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What did you say?
- A study of communication with links to anxiety during a merger.

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Titel   Vad sa du? - En studie av kommunikation med länkar till oro under en fusion.
Title

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Sammanfattning
Abstract
Denna uppsats avser att undersöka ämnet kommunikation och dess länkar till oro. Den använda metoden är intervjuer i samband med en grounded theory ansats. Vi fann att det är ett antal olika typer av missförstånd som kan uppkomma mellan ledningen och de anställda, vilka även leder till att den upplevda oron hos de anställda stiger. Viktiga aspekter för ledningen att tänka på är att använda flera kommunikationskanaler och att välja kanal beroende på meddelandets innehåll. Det är också nödvändigt för ledningen att förmedla information på de anställdas kunskapsnivå och att tänka på vad de anställda kan förväntas vara intresserade av. Att skapa en positiv attityd och att undvika tvetydiga meddelanden kan också förbättra kommunikationen och minska den upplevda oron.

Nyckelord
Keyword
Bo Hellgren, fusioner, kommunikation, kommunikationskanaler, missförstånd, oro, tvetydighet

| **Titel** | What did you say? - A study of communication with links to anxiety during a merger. |
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Sammanfattning
Abstract
This thesis aims to explore the area of communication and its links to anxiety. The methods used are interviews in conjunction with a grounded theory approach. We found that there are several different types of misunderstandings that can occur between management and employees, which also cause the level of anxiety felt among the employees to rise. Important aspects to consider for management seem to be to use several communication channels and choose the appropriate channel depending on the content of the message. It is also necessary for management to convey information on the same knowledge level as the employees and to take the interests of the employees into account when deciding what information to give them. To create a positive attitude and to avoid ambiguous messages will also improve communication and lessen the anxiety felt.

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Part I

"It is not such a big effort to do a thing, but it requires a lot to decide what one should do."

(Hubbard, writers translation)

1.   Background

The topics of mergers and acquisitions have been widely studied and the same is true for the topic of communication. However these topics have not commonly been studied in the same context. This thesis will attempt to join the two topics together and also to explore if the concept of anxiety is linked to communication.

Mergers and acquisitions are common in the business world. The occurrence of mergers usually varies with the business cycle in that there is more merger activity when business is good (Encyclopædia Britannica Online, 2002-02-03). A merger or an acquisition is usually conducted to create greater value for the companies' stakeholders through various measures. Five of the most common motives for mergers are increased profitability or efficiency, increased strength on the market by eliminating a competitor, economies of scale, risk diffusion by diversification or to buy management (Ingham et al, 1992, p. 196f). However, mergers do not always succeed in achieving this greater value. Most researchers seem to agree that in general the failure rates of mergers are high. Cartwright & Cooper (1995, p. 33) for instance, found that the failure rate varies from 50-77 percent and Hogan & Overmyer-Day (1994, p. 247) conclude that the performance of 90 percent of the mergers and acquisitions firms falls below expectations. As seen above, the rate of success or failure differs greatly from study to study.

There may of course be more than one explanation for the differing failure rates. One reason may be that the high failure rates are not completely accurate, for example the amount of time that has passed between the merger and measurement may influence the accuracy. Sometimes the positive effects will not be seen until a number of years have passed and hence will seem like a merger failure if measured after only a couple of months. Another example would be if financial measures had been used to assess a merger but where other factors were the reason behind this action. The financial measures might stay at the same level but the merger was still a success because the company initiating the merger managed to acquire the knowledge or the personnel they sought to obtain. Furthermore, it is possible that a merger deemed unsuccessful actually is more successful than the two companies would have been separately. Of course there is no way of knowing for sure since it is not possible to make controlled experiments with companies.

Naturally there are a lot of different problems that can occur during a merger that would explain why mergers fail or succeed. These could be for instance

financial, technical or changes in environment. There seems to be agreement among researchers that one of the bigger problems in a merger process tends to be the integration of people. As a result of this, employees will be the focus of this thesis. Mergers are actually seen as highly destabilising events for the employees (Cartwright & Cooper, 1995, p. 34). Since two companies are joined it seems inevitable not to have to slim the new organisation through reducing the number of employees, which not surprisingly can cause distress among the employees.

Although mergers and acquisitions usually happens to employees, this aspect has received relatively little attention compared to other parts of the merger and acquisition process, and has sometimes been labelled the "forgotten or hidden factor" in merger success (Cartwright & Cooper, 1996, p. 2; Appelbaum et al, 2000, p. 650; Balmer & Dinnie, 1999, p.182). Specifically, the guiding and supporting of personnel is poor (Bennett & Durkin, 2000, p. 129). This guidance and support should probably be done through communication to a large extent. This assumption is based on our notion that communication is very important to human beings. Communication is also essential for any organisation to function. Rogers & Agarwala-Rogers (1976, p. 7) say that if it were possible to remove communication from an organisation there would not be an organisation. We consider the same to be true about the employees; without employees there would be no organisation either. It would be difficult for the employees to reach the organisational goals or even know what tasks to perform if no communication existed. Neither would there be much done in an organisation without people being there to perform work related actions or supervise the machine processes.

Mergers can affect communication in a company in various ways. Frommer (2001, p. 69) has listed a number of these including failure to understand what is happening to oneself and the rest of the organisation, decreased communication, stereotyping of the 'other side' and an 'us-them division'. If communication fails, which is a common finding in research on this topic, it is believed to lead to negative consequences such as a higher level of anxiety. Anxiety in its turn may lead to, for example, loss of productivity. It has been found that the average employee is productive 5.7 hours in an eight-hour working day during normal circumstances. If for any reason a change of control takes place, the amount of time the employee is productive will fall to less than an hour (Carey, 2001, p. 17). The studies we have found that actually discuss the topics of communication and employees find that anxiety among the employees is common and as a solution many seem to advocate the use of open, honest and immediate communication (Appelbaum et al, 2000, p. 651; Buono & Bowditch, 1989 p. 199; Hogan & Overmyer-Day,

1994, p. 261), and are content to stop there. However, will communication affect how employees experience changes like a merger? Can communication issues during a merger be resolved more satisfactorily? Is there a link between communication and anxiety during a merger process?

1.1 Discussion of problems

Organisations consist of individuals. Therefore it is of importance for the company to take care of its employees to assure future value and ultimately long-term survival. If the human resources in the company are not content during a merger it may create problems on several levels in the organisation. One problem that may occur is hostile feelings between employees from the different merging companies (Kleppestø, 1993, p. 169), which may lead to the new firm experiencing problems in productivity and customer service. Another example is when the employees feel anxious. This anxiety among the employees may also lead to a fall in productivity and possibly lead to negative economic consequences for the company (Schweiger & Denisi, 1991, p. 132).

Some researchers say that communication can lessen the level of anxiety. This might be the case because communication can help employees do their jobs according to what is expected of them, which should help them cope with stressful situations like mergers. We believe communication plays a crucial role in an organisation, or indeed in any society, but particularly during a merger process. Our stance as we started working on this thesis was that communication is one of several factors affecting how a merger will turn out, or stated in another way, inadequate communication could counteract the integration process during a merger. Although communication is not the only possible explanation for the problems during a merger process it may be one factor. The relevance for this topic can be found in this sentence by Watzlawick et al. (1967, p. 49):

"You cannot not communicate without communicating"

The interpretation of this is that even if you say nothing you will have communicated something and this can be important in a merger process. Even if management does not communicate with the employees the employees may interpret a message. Hence communication should be straightforward. Be clear, give enough information and give the information swiftly. All you need to do is communicate the information you have and then the employees should be satisfied. However, at a closer look it may *not* be as uncomplicated. The employees and management may have different expectations and views

of how the communication should be conducted. Communication can also be made more complicated if management communicates on a more abstract level than the employees would want. This could lead to problems since the message is communicated but the receiver does not perceive the message in the same way as the sender intended it, or even may not perceive it at all due to misunderstandings, and the result might be different from the aim of the sender. The message received can be affected by a number of aspects, for example the time elapsed before the required information is given, the nature of the message or the need for information. In certain cases the misunderstanding may be minor or can be resolved instantly but in other cases a simple misunderstanding can create immense consequences.

In other words, communication is a differentiated concept; just as easily as it lessened anxiety it should also be able to increase the level of anxiety due to misunderstandings between sender and receiver. It seems as if these two topics are related and it is this we want to study in our thesis. Since communication, as established before, is more or less necessary, and anxiety most likely will be present in any kind of organisational change, we find that this thesis will have a general interest for managers considering a change programme. Therefore this thesis make a claim on contributing to how management should communicate, during a larger change like a merger, to keep the employees comfortable and thereby possibly contribute to the future success of the company.

1.1.1 Research questions

The discussion above has led us to some questions to which we feel it is important to seek answers in order to understand communication and its links with anxiety.

- How can the form of the communication result in misunderstandings between management and employees?
- What aspects of communication may have led to anxiety among the employees in our studied companies?

1.2 Purpose

The purpose of this thesis is to describe how the internal communication from management was perceived and experienced by the employees. This will be done by looking at arisen misunderstandings in the chosen companies. Furthermore, we wish to investigate if a link exists between communication

and anxiety by describing how the communicational aspects studied affected the employees in terms of anxiety during the merger process.

1.3 Definition of some concepts

There are some concepts used in this thesis that need to be defined before we proceed to investigate our research subject further.

1.3.1 Mergers versus acquisitions

According to Carlton & Perloff (1994, p. 15) a merger is a transaction in which the assets of one or more firms are combined in a new firm. This definition concurs with the definition found in the Swedish law:

"A joint-stock limited company's total assets and debts can be taken over by another joint-stock limited company for remuneration to the stockholders in the transferring company in the form of stocks in the dominating company at which the transferring company is dissolved without liquidation. [...]
   1. Between the dominating company on one hand and one or several transferring companies on the other (absorption).
   2. Between two or several transferring companies through establishing a new, dominating company (combination)"

(14:1 Aktiebolagslag (1975:1385) in Lindblom & Nordback, 1999, writers translation.)

The first could be considered to be an acquisition, as determined by the definition found in Prismas Engelska Ordbok of acquisitions as a gain of something. The second would instead be a merger since the dictionary definition is the joining or blending together of something. We therefore believe that mergers are different from acquisitions. The difference between a merger and an acquisition can, according to Buono & Bowditch (1989, p. 61), be described in three dimensions; the strategic purposes underlying the decision, whether it is a friendly or hostile consolidation and the degree of integration between the firms. All of these factors can and will have an effect on the employees and how they react to the integration effort. A hostile takeover, for example, is more likely to cause distress among the employees.

The reason for not choosing acquisitions is that we believe that the dominating company, in an acquisition, has more negotiation power than the transferring company and hence can force their organisational culture and

formal processes onto the other company. In mergers the negotiation power may be unequal but the intention is that the companies will be able to make joint decisions for the future. Therefore a merger and an acquisition will probably have different impacts on the organisation. This difference in negotiation power will lead to differences in communication in that mergers would require the companies to communicate, whereas acquisitions more likely mean informing the transferring company of new routines et cetera (see 1.3.2 for definitions). Technically and legally one company will always have to buy the other company, but we separate mergers and acquisitions by the intent of the action.

There are three major types of mergers, vertical, horizontal and conglomerate (Carlton & Perloff, 1994, p.15). Vertical mergers are mergers between a company and its suppliers/customers. Conglomerate mergers are mergers where unrelated business combine. This thesis will focus on horizontal mergers, which are mergers between competing companies that usually supply a similar range of products or services. Buono & Bowditch (1989, p. 63) discuss two other types, which can be considered subgroups to horizontal mergers, market extension and product extension. Market extension refers to companies in the same industry merging to access new geographical markets, while product extension refers to a merger with the purpose to broaden the product range. One reason for our choice is that the horizontal type of merger dominates the current wave of merger activity (Cartwright & Cooper, 1996, p. 4), but our major reason is that we expect to find bigger effects on the organisation when the horizontal type of merger occurs. We believe that the integration process should be more substantial when two companies are doing essentially the same thing, which is also what Cartwright & Cooper (1996, p. 4) have found. They say that in this type of merger the integration of some or all of the human resources is required and that success will depend to a great extent on human synergy. In vertical and conglomerate mergers the two companies merging have different tasks, which allows them to function more independently even after the merger.

For the purpose of this thesis we have chosen to define the merger process as starting with the day the merger was made official to all employees. We have chosen to view the merger process as finished when the companies themselves have stated that the integration is finished. This choice can be discussed as some claim the integration still goes on up to five years after the actual merger (Kleppestø, 1993, p 72). Since we study communication during the integration we feel it would be pointless for us to continue doing research past the finishing date of the companies, as communication about the integration cease as the integration process is deemed completed.

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1.3.2 Communication versus information

These two concepts, communication and information, are commonly referred to interchangeably, which is incorrect (Palm & Windahl, 1989, p. 13f). *Information* should be generally referred to when the contents of the communication process is discussed. Information is a more one-way concept that to a higher degree expresses control and influence. *Communication* should instead be referred to as the exchange of messages. This describes communication as more mutual or more "democratic" since all parties can express their opinions. Communication means sharing of information, which implies that one person is not doing something to another but that two or more people are involved (Rogers & Agarwala-Rogers, 1976, p. 18). Communication is an ongoing exchange of messages between two or more individuals. Instead of seeing communication as a matter of action and reaction, an individual engages in communication and becomes part of a communication system. However, communication can be more persuasive than information if the feeling of participation is falsely given to the listeners and communication still takes place on the senders' terms. This is not to be confused with information as the individuals still have a dialogue, although the sender is able to manipulate the listener into giving the desired reactions. The reason why it would be more persuasive is probably due to the listeners' feelings that what has been communicated and decided upon was to some degree the listeners' own thoughts and ideas.

