and informal channels, and is moderated by HR Managers through secrecy management</li> </ul>	<ul style="list-style-type: none"> <li>• Design formal communication by considering implications from the top-down and the bottom-up</li> <li>• Gain access to the informal channels of communication to surface deeper workforce issues</li> <li>• Rely on HR Managers and tap on their knowledge to better communicate with the employees</li> <li>• Dedicate more resources to train HR Managers in change and secrecy management</li> </ul>
HR Managers	<ul style="list-style-type: none"> <li>• HR Managers act as key change agents serving both the management and employees</li> <li>• HR Managers through communication moderates within-organizational secrecy and shapes boundaries</li> </ul>	<ul style="list-style-type: none"> <li>• Allocate more time to shaping organizational communication during M&amp;As</li> <li>• Engage with the process of M&amp;As early and continuously interact with all stakeholders to achieve the desired outcomes of M&amp;As</li> <li>• Frequently illustrate and explicitly show how secrecy management help to influence outcomes of M&amp;As to gain more recognition</li> </ul>
HR professional bodies	<ul style="list-style-type: none"> <li>• More emphasis should be placed on both executive and HR manager change communication competency</li> <li>• Formal and informal communication planning and execution, and secrecy management</li> </ul>	<ul style="list-style-type: none"> <li>• Call on organizations to place more emphasis on communication management during M&amp;As</li> <li>• Provide training courses that help to prepare managers for communication management during M&amp;As</li> <li>• Include topics that allow managers to learn about the less obvious aspects of communication such as gossip, and secrecy</li> </ul>

#### **6.4 Limitations of Research and Future Research Suggestions**

This section highlights the challenges faced during the research process and identifies the limitations of the research. Throughout this research, the importance of communication on M&As (Angwin et al., 2016; Friedman et al., 2016; Schweiger & Denisi, 1991), and its complexity as a dynamic process in organizations has been highlighted (Cornelissen et al., 2015; Den Hartog, Boon, Verburg, & Croon, 2013; Ocasio et al., 2018).

This research has suggested that communication and its practices may at times not be easily discernable by external observers or sometimes even hidden to actors themselves within organizations. Communication (or symbols) could be well disguised and difficult to understand by stakeholders (Hambrick & Lovelace, 2018; Schnackenberg et al., 2019). Furthermore, gossip could be concealed from organizational members who do not have access to these informal channels of communication (Waddington, 2012). Secrecy management could also be adopted by organizational actors to clandestinely limit the flow of information, stop communication, or be used to restrict knowledge and maintain boundaries within organizations (Costas & Grey, 2014).

The dynamic attributes of communication have created a diverse field of study and eclectic literature (Cornelissen et al., 2015). When coupled with the complexity of change and the secrecy of M&As, research in this domain poses great challenges. In particular, the implications of organizational communicative efforts on human resource management and the organization may not be easily identified by researchers in M&As. Notwithstanding, this research has brought together the interrelated

literature and presented three research papers to systematically examine and contribute to this complex area of study. However, there are limitations to the research that the rest of the section will acknowledge.

As a whole, this research recognizes that the dynamics of M&As and the corresponding post-merger integration process could differ drastically between deals depending on their motives (Angwin, 2007b; Cartwright & Schoenberg, 2006). Therefore, some M&As may be more amicable than others, thereby influencing the managerial, human resource management, and communicational approaches during the integration process. Hence, it is unlikely that management attitudes and organizational communication plans would be identical between each deal. For instance, a 'merger of equals' may prompt executives to communicate more cautiously and less aggressively, as compared to a 'hostile takeover', which may reduce uncertainty for the workforce. On the flip side, a '(reverse) takeover' could heighten anxiety for employees, independent of the communication management, due to the greater threat to jobs in the 'acquired' firm. In a similar vein, a 'rescue' from 'white knights' could significantly ease employee tensions, thereby reducing the importance of communication within the organization during M&As (Sudarsanam, 2010).

In this regard, this research faces limitations in discerning the reasons for the differences in organizational communication resulting from hidden or ulterior motives of M&As. As this thesis is aimed at investigating the various forms and practices of communication through the perspectives of actors at various levels of the organization to add nuances to communication during M&As, rather than attempting to identify communicative differences depending on the type of deals, it was able to partially circumvent the issues relating to the managerial agency.

In spite of the limitation, this research has offered a generalizable graphical representation of the meaning-making process that depicts the communication process in which an organization is likely to adopt during M&As. Therefore, this thesis recommends that future research should engage in a multiple case studies approach to not only identify the differences in organizational communication based on the type of deals, but also to test the model of communication proposed in this thesis across several M&As.

In addition, organizational communication during M&As could also be influenced by factors such as the national and merging organizations' cultures or prior levels of cooperation (e.g., Buono, Bowditch, & Lewis III, 1985; Khan, Rao-Nicholson, Akhtar, & He, 2017; Vaara, Sarala, Stahl, & Björkman, 2012). Therefore, there is a need for future research to focus on the cultural and temporal aspects of M&As (Chreim, 2007; Guerrero, 2008; Monin et al., 2013). Researchers should attempt to embed themselves into an organization prior to M&As and adopt a longitudinal approach (Barkema & Schijven, 2008; Cartwright & Cooper, 1994; Cartwright & Schoenberg, 2006) to examine the long-term implications of communication in M&As (Graebner et al., 2017). This will allow researchers to better understand the circumstances undergirding M&As and enable a deeper examination of all relevant communicative events and their cultural implications before, during, and after a deal (Vaara, Junni, Sarala, Ehrnrooth, & Koveshnikov, 2014).

Finally, the following are research suggestions specific to the respective studies conducted. I would suggest that researchers quantitatively test the symbolic significance of early executive communication. This will help to corroborate the qualitatively-derived findings of Paper One and extend our understanding of the

degree of influence of each dimension on stakeholder support for M&As. In addition, I suggest future research to investigate gossip in M&As through multiple case studies. This will help to confirm the findings of Paper Two and overcome issues relating to the generalizability of the research approach. Lastly, researchers should consider employing an ethnographical research approach to studying M&As and the roles of HR Managers in moderating organizational secrecy. This will not only allow researchers to gain access to an organization undergoing M&As, but also examine secrecy from within the organization, thereby obtaining even greater insights into the secrecy moderating practices of HR Managers in change.

## **6.5 Concluding Statement**

In conclusion, this research has achieved the objective set out and answered the RQ: *How do actors at multiple levels of the organization engage formal and informal channels of communication to better manage and cope with M&As?* This thesis contributed to both theory and practice by unpacking the meaning-making process during M&As. Through a three-paper design, this thesis investigated formal and informal communication at varying levels of the organization (senior management/executives, HR managers/middle management, employees) to highlight the multi-dimensional and multi-faceted aspects of communication during M&As.

In so doing, this research, through a model of communication during M&As, helped to clarify and shed more light on the less manageable forms and the less obvious actors and practices of communication. As such, it added nuances to communication (Graebner et al., 2017; Steigenberger, 2017) and informed our understanding of the human side of M&As (Sarala et al., 2019).