1.4   Outline

In part one we have already described our background, purpose and some definitions to help the reader. Next we will give our view of research, knowledge and humans as well as describe our method for this research process.

In part two we will present the two companies which we chose to investigate along with a description of the merger process and the communication from central management for each of the companies.

In part three we have chosen to have seven chapters. We start with a short introduction in chapter 5 and continue with three chapters of our core category communication. Thereafter we discuss our next core category anxiety in chapter 9. In these chapters we analyse our empirical findings as well as compare those findings with existing theories. This approach is chosen as a consequence of our research method. Finally, in chapters 10 and 11, we conclude our findings, give some advice for future research and let our

respondents tell us what they would want communication to be like in the next merger. Figure 1 will describe the outline of this thesis.
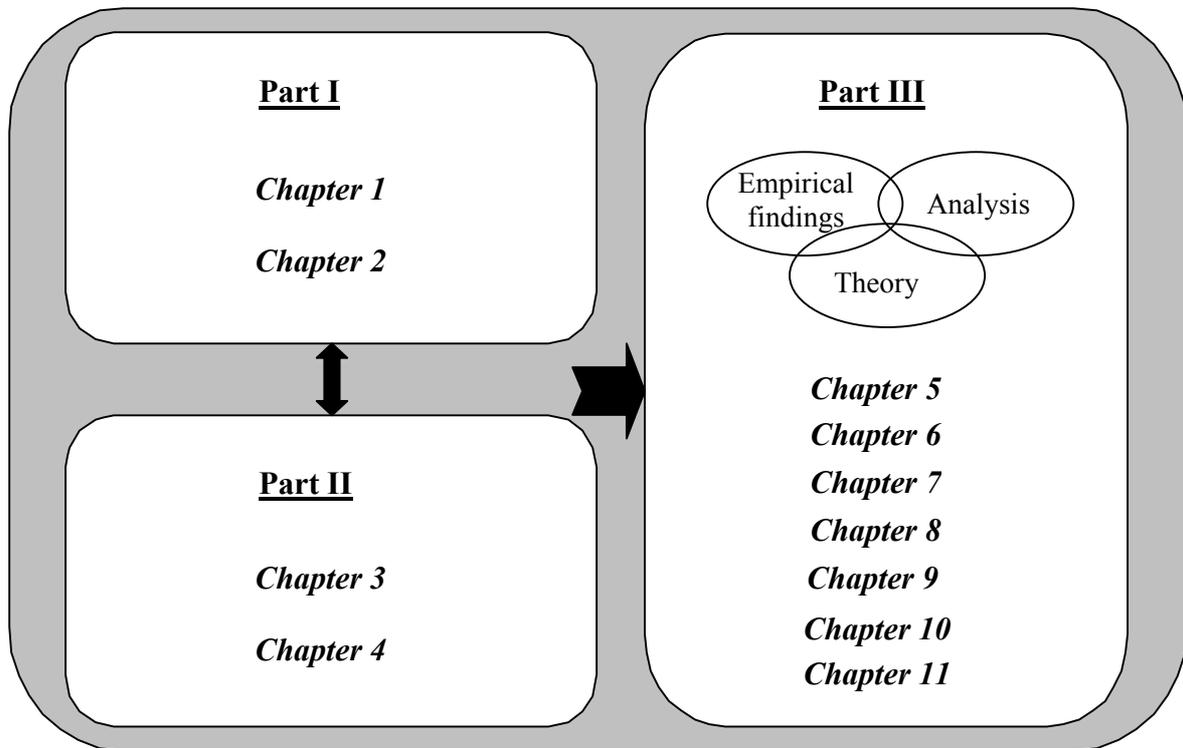
Figure 1: *Outline.*

2. Philosophy of Science and Method

This chapter will discuss the philosophy of science applied in this thesis, as well as the approach used. We will start with our perspectives on humans, reality and knowledge. Then follows a thorough explanation of the chosen research method.

2.1 Perspectives on reality

A person collects information during his/her entire life, in the form of knowledge, values or experiences, and this information is most likely different from one individual to another. This individual frame of reference contains assumptions about reality and is formed for instance through upbringing, experiences and education, and it will distinguish what the person sees, thinks and how (s)he acts (Kleppestø, 1993, p. 56). A natural conclusion to draw from this line of argument is that the frame of reference will affect how reality is viewed and experienced.

We believe that people can construct reality socially. One person's views and values will not lead to the creation of a fact, but people's shared understandings of certain views or institutions will lead to these facts becoming intrinsic and the reality people live in has been constructed through these facts (Searle, 1999, p. 15f). Terms like money or marriage, for instance, have a meaning and exist only because we think they exist. They would probably not have much meaning, or convey a certain kind of behaviour, to an alien life force or a dog for instance. Since language needs to exist before any other view or institution can exist and in itself is a social construct (Searle, 1999, p. 73f), from our viewpoint it should simplistically be possible to argue that reality itself and not only certain views or institutions are social constructs. However, Searle (1999, p. 41f) does not agree with this argument. Instead he wants to divide reality into socially constructed facts and raw facts. He stipulates that raw facts would exist even without the shared understanding of humans, for instance the raw fact that there is a certain distance between the sun and the earth. Whether the belief is that reality is socially constructed or not, it is still possible to draw the conclusion that facts that do not exist without shared understanding among people are socially constructed. Organisations and business processes such as mergers are by this definition socially constructed and therefore we will choose this assumption as the starting point of this thesis.

2.1.1 Knowledge

It is vital for the reader to know the standpoint of the writer since this may affect the way information is interpreted and ultimately how knowledge is created. Numerous definitions of the term knowledge can be found and different researchers have views on how the term should be defined. Scientific knowledge can be acquired by means of various tools described under the label method. A scientific way of approaching knowledge is through empirical verification (Herzog, 1996 p. 3). As the word empirical implies this means searching to prove something based on direct observation or experience. By doing this the researcher will have support for taking a particular standpoint but also more importantly a valid reason for drawing a particular conclusion. By building the research on empirical studies the researcher can determine if a proposition is true and knowledge can be created. How knowledge is created and defined will have an impact on the research process to create credibility as well as to give an overall direction to the research. This discussion of knowledge leads us further to the matter of how theories can be established in science.

Two major approaches can be found in the philosophy of science, positivism and hermeneutic (Andersen, 1994, p. 187). Positivism focuses on empirical experiments to test theories, with an aim to establish general laws. The hermeneutic approach focuses on the interpretation of human phenomena. This approach tries to study, interpret and understand human existence, partly through language and the way language is interpreted. According to this approach the language chosen will affect how we interpret reality, even in cases where the facts are equal and undisputed, different researchers may interpret the situation differently. A researcher with the hermeneutic approach will advance towards the research object subjectively and on the basis of his/her own perspective, with this personal perspective as an asset in the interpretation (Patel & Davidson, 1994, p. 26). The study is often qualitative and is aimed at getting a complete picture of the research object. The researcher does not usually seek to explain the phenomenon but to understand it through interpretation.

In this thesis the chosen approach is the hermeneutic approach, based on our belief that people cannot be studied entirely objectively. At some stage during the study of human behaviour a subjective component may occur and this must be taken into account by the researcher. By choosing the hermeneutic approach it is even more important to clearly define the views and method of the researcher. In the following we will describe the method used in this thesis.

2.2 Method

The collection of information for this thesis has been done with the purpose of achieving a description of the chosen problem area. This method is usually called the qualitative approach to research (Patel & Davidson, 1994, p. 99f), and the approach is mainly used when individuals, groups of individuals, and their world and behaviour are being investigated, analysed and understood. When working with a qualitative approach to research, the interpretation of text material is important (Patel & Davidson, 1994, p. 101). One theory that takes the same view as ours, described above, is the grounded theory and the approach of this thesis will take a starting point in this method. However, we have chosen not to follow it in every respect, but to find, for us, a more appropriate way through our research process. Our approach will be similar enough to warrant a description of the grounded theory, but we will only give a brief description of the general points of interest. Thereafter we will go into more detail of how we actually proceeded.

2.2.1 Grounded Theory

The goal of grounded theory is, according to Strauss (1993, p. 34), to generate a theory that accounts for a pattern of behaviour, which is relevant and problematic for those involved. This method was developed in the 1960´s by Glaser and Strauss (Strauss, 1993, p. 5). The name more or less explains the theory since this method focuses on the generation of theory and the data that theory is grounded in (Strauss, 1993, p. 22f). Generally, the basic operation of grounded theory is to find data, or empirical indicators, that will indicate a concept that the analyst can derive from the data. These data can be anything that the researcher wants to study and will be coded into different classes. This method, to discover a hypothesis from data, is called *induction* (Strauss, 1993, p. 11).

Induction comes from the Latin word *inducere* which means "leads to". According to induction the way to do research is to start with empirical research and from this form a theory (Patel & Davidson, 1994, p. 21). The theories that constitute scientific knowledge are then composed of universal statements that is "for all x y is true", for example "the sun will rise tomorrow" (Andersen, 1994, p. 100). By doing numerous empirical observations an inductive conclusion can be drawn by inductive reasoning on the grounds that since something has happened each time it will happen in the same way again. A problem with this approach is that it is not always known if the theory formed on the basis of the empirical research is a general one or just applies to the specific research object (Patel & Davidson, 1994, p. 21). To

be able to generalise some conditions have to be met; the number of observations on which the universal statement is based must be big enough, the observations have been made during different circumstances and no observations that contradict the universal statement must be made.

However, to simply use induction is not enough according to the author (Strauss 1993, p. 11f). Deduction and verification of the data and hypothesis are just as important and should go on simultaneously and throughout the research process. According to this method deduction consists of the drawing of implications from hypotheses for purposes of verification.

Strauss (1993, p. 22f) says that the focus of analysis is not on collecting and ordering a mass of data, but that the main thing is to organise the many ideas emerging from this analysis of the field note, interview or other document, whether it is done sentence by sentence or phrase by phrase. The analyst, in order to code the empirical indicators found, order them into certain classes of events or behavioural actions by examining them comparatively. Hence, we can conclude that data collection is essential since without it there would be nothing to code or ground the theory on. It can be done by the researcher generating data through field observation, interviews, videotapes and so on. However, data can also be collected through published documents, for instance books, scientific articles and newspapers, or private documents like letters or diaries.

Published documents are counted among secondary data which is data collected and presented for some other purpose than what the particular researcher may be looking at (Ejvegård, 1996, p. 16). The advantage of using secondary data is that it is already collected and therefore demands fewer resources to acquire the information in relation to what it gives. A problem with using secondary sources is that it may be difficult to find exactly the information needed for the research. Since grounded theory starts by looking more or less unbiased at data collection, this should not be a big problem. Another and more important problem is to assess the content of truth in the source. There is a risk that a piece of information has been taken out of its context and therefore is interpreted incorrectly, which might lead the researcher astray. One way of increasing the accuracy of the information is to choose the sources with care. For example there can be expected to be a greater effort to verify the truth in a scientific paper or dissertation. To ensure correct information in a secondary source, the original source of the data should be found; accordingly, this is what we have attempted to do in this thesis.

Another essential procedure to grounded theory is coding (Strauss, 1993, p. 27f). The analysis of data starts almost immediately so that the next interview or observation can help to answer the questions that have arisen in the analysis. This can be difficult and it is important that the coding tells the researcher more than just the discovery and naming of categories. The coding process starts with *open coding,* which means unrestricted coding of the data by scrutinizing the field note, interview or other document very closely line-by-line or word-by-word. The aim is to produce concepts that seem to fit the data. The next step, even if they are more or less simultaneous in reality, is *axial coding.* This step focuses around one category at a time to analyse it more intensely. This should result in better knowledge about relationships between that category and others. Finally, *selective coding* means that the researcher restricts him/herself to coding only the codes that relate to the core category/ies.

When a theory or at least a direction for the research has started to emerge and take shape the process continues with theoretical sampling. This means deciding on analytic grounds what data should be collected next and where that data could be found. Thereafter the researcher needs to write up the results.

2.2.2 Our approach

Firstly we decided that we wanted to study communication during a merger process. This was done because we thought it would be interesting to see how communication is handled when extra pressure, like the combination of more or less hostile employees, has to be taken into account. Furthermore, as previously mentioned, there was not much written about communication under these kinds of circumstances except that the communication should be open and honest. Since we believe that every theory, created even without extensive knowledge of the topic, can be verified in reality by simply looking hard enough or at enough specific circumstances, we instead wanted to go out and search for facts and thereafter see if actual behaviour is described in the theories. First we went out to gather our data through interviews, which will be described in greater detail in 2.2.3. As stated earlier, we chose not to follow the grounded theory approach in every respect. Instead here is a description of what we did do.

Subsequent to finishing the interviews we started the process of analysing the data. For the first step, open coding, we had all our interviews written down word for word and printed. After having read the interviews once, we reread them very carefully and marked the sections we found particularly interesting. At this stage we did not have a particular preconceived notion of what we

wanted to find, except that we knew we were looking for communication. We read every interview independently and marked out our findings. Afterwards we discussed and compared what we had found. Thereafter we wrote the interesting sections down while we sought to structure the material under headlines that could link the different types of sections drawn from the interviews. When we wrote the sections down we wanted to know who had said what in order to easily go back to the correct interview later. We saw this as vital as we wanted to compare the comments both within the merging companies and between all four original companies. To ensure this would be possible we colour coded each respondent's comments with one colour per respondent. When all marked sections were recorded we had seventeen headlines, or categories.

Next we turned to axial coding. We carefully studied each of the seventeen categories in turn and found clear links between some of them. The seven groups we found were "communication was good but..." (one category), message (three categories), media (two categories), background (three categories), anxiety (three categories), organisational aspects (four categories), and advice (one category). When all material had been sorted we found that the seven groups could be divided into two core categories, communication and anxiety. As we realised that anxiety seemed to take up a salient part of the analysed material, we decided to make anxiety one of our research questions but have a communication perspective even in these discussions, since that was our original point of interest. Consequently our analysis will be divided according to those core categories. With our seven categories we started to group the sections within each of them to try to find patterns among the comments. In most of our categories we could find two or three major points where several of the comments collected from different respondents agreed or discussed the same matter. Those patterns are what lay the ground for our analysis (see chapters 6 through 9). After having found these major points we turned to selective coding in that we once again read through the categories to make sure that we had not missed any important comments related to the major points.

Since we have a somewhat different view on deduction than that which has been described in grounded theory, we chose to do the rest of the analysis differently than the approach advocated in the theory. We view deduction as Patel & Davidson (1994, p. 21) describe it. They say that working deductively means that you start with a theory and try to prove or disprove it by empirical research in order to draw conclusions about individual occurrences from existing theories and general principles. When using a deductive approach the existing theory determines what information will be gathered and how to

interpret and analyse the data. This last statement describes the process from which we wanted to distance ourselves. However, we found it interesting to see what others had found before us so we did not want to omit the theoretical part. We gathered and read theories on our chosen core categories, anxiety and communication. The reason for using theories was to help interpret the found patterns. Our next step was to compare our findings with the previous theories to see if we found a match between theory and reality.

2.2.3 Interviews

To collect data we, as stated before, used interviews. An interview is a method of collecting data where the information is received through a dialogue between two people with an interviewer asking a respondent questions (Patel & Davidson, 1994, p. 60f). There are different types of interviews and one way to distinguish between them is to look at the level of standardisation and structure. This means that if the questions and their order are decided upon in advance there is a high level of standardisation and structure and vice versa. In this thesis a semi standardised and semi structured interview technique has been used. We had questions prepared in advance to ask all our respondents, but we have also tried to follow up their answers with expounding questions (see appendix 1 and 2). The advantage with the semi standardised interview technique is that the answers can be fuller and more exhaustive, which is what we sought to achieve. It is also important to formulate the questions so that they are not leading the respondent to give an answer because s/he thinks that the interviewer is looking for that answer.

There are, however, some problems with interviews as a method (Ejvegård, 1996 p. 49). One of these is that the interviewer's background and/or expectations of the interview may influence the interpretation and the analysis of the material. During the interviews we have asked the respondents if the use of a tape recorder would be allowed. We decided to use this method since it would allow us to listen to the interviews more than once to see if we had missed some important detail. In order to be sure that we had not misinterpreted anything the respondent said, we also sent the transcripts of the interview to the respondent. To further lessen this effect both of us attended the interviews and we discussed what we had heard immediately afterwards so as not to forget the important details that cannot be caught on tape, for example body language. The respondents were given the opportunity to remain anonymous, with the main purpose of allowing them to feel comfortable answering our questions.

In the choice of interviewees our aim was to first interview someone responsible for the messages communicated to the employees like the

information provider of the respective companies. As it turned out we had the opportunity to interview information providers of both companies. The people we interviewed headed the information department. Secondly we wanted to interview employees in different positions in the company. With regard to the employees we were not given the opportunity to choose who to interview but our contact in the companies did this with our requests in mind. The advantage of this was that our contact knew which employees fit our description of people we wanted to interview. The disadvantage is that the selection may have been distorted. We do not believe that this has had a major impact on our research as all employees received the same information from management. Furthermore the answers given during the interviews did not seem controlled and the respondents seemed to give us their honest opinions. In Cap Gemini Ernst & Young we performed ten interviews; two with information providers and eight with employees, three of which came from Ernst & Young in Stockholm and five came from Cap Gemini in Linköping. The reason for doing interviews in both Stockholm and Linköping was that no Ernst & Young employees had moved into the office in Linköping. That no integration took place in Linköping could have been a weakness in our interview process since it can be expected to influence the given answers, at least on the anxiety dimension. However, the circumstances found in this merger and the answers given by the employees in Ernst & Young, who did integrate, leads us to believe that similar answers would have been given even if we had made all interviews at the same location. The respondents were made up of 50 percent of each sex and they had been employees in the company for between two and fourteen years.

In FöreningsSparbanken we performed seven interviews. The reason for this lower number was that we realised that all respondents brought up the same points of interest and gave us very similar answers. Therefore we do not think more interviews would have given us more information. We spoke to one information provider and six employees, three from each bank in Linköping. The respondents in this company were also divided on 50 percent of each sex and they had been working in the bank between twenty and thirty years. Of our seventeen respondents five had a management position on different levels in the company. The other twelve were consultants, an assistant or financial advisors.

To prepare the respondents we chose either to send them a short description of our project by e-mail or described it on the phone depending on how we contacted them. The reason for doing this instead of sending the questions was that we wanted them to be somewhat prepared but we still wanted them to give spontaneous answers. If we would have sent the questions beforehand

we were concerned the interviewees would have had their minds set on what to answer and not be spontaneous. This would be a disadvantage considering our approach; we wanted to have the opportunity to ask open questions and then follow up with questions that were relevant to what the respondent had said. If we had sent the question sheet the respondents would probably have expected the questions to follow in turn, and it might have been disturbing for the respondent if we had not asked all the questions or if we had asked questions that were not on the paper.

The interviews were conducted in Swedish as all respondents were Swedish. There is a risk that some information can have been presented differently after the translation to English, but we have taken great care to give the information the same meaning when presented in English. We have also made changes, like word order, to better fit the written language, but we have taken care not to change the sentiment conveyed by the employees. The quotations have been chosen out of their appropriateness to the adherent discussion. If several employees have agreed and made the same comment, only one comment has been chosen to represent the whole. If there have been differences or nuances in the comments then more quotes have been presented to allow the differences to be seen.

2.2.4 Choice of companies

The companies were chosen for their likelihood of being able to supply relevant information for the problem areas. We have chosen to study service companies, FöreningsSparbanken and Cap Gemini Ernst & Young. The reason is that in a service company what is sold is the service of the employees. Therefore we believe the employees to be even more important in such a company than in a manufacturing company. In particular the image of the company is affected by the way the employees conduct themselves, therefore a common basic outlook is crucial. This can be hard to maintain during a merger, therefore these employees should be more affected. One way of achieving a common basic outlook is through communication. The reason for choosing two companies is to obtain a greater width for the study as we will be able to compare the two companies and not only draw conclusions based on one merger.

2.2.5 Credibility

The main purpose of this section is to discuss the credibility of the methods used. Criticism towards the grounded theory approach has been proposed by several authors and can be summarised as follows (Guvå & Hylander, 1998, p. 37). The method has been criticised for being subjective, however this is

not the only qualitative research method disapproved of on this account, and it mainly comes from authors taking a positivistic standpoint. It is also criticised for neglecting existing theories and thereby not discovering anything that has not been discovered before. Finally the critique concerns the detailed and time consuming instructions and the importance of rules. In our thesis we have, as mentioned, modified the grounded theory approach by using existing theories and have also chosen not to follow the complete instructions. Just to learn how to use this approach takes years of practice and consequently this would not be possible writing a master thesis.

We are aware of the subjective components present. One of those subjective components is our frame of reference, as discussed earlier, which can have affected the conclusions drawn since we have chosen among the empirical findings and influenced by this decided what seems most relevant to our study. To reduce the risks of subjectiveness we aimed to be open-minded and to be aware of prejudices. To entirely eliminate prejudice is difficult but by being aware of the prejudices you hold you may reduce and hopefully eliminate their effects. We will state which are empirical findings and which are our assumptions, in order for the reader to draw his/her own conclusions on the results found in this thesis.

To ensure good ethics during the interviewing process we asked all the respondents if we could use a tape recorder during the interview as well as letting them remain anonymous. After the interview we printed out the recorded interviews to make sure we had our empirical evidence for future purposes. To ensure we didn't record any misunderstandings we gave the respondents the opportunity to read their statements and make additional comments. Both those measures help establish the credibility of the report. One problem is the fact that some time had elapsed since the merger took place. The risk of information being distorted over time had to be taken into account. One way to handle this is to give additional attention when developing the interview questions.

When choosing a grounded theory approach as we have done there may be a problem generalising the study's results. Since we have done interviewing and extensive literature research we feel confident that our findings can be generalised in a way that will increase knowledge and understanding of communication and anxiety in future mergers.

Part II

" Maiorum nugae negotia vocantur."
The play of adults is called business.
(Augustinus, www-pp.hogia.net/alexander.backlund/latin, 2002-05-27)

3. Cap Gemini Ernst & Young

This chapter will give a general background of Cap Gemini Ernst & Young. It will start with a short description and a brief history of the companies. Thereafter the merger process and the communication from the management's point of view will be described. The information builds on the companies' annual reports and web page (www.cgey.com, www.se.cgey.com, www.ey.com) and interviews with the information providers, unless another reference is given.

Cap Gemini Ernst & Young is currently one of the larger management and IT consulting companies in the world with approximately 56 500 employees and conduct business in 36 countries. The major markets are North America and Western Europe with the Nordic countries constituting seven percent of the market share. The company is listed on the Paris stock exchange. In Sweden the company has about 3 000 employees in 22 offices around the country. About 110 people work at the office in Linköping and all of them come from former Cap Gemini. The majority of competencies present are system development, network services, infrastructure management and implementation of enterprise system.

The company has three core business areas: Management Consulting, Systems Transformation, and Information Systems Management – Outsourcing. *Management Consulting* helps the client make decisions and to improve performance in a range of areas. The business area *Systems Transformation* develops customised software and hardware as well as conducting integration projects of existing systems. The third core area *Information Systems Management* deals with the day-to-day business of the client company, for example outsourcing of personnel to the client. Cap Gemini Ernst & Young have expertise in each of six sectors; telecom media networks, consumer products, retail and distribution, energy and utilities, financial services, high technology and automotive, life sciences and chemicals. Within these core areas and industry-focused sectors Cap Gemini Ernst & Young offers a range of different services. The company also has strategic alliances with other companies.

The company's purpose statement is to "*assist companies in France and abroad to manage and develop their businesses by providing them with the*

benefit of its knowledge of their industry, its know-how in the area of business engineering and re-engineering and its expertise in the area of information technology" (Annual report, 2001). The CEO of Cap Gemini Ernst & Young in Sweden is Sven Berg since the 1st of May 2002.

3.1 History

In 1967 Serge Kampf started an IT consulting company called Sogeti, with its base in Grenoble, France. Over the years this company merged with and bought other companies in other countries including Sweden. The company was made a joint stock limited company in 1985. In 1996 the company changed name to Cap Gemini. Before the merger Cap Gemini had a revenue of 4 310 million euros and had about 40 000 employees (Karlberg, 2000-02-29).

The management consulting branch of Ernst & Young in Sweden was started in 1994. Ernst & Young's consulting division had 18 500 consultants of which 500 were based in Scandinavia (Karlberg, 2000-02-29). Partners headed Ernst & Young and it was present in 40 countries. Each country was an independant business to a large extent, it was only the name they shared. In Sweden Ernst & Young had two major offices, in Stockholm and Gothenburg.

3.2 A general background of the merger process

The discussions between Cap Gemini and Ernst & Young started in 1999 and the official announcement of the merger was made on 28th of February 2000. To be accurate the merger was actually a merger between three companies, Ernst & Young Management Consulting, Cap Gemini and Gemini Consulting. Gemini Consulting was working with management consulting and was considerably smaller than Cap Gemini. Gemini Consulting and Cap Gemini were sister companies and consequently the merger was in most respects seen as a merger between two companies[1]. One of the major reasons for the merger was that the two companies complemented each other well. The merger can be seen as having the strategic purpose of both being a market extension and a product extension merger. Before the merger the two companies were established to different degrees on the geographical markets.

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[1] During our first investigations in newspaper clippings and informal talk with our contact person at Cap Gemini Ernst & Young there was no mention of Gemini Consulting. It was not until our last two interviews that this third company was casually mentioned. In retrospect it could have been beneficial to have had interviewed employees from this company as well, but looking at the answers from employees at Cap Gemini and Ernst & Young, this would probably not have affected the conclusions made.

The aim was to gain a stronger global presence. For instance two-thirds of Ernst & Young's total consulting business turnover came from the United States market, where Cap Gemini only had thirteen percent of its business. Ernst & Young also had a strong presence in the German market (Rosin, 2000-03-01). On the whole Cap Gemini had a stronger presence in the European market than Ernst & Young. The companies also complemented each other on the services offered, Cap Gemini's main focus was IT consulting while the main focus of Ernst & Young was management consulting, and the new company Cap Gemini Ernst & Young present a greater width of services for its customers. At the time another reason for the merger was that the U.S government public finance had put pressure to separate the consulting part from the accounting part in companies like Ernst & Young to avoid conflicts of interest (Karlberg, 2000-02-29). This separation of businesses has been a trend in the industry.

During the time period of February through to May the work conducted on the integration was for the most part not visible to the majority of the employees. On 23rd of May 2000, the decision to merge was taken by Cap Gemini's shareholders and the merger between Cap Gemini and Ernst & Young Management Consulting was a fact. Formally Cap Gemini bought Ernst & Young, but it was stated to be a merger rather than an acquisition. By the beginning of the autumn 2000 the integration work was intensified as all details had to be ready for the formal commencement of the new company at 1st of January 2001. Therefore during the autumn new management was appointed. All managers were supposed to know their position by the end of the year. The places in Sweden where Cap Gemini and Ernst & Young each had an office was in Stockholm and Gothenburg. In Stockholm Cap Gemini had an office in Alvik and Ernst & Young at Stureplan, both these offices are still in use after the merger. In Gothenburg the two offices merged into one. The integration process was considered finished in April 2001, when the whole Swedish branch of the company went on a conference to Kos (see figure 2).