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## APPENDICES

### Appendix 1: Samples of Announcement Event Call (AEC) and Earnings

#### Conference Call (ECC)

*Appendix 1a AEC: AnheuserBusch Inbev SA Proposes Combination with SABMiller  
PLC Call (Morning Session) - Final*

5,356 words

7 October 2015

CQ FD Disclosure

FNDW

English

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Presentation

OPERATOR: Good day, ladies and gentlemen, and welcome to the Anheuser-Busch InBev investor conference call. Hosting the call today from AB InBev is Mr. Carlos Brito, Chief Executive Officer, and Mr. Felipe Dutra, Chief Financial Officer. To access the slides accompanying today's call, please visit AB InBev's website now at [www.ab-inbev.com](http://www.ab-inbev.com) or the proposed transaction's microsite at [www.globalbrewer.com](http://www.globalbrewer.com) and click on the investors tab. Please note the disclaimer in relation to forward-looking statements on slide 2 of this presentation. Today's webcast will be available for online demand playback later today. (Operator Instructions). It is now my pleasure to turn the floor over to Brito. Sir, you may begin.

CARLOS BRITO, CEO, ANHEUSER-BUSCH INBEV SA: Well, thank you Tracey, and good morning, everyone, and thank you for joining us on this call today. I'm here with our CFO Felipe Dutra.

Today we announced the proposal to combine with SABMiller to build the first truly global beer company. We believe this transaction would be in the best interests of both companies' consumers, shareholders, employees, wholesalers, business partners and the communities which they serve.

I would like to start by providing you with a summary of the events of the past few weeks leading up to today's announcement. On September 17, AB InBev made a private proposal to the Board of Directors of SABMiller of GBP38 per share in cash, with a partial share alternative. On September 22, we made a revised private proposal to the Board of GBP40 per share in cash, with a partial share alternative. Both proposals were rejected by the Board without meaningful engagement.

Today we have announced an increased proposal of GBP42.15 per share in cash, with a partial share alternative. This proposal represents a premium of approximately 44% compared to SABMiller's closing share price on September 14, the day prior to renewed speculation of an approach by AB InBev, and that price was GBP29.34. We believe this cash proposal is highly attractive to SABMiller's shareholders and a compelling opportunity to realize substantial value for their investment.

Despite our efforts to engage with SABMiller's Board, we have been unable to establish meaningful engagement. AB InBev believes that the revised proposal of GBP42.15 per share in cash is at a level that the Board of SABMiller should recommend.

As we have said on many previous occasions, AB InBev has substantial organic growth opportunities within our existing business and we've always maintained a disciplined approach to M&A.

The agenda for the call today is a brief one, allowing plenty of time for Q&A.

Today's proposal consists of a GBP42.15-per-share cash offer, with a partial share alternative. This represents a substantial increase to our initial proposal of GBP38.00.

The cash proposal also represents a premium of approximately 44% to SABMiller's closing share price of GBP29.34 on September 14, which was the last date prior to renewed speculation of an approach from AB InBev. In addition, the partial share alternative represents an approximate 28% premium over the same closing price.

*Appendix 1b: ECC: Q4 2016 Anheuser Busch Inbev NV Earnings Call - Final*

12,291 words

2 March 2017

CQ FD Disclosure

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English

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Presentation

OPERATOR: Welcome to the Anheuser-Busch InBev full-year 2016 earnings conference call and webcast. Hosting the call today from AB InBev are Mr. Carlos Brito, Chief Executive Officer, and Mr. Felipe Dutra, Chief Finance and Technology Officer. To access the slides accompanying today's call, please visit AB InBev's website now at [www.ab-InBev.com](http://www.ab-InBev.com) and click on the investors tab. Today's webcast will be available for on-demand playback later today.

(Operator Instructions)

Some of the information provided during the conference call may contain statements of future expectations and other forward-looking statements. These expectations are based on the management's current views and assumptions and involve known and unknown risks and uncertainties. It is possible that the Company's actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements.

For a discussion of some of the risks and important factors that could affect the Firm's future results, see the risk factors in the Company's latest annual report on Form 20-F filed with the Securities and Exchange Commission on March 14, 2016 and on Form S-4 filed with the SEC on November 14, 2016. AB InBev assumes no obligation to update or revise any forward-looking information provided during the conference call and shall not be liable for any action taken in reliance upon such information.

Please refer to the reference base press release dated January 6, 2017 available on the Company's website for important information about the Company's updated 2015 and 2016 segment reporting. It is now my pleasure to turn the floor over to Mr. Carlos Brito. Sir, you may begin.

CARLOS BRITO, CEO, ANHEUSER-BUSCH INBEV: Thank you, Maria. And good morning, good afternoon, everyone. Welcome to our full-year 2016 earnings call. As usual let me start with the highlights.

In October 2016 we completed a combination with SAB, making us the truly first global brewer and one of the world's leading consumer product companies. By the end of 2016 we had also agreed to the terms on all key disposals resulting from the deal. We're delighted to welcome SAB's talent from the retained businesses, and are also excited to further develop the long-term relationship with SAB's business partners across the globe.

With respect to our 2016 results highlights, this was a challenging year and especially difficult for Brazil. However, we delivered solid performance in many of our markets around the world. In the US, we grew our gross profit margin for the seventh consecutive year. In Mexico, revenue grew by double digits this year. And in Western

Europe, our premiumization strategy generated strong financial and market share performances.

Our three global brands, Budweiser, Stella Artois and Corona, had another strong year with combined revenues growing 6.5%. Our premiumization initiatives in both developed and developing markets have generated revenue per hectoliter growth of 4.5%.

## **Appendix 2: Interview Schedule for Paper Two**

### **COMMUNICATION STRATEGIES AND POST-MERGER INTEGRATION**

#### **INTERVIEW SCHEDULE**

**Kenneth Lim, Tom Calvard, and Ishbel McWha-Hermann**

**University of Edinburgh Business School**

Introduction: Could you tell me about your official job title and describe your job scopes in the company (where you experienced the M&A process).

1. By way of background, and to the best of your memory, it would be helpful to hear about the merger and acquisition (M&A) deal you have been involved in and some of its general circumstances and context (e.g. sector, type of deal/relationship).
2. Could you walk us through the process of the communication strategy as the deal unfolded, particularly the WHO, WHAT, WHY, WHEN, WHERE, and HOW aspects of the communication planning and processes?
3. Was M&A the right solution for the two organizations? What do you consider the alternatives to be, at any given point in time when the deal was being considered?
4. Can you recall the various communicational events that occurred in the merger process and how you felt in each of the communication?
5. How does the 'mood' or rationale for the deal affect the communication considerations?

6. Could you recall how was the alignment of communication in the merger: Internally vs Externally and Between organizations?
7. Communication in M&A can involve many different stakeholders; who was involved in communication, what were their roles, and how was the work divided up?
8. What kinds of tensions (personally and within the organization) did you experience in the M&A's communication process and why?
9. What would your advice be to an integration team about to embark on a M&A journey in terms of how to plan a communication strategy?
10. There are lots of 'obvious' or 'common sense' business communication tips (e.g. repetition of key messages, two-way, multiple channels) – but what do you think are perhaps the deeper challenges and opportunities of communication?
11. Is there anything else we haven't discussed that you feel is important or relevant to M&A communication that you would like to highlight?
12. We would greatly appreciate you referring us to anyone else in your networks you think might be interested and able to talk to us about their own perspectives on these issues – whether in HR, PR, law, consultancy, change management, project management, or just general integration leadership.