Discussions start	Official announcement	Decision	The integration process is intensified	Formation of CGEY	Integration completed
	28th Feb	23rd May	Oct-Dec		April
2000				2001	
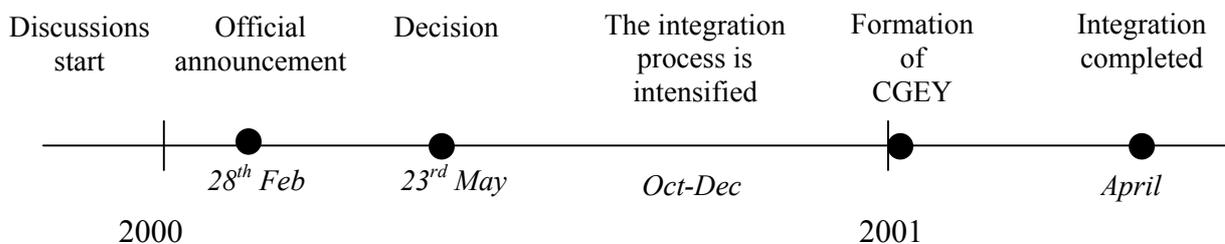
Figure 2: *Important dates in the merger between Cap Gemini and Ernst & Young.*

3.3 The management approach to communication

After the formal announcement of the merger, information about the merger process was given more or less continuously both on a global level directly from the head office in Paris, and on a local level from the management of each geographical region as well as country and office managers. The communication aimed to give the employees information on what was taking place globally, nationally as well as locally. The information on the different levels had a different focus. On the global level reasons for the merger, visions et cetera were communicated. There was not one specific main message the management wanted to convey, but one of the first messages was why the merger was being conducted and what advantages the merger would give the two companies. Another major point the management wanted to make was how successful the new company was going to be. This was done partly by describing the advantages achieved by the merger in terms of "success stories". Examples of those stories could be a deal the company had closed thanks to the new competencies acquired through the merger, or how pleased the customers were.

The information was more detailed the closer it came to the local level. At the local level information was given on team meetings where matters concerning the local region and offices were discussed. Team meetings were held about once a month. All employees are divided into teams with each team containing twenty to thirty people. As the starting date of the new company came closer and the integration process intensified in October/November and began to move along swiftly, the information also became more detailed. At this time much of the communication was also focused on the new organisational structure.

"It [the communication] was more and more intense the closer we came to the turn of the year [...] when it [the organisational structure] was completed more and more information became available."
                    (Information provider Cap Gemini Ernst & Young)

Also as more details became settled those were communicated to the employees, for example new managers, visions, goals, new terms of employment et cetera. As the consulting business was in a boom, at least in these two areas of expertise, there would be no lay offs, which was also communicated by the management. Since there actually was a shortage of good consultants it was important that these new terms stayed attractive. During the autumn the management in Sweden made a "road show" visiting

the offices making itself visible and communicating its visions for the company.

The media used was intranet, e-mail, printed material such as for instance a personnel magazine and different types of oral communication. The purpose of choosing several channels was that they complemented each other, and if a consultant was working at a client company (s)he could not always connect to the intranet. An intranet was created and was an important channel for several reasons. It could be accessed at any time, it could give both brief and detailed information, and it was a channel used previously by both companies.

"We think the intranet is a matter of choice because we have worked with it earlier, a convenient way to communicate, everyone can access it [...] one can go to it and read at any time and one can also receive deeper information."
(Information provider Cap Gemini Ernst & Young)

Another frequently used channel was e-mail. A reason for this was that the technology in the companies was different making it difficult to connect to a common intranet. The big advantage of this channel was that all the consultants, more or less, read their e-mails regularly and the channel was a quick way to give important information.

"We had newsletters that was sent out by e-mail."
(Information provider Cap Gemini Ernst & Young)

The newsletters were distributed from every second week to once a month and would contain for example information about bookings and new deals. A personnel magazine was distributed approximately five times a year and had the purpose of giving some deeper articles with the main focus to describe the people and different projects within the organisation. It seems like the personnel magazine was one of the channels to communicate the "success stories". The magazine was also a different and more vivid way to supply information and was sent home to the employees.

As the formation of Cap Gemini Ernst & Young drew closer some written information was sent home to the employees. A channel that was not internal but did supply information was a message board on a website called Vault (www.vault.com). On this website there is specific message boards for all major consulting firms and people interested in/employed by a specific firm can join the boards and chat. According to one of our respondents employees in Ernst & Young would log on to this site and discuss what was going on in

the merger process. The information from meetings would reach this site fast and if a board meeting was held the information discussed there would reach the message board as fast as the same day. A problem the management in Sweden saw with this was that details that was not meant to be official was made official rapidly, as higher managers with plenty of information joined the chats. As a result the management realised information had to be sent to employees on lower levels quicker.

"Here all kinds of information was posted; wage levels, retention, about valuation of the different countries, how much partners were compensated, what global roll out plans there were. There was a lot of pretty juicy stuff posted there."

(Former Ernst & Young employee)

The leaders were viewed as important information sources e.g. the team leaders that have the position closest to the consultants. The team leaders received their information from their leaders as well as from written sources. Different management groups were created and those would have a duty to communicate in a two-way manner. If the employees had questions they could contact the marketing and information department. The communication was generally seen as important by the management and care was taken to make all the information available on either the intranet or to communicate it by e-mail. One of the information providers said that communication is the only way to ensure that the employees follow you in a change process such as a merger.

4. FöreningsSparbanken

In this chapter FöreningsSparbanken will be presented in much the same way as in the previous chapter, starting with a brief history and description of the merger process. Thereafter communication during the merger will be discussed from the management's perspective. The information builds on the companies' annual reports, its web page (www.foreningssparbanken.se) and an interview with one of the information providers, unless another reference is given.

FöreningsSparbanken is currently one of the biggest bank groups among the Nordic countries. The bank group had approximately 16 000 employees in 2001, of which approximately 9 500 work in Sweden and about 90 in Linköping. In Linköping 62 percent of the workforce are women. The bank group has over 4 million private customers around Sweden.

The company states that its strength lies in its local presence, combined with the well-developed possibilities the customer has to reach the bank by Internet and phone. Since FöreningsSparbanken believes in a local presence they also want their organisation to be decentralised and that most business decisions should be reached in the 95 local banks. These local banks are then divided into approximately 550 branch offices, not counting the partly owned banks and independent savings banks (see figure 3). The independent savings banks are considered to be FöreningsSparbanken's most important alliance. There are more than 80 banks of this kind in Sweden that each has a determined geographical area.

FöreningsSparbanken's business concept is "*to be the natural alternative for private persons, companies and farms, municipalities, county councils and organisations by offering a customer oriented and easy to use range of financial services*" (www.foreningssparbanken.se, 2002-03-12). CEO for FöreningsSparbanken is, since April 2000, Birgitta Johansson-Hedberg. The annual revenue was 8 billion Swedish kronor for 2001.
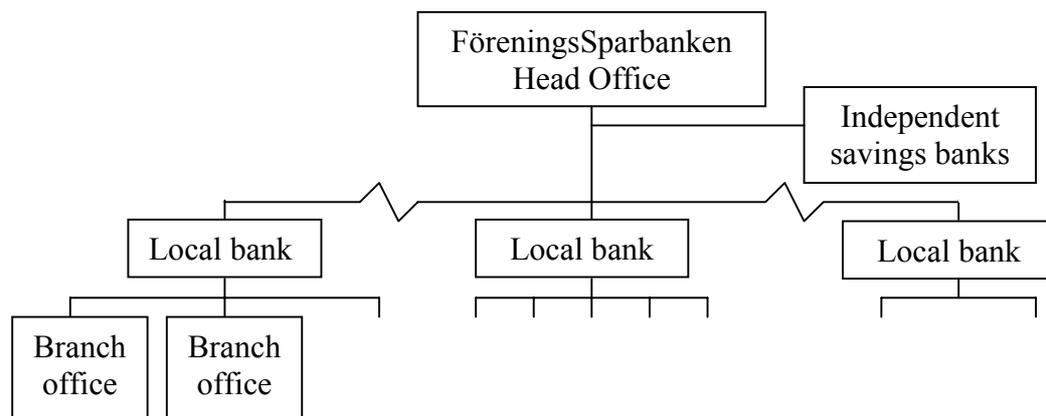
Figure 3: *The organisation of FöreningsSparbanken.*

4.1 History

Föreningsbanken first started in 1915 outside of Stockholm but it was not until 1974 that the name Föreningsbanken was actually used. The original idea was to provide for the increasing need for capital among farms. Up until 1992, when Föreningsbanken decided to reform as a joint-stock limited company, its members had owned the bank. The bank was mainly represented in rural areas and small to midsize towns. In 1996 Föreningsbanken earned its highest operating profit ever in the history of the bank. This was an improvement of 14 percent over the previous year. Over 3 800 employees worked in these offices. Föreningsbanken was also a decentralised company where a lot of freedom was given to the local banks.

Sparbanken first started in 1820 in Gothenburg. The original idea was to create security for individuals through savings and investments. In 1928 there were 498 savings banks but thereafter they started to merge to get stronger. The independent savings banks came about in 1992 when Sparbanken Sverige was formed and 90 savings banks decided not to join. In 1996 the bank, as well as Föreningsbanken, earned their highest operating income in their history, an improvement on the previous year of 20 percent. More than 9000 employees worked in Sparbanken, which was considered to have a decentralised organisational structure with delegated decision-making.

In 1996 Sparbanken was the leading bank in both lending to (37 percent) and depositing from (32 percent) households. Föreningsbanken was instead one of the smallest in these areas (15 and 12 percent respectively).

4.2 A general background of the merger process

FöreningsSparbanken was formed in 1997 through the merger between the two companies. The proposal to merge first became public on the 18th of February 1997 and the new company was formally made in November the same year (see figure 4 for some important dates). However, the merger preparations had already started three years earlier. In 1994 negotiations on a merger between the two banks started, but in a different situation. If a decision to merge had been made between the two companies in 1994, it would have been with the purpose to survive. In 1997 Föreningsbanken and Sparbanken were instead very strong and had the previous year earned their highest profit ever. The result of these talks in 1994 was that a lot of preparation work had already been done when the merger was a fact in 1997. The managements had found that they could complement each other and that they had overlapping operations, which meant that it was difficult for them to keep their local branches due to competition between the banks. This in turn meant that the main reasons for the merger were to facilitate better handling of the investments that would be needed in the future and to make sure that they could keep their established local presence.

"The atmosphere was somewhat different in those merger negotiations [1994] because we both had a 'knife to our throats', one could say it was a form of survival merger. [... 1997] we said that we should take the chance when we can do a merger from strength and it would not have to be such a bloody merger as it would have been 1994. [...] It was a big difference in attitude. I remember I met the same people 1997 as 1994 but it was not the same people in attitude because the aggressiveness and almost anguish that existed in 1994 was different in 1997 when the discussions were open, positive and constructive since we were in a completely different situation."
(Information provider FöreningsSparbanken)

The amalgamation of the merger was supposed to be implemented in three parallel processes that started immediately after the announcement of the merger. The first was *the legal process* where the formal merger was discussed. Here will follow a short summary of this process. The first step of the merger process was for Sparbanken to issue an offer to the shareholders and the holders of warrants of Föreningsbanken to exchange them for shares in Sparbanken. On 3rd of June Sparbanken was in possession of 98.5 percent of the shares. A new Board of Directors was elected on 26th of August. On 24th of November Föreningsbanken was dissolved without liquidation and the assets and liabilities were transferred to Sparbanken, which thereafter changed its name to FöreningsSparbanken AB. The merger was however effective

retroactive to 1st of January 1997. After the merger the new bank was organised in 139 local banks with nearly 1 100 branch offices, each with its own responsibilities, and more than 12 400 employees. Since the independent savings banks had offices in around 140 locations where Föreningsbanken also had offices, they received an offer to buy the offices of Föreningsbanken, which led to a reduction in the number of local banks and branch offices that can be seen in figure 3.

"Föreningsbanken was in [terms of] number of offices almost the same size of bank as Sparbanken. If the difference was that we were three/four times as big a bank overall, then we were, where offices were concerned, maybe 10-20 percent bigger. We were almost as big, but we [Sparbanken] were slightly bigger in number of offices and slightly bigger offices than Föreningsbanken in average, but it was pretty similar."
(Information provider FöreningsSparbanken)

Thereafter came *the integration process* that comprised of three stages. The preparation stage would set down the philosophy, values and objectives of FöreningsSparbanken, then strategies would be formulated and at the end of this stage the structure and organisation of the new bank would be decided. During the implementation stage managerial positions, specialists and finally other services were appointed. The last stage involved structural and transformation work. Various project groups led by senior executives from both banks would conduct this work so as to not interrupt the day-to-day activities. Finally, *the commercial process*, handled day-to-day customer activities.

"[The processes were in project form] manned in such a way that we alternated, there were always two people in the management, one from each respective bank, so we tried to strike a balance so that every other [project] had a Sparbanken leader and every other had a Föreningsbanken leader as the ultimate responsible [person]."
(Information provider FöreningsSparbanken)

One of the expectations the management had in the merger was not only combining two banks but also to create a new bank. Therefore the bank wanted to reduce the number of employees, on a voluntary basis, to make room for people with the sought-after skills. Two offers were proposed to allow for this. The first offer was to give early retirement from 62 years of age to all employees born in or before 1941. Almost all of the employees, 1 400, in this group accepted the offer and left the bank before 31st of December 1999. The second offer was to leave the bank through the Resource Bank.

This Resource Bank provided professional support to help them find other employment, also before this date.

> *"[...] No one was to be fired so we were still employed but we did not have any positions."*
> *(Information provider FöreningsSparbanken)*

> *"We were not fully manned in the new bank [...], it took a really long time, it was not really until the last of June the next year [1998]. For most [employees] it was not a problem because they knew where they would be. [...] That was a disadvantage because it took a lot of time and it created uncertainty."*
> *(Information provider FöreningsSparbanken)*

There was an extensive programme on how the jobs would be appointed because management felt it was an important issue with one bank being so much bigger than the other. Another reason was also that no one should feel wrongly treated. The programme started with the appointment of the local managers in October 1997 and consisted of having an admission committee with employees and union representatives from both banks. Then the person in charge of each area received the application forms of the employees interested in a local manager position and had to present the names of those employees to the other members of the committee. That person had ranked the names according to her/his beliefs about the employees' abilities and then (s)he had to motivate why (s)he had them in that order before the committee. In most cases the order was accepted but sometimes the person had to rethink her/his motives and present the list and order again with a new order or new motives as to why the same order was maintained. The process was later the same with the next level managers i.e. office managers, and it took until the end of summer 1998 until everyone in the organisation knew what position they had. This programme has received a lot of positive feedback and other companies have tried to replicate the same procedure.
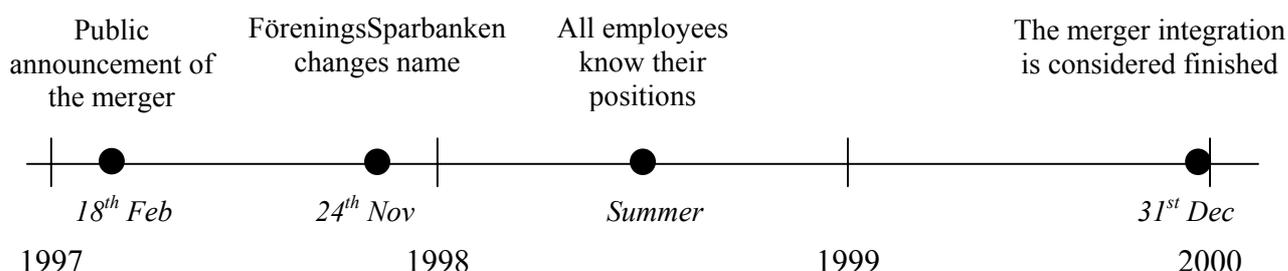
Figure 4: *Important dates during the merger process between Föreningsbanken and Sparbanken.*

4.3 The management approach to communication

The employees did not receive any information about the merger until the press conference held on the 18th of February 1997. This was followed up with a phone meeting with the local bank managers where top management informed about the proceedings. There was also an information package prepared with background material that they made sure would reach everyone in the organisations immediately after lunch that day. The basis for the provision of information was that everyone should have the same information at the same time whether they came from one bank or the other and that they should have all available information.

"One starting point we had about the internal communication was that it should be equality, that you should have the same terms whether you came from Föreningsbanken or Sparbanken."
                    (Information provider FöreningsSparbanken)

"We had as a principle that we should tell all available information [...] The starting point was that no one should ever be worried that they did not obtain full information or at least had access to full information. This has been measured and compared with the understanding of the information work connected to mergers, and we compared well to most mergers looked at and compared with."
                    (Information provider FöreningsSparbanken)

"Nothing should be kept a secret. [...] If we were hesitant if we should communicate it or not, then we communicated it. [...] Rather communicate too much than not enough."
                    (Information provider FöreningsSparbanken)

Top management took the question of information very seriously and for every decision the question "how should we communicate this?" was brought up. The problem was that the two banks had different systems. In Sparbanken they had started to implement an intranet, but in Föreningsbanken they had not come that far, which meant that a lot of information had to be sent on the old memo-system on the computer. Another difference was that Sparbanken used internal television as a common media to give employees information. Föreningsbanken did not use that technique and therefore there was no satellite system that could be used. Instead the transmissions had to be taped and showed to the Sparbanken employees the next day so that a tape could reach all Föreningsbanken offices at the same time. Memo transmissions started immediately and the internal television broadcasts the day after the

announcement. There was also a personnel magazine that was sent to the employees almost immediately.

"Then it was not on the cards to use a net solution because memo was such a clumsy technique so that really was not an alternative to using a magazine. [...] But memo was used because it was fast and we could create some sort of scope for interactivity, which was one of our objectives."
(Information provider FöreningsSparbanken)

All these media were then used continuously throughout the merger process. Memo was used both for a weekly newsletter and question-and-answer forum for all the employees. The idea behind the two question boxes in memo was that the employees would receive an answer within one or two days because the interactivity was very important to the management. A lot of the questions were about job safety or the main message, on equal premises. To the questions that only concerned the person asking, a reply was sent to only him/her, but for the questions that were of more general character the answers were public so anyone could go in and look if they wanted. More critical or controversial questions were instead published in the magazine to make sure that everyone received the answer.

The television and magazine came out in alternate weeks. Television was used because it is a fairly quick media but also because they felt it was important to show the people in top positions and it was felt that television did this better than a magazine. However a magazine is more lasting and it was possible to bring the magazine home and read it at the employees' own leisure. Therefore television was used to give quick information and tell what was going on and then the magazine wrote more deeply about the information presented on television. No one should ever have to worry that they did not obtain full information. Some employees even thought that they received too much information. Usually it was Föreningsbanken employees who thought so due to differences in the two banks. In Sparbanken the general idea was that every employee was responsible to find the information they wanted and the managers job was to make sure that they knew where to look for it. The employees of Föreningsbanken instead felt compelled to read every word and therefore felt a lot of extra pressure.

Other sources of information were a meeting with local bank and office managers that took place a few weeks after the announcement of the merger, and another in the beginning of September. The purpose of these meetings was to provide information on how to make their own presentation in their offices and what to say. The goal was that they would then be better able to

handle the information flow in the offices and to answer questions because the communication from these managers was very important, a point which the management tried to convey to the managers at all times. Apparently there was a substantial difference between managers concerning the effectiveness of this process.

"That was always different, we know how different that worked, but some took this question as being very important while others did not [...] What we do in form of mutual effort like the different media, we know that in all studies on information work that the final effect of that [centrally sent communication] is very dependant on how the local leadership is handled."
(Information provider FöreningsSparbanken)

The main message that was delivered to the employees was that two strong banks would merge on equal basis to build something better in the future. As could be expected the letter to the shareholders in respective annual reports of 1996 contained a lot of information on the expected merger. For Föreningsbanken this main message seemed to be most important. They wrote that due to their high profit it would have a stronger position than previously, and hence would be able to influence the new company with its philosophy and profile. The merger would be done on equal terms. The managements of the two banks also told that the banks had a shared view of basic values, business concept, financial targets, market focus and organisation. For Sparbanken what seemed to be most important was the possibility of a stronger market share and more value for the stakeholders. Nowhere did they mention that the merger would be done on equal terms.

"[The main message to the employees] was that two strong banks, on an equivalent basis, will merge to build something even better in the future. We will not only take the best from each respective bank but we will make something new. It is not only that we will merge two banks but we will create a new bank which means that we take a longer step into the future than we had been able to if we had just continued our change process in each respective bank."
(Information provider FöreningsSparbanken)

"[We also tried to boost] the equality that we are two equal parties and in the future it would not matter if you had a Föreningsbanken or Sparbanken stamp on your forehead, but it would be on equivalent basis. That was a message that we tried to push through all the time in everything we said from the beginning."
(Information provider FöreningsSparbanken)

The vision and the messages about how the new bank would be in the future and what role the employees should have in the new organisation was mainly presented during the integration process in something called the educational process or Dialogen. The thought behind this process was that there would be a dialogue and that the employees would be able to influence the merger process. It actually consisted of a series of five "dialogue meetings" carried out at every branch office with the local manager or office manager as the leader. This process started in October/November, which was problematic since not all the managers in charge of the process knew if they would have a managerial position in the new organisation. This meant that it demanded a lot of the managers to be able to discuss the topics of vision, customers, bank, employees and company culture without knowing what would happen to them. The purpose of this process was to create an understanding of what these five topics would mean and how they would influence the employment and job description. However, feedback has shown that it was not until the third topic that employees actually started to understand how it would fit together and why. After the fourth topic named "employees", every employee had an individual discussion with their manager whether they wanted to remain in the organisation or not and all such standpoints had to be made before the last of June 1998. In terms of having the possibility to influence proceedings, during each of these meetings the local branch should write down their own material. One aspect of this was to discuss what was supposed to be guiding the employees in the process of developing the new bank locally and the other part was to tell what demands and questions they had for the central management.

"What happened afterwards and was important in this context and dealt with communication was that we had something that, against my will, was called the educational process. A series of dialogue meetings, and if you are serious about dialogue then you cannot call it the educational process [...]"
(Information provider FöreningsSparbanken)

"On the whole when we did the evaluation [...] we had generally pretty high ratings on how [employees] appreciated this [Dialogen]. It was a very appreciated activity, but with big local differences."
(Information provider FöreningsSparbanken)

Part III

"Research has to be opportunistic because you don't know what you are going to discover. The things you discover may not be what you set out to do."

(Dr. Joshua Lederberg, in Whyte 1984, p. 20)

5. Introduction to part three

Before we continue with this last part of the essay where we are going to present the view of the employees, we would like to remind the reader of our objectives and to give a short sample of this section. See also 3.3 and 4.3 for a description of the communication from the management's viewpoint. These will consequently lay the ground for the discussions in the following chapters.

The first three chapters will deal with communication. Communication comes from the Latin word "communicato", which means to do something together (Nilsson, 1995, p. 2). In this chapter our empirical findings will be discussed and analysed; thereafter a comparison with earlier findings in the areas will be made. The topics discussed in chapters six to eight are the communication channels, communication on different levels in the hierarchy, the main messages and the communication of visions. The reason for choosing these aspects is that these are the patterns we found when we did our grounded theory analysis.

The most persistent findings in our study are here presented in a short summary. What we quickly found was that the employees were satisfied with the communication, but as the interviews progressed it turned out that most of them still had opinions on the communication. Most employees received the information they felt they needed, sometimes even too much, and if they wanted some other information they said they knew where to look for it. The employees also appreciated that they obtained information early and that the management gave a clear time schedule of the merger process so that the employees knew how far the process had progressed. Another main dimension is the face-to-face communication from the management. When the local managers were good communicators, the employees stated that they received most of their information through them and were pleased with this. The employees also liked to be able to see the CEO and other members of the management team, either giving presentations in person or through television.

"There was nothing wrong with the communication really, it was the technology that caused most [problems]."
(Former Sparbanken employee)

"There was nothing wrong with the communication as such, I think it was more the fact that it [the communication] came so early [that caused problems]."
(Former Ernst & Young employee)

Turning to chapter nine, we will describe the levels of anxiety in the organisations. The most persistent finding among the interviews on the anxiety dimension is that there is a big difference between the levels of anxiety felt in the two companies researched. In Cap Gemini Ernst & Young the consultants were almost unanimous that they were not worried at all during the merger process. In FöreningsSparbanken almost everyone said that they were worried, or even that everyone working in the bank was worried, either by the coming changes and uncertainties, or about their jobs.

"[...] people were anxious. I believe there were many [employees] who felt bad as well during the merger."

(Former Föreningsbanken employee)

"I do not believe the consultants felt any anxiety at all."

(Former Cap Gemini employee)

Several employees from both Sparbanken and Cap Gemini said they were used to changes and saw the merger as a change just like any other change. This is explained in that both were bigger companies with experience of acquisitions and bigger organisational changes. Of course there had been changes in the other companies as well but they seemed to have been of a lesser extent. Ernst & Young was part of a large corporation but as each country operated autonomously it was only a small branch in Sweden and had consequently not been in a merger before. Föreningsbanken had not gone through any major changes like a merger or even laid off employees before. The biggest change we have found before the merger was to go from being a membership owned organisation to be listed on the stock market. This should also influence the employees' general attitude towards the merger. If so, then employees from Föreningsbanken and Ernst & Young should have been more negative towards the merger.

After this short presentation we will now discuss these topics in greater depth in the following chapters.

6. Communication Channels

There are a number of different communication channels that can be used to convey information to the employees. These may have different suitability and areas of use, which might cause the message to be perceived differently. The following chapter will deal with the different communication channels used in the studied companies.

The communication channels used in the two companies were slightly different. The most frequently mentioned communication channel by the respondents in Cap Gemini Ernst & Young were intranet, e-mail, and meetings. The respondents in FöreningsSparbanken most frequently mentioned internal television broadcasts, meetings and written information. Partly, we found that the differences in the communication channel chosen could depend on which channel had been the most commonly used[2] in the company before the merger. This does not hold entirely true, as Föreningsbanken had not used television broadcasts before the merger process. The difference in the use of channels can also be due to the merger of Sparbanken and Föreningsbanken occurring a couple of years earlier than the merger of Cap Gemini and Ernst & Young and intranets were not as common as they are today. This has also been mentioned by the information provider of FöreningsSparbanken as a reason to why intranet was not used during the merger (see 4.3). To have a personnel magazine was therefore a more traditional way of spreading information in FöreningsSparbanken while the respondents from Cap Gemini Ernst & Young did not see the magazine as a major channel as they were more accustomed to the intranet. In Cap Gemini Ernst & Young the respondents were happy with the intranet as a way of getting information because they could access it at any time and most of the information they needed could be found there.

"For me it is good if the information is web based, on the intranet, so that one can read it when it is suitable."