### **Appendix 3: Sample Interview Transcript (anonymized) of Paper Two**

I: First question is, if you can tell me a little bit about your background, what is your official job title here, and how do you experience the merger process? What was your role in it, if any?

P: So, my official job title is Commercial Manager. I have been at Heritage, for this business for about 22 years. I actually started in this building 31 years ago, but I left, after 10 years I came back, 12-13 years ago. I have been in the investment side of the business for the last 7 weeks or so, historically I worked for the Heritage side of the business, which was affiliated to the life company, which has just undergone the sale of that business to PNX, where I worked more the platform side of the business, which is still retained within Heritage Alpha PLC. So it is very confusing because we have a, we still have a Heritage, although we sold Heritage Assurance. The part of the business I work for is Alpha Services, but we are totally owned by Heritage Alpha. My role in the merger process was very much arms-length, and not so much as I was involved in it, I was a recipient of the whole process. And, so yes, that's where I suppose is the positioning of me, does that help?

I: Regarding the merger that has taken place at Heritage and Alpha, could you walk us through the process of the communication strategy, so basically, who was involved, what transpired, maybe if you know some reasoning behind the communication strategy, and perhaps if you could recall like the when and where and how these transpired over the past 1.5 years.

P: My understanding is that there was a communication plan in place, however, my understanding is that some journalists got wind of the deal on a Saturday afternoon, in

London, and on the Sunday evening, I remember watching Cable, and it said that Heritage was merging with Alpha. And, there was a rush of communication, came out on email, because of course, nowadays everything is iPhone/blackberry.

I: So, that was before you heard officially?

P: So, before there was any official announcement, there was the tape on Cable saying a merger is taking place, there was a wrath of information being issued on the Sunday evening. Basically, saying we cannot comment because of course the stock market rules that, and that is the stock market first, but the following morning it came out, that it was announced that the merger was taking place, and now. At that point in time, the context at that time was, that Alpha was not necessarily in the strongest position. And. It was a good deal for all parties, because Heritage at that point in time had money on the balance sheet. The story that came out was that the reasoning that made it a merger was there effectively had a considerably change of assets wasn't really worthwhile, why would we, Heritage, buy Alpha, exchange the money. A merger works for all parties. From a Heritage perspective, it was being much portrayed as a takeover, in everything but name. The reality, in calling it a merger, but reality was Heritage was taking over Alpha. And, as you may imagine, all the chatter and all the communication were based around this is, why it is a good deal for parties. There was very much your standard Q&As that were coming out from the internal communication people, and what we should do when we were approached by the press, because a lot us are pro-press spokespeople, we were told to because of the whole regulatory framework, we aren't make any contact with people we knew at Alpha. This was just a proposed deal. It's interesting that whilst the whole messaging this was a proposed deal, it still got to have the proper approval from the regulator, shareholders. Everybody understands

what is happening. Emotionally, at that point, there [inaudible 05:40], you might imagine, everybody, rightly or wrongly, wants to be on the winning side. And everybody, of course was particularly, I think that people in the investment side of the business, because it was very much seen as an investment merger. So, our investment division at that time, Heritage investments merger with Alpha, the view at that point was the Heritage investments people would effectively consume or subsume everybody. In the same way that happened in previous deals, where they bought AGS, but everything came in, and I think there was an assumption that the same thing would happen again. What became apparent quickly was that it probably was a takeover, but it wasn't a way around that everybody thought it was. So the communication started to come out, as we approached the formal approval, which was talking about a management committees, co-chief execs, fund managers who would be in-charge of sales. There were 2 very different cultures at play, 2 very very different cultures, and that came across loud and clear, and it was very very interesting to watch but the communication centrally was always very much, very legal in a way, occasionally we would touch on, we appreciate how unsettling this must be but, you know, there was an element of sympathy with the people who are doing the communication because they are bound by stock market rules, they are bound by the FCA, they are bound by the shareholders, who hadn't given them the approval. So all the people who had questions to ask about, what would this mean for me, which primarily, everyone prime motivation is self-interests, as you know, the ultimate question, of what does this mean to me for me could never be answered, and till this day, probably it still can't be answered because a year down the line, there still a lot to play out because it is such a big deal, it takes a couple of years to play out. So, that was my memory of it was, it

was painted as a takeover, painted as a merger but the underlying message was, this was a takeover and actually it was not a takeover is one of convenience, because why would you spend the money on Alpha, it was almost wasted money, because you know, from the balance sheet perspective.

I: So what is the picture now, what is the picture painted 1.5 years?

P: Of the business? So, where we are as a business. We historically we have this big old life company, very Edinburgh, conservative with a small c, very actuary led, we have been on a journey for about 12 or 13 years towards removing the life company, the legacy, and it was seen as a balance sheet risk I should say, it was always seen as a fairly steady as you go, we have never really made too many shocks, we were ploughing along abit, maybe that's too harsh, and suddenly it has this kick, it has this explosion of energy. And for some people, it is really difficult to handle, because, they are not used to so much change as it was really difficult for people to manage that change. And people inevitably when they see change in front of them, only see negative. It is very difficult to see opportunity, which is why I think you see the really successful people in life, are the people who embrace change, who are excited by change. So, what I see now is a company that is very dynamic, I see a company that is invigorated, I see a company that, to use a football analogy, soccer analogy, I think we are a little bit like Manchester City at the moment, I think we are an enormous company but we don't quite know how to behave like an enormous company. So historically, both companies were very very big regionally, so we were really big, Heritage is a really big UK company, Alpha had an enormous footprint, particularly in Asia Pacific. So, we have a very very large regional footprint, but now we are a global entity, we have got 46 locations, we are over a thousand investment professionals, we have got a

footprint pretty much wherever you would want to have a footprint, and I think when you compare us to companies, like say Blackrock or Vanguard, who when you deal with anybody anywhere within those companies, you know you are dealing with a global entity. When you walk into Apple, at least at the Edinburgh store, you know you are walking, you are in front of immense power, and I think there is a little bit of, we still to really work through our identity in that front, we are not suggesting that we haven't, we are not aware of what we need to do, I think it just takes a little bit of time to understand what you have in your kit bag. And, you know, historically, you would, the product you sold to market was quite narrow, but now, the conversation, so the conversations naturally would align to that now, now your conversation is to flip around, So I was coming in to see you, historically I would say, I have 5 funds, which one would you like? Now, its much more coming with your agenda, which is what your issues are. Because, I actually, wherever issue that you have, I now have a full global kitbag that I can draw from and actually your bank decision is less surround one of the 5 products I had, your bank decision is do I want to work, and feel comfortable to work working with this big global entity. So there is a different dynamic, and that takes a wee bit of time to get used to. And I think the fact that people probably just need to start getting used to the fact that we have just been through 1 big corporate activity, and we probably just need to accept that this will happen much more often. And how we react, and how we integrate, because integration at the business is really difficult, and my understanding from the Alpha people, is that that's still not been successful. So when you meet some of our colleagues who work in the States, the still introduce themselves as ex-deutsche. So, Alpha bought AGA, it bought credit Suisse, it bought [inaudible, 13:11], and then they merged with us, but you have some people

whose their legacy of the way they identify themselves is still very very old, and part of my new role, is to try to work out how do we start integrating, how do improve that, how do we just almost wipe the slate clean and say that now we are Alpha Services. So how do you give them a new identity, a new purpose, that is the tricky part, because it is very very difficult. Does that make sense?