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(Former Cap Gemini employee)

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[2] One important aspect in the choice of communication channels is that it is important that the employees are familiar with the channel and knows how to handle it. If they do not, a lot of the information will be lost due to a lack of concentration when the employee is trying to learn how to receive the information.

"There our intranet was outstanding when one was at home, it is a fast and easy way to access information."

(Former Cap Gemini employee)

In FöreningsSparbanken the television broadcasts every second week seemed to be appreciated. The stated reason for their popularity was that the employees were able to see the top management. It was seen as important, by employees from all companies, that the top management made itself visible internally. In Cap Gemini Ernst & Young the information from the Nordic management was good and appreciated.

"What [communication channel] that is best is maybe the television transmissions where everyone obtains the same information at the same time so to speak, from central level."

(Former Sparbanken employee)

"The television broadcasts, I think, was pretty good. It was always the management from Föreningsbanken and Sparbanken so to speak and they sat next to one another and informed."

(Former Föreningsbanken employee)

"Since we are a large number of employees in this big bank, one cannot travel around and inform in different banks, that would take too long. [Television broadcasts are good because] one has a face when one speaks to the people so to say."

(Former Sparbanken employee)

6.1 Meetings as a communication channel

The most discussed way of achieving information and as a forum for communication was meetings. Employees from all involved companies discussed all different kinds of meetings, full plenary meetings, and group/team meetings or office meetings, where the different types of meetings were held more or less frequently depending on the company. The meetings were partly a way of making the management visible but most importantly it was a forum for two-way communication. The full plenary meetings, with a hundred or more people, would reach a larger group of employees but several employees in both companies stated that most people will refrain from speaking their mind in this kind of meeting partly due to the fact that the questions often concern the individual situation. As the most common concern was how the changes would affect the individual, getting together to

talk was advocated. One way of doing this was in meetings with a smaller group. Several employees advocated group meetings, as they saw those meetings as a good way to receive information and answers to their questions. Just the opportunity to start and be part of a dialogue was seen as important.

"It is to go out early and talk about it and not just inform but also have a dialogue with the employees at team leader level, to talk with the employee about this [the merger] all the time at meetings and such."

(Former Ernst & Young employee)

"It might be more detailed when one talks, one could ask questions [...] So if one has questions it is easier to have someone to talk to than to talk with the computer."

(Former Sparbanken employee)

A disadvantage with meetings as an information channel that was mentioned is that it is difficult to assure everyone receives the same message when different people head the meeting. To avoid this problem it was suggested that information was first sent out in written format, for example by e-mail, and then followed up in a small group meeting. If people have read the information, complementing information and questions can be discussed during the meeting. In Cap Gemini Ernst & Young the team meetings achieved this. It is interesting to note that even if the information to a large extent was available from other channels the respondents were united in that they were positive to meetings. One explanation for this may be that it is easier to go to a meeting and receive the information you need instead of trying to find it somewhere. As mentioned before some of the respondents saw a disadvantage with large meetings. But one employee in Cap Gemini would have preferred to have bigger meetings in order to be able to receive information from the regional manager more often. In FöreningsSparbanken meetings were also appreciated because it enabled a dialogue. However, since they also had internal television broadcasts they were not as interested in meetings in order to see the management as such, even if they still appreciated meetings because it gave them an opportunity to see who they were talking to and to whom they were asking their questions.

"[...] maybe a person who one sees at the same time as one receives information rather than receiving it via some magazine or some information on paper. If someone speaks the message it is possible to have a dialogue at the same time too than only receiving it on paper."

(Former Föreningsbanken employee)

We believe the major reason for appreciating meetings is the possibility to have a dialogue. The leaders can share the information they have and the employees have the opportunity to share their thoughts on the matter and ask the questions they have. We also think the employees expect the managers to have more information than themselves and therefore turn to them to get abstract information interpreted.

"It is when a leader receives questions and cannot answer or [...] obviously are not in the loop it can work in a damaging way."

(Former Ernst & Young employee)

Several respondents in Cap Gemini Ernst & Young stated they rather have the closest manager speculate what would most likely happen rather than saying (s)he did not know. As has been demonstrated though speculating can be dangerous to do (see 6.2.2). If we look at it from the managers' standpoint it may be a risky alternative, as later events may contradict something the management has speculated about. A possible solution could be for the managers to tell the employees they do not know but will try to find the answer.

"What one want to hear is from the closest managers, they may not always know but they can help interpret the information that comes from above [in the hierarchy] and say 'this is the way we think it will affect us down here'."

(Former Cap Gemini employee)

The employees of both companies often stated it was the closest manager they would ask if they had questions. We believe one reason for this is that questions and concerns, hopefully, can be clarified instantly. By clarifying those, primarily misunderstandings can be avoided and secondly anxiety can be reduced, as the employees do not have to wonder about that particular aspect anymore, given that a satisfying answer is received. Additionally, it may feel more comfortable asking someone close-by than contacting someone further away, like the information department. The employees would probably meet the closest manager on a daily, or weekly, basis and there is a possibility of receiving feedback on a question immediately.

It is interesting that this connects to the fact that humans prefer communicating to humans directly instead of passing through an intermediary. We think this might be in part because the employees look to the managers to find clues on how they should react. If the manager seems calm then (s)he will give better information and the employees will be calm as well. If on the other hand the manager is very worried about her/his job

then giving information to the employees will not be a high priority and the information will not be as good, leading the employees to be worried as well. When the employees expect to be able to ask the local manager, we believe, it puts high demands on him/her to both be able, available and willing to answer questions and concerns. It is most likely a task of top management to make sure the manager has enough information and is willing to share it with his/her subordinates.

To make it possible for managers on different levels in the organisation to communicate with, and give information to, subordinates the information flow in the organisation has to work. This did not always seem to be the case. Since most employees were still rather satisfied with the communication this was not a big problem. However questions did arise among the employees in Cap Gemini Ernst & Young if the transmission of the information really worked as well as it should have. All information providers may not have the same information to start with and furthermore all may not mediate the information as well as was expected of them. One concern in Cap Gemini Ernst & Young was that not even the higher-level managers had enough information.

"Then I think the problem is that one should have had a faster communication on different levels among the employees because I am quite good at information and I always had more information than [managers] one or two levels higher than me."

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(Former Ernst & Young employee)

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"[...] There were a lot of power-point presentations from different meetings that went around. That depended on that someone from a limited number of users e-mailed it to someone outside and then it spread very fast. One could receive one message in external media, one from the managers, one from the department of markets and a third from vault report."

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(Former Ernst & Young employee)

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"but I think that often it depends on that they [local managers] have not known either. The information that oneself has felt one wanted they haven't received from above either."

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(Former Cap Gemini employee)

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That the information flow was not working completely can also be seen in the use of the informal web site www.vault.com where several higher-level managers in the US, appeared to have discussed subjects that should have been confidential.

"There [on vault report] you could see that only a couple of hours after an executive meeting in New York, there was classified information."
(Former Ernst & Young employee)

One reason for this was, as stated by a respondent, that this media was a lot faster than their normal internal channels. We agree that it should have been easier for all involved to simply log on to a chat when they had the time instead of trying to find time for a meeting in person or on the phone. It would also be preferable to receive feedback immediately than to have to wait for a reply by e-mail or having to worry if the e-mail even arrived or was understood by the recipient. It also seems like management uses newspapers to give internal information (Johansson, 2002-05-21). The reason might be that they think that a daily newspaper would have a higher number of readers than an internal magazine. They might also feel this is a good alternative since the information will usually be written in a shorter and maybe more reader friendly way.

However, the problem as we see it is that everyone had access to this site, including people from other companies or private persons, which makes it possible for anyone to post messages, claiming to be someone else, and this information will also be transmitted in the organisation. This could also be a source of misunderstandings between management and employees via other unrelated persons, if management says one thing but the employees see another answer on an Internet site. There is also the matter of the truth of the information posted on a chat board. In this case the information was correct. These problems will not arise if information is given to a newspaper since the journalist has to confirm his sources and (s)he can face prosecution if (s)he prints something untrue. The problem in both communication channels can be that it is only supposed to reach a specific group of people at that point in time. However, in the case of the vault report, it should not be impossible to correct. The company could for instance make a chat board on its own intranet and if it felt the need to keep the information on different levels of the hierarchy it could restrict access to the site or parts of the site by for instance using passwords. Of course giving confidential information over the Internet like this can also have implications for the company concerning its external environment. As far as newspapers are concerned management can always make sure that the information given to the journalists are not threatening important aspects of the company, but for instance the organisation of the employees should not be such an aspect.

Except for the common way of asking the closest manager when questions arose, formal feedback channels existed in both companies. The respondents

in Cap Gemini Ernst & Young assert that it was an open organisation where everyone was allowed to speak their mind, but also that the employees had to take the initiative to do so since all employees may not be used to this. We have also read one of the regular letters form the CEO of the Nordic region stating clearly that feedback was appreciated and where the employees could turn to give their feedback (internal material, Cap Gemini Ernst & Young, 2000-10-24). During the integration process the employees could also send their questions to the information and marketing department who would answer as far as they could. For the management in Cap Gemini Ernst & Young a feedback channel was informal contact with other employees in the organisation. For example the Swedish CEO would have lunch with employees that were viewed as informal leaders, to learn what was "the talk of the day". In FöreningsSparbanken the formal feedback channels were question boxes on the computer system where employees could submit questions and concerns to the central administration. As seen in 4.3 this was a very important feedback channel, and the information provider was responsible to give an answer at least within two days.

"[…] if one had any questions on what was written on the intranet or in an e-mail there is no question that one can contact the person who has sent it."

(Former Cap Gemini employee)

However a written media would give less opportunity for direct feedback, which could be a disadvantage for both the sender and the receiver. A problem with e-mail, intranet and other media of this kind is that the sender will not know if the information reached the receiver, if (s)he understood or had any questions. The communication will be one way, a monologue. Even if one of the receivers sends a question, there may be only one in ten that actually give some feedback to the sender of the message. Our respondents, who did prefer contact with other individuals, also noted this. Face-to-face communication has an advantage in that feedback can be given instantly. We believe this was one reason for our respondents advocating meetings, in a small group, as the best way of receiving information. If feedback can be given instantly the risk of misunderstandings leading to negative consequences are likely to fall sharply. Another advantage with face-to-face meetings is that concerns can be discussed and opinions shared and this interaction with co-workers can be important in a revolutionary change like a merger. The co-workers thoughts about the situation will be an important source of information in deciding on your own opinion about what is happening. A big disadvantage with meetings is that they require plenty of time, which might not always be available in the organisation.

To sum up our findings we have said that different communication channels were used in the two companies, but that it was one channel, meetings, that was preferred by most employees. The reasons for this seem to be the possibility to have a dialogue and receive feedback on questions and information immediately. It is possible to say that the information flow in Cap Gemini Ernst & Young did not seem to be optimal at all times. Not all managers had the same information, which might have led them to look for information from outside sources. These outside sources can be good in certain respects but can also lead to problems with, for instance, levels of truth and classified information in the wrong hands, which can in turn create anxiety in the organisation.

6.2 Theories on communication channels

6.2.1 The traditional communication model

The traditional communication model here described by Palm & Windahl (1989, p. 9f) is made up by different factors put in a specific order (see figure 5).
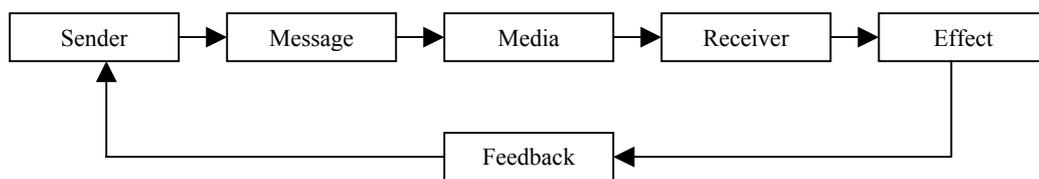
Figure 5: *The traditional communication model. (Palm & Windahl, 1989, p. 9)*

The first factor, *the sender*, can be slightly ambiguous. In a situation where only two persons communicate it is quite simple to understand who is the sender. If instead professional communicators are involved it can be difficult. For instance, management decides to perform a merger and gives the head of information orders to make a brochure with relevant facts presented, in the brochure, by the president of the board. Who is the sender? The answer would be that they are all senders but the readers of the brochure would see the president of the Board as the sender. This is generally the case since it is common to choose a person as a sender to embody the messages.

The message can represent three different phenomenon: the words or pictures used in an advertisement or on television, the meaning that the sender has put in the communication content, and the meaning that the receiver has put in the content. The sender and the receiver, due to every person's unique ability to understand messages, will from time to time perceive the message differently.

The goal of all communication can thus be said to be to transfer a message so that the receivers of the message understand the meaning that is being communicated with as little misunderstandings as possible. The misunderstandings can come from three different disturbances in the message decoding the receiver has to go through (Bernstein, 1985, p. 49f). The first is *media disturbance*, which is a physical influence that causes the receiver to misunderstand, such as a noisy room for instance. The second is *psychological disturbance*, which is when the receiver's emotions at the time or the relationship between sender and receiver influence the message. *Linguistic disturbance* is the third and means that the sender and receiver are not using identical codes, language, and therefore will have trouble understanding each other.

The media refers to the chosen channel to communicate the message through, for instance in person, by e-mail or in magazines. From a company view the media can be both external and internal. Assuming that the receiver can choose what information (s)he will listen to the information has to be adapted to the situation (Strid, 1999, p. 38). Two kinds of communication channels can be distinguished, *direct* and *indirect*. Some examples of direct channels are the manager, co-workers or meetings, while indirect channels can be for example, intranet, company television broadcasts or personnel magazines (Strid, 1999, p. 53). Strid (1999, p. 90) advocates that there is not one best choice of communication channel but that it will depend on the situation. In addition to this the different media can, and should, complement each other. The author (1999, p. 88) also presents a typology for the different kinds of media. See table 1 for a general typology of how a message can be transmitted depending on to what group the message is directed.