I: A few things to unpack here, so initially you said that the news, you heard the news of the merger from Cable, so was there any rumors, you must have heard something, or was it a complete surprise to you and you heard it over the news channel?

P: The thing is in a company of this size, you never hear rumors like that, unless you are at the very very top table. The company of this size, inevitably our corporate team, the merger and acquisition team, they sat behind locked doors. There are, everything is in complete lockdown. There is very very few people who ever have knowledge of what is going on, it tends to be the chairman of the business, who I personally never met, he has been here so long, the chief execs obviously a few of the directors on the table, they are leading everything at the board level and its complete lockdown. And conversation will take place never in the offices, it will always be off site, somewhere, usually in some sort of private bank corporate bank.

I: It must have been a surprise then? A shock?

P: Yes, it was. I mean, you are sitting then and going wow. You know, that's my company they are talking about. It is a shock.

I: Do you remember what were you feeling then?

P: Well, you know, the first thing that you immediately try to work out is, are we being bought? And what will this mean? So you very very quickly just try to work out through in your head, as soon as you understand you are not being bought, you think ok, we are in the one in who are in control of this. Even though it was described as a merger. My background was, I was dealing with all the external asset managers on behalf of the platform, so I knew Alpha really well and thus, so you know, that is the initial thing you work through, is are we being bought. If you are being bought, that is never a great sign because invariably what happens is the incumbent who hold all the keys and Heritage have been through ourselves, because we bought another platform business called elevate of axel few years before, and again we all play the game, it doesn't matter how much you say that we welcome our new colleagues in, and da da da, the reality is, they will only, we are mentally, you can't ever write that down, but you are mentally hand picking who the people you like, who are the people that you think fit into your culture, and are on brand. Cause, I think that is as much as the challenge as anything, but there is one thing about intelligence, and ability to do it, but there is also a thing about, do they represent you in the right way. If you could, they walk through the door, do you think that they look and feel and behave like a person that represent your business. And, I would emphasize that not any other way, is to look at all aspects of diversity there, its just who is on brand. Because, the one thing about being at Heritage historically was we invariably got the peak of the people, people would want to come and work for us, because of the quality of the company. Which, by definition, means the people you buy, invariably haven't got the people you wanted to pick in the first place. There is always going be some, but its amazing when you buy other companies, you do, you look at some people and you look at just the way they

behave, the way they dress, the way they interact, the way you engage with him, you think, you do not represent my brand. I have dealt with some people, I knew, its astonishingly bad. They will come into meeting with food down the shirt, and not think that that is a bad thing. And, its just the basics, but so, the motion you first have is, am I being bought? And as long as you are not, you would think, right, ok I got a chance, I am still ok, this is exciting, because this is a motion of you like to be on the winning side, there was all the noise around, we are now a 600 odd billion pound company, so how does that all come together, so it is an enormous powerhouse, there's all the messaging of the 2nd largest active manager in Europe, largest asset manager in the UK, and you say oh man, we are really going places. You know, we are a big company, but then you have the emotion of, this co-chief execs, how does that going to work. Who is really holding all the aces. And then you realized, actually, its not the merger that we thought it was being painted to be. And how does that all play through. And there's a lot of second guessing takes place.

I: S, what was your course of action. So when you saw the news, did you contact your supervisor, or did you reach out to people who works for you?

P: There's people who invariably you work with and work for, who were texting you. Again, the news broke fairly late at night, so you come in on a Monday, and there's just, you walk in into the office and there was just noise. And then, you, there was an announcement comes out, invariably the starting position is, we can only deal in facts. And the starting position is, there is a proposed merger, announced to the stock market, this is the basic structure of the deal that has been announced, but because it is subject to share holder approval, and FCA approval, nothing else can be said. And there is an element of saying the less we tell you, the less trouble we can get into. And there after,

the message to the people is, is business as usual, we appreciate your professionalism, ignore the noise, just get on with it. And we will give you, maybe in week 2, you will get another batch of Q&As, saying there is a little bit of more information we can give, but that invariably gives you a time table, so its invariably things such as the first stage of working through the memorandum that will come up, will come through, and then when it goes to shareholders, and then when it goes to the FCA for approvals, and then those accords that have to be signed off at the end, and then they will tell you that the thing should be completed by Day X. But, you are very much, it always felt as if this is going on, but we can't tell you too much, not because we don't want to tell you, but the reality is we are so bound by regulations, in so many different realms.

I: So, how do you deal with people who work for you? They must be asking.

P: Yea, cause people like to speculate, people love to speculate, people love to try and second guess, people, you know, it becomes really unhelpful when you have got people reporting to you and just from experience, you just have to say to them, you know, we could sit today and we could come up with 15 different permutations of what will happen, none of us are accountable to that truth that we say, all that happens it we get ourselves invariably distracted, or upset, about potential outcome. And difficult as it is, we can only get on with the job we have got to do in front of us. You know what I mean? People do actually feel unsettled by it, because people have the mortgages and children at private school or whatever, but you do just have get your head down and just say something you just need to get on with.

I: So, were you guided along the way by HR, do did they give you guidelines?

P: Invariably, you get Q&A in your intranet. So a Q&A document will come out. On the intranet, they will have a site saying, that says, we are talking about this corporate entity, acquisition, and they give you an update on an ongoing basis, so when Q&As are updated, or when, maybe gradually over time, what happens is the people who are dealing, the deal at the top, gradually more and more get involved, and senior management get involved. And so, they may be some minutes of the meeting that have taken place which cover fairly blend things initially, it doesn't really get into the meaty stuff until you are much closer to the actual day of completion, where you start seeing right, if this is going ahead, this is how we think the sales people team would look like, this is what we operate, these are the position we agree. Because, ultimately, we have to tell the shareholders who is going to be in charge, what the internal committee is going to be, whatever. So, you start to see that coming through, and again that invariably invokes a further round of conversation, and debate, and gossiping, because people are then caught up in this whole process of trying to second guess what the future might look like.

I: So, I suppose there are few key events here/ The announcement on Cable, and then the completion towards the end. Were there any critical events, any communicational events that you thought were helpful or done really poorly?

P: Probably, the biggest communication that came out was probably about two thirds of the way through, and that was the time when we start to see the management committees and who is in place at various places. Invariably what happened was they tell you who's in, they don't necessary tell you who's out. And you are left to work that out. So we had, a great example was we had a global head of sales, and Alpha had a global head of sales, and the Alpha one came through. So we see that [name of Alpha

head of sales] was going to be the head of global sales and nothing is mentioned about Colin Clark. So you are left to sit there and just go, I wonder what is happening there. So there is no, you know, you don't know whether he's still in the building? You do not know if he is happy, you don't know where he is going, if there is a different role that they have put up for him, if he is going to be reporting to [name] or not. It's just left. When you are further away, that's ok, it's more speculative, and you are like, oh, that's a shame, but if you are working underneath him, suddenly it becomes very very disruptive, because you haven't yet joined together and whether you like the person or not, there is an assumption that he becomes, he's your sponsor, because he is on your side and it becomes really really unsettling because you are suddenly looking down the barrel of the future of uncertainty.

I: So what did you do? What was your course of action then? Did you try to find out more information?

P: I think, through people who have knowledge of the situation, you just try and say you know what, I was in a funny position. Cause the person that was coming in, was actually an old friend of mine. I naturally, I was, my natural view was, I was telling people, you know what, this is actually a really good outcome, because I have dealt with Alpha for all these years, they are actually, I feel more confident about a future with them than I do with us. Because, where I was at that point in time, we always had a slightly dismissive view of some of the people who are on here anyway. So you are able to paint it as, don't fear. You know what, the thing that grabs people's attention is surprise. So, even if I didn't believe it, I could sit in, if everybody said, 'Kenneth' is taking over sales, who's 'kenneth', we never had a 'kenneth', if I said, this is great, this guy is phenomenal, 'Doctor in HR', he's the one from a different view. And people,

it's a bit like, the psychology of people, where they love the element of surprise, they love, that's why I love to watch television advertising, its because its, its almost like this interruption to your daily routine, that's why they don't play the same adverts all over and over again, because you becomes a habit and become used to it. You need that shock factor, so people like that. And you read the book "creativity inc", so the book was written by a guy who owns Pixar, and he goes into details when Pixar merged with Disney and the psychology of what happened there. The people at Disney animation were massively fearful of being taken by an effectively a computer animation, where they are ground in proper pure animation, if you like, and given some of the experience of Pixar has been through themselves because of that, they have an uncertain future. The way they approach, by having town halls events and in front of the people at Disney animation and saying this is a dream come true for us, because we are not working with a true animation organization and actually, the people at Disney being bought or merged were suddenly thinking, thank goodness these people understand us. But it was the shock factor, of actually, the relief of the emotion I think. So that's why I think, when you look at things like that, it is important that you understand that, I get really really bored personally with the status quo, with the norm, and with people just naturally falling into the trap the world is full of doom and gloom, so, I am maybe not the best person from that perspective, to ask the question, I would always like to feel, maybe its not going to be bad, maybe its going to be good. Because, you don't know. We are never held to account, because at the end of the day, whether right or wrong, 3 months earlier, it is irrelevant, because you are constantly dealing on a daily basis, with new information.

I: Great. So, question 3, so I think you talked a little bit about this as well, communication has many different stakeholders, from, at your position, where you experienced the merger, who did you deal with, or who are these stakeholders whom you hear from and guide you on the communication?

P: So, predominantly, it will come from the chief-execs, but you know that its all written by the internal communication people, but it will come under the name of the chief-execs, because they are the people who are leading it. Then you will get..

I: From the Heritage side? From Alpha or collective?

P: Just from the Heritage side, because at this point in time the Alpha people can't talk to you. So until the deal is done, you have no contact from them at all.

I: I supposed its not standardized then?

P: So what the Alpha people hear is potentially very different to what the Heritage people hear. Or you will thought that there would be some sort of coordination and at least coordination with communication going out at the same day, so that you do not get into this, they have been told this, why have we not.

I: Were there such situations?

P: Not that I recall, so I think there was an alignment, so they would have, so the communication invariably came out under the name of the chief-execs, HR would occasionally come out with some of the, so the chief-execs would tend to do the big picture stuff, HR would tend to more come out with the I suppose, the dollar details, the more so, maybe the better way of putting it is, the chief-execs tend to be macro, HR tend to be micro. That probably a better way of putting it. Thereafter, you may

occasionally get individual business units, but that becomes too granular at that point, that tends to happen post merger.

I: So do you recall how was the communication? Was it satisfactory, or do you feel extremely annoyed, or you felt more could be done?

P: I always thought it was standard, it was straight, it was lacking in emotion, but that was probably a good thing, so it was never out and out too much as much as this was phenomenal, it was always one after the initial announcement had happened, everything, it was just very much dealing in facts. Now, on our intranet, there is a five-star, so people can vote, do you think this communication is good or bad, and everything about the deal invariably was getting 1 or 2 stars, and that was because people were feeling really uncomfortable by change. And people were feeling really uncomfortable about why are we getting into bed with this other people, particularly as more and more information came about structure of the business in the future, there was a bigger push back saying you sold us down the river, we were big, we were huge, we had power, and you have merged with this company, and not only have you merged with them, you actually let them now run us. So, that, you know, now, the communication has never dealt with that, the communication was just, this is what is happening, and that's why invariably, there was always a wee bit of tensions from people.

I: Was that good? Was that the way it should be?

P: I personally think that it is the only way you can do it. I think that you, people I think nowadays are more suspicious of spin. We are all intelligent people, and we are all working for the company for a reason. And I think if somebody tries to patronize

you with their own views, which ultimately is their own view, particularly if you have never agreed with the deal in the first place. You see through it and it is even more suspicious to the motives. So you can only deal with a straight back, I think you can only deal in facts.

I: But, getting 1 star for giving facts? Being emotionless.

P: See, I think that people are doing it, because they are really unhappy anyway. I don't think people are giving 1 or 2 stars because they don't like the communication, I think what they are really saying is, it is the easiest way, because they can hide behind it, it's the easy way of saying, we hate you for what you have done. I think it's the anger coming out, because, sometimes, people would be saying, Heritage house the old building we used to be in, every Tuesday they used to serve Mexican food, and it became synonymous with Mexican Tuesday, and people used to it. People said we cannot ever give up Mexican Tuesday, you know people get hung up in silly things, lanyards, recently, they said we want everybody to wear these new lanyards, there was an uproar. Because people felt really really, saying you are taking away our right to have our own lanyard, so people had their own lanyards, some of the old Heritage ones. And they ended up saying, you know what, its not that important to us, we just thought you might want to be part of that new identity. But, people are like argh, everything you do, you are trying to change, you are trying to impose your will on us, and that, so that became, people just naturally. I think you just have to accept that you are always going to have people who disagree, and the people who disagree, will invariably have a louder voice than the people who agree. They may not be bigger in numbers, but they will have a louder voice. And I think you just have to accept that.

I: Lets go to question number 4. There must be some sort of tensions, in terms of what you can say and what you cannot, and the different people telling you different things to say, during the merger process, do you feel any of these tensions when you talk to your superiors or the people who work for you?

P: I think the tension comes from, its around communication, the tension comes when you are having a meeting, again, they type of business we are, we have people all working in different locations, and the people who are at the center, invariably have a different of the world than people who are remote. So you have a lot of people who are home based, for example, so a lot of sales people, so the guy who works in a little office down Southampton or in his own bed room, has a completely different context and perspective to the people who work with 3 thousand people around them. And its incredible sometimes how people's interpretation of events differs, and how particularly when you got that isolationism, so, there is a lot of people who feel very very isolated, that, so they come in with a different view and perspective, now when you bring everybody together, and you are in a room, sometimes I think the management, if it is a closed room, the management should just let the debate happen. Because as much as anything, the debate doesn't have an outcome, but you have to let people air their views, and people is quite cathartic, people needs to get it off their chest. And I think the managers really need to just let that happen. Invariably what happens is, sometimes the management tries too much to impose their view and their will, whether or not they have any more knowledge than anyone else. So I think there has to be the managers role in that, has to let it play out. But then at the end, I think they have to bring them back to say, ok, we have all shared our views, the one thing we can guarantee is we don't know any of us is right or wrong, and we just have to

accept it. And at the end of the day, everyone has a choice, there are no locks on the doors. And if you are uncomfortable with it, you may want to find your happiness elsewhere. Now, for a manager to say that, it is really difficult as well in the HR world, because if I was to say to you, Kenneth, maybe time to find your happiness elsewhere, first thing you say is, that's virtually constructive dismissal and now I am going to take you to court. Because you as a manager has a responsibility to support me, bla bla bla... where actually maybe you are just not good and we know that. It is a really tricky thing.