	Verbal	Printed	Electronic
Individual to individual	conversation	letter	e-mail
Individual to serveral co-workers	groupmeeting	personnel magazine	intranet
Individual to a mass	massmeeting	brochure	Internet

Table 1: *A typology of message and media. (Strid, 1999, p. 88)*

As seen in Strid's (1999) model (see table 2) the electronic channels are fast which was why both companies used them. Something in Strid's model (1999) we would like to criticise is that he says availability of electronic channels is a problem. With certainty this should not be the case as most companies today are able to use this media, due to the advancement of

technology. We can also see that the companies mixed the different channels, which is in accordance with the theory.

Strid (1999) also present the different functions of the media (see table 2). The author argues that depending on the goal of the sender, different media will have to be used. The time frame available, the complexity of the message, availability of the media and function will have to be considered and weighed against each other in the choice of media. As can be seen the verbal communication, such as meetings, do not seem to be favoured during mergers when information has to be given to a lot of employees simultaneously, especially since employees from the merging companies, at least in the beginning, will not even be sitting in the same buildings. The biggest advantage is that this function is very social, which applies well with our understanding of humans. As we discussed in chapter 2, we find that humans are social beings and that they even create reality socially. This combined with the previously mentioned advantages of meetings as the chosen media is probably why the employees advocated verbal communication.

"[The media I liked best] was probably the meetings we had locally really. Because that is what concerns me, when one sits and talks to future colleagues and so on."

(Former Föreningsbanken employee)

	Verbal	Printed	Electronic
Time consumption	slow	very slow	fast
Understanding	problem if large groups	problem with language and frame of reference	difficult with long texts
Availability	good	good if personally distributed	problem with knowledge and availability
Function	very social function	social and informative	less social very informative

Table 2: *Functions of various media. (Strid, 1999, p. 89)*

The receiver, can both be the people the message was aimed at and the people that the message actually reached. According to Rogers & Agarwala-Rogers (1976, p. 12) this important factor is not uncommonly forgotten by the sender of the message. There is a risk the sender is knowledgeable on the topic but if (s)he does not think of the specific characteristics of the receiver, the message will not be conveyed in a meaningful way. The authors (1976, p. 9f)

furthermore define communication as a process by which an idea is transferred from a source to a receiver with the intention of changing his or her behaviour. Such behaviour may include a change in knowledge, attitude or overt behaviour. It is not uncommon for these three to occur in this sequence, the change in knowledge leading to a change in attitude, which ultimately leads to a change in behaviour. This is the factor *effect* seen in figure 5, meaning every type of change that occurs after a message has been communicated and received, whether they are wanted or unwanted from the sender's point of view. The last factor is *feedback*, which can be defined as the sender's interpretation of the effect of the message that generally constitutes the receivers' opinion of the message.

If we compare our empirical findings to the traditional communication model we find that the sender, interpreted from the receiver's point of view, is different in almost every case. In the case of the intranet the sender is most likely anonymous since it will not usually be signed by a specific individual but will be sent from "the company" in general. Otherwise the sender will be among other the office manager, the person signing an e-mail or the top management. Therefore it is difficult to analyse a specific sender. This will also support the conclusion that it will affect the employee who is the closest manager, as all managers will act slightly differently as senders. This will affect the message, as different people are likely to choose different words et cetera to convey the message, possibly leading the message to be interpreted differently according to how much linguistic disturbance that was present. The receiver in this case is the employees as a group.

If on the other hand some type of written communication is used the message will be identical in each case, but if a written media like e-mail is used the social aspect of the communication is largely lost and the message becomes less rich. There is also the problem of the sender not knowing if the message will reach the receiver and (s)he will have no way of making sure that the receiver will interpret the message in the intended way. Even if the message is identical most respondents will read in their own interpretation of the message, which can lead to misunderstandings presuming that questions will not be dealt with as swiftly. For instance, the sentence "she loves her children" can have at least four different interpretations depending on which word the reader will emphasise. If emphasis is on she that will mean that it is she and not he that loves her children. If the emphasis is on her instead it will mean that she loves her, but not his or any other, children. This is almost impossible to come to terms with by simply writing the message down.

As well as with verbal communication disturbances may occur. From what we will see in our discussion about Cap Gemini Ernst & Young in chapter 7 there might have been some linguistic disturbance as well in the messages that did not reach the employees in an understandable way. However, we believe this was not the biggest disturbance and especially not in FöreningsSparbanken where the messages seem to have been received and understood. What seems to have been particularly disturbing for the employees in the banks is psychological disturbances. There seem to have been some hostile feelings among foremost the Föreningsbanken employees that most likely seriously affected and distorted the messages from management (see further 8.1). We can see that the type of message will affect the media chosen and how the receiver will interpret it. In the studied companies media allowing the messages to be written down transmitted much of the information. This allows the receiver to read and absorb the information in his/her own pace. Also meetings were used in some cases for one-way communication and in other cases when a smaller group was present they allowed for two-way communication. We can notice that feedback was given both by written media and verbally.

The big advantage of the intranet is that it can hold extensive volumes of information in an accessible way. We can see, looking at media, the use of intranets as one explanation for the employees being rather satisfied with the communication at large and that the misunderstandings are not significant. This is probably due to the fact that the employees knew where to look for additional information, as a lot of information was presented on the intranet.

"[...] if I did not receive it I could get it and I knew where I could find it [...] If there was anything I wondered about then I could find it because [...] one could ask questions and receive answers through 'kanalen' [memo]."
(Former Föreningsbanken employee)

In summary we find that intranet is in general a convenient way for one-way communication. As we have seen all dimensions of communication between humans cannot be transmitted in a one-way fashion by an extensive intranet. For instance the nature of the message will have to be taken into account when choosing the media for communication. One of the other important functions concerns the social aspect, as noted by Strid (1999) in table 2. One example we have found of that the social aspect is very important, is that in the companies studied, high management was gathered a few times and received information in a full plenary meeting. We interpret this as a way of not only communicating information but also a wish to communicate a feeling that the managers were supposed to pass on to their subordinates. In

concurrence with one of the information providers, we state that a mix of different media is preferable. Some media show clear advantages in certain aspects and to combine those would give an opportunity to make use of each medias advantages and cover up the drawbacks of one specific media.

"[…] had several channels since they complement each other and a consultant sitting at a customer working may not have access to the intranet. Different persons take in and express themselves more or less well in different media."

(Information provider Cap Gemini Ernst & Young)

6.2.2 Face- to- face communication

According to Cartwright & Cooper (1996, p. 119) information that can be considered shocking is better communicated face to face rather than by some sort of written channel. They even say that face-to-face communication in a group announcement or presentation wherever possible is preferable to the written word. If the circumstances make a verbal announcement impractical the management should try to reduce the impersonality of announcements communicated, in writing for example a letter should address each individual employee personally by name. Any such communication should be jointly signed by representatives of both merger partners and presented on a letterhead that displays the corporate logos of both organisations. Other advice given by Cartwright & Cooper (1996, p. 120) is to give the employees opportunity to ask questions and to acknowledge issues raised concerning the merger that have not yet been considered but take care not to make any promises. This is because promises can create false expectations and later dissatisfaction, if they do not come true, that would not have existed otherwise. It is often the middle or lower level managers that become responsible for answering questions and concerns from the employees, and this can often put them in a stressful situation (Cartwright & Cooper 1996, p. 149f).

Information that filters through the organisation is more likely to be distorted in the retelling according to the authors. This should be important for management to remember, especially in the situation in our studied companies where both companies' management and employees valued the managers' role in communication. In order for this communication channel to function properly, it seems imperative to make sure that all managers receive the same information and possibly from the same source so that distortions can be at least kept to a minimum. In FöreningsSparbanken this was sought-after through phone meetings with the local managers and inviting managers twice to meet management and to receive information also granting a

possibility to ask questions. However, the information provider was aware that this had not worked everywhere, but that there were big differences in how the managers responded to the requirement of having to inform the employees. In Cap Gemini Ernst & Young there seems to have been problems in this respect as well since one respondent clearly said that (s)he had more information than the managers above her/him.

To continue on Cartwright & Coopers (1996) thoughts we find that our empirical findings give a similar result. The communication channel preferred by the employees is face-to-face, as advocated by Cartwright & Cooper (1996). The authors do not however discuss the form of the face-to-face communication. As stated before, our respondents called for more small group meetings since they wanted to receive information from their closest manager and they also wanted to have the opportunity to ask questions. The possibility for dialogue was seen as very important. Another main reason for the respondents to like small meetings was that they usually were most concerned about what would happen to themselves and this was generally not indicated in large meetings. The use of meetings is motivated as a source of information and a way for the employees to give management feedback. However, meetings are most important as a way for the employees to receive information on what will happen to them. The closest manager will play a significant role as a leader of those meetings and as an information provider and interpreter.

Related to the discussion of meetings is the role of the management, as noted above. An important source of information was a good connection with the manager in those cases the employees were given essentially the same information as the manager received. Schweiger et al. (1987, p. 133) found in their study of employees in a merger process that most of them felt that it was their immediate manager and how (s)he handled the situation that had the greatest impact on what the employees later did and how they felt. In all cases the closest manager had the responsibility to inform and if the local/closest manager was a good communicator, or the employees had a view of her/him as such, the employees had a more positive view of the communication in general.

"For our part it [the communication] was good. To a large extent it depended on us having a manager who sat in many discussions and who was not afraid of saying what he thought of what was going on."

(Former Ernst & Young employee)

To conclude the discussion on communication channels we have developed table 3, as seen below, which gives a compilation of the media used in the studied companies and the major function for each, developed from Strid's typology. The first two squares from the top show the media as they were used in the studied companies, the bottom square shows the main functions the particular columns played in the companies. The function in the verbal category "social" is interpreted in a wide meaning, including interaction with others for pleasure, as a feedback channel thereby reducing misunderstandings, a channel for receiving information et cetera, which seems to be the most valued aspect of the channels by our respondents.

Face- to- face interaction gives another dimension of the communication than the two other categories. For example the ability to see the people informing gives a more personal touch to the information; similarly the possibility for two-way communication and interaction with other employees is an important dimension. We believe this will work in favour of the employees perceiving the message and by that the sender is more likely to achieve the sought after effect. Printed media was mainly used for giving in-depth information like articles in the personnel magazine or documents like new terms of employment. The electronic channels were stated to be informative. Some of the respondents also said the intranet was convenient as they could access it at any time and plenty of information could be found there.

	Verbal	**Printed**	**Electronic**
Management to Employees	conversation group meetings full plenary meetings television	personnel magazine various documents	e-mail intranet
Employees to Management	conversation group meetings		e-mail intranet
Function	social	in-depth information	informative convenient

Table 3: *Taxonomy of used media and their main functions.*

A combination of different media should therefore be best since it would allow the different media to support each other and thus reduce the risk for misunderstandings.

"We have many consultants who do not read the intranet daily, information one wants to give out fast has to go by e-mail. But it should be put on the intranet as well so one can go back."

(Former Cap Gemini employee)

We find that a discussion about communication channels is important for the rest of this thesis since the message will probably be affected by the channel chosen, as well as the receivers emotions about the message, as will be seen in 8.2 about visions. These feelings that can arise when the message and the receiver are affected can in turn lead to anxiety. Although we do not see that the media chosen will directly affect anxiety, it is a cornerstone in communication thereby affecting anxiety indirectly.

7 Communication on different levels

Communication can be done in various ways and as seen before there are a number of different disturbances. This chapter will focus on the implications of the manner in which management chose to communicate, discussing matters such as the time between a message and an actual action, the type of information given and the perceived information flow down the hierarchy.

7.1 Continuous information

Almost all of the directly expressed negative opinions came from the employees of Cap Gemini Ernst & Young. The negative comments in FöreningsSparbanken were about technology that did not work and the treatment of employees from Föreningsbanken and did not concern communication as much. However a pattern found in both companies was that the employees wanted management to communicate continuously even if no new information was available.

"[...] even information that there is not any information, is information too. If it is quiet too long people start to wonder 'what is happening now?'. Maybe nothing is happening, but then they can say that."

(Former Cap Gemini employee)

"And people have a need for information, to reassure them that the information was correct, reassure again and continue reassuring. So it is a repetitive pattern because we that have information probably forget how insecure the ones without information are."

(Former Ernst & Young employee)

"[...] and that one communicate that one doesn't know anything if one doesn't know anything. It is important and it is much easier said than done, it is difficult to send an e-mail and say that we have nothing to tell [...]. Then you always want to have something revolutionary to tell and if it is not particularly revolutionary it feels pretty meaningless. Although it is better to say that."

(Former Ernst & Young employee)

"I believe it is best to have a straight communication, not try to hide anything that you believe is painful but that you openly inform about what will happen as soon as possible [...] many times I think that one [management] is afraid to have an open communication so [it] wrap things up although it might be better to tell what really applies."

(Former Sparbanken employee)

One way of looking at corporate communication is that you should like to keep it to a minimum to avoid information overload. Our respondents said that they preferred too much information to not enough. Here we can see that mergers belong to a category where, as it seems, too much information cannot be given. Several employees stated there were periods when "it was quiet". This statement has two dimensions, some found they did not have all information they wanted at a certain point in time, others said they did receive information but nothing happened and they did not know why they received information that early. The merger was announced in February and this is when the communication starts. The actual work with the merger did not become visible to the employees until the autumn, for example the organisational changes.