I: Do you do it gently then? Do you hint?

P: I think, you have to do it in the spirit of consolidatory tone, you know, there has to be a none of are, but you say it in a generic way, there is a thing about accept what you can't change, change what you can accept. And its abit about, guys this is whether we like it or not, we can debate till the end of the earth, this is happening. And we have a choice as to whether we accept it. If we can accept it, we need to make decisions, because there is nothing the business will ever do. At the end of the day, the business is employing us to do a particular role, and it will decide for us. And it is entirely our best, and I think this is the skill of the manager then comes in that says if it is getting to a point where it is distracting you so much, maybe you need to look within yourself and see if this is worth it. And, don't it accept your performance.

I: Perhaps, we could just go on to the last question, are there any M&A related, communication topics or burning issues that you have, that you think we should talk about or we should surface, rather than just communication must be done this way, that is the typical things we hear.

P: I think this is a tricky one, but I got a lot of sympathy for people who are behind it. But there is a thing about, when they talk about business efficiencies, so when they say to the market, this is a fantastic deal for the shareholders, and we think that they will introduce 300 million pounds worth of efficiencies, I think they should be a little bit more honest about what that actually means. Now, people can work it out, but it becomes incredibly disruptive, so if, if you and I do the same role, and they are saying one of us is being kept on, actually its 2 people who are disrupted until that decision is made. Now you multiply that on a bigger scale, it becomes incredibly disruptive to the business, now I am not suggesting that there is an easy way around this, but there is perhaps clearer communication that can be made around what do you mean by business efficiencies. So when we bought, when Heritage bought a platform business, we said we can see some immediate efficiencies, what we actually meant was, we can use 1 bank account system, there is 1 trading system, we will not double up on the cost of various XYZ, so there is a very clear efficiencies there meant. There could be maybe a greater clarity on what do we mean by efficiencies, not only for the people who work here, but actually it is a very strong message to market that we can now introduce economies of scale without impact the service we provide. So, lets be a little bit clearer about what efficacy, if it means there is going to be a human aspect to that as well. Again, lets just be honest, when, unless employment law has changed, everybody who works here is an adult, so lets treat them as an adult. You know, lets all be very open and honest and just say, yep, obviously there are some parts of the business where we will have to look at, now, when you say there, where it gives comfort it when they say, naturally we will look for, it might be voluntary redundancies, or it might be that its just through natural turnover, that we manage to reduce it, or it might be that we don't

have as many consultants in the business, so there are comforting words that you can say, where there is a human impact, we will look to minimize the impact as much as we possibly can. We will look to redeploy as much as we can. So I think, there are aspects of communication but the whole thing about efficiencies, lets be open and honest about what that means. And I think that would reduce a huge amount of tensions, because, everything that comes back to is, what does it mean for me? Every individual will look at that. And we are all adults, and we just want to be treated that way, everybody hates the suspicion, everybody hates their future being in the hands of someone else. Not everybody has got the clarity of thinking to see, I am going to take control of the situation myself, I wont let you dictate me. Not everybody. And it might be that businesses should be thinking about do you get personal trainers to come, and everyone say to everybody, you know, at the end of the day, you are in control of your own destiny. Do not feel that, help everybody through the emotional cycle though this, so there is perhaps more that can be done there. So, there is a thing about I could sit down with you and if you are feeling uncertain, you probably resent me by virtue of the fact you know that whether, if I say to you, I haven't decided yet, you probably think, yea you have. And then, if you take that in a bigger scale, you know that somewhere, whether or not you think there is a plan somewhere, and you think that this conversation about the takeover has been around for months, and they probably have it all mapped out, and they know who is going to be where. And everybody hates, the fact that that has been, its out of their control and out of sight. I think that if people feel less secure about that aspect, its just the case of how can you, without giving away too much, how can you help people through it? And as I said, might be there is a process of helping people, from a psychological perspective to just come through it

and say, we know that you are going through change, give them resilience training, mental health wellbeing, its an important part. I think, as a human side, you are trying to make the business more human by listening to them. We know the turmoil you are going through, this is how we think you should deal with it. It doesn't make you a nasty person to think of yourself and it doesn't a bad person to say actually I am looking after my own destiny here, whatever you do, I can not control. I have now worked it through my head what is the worst case scenario is, and I am comfortable, I can still have a preference of what I want, but I can deal with all options with all outcomes. I don't think there is enough to help people through that from a resilience perspective.

I: We will end this interview here, thank you so much!

**Appendix 4: Interview Schedule for Paper Three (adapted from Paper Two)**

**COMMUNICATION STRATEGIES, MERGERS AND ACQUISITIONS**

**(M&A)**

**INTERVIEW SCHEDULE**

**Kenneth Lim, Tom Calvard and Ishbel McWha-Hermann**

**University of Edinburgh Business School**

Introduction: Could you tell me about your official job title and describe your job scopes in the company (where you experienced the M&A).

1. By way of background, and to the best of your memory, it would be helpful to know how many merger and acquisition (M&A) you have experienced and to hear about the deals you have been involved in and some of their general circumstances and contexts (e.g. sector, type of deal/relationship).

2. Could you walk us through the process of the communication strategy as the deal unfolded? (particularly the WHO, WHAT, WHY, WHEN, WHERE, and HOW aspects of the communication planning and processes?)

3. Was M&A the right solution for the two organizations? What do you consider the alternatives to be, at any given point in time when the deal was being considered?

4. How does the 'mood' or rationale for the deal affect the communication considerations?

5. Communication in M&A can involve many different stakeholders; who was involved in communication? (what were their roles, and how was the work divided up?)

6. Organizations need to communicate to many stakeholders (internally and externally) in M&A. Who are the key stakeholders that organizations communicate to in M&A?

7. M&A tend to affect the employees and it is obvious that support from the workforce is crucial to M&A's success. How do organizations help gain employees' support (through communication)?

8. M&A consultants often play an important role in the (pre- and post-) merger process. What are their roles in M&A and how do you think they influenced M&A's communication?

9. There are lots of 'obvious' or 'common sense' business communication tips (e.g. repetition of key messages, two-way, multiple channels) – but what do you think are perhaps the deeper challenges and opportunities of communication?

10. What, if anything, do you think needs to change about the M&A communication field to better adapt to the emerging landscape in your sector and industry?

11. What would your advice be an organization about to embark on a M&A journey in terms of how to plan a communication strategy?

12. Is there anything else we haven't discussed that you feel is important or relevant to M&A communication that you would like to highlight?

Conclusion: We would greatly appreciate you referring us to anyone else in your networks you think might be interested and able to talk to us about their own

perspectives on these issues – whether in HR, PR, law, consultancy, change management, project management, or just general integration leadership.

## **Appendix 5: Sample Interview Transcript (anonymized) of Paper Three**

I: As an introduction, could you tell me about your job title and describe the jobs scopes in the company where you experienced the M&A

P: ok, I am the *HR director 1*, so that includes, APJ ANZ and India, and we are a software company, so I take care of the full spectrum of HR, from recruitment to employee engagement, C&B and everything. As we are in the software industry, M&A is very common, so this year alone, we actually acquired 2 companies, 2 years ago we were, our company were on an acquisition spree for last 10 years, but in 2016, we were actually acquired, but the acquisition didn't really get through, the buyer after buying us has a lot of issues, the share price dove, so they put themselves on sale, and we were sold off, so now we are a privately owned company, but we are back on our own, and this year we have 2 acquisitions.

I: So throughout this process, how was the mood like for the people, were people concerned?

P: For every acquisition, it comes with a very big price to me, I think it really disrupt the business, the people. When we were acquired, because we are a software firm, so when we were acquired by a hardware company, the people were very unhappy, because when you get acquired, you want to be acquired by a big name, but we were not, so in the 2016 and leading to it, we have extremely high turnover, a lot of people started looking out, they felt uncertainty, they don't know what is the strategy, and especially when they put themselves up for sale, a lot of people were very distressed, and that is where I see the most turnover. Even for my staff, she was the first few who knew about the acquisition and she decided to look for another job, because in the back

office, most of the roles would be duplicated, because the company that bought us has everything here, they are very big, 12000 staff, and so the mindset of the people is that there may not be a role for me, or if there is a role for me, we are being acquired, we would be a stepchild, who would take care of us? So we were better off start looking out, it was very bad.

I: How about when you acquire another company, how do the employees feel?

P: When we acquire other companies, like the 2 we acquired, of course, the people on the ground, they were all very worried, it's the same, just the other way round now, because for them, they also know that the sales people, the back office, they also know that we are acquiring them, we already have all the set up, so are they jobs at stake? I think the first question that come to mind is, do I keep my job? And then secondly, will all my benefits be kept, and then will I have a prospect in the company anymore. So the key thing is to go there and communicate with them, embrace them, we always tell them that everything will remain unchanged, we will evaluate, but of course, the truth is anyone who has gone through acquisition knows that the truth is very harsh, there will be reorg, and a lot of people would lose their jobs, actually the 2 companies that we acquired, one of them has already more than 50% turnover, even less than 5 months now, a lot of them went to find jobs and they don't want to wait. Especially the younger, and has more aspirations, those who have less years in getting the redundancy package, they all decided to look out, and half of them were already gone.

I: So every time you do this acquisition, you would have such a turnover of people, how does the business function, do you rehire them all or how do you get over this disruption?

P: So, this year when we acquired 2 companies, they are quite different in a way, 1 is that we bought a business unit of a big company, but we want that business unit, so for this, when we bought them, we have a clause with the employees that we will keep everything the same for 1 year, we will function for as it is for 1 year. This scheme is more stable because if there is anyone who resigned, as we need this business unit, because of that, we give a lot of assurance, we don't restructure, we don't let go of people, we try to keep them, but the other company that we acquired, it's a competition, we buy to kill the competition, so in that case, it is very brutal, in the sense that when we acquire them, we already have instructions to at least cut half of the people, so when we acquired, even though we go there and talk to them, at the same time, before we gave them new offer letters, we are already letting go of people. Unfortunately, it all depends on what is the strategy you are making for the acquisition. If you want to keep the business, then you must treat this business very differently, you must make sure that the people are happy, and are assured that you are buying for a reason. So they know it, at least for this one year, I think, they may still look out, but at least there is a bit more loyalty in that sense, and a bit more assurance, but for the other company, which is the competition, I think they also knew that what is on the table, it's a duplication of a solution that we have. So, we have to let go, in the first round, we let go of some of the sales people, because we are not going to expand that business for now, because there are some projects that are running, we still keep some of them to finish the project, but these people know, once the big project is over what is in stall for me? Because you are not selling our solutions anymore. That is also why we see them leaving, resigning and finding other jobs. Its very disruptive, either ways it is

very disruptive. In M&A, the implementation team must have very clear strategy, what they want to do, and to execute it properly.

I: Talking about these strategies, who actually decided all these strategies, what is your involvement as HR in this process?

P: Typically, the decision is made in HQ, so of course, the CEO, and someone who is actually in charge of M&A, he will form a team, he will have people in various department, its like facilities, because you are talking office location, they talk about HR, because it involves people, of course also the business units, so they will form at the high level this team, an acquisition team, this team will come up with strategies, when is the execution, who would go, and what would the business do after that, and then the rebranding, the messaging, so at the top level, they have that. Then depending on the region, for e.g., for this 2 acquisitions, there are 4 countries that are in my region, so then once the strategy is set up, then they will involve me, in HR we are one of the first few to get into place, because we need to know for e.g., who are the people in those countries if we want to execute, if we want to let go of people, so instance if we need to cut 50%, what is the cost to the company, unless they know all these, they cannot actually make a very firm execution and decision. So at the ground level, they would let us know, after the due diligence, from all these companies, they have all the data, then they will come to me and ask what is the potential costs, what is the time line to execute, for e.g. in Australia, you need to give consultation sessions at least 1 month before, then you have to work out what is the redundancy package and all that. We have to give an estimate of the potential costs. I also have to look at the entity, can they be absorbed into our existing entity or do we have to set up a new one. Setting up

a new one will mean it takes a long time, like in HK, when we acquire people, we do actually have some entity issues, but we get that resolved.

I: Talking about all this due diligence, and costing for the new people to integrate them, do you work with consultants to try to find out what is the best organizational structure after the merger.

P: Well, we work with consultants in terms of the execution. Usually, we have Deloitte, so far out of the 2 acquisition this year, we use them, they engage legal people, to help us, basically to look into whether we fringe any employment rules, whether there is any particular things that we have to look, lets say in Europe, they have to go through work unions etc.. so legal would definitely come in and help us with it, for some, they would draft the offer letter, they will look into certain clause inside the letter to protect the company. For the first deal which we bought the business unit, we have very comprehensive legal help, for the other one where we bought over the whole company, we actually had the experience, and we went in on our own, we didn't use consultants for it. Also because, when you buy a company, it is much more clear cut.

I: So now going forward, if it is like acquisition, you won't use consultants?

P: If it involves a carve out, say parts of a company, I think you still need consultants, they come in like a mediator, they stand in between in case of issues, they will step in, they give a level playing field for everybody to discuss. Whereas if you buy a company, then if you have the experience, you can do it on your own, and you don't need consultants.

I: So how do you identify all these redundancies, you must go through some sort of matching process, like what kind of positions do they fit into your organization, how do you do that.