"[...] quite a lot of information of different kinds came quite early. As one wondered then, why are they telling [us] this?"

(Former Cap Gemini employee)

We interpret this in that information was sent to the employees but not at the points in time they expected it or needed it most. It could also be that management communicated its plans early, but the execution of the plans was not possible at that particular point in time. Whether the communication was too early or the actions delayed too long, one implication seems to be that sending information to the employees as soon as possible, as has been advocated by researchers, is not entirely recommended. Instead we would like to modify this statement somewhat. Looking at our empirical findings, the employees did not know what to do with some of the information. We believe this is due to the lack of practical aspects of the information. Therefore we would like to say that informing about changes in advance is vital, but make sure that the information is not given too long before the actual actions take place. Otherwise there seems to be a risk of misunderstandings between management and employees, since management communicates information it thinks is relevant but the employees either do not know what to do with it or expect action to follow the information. In other words it might not have been the communication as such that was the problem, it might have been the actions that were started too late.

"It has to go faster from the decision is made that 'now we should do something' till one actually does it. It must not take such a long time. [...] One has time to loose the commitment and ambition during this time [...]"

(Former Ernst & Young employee)

Another problem was the transmission of information down the hierarchy. One of the respondents in a management position mentioned that the information sent from the highest levels in the organisation was often in a too aggregated form when it was transmitted to the team leaders, for example goals for the Swedish market. The respondent's opinion was that it is difficult for the team leader to break down the goals right from the national level to the level of a local team without any intermediary steps. For example the goals for Sweden could have been broken down into: What does it mean for the region? What does this information mean for the business unit? And finally the team leader can draw conclusions about what it will mean for a specific team. It was also mentioned that the communication on the local level was varying in quality.

"[...] it felt like we should have been better at mediating [the information] to every link in the hierarchy than it might have been done. [...] It was an attempt to break it down from a pretty aggregated level to something that applied to us. [...] Not immediately having to pick 'big, best and bold' and then [apply] what that means for our little group of thirteen people, that is not easy."

(Former Cap Gemini employee)

What we have seen so far is that a lot of information came too early and that the level of information was too abstract. This was particularly true for information about the new organisation. When the information was given the employees wondered how it would affect them but this was not figured out at that point in time.

"It took time before the changes that were going to be made came to [our] location. Before that it was mostly that so far they don't talk about us but are drawing boxes and arrows and we don't see how it affects us."

(Former Cap Gemini employee)

Our interpretation of this is that the communication about the new organisational structure started too early or, seen from another angle, was on a too aggregated level. When something has the prospect of affecting the employees directly it seems like they immediately want to know exactly how it will affect them. If the information was not detailed enough this led them to

ask for more information, which was not present at this time. One conclusion which we can draw from this discussion is that the management must consider if the given information is on the level the employees are expecting. If the information is on an aggregated level, let the employees know when more detailed information is going to be ready, or do not communicate any details about the plan until all details are worked out and the plan is actually going to be implemented within a short period of time. This has the drawback that the employees may be upset by not hearing anything from the management and then receive it all at once having problems coming to terms with the changes. One way to deal with it is for the management to give a preview of its plans but clearly state it does not have any more information at the time but that more information will be available at a specific date. The important difference is to not only communicate what information the management has but also what information it does not have. One implication of giving little information early with the intention to follow it up later can be that speculations about future actions start among the employees in the meantime. Although this does not seem to be the case in the studied companies, management needs to be aware of this risk.

Should management give little information at the time, even if not all the plans are finished, or should it wait and give all information at once? The way we view this is that it depends on whether the managers want feedback or not. When management wants feedback on its actions it could be more appropriate to introduce information little by little so that the employees are given an opportunity to react to it. If management has all the details set before the communication starts, we believe it will not respond to feedback to the same extent since it is more difficult to rethink once you have decided on an approach. On the other hand, if the management does not expect feedback it would be better to give notice of a future change but wait with further communication until the details are set. Interestingly enough our respondents had differing views on this.

"I think that many times [management] awaits because it [the plans] is not completely finished and it does not know completely what will apply. It is better to give information early that says that we have come this far with the process and this is not finished yet, but we are working on it."
(Former Cap Gemini employee)

"It is better to receive information as early as possible and not that [management] holds the information and gives it away little by little. I believe it is better to obtain everything as soon as there is anything to pass on. [...] it is silly to give information too early as well, that might only lead to a lot of

anxiety. But when the decision is taken one should probably give information as soon as possible."

(Former Föreningsbanken employee)

Although there were some problems with understanding the fast and 'raw cut' version of the communication in Cap Gemini Ernst & Young, there was still one respondent who thought this was a good way to give information away as seen by the first quote. The reason was to lessen the anxiety that might arise from not knowing at all what would happen. In other words this is not such a clear-cut contradiction to our statement above, as it might first seem. Giving information little by little is our recommended way if management wants feedback. The point that we want to stress is that the information has to be given at the right time. Given too far ahead of the change actions, the employees will have forgotten about the information when the change process commences which renders the information pointless, as was stated by employees in Cap Gemini Ernst & Young. The second respect that needs to be remembered is that whether information is given little by little or at once it has to be clear in that it has to take the employees prerequisites into account. If not, the information will probably not be understood and anxiety will probably result even if the information is delivered little by little. Where anxiety is concerned we believe that the clarity of the message (see 9.2 for a discussion on this theme) and the time factor (see 9.3) are more important aspects than whether the information is given little by little or at once. The second quote is more in agreement in that information should be given as soon as it actually exists but that giving it too early might cause anxiety, probably because the information will not be clear enough to be understood perfectly.

To sum up we can say that it is important to remember to communicate even when no new information is available. It is also important to remember to take the employees' feelings and expectations of the information into account so that the message will be designed in a way that is clear and understandable for the employees without the extra extensive knowledge that management has of the company. The third important aspect found was that it is important to give information at the right time, and not too early so that the employees will not know what to do with it, or have time to forget it before the action is taken.

7.1.1 Theories on continuous information

The discussion on continuous information can be linked to one of Watzlawick et al.'s axioms (1967, p. 48f); one cannot not communicate as well as one cannot not behave. Disregarding how someone reacts to others' communication (s)he will have given some sort of response even if the person

does not respond. Even if we make a conscious effort not to communicate we will still communicate something. When others perceive this "message" they will react to it and in turn send a message back either they are aware or unaware of it. This type of "answer" may be difficult to interpret and the risk for misinterpretation is substantial. As a consequence of this argument communication cannot be explained as something that only takes place when it is intentional, conscious or successful.

Is this really a true statement? One cannot not communicate without communicating implies that a person would communicate all the time whether (s)he is aware of it or not as indeed Watzlawick et al. state. The question then arises whether we believe communication is something of which the person sending a message has to be conscious or if it can be unconscious as well. We have found a definition of communication that says:

"Communication occurs when a consciousness influence her/his surroundings in such a way that another consciousness experience something that resembles, and partly is created by, an experience the first consciousness has had."

(I A Richards in Bernstein, 1985, p. 51. Writers translation)

This implies to us that since the word consciousness is used then communication is something that is consciously transmitted. However, we think that this does not account for all aspects of communication. Consider this fictive example. Person A and B are involved in a conversation. Person A is currently the sender and as he speaks he also unconsciously tugs on his ear. Person B, who is the receiver, knows A and therefore is aware that the only time A is tugging on his ear during a conversation is when he is lying. We believe that this unconscious act of tugging on an ear actually is a form of communication because it tells the receiver not to believe what she is hearing. Engquist (1992, p. 42) says that there are two types of language, analogous and digital. The digital language is verbal while the analogous language is non-verbal, for instance body language. The analogous language is the language that will be noticed first and foremost, partly because it is more original and partly because it is easier to lie and dissimulate verbally. In other words, we believe that communication can occur even when the sender is not consciously sending a message. Bernstein (1985, p. 15) says that it is always the sender that is responsible if misunderstandings occur. Accordingly we feel communication is happening as long as the receiver actually receive a message, regardless of the sender was aware of sending it or not.

This is what the employees seem to experience. When nothing is communicated they start to wonder what is going on and interpret a message into no communication at all. From the management's point of view it seems more natural to communicate when you have new information, otherwise not communicate. Here we can see a risk for misunderstandings between management and employees. In Cap Gemini Ernst & Young there does not seem to have been any major misunderstandings due to this factor, but rather a request for more continuously given information.

Other researchers have found that management sometimes thinks that it should not communicate all the information to the employees since that would only lead to worry among the employees, but Daft & Lengel (1998, p. 141) have come to the conclusion that most information can be handled better at lower levels than at higher management levels. The authors say that employees want to know what the organisation is about and where it is headed since it will help them to determine what serves them and the organisation best. They also state that the important thing to remember though is that the information will only be noise to the employees unless they are able to see the "big picture".

In Cap Gemini Ernst & Young management seems to have communicated plenty of information, but some employees felt that the information they received was not useful to them at the time it was communicated. Rather they would discover the purpose of the specific information later. This can either be due to the management actually communicating the information too early or another plausible explanation is that the communication was not clear enough therefore causing the employees to question why the particular information was given. Although the information was fast it was not detailed enough, but rather on a too aggregated level. This was not enough to give the employees an understanding of the big picture. We believe that the reason for the aggregated level was to give the employees the big picture, but this was not done in a clear and understandable way since the employees wondered why they received some of the information. Even if the big picture was communicated by management this did not help because the employees could not break the information down. This implies to us that management was unsuccessful in their communication. The reason we have found for this is the aforementioned glide between information and action, especially concerning the difficulty of explaining and understanding the new matrix organisation that was mentioned by the respondents. If the employees had been able to see the changes practically it might have been easier to understand the information as well.

The summary of the discussion above can be stated; communicate even if no new information is present. However, when communicating management needs to make sure that it only communicates intended messages, since communication can be unconscious. Management also needs to remember to communicate the big picture first if it wants the employees to be able to make sense of the information.

7.1.2 Theories on presuppositions about the communicative partner

Sending a message without misunderstandings is made even more difficult since people tend to presuppose certain things about the receiver, such as her/his level of knowledge, and formulate the message from this presupposition. However, was this disturbance present in the communication in the two companies researched?

Nilsson (1995, p. 5-10) has described a model as to why misunderstandings like in the earlier paragraph can happen between management and employees. He says that communication in a situation can be easy or difficult depending on the situation and with whom you try to communicate. If you try talking to a colleague about your work it will probably be easy, but if you instead try to communicate the same thing with someone that has never heard about your line of work, it might be difficult. In other words, it is possible to sort the different situations into patterns with similar situations forming bigger groups. These are called *communication sectors* and a person could have a sector for work, education, family and so on. The sectors will be different in size for each individual depending on, among other things, influence, upbringing, environment et cetera. To judge the size of the sector Nilsson (1995) has chosen a *communication line*, for instance from one to ten. Misunderstandings can then happen if the individuals that communicate with one another within the same sector have different sizes of their communication lines. In figure 6, one communication sector has been chosen and the communication line for two individuals has been drawn in that sector.
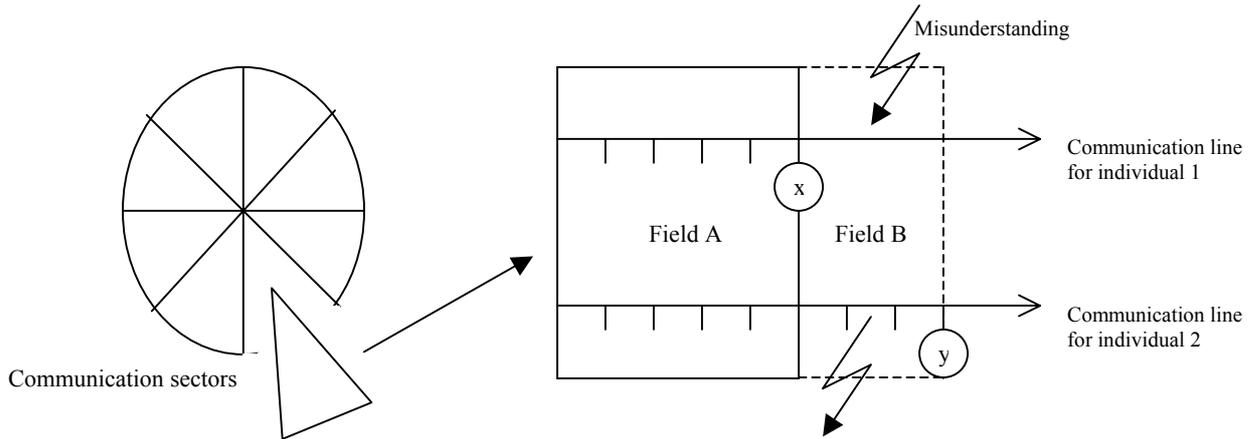
Figure 6: *Description of communication sectors and lines. (Modified from the original version, Nilsson, 1995)*

Individual 1 has more limited knowledge and experience in this sector since his/her line stops at x while the line for individual 2 continues to y. This should mean that as long as the communication is only within field A, both individuals should be able to communicate without misunderstandings since they both have the necessary knowledge. If individual 2 instead brings the discussion to field B, misunderstandings might occur.

We agree that people have different knowledge of different subjects and everyone has probably been in the situation where they have known either more or less than the person with whom they have conversed. If so, one should also have noticed the frustrations that arrive from not knowing what the other person says or trying to find ways to explain a subject to someone else. Something that strikes us immediately is that this could be a major problem as mangers and employees often have different knowledge and experiences. Our empirical findings imply that the management often communicated on a different level than the employees expected. When goals were communicated the management had the "big picture" in mind but communicated in field B in figure 6 whereas the employees were concerned with what would happen