P: At the business unit, once we have the name list and the department and the functions, it will be given to all the various business units, and they will have to evaluate. If I have 5 sales people, they will go to the sales head, and say we are going to kill this business, do you still need any one in the existing business. The manager may evaluate and may keep them in the short term in case they have to service any existing customers. The manager will also look into which countries to keep the people and he has to take into account the existing pipelines, he would have all that information, so he would have to determine. In HR, we do have headcount from acquired companies, so I also have to evaluate the skills, so this company that we acquired, there is a HR person, I approached her as I wanted to hire a talent acquisition person and learn about her skill sets, but it didn't match, and for that reason we have to let her go. Managers are given the name list and functions, even after the acquisition, the first 1 month we allow them to talk to their staff and decide. The headcount is always given, that you must cut how many and maintain, but you can play around and determine who is the best that you should retain.

I: Ok, so now talk little bit about post-merger, so the communication process is quite important to keep employees in the loop for these things, so how do you try to keep employees engaged throughout this process.

P: When an acquisition is announced, there will always be a close date, so before the close date, generally from the HR side, we will be the first to engage the people, I will

usually make a visit to those companies, and present what is the [company], and then tell them when I have more news, we will share again. But we always give them the assurance, the reason of buying, of course when we want to kill the competition, we won't tell them exactly that, we will just say that, there are some synergies that we are looking at, please hang on until more information, so when the date is made known, the final date of sale, say 1<sup>st</sup> April, in April, I will start visiting the offices more often, in Australia you have to gather the people officially, and then you have to tell them this is a consultation session, the company has acquired your company and this is our plan. Within the 1 month, we have to give them the new offer letters, what our company has, and then present it and share with them the benefits. We also have to give them the letter and allow them to think about it for 2 weeks, before they sign it off. Throughout the period of time, if possible, I will bring the managers from our end to visit them, and then to have them start talking to the people. Sometimes, the first 2 rounds will be conducted by HR, subsequently, I will start to bring in other stakeholders, like the management teams, sales, directors to the group and give a small presentation, to give them some kind of assurance and knowledge of what we are and what we want to do.

I: So these presentations are for all staff?

P: All staff. I will do 2 rounds for all staffs, then if the management team is also to all staff. Once they know the group, they can continue on their own, we will encourage the line managers to engage with the people, see what they do or invite them over to our office. After the general introduction, it will be by teams.

I: Do you tell them what to say or do they just disseminate information?

P: Usually, the first few rounds, we have a single message, from what the group tells us, like we want to buy this company because there are solutions we want, or we can tap on each other, we want to expand what the company can offer, of course, I have to say not everything is the truth. We have to give the confidence to the people, at least for the first few months, and then we start evaluating who we should really keep, or who we should let go.

I: You cannot be totally transparent, how do you decide what to tell them?

P: We only tell them very general strategies, like we want to increase the customer base, but we do not tell them that we will sell this solution anymore, because if they know, they will be very scared, we will not say that. We will tell them that we will still service existing customers, but the key thing is we want to expand the customer base, and we can introduce our company's solutions. Its generic and we don't dive down to the truth of the acquisition, but you also want to give them assurance that there must be a reason for buying them. Of course, some people know, those who have gone through acquisitions, they know what is on the table, and that is why a lot of people will go, at least 20-50% will go.

I: So would people what to say, does the integration team tell you what you can or cannot say?

P: Actually, the consultants does not teach us on what to say or not. If you want to send a group email, they will help us to draft it. For the first acquisition, the consultants did help us draft emails to send out to the staff, saying when we will have the communication, when we will talk to you, when we should engage them in terms of

offer letters etc.. they actually do tell us that. We have done it many rounds now, we are now familiar, its kind of a timeline that they set for us.

I: A bit more about communication, clearly there is no best way to do it. What do you think were your challenges when you try to communicate with employees?

P: I guess they are all very anxious, those who need a job will always be thinking if my job is safe. So even when we tell them genuine reasons, they will still think that you will restructure and you will get rid of me. There are people who know this. Generally, if you can keep the leader of those companies that you acquired, it helps a lot. Once you let go of the leader, chances are, the team will become more scattered, more worried, and then they will be more keen to find other jobs. So, keeping the managers is very important. Like the first acquisition, we kept all the managers, even till the HQ, and it helps a lot, this group has much less turnover, but the other acquisition, as we are killing the competition and we let go of the leaders, because we don't intend to sell the solutions anymore, and I think it has a very big impact on the people, they become very worried. We do visit them every few weeks, but I am still sure that many of them are on the lookout. People don't like changes, people don't like to be acquired.

I: Now you have the hindsight, would you have done things differently in terms of HR and communication?

P: I don't think so. I always feel that the business units don't do a very good job, I think their decisions are slow, and they have their business to run, so they don't spend so much time to look at the acquired companies and people. So they take their time but there is always pressure from the implementation team that in 3 months time, you

have to cut half the head count, so a lot of time, by the time they realized that this person is much better than the other, it is already too late, we have already let the person go. The people felt hurt and want to take the redundancy package. So I think, I don't know how best it can be done, maybe on the regional level, maybe more collaboration and more time and effort to look into it, to take an acquisition seriously, it may help. To the business units, it's the company decision, and I have my own business to run, I have revenue to chase, I do not have the time to do these. A lot of these are left unmanaged, some times I feel that we are like nannies, and have to take care of this for them. It is not the best outcome, I feel that a lot of acquisition in terms of taking care of the people it can be done better. It is just that who has the time to do it. People felt that more communication with the managers and with HR would help and they would not go out to look for jobs so quickly.

I: So how about HR business partners on the ground, do they try to make people feel better and try to integrate them.

P: We do, I always introduce my team to the acquired companies, like in India, I tell my HR manager that you have to go on site and meet the HR rep there, and the business leaders, spend at least 2 days and then walk through with them, if there are high risks people that are leaving that is important and let us know, we will see what we can do, maybe even retention bonus for them. We try to do as much as possible to keep the people who are critical for the integration. We also try to bring company items when we visit to make them feel loved, and to show that we do care for them, and tell them that there are things that are beyond our control, but we do care for you. Whatever questions they have, even if I am very busy I will answer, if there are things that they are not happy like benefits, we will try our best to provide for them. If there are things

that are not the standard, we will provide for a year, but after that we will have to review again, by then there will be no guarantee. At least you keep them happy for this period, stabilize them, until you get them integrated into our company, then maybe they will say the company is not so bad after all, this is a small thing, maybe I will still stay on.

I: A bit more about culture then. Whose culture will emerge?

P: It is always the acquirer. Usually when we acquire a company, they are much smaller. So 1 group we have already moved them to our office, but it makes sense to move them over so they know us better and they can embrace what we are doing. The 2<sup>nd</sup> group we will try to find space and bring them in. It has to be integrated because if not, in separate offices, it will not work. They will feel very deserted or abandoned. So we need to bring them into our culture. We try to organize events for everyone, I think it helps them open up and have fun together.

I: Final question, anything else?

P: Actually, I think M&A it is about at the top level who want to cash out and make money. It is very painful and hurtful to people. I see it that way. A lot of times, usually the top level, SVP and the execs management team, they get good money out of it, but can you imagine the whole group, thousands of people who are at the mercy of a new company, not knowing the future, and them being degraded. A lot of integrations are never done with full intentions of keeping people or building people, so that is why I say it is a very brutal kind of business transactions. People are affected and some people love the company and their jobs, but they are like given no choice. I always find it very sad, every acquisition I find it a very sad event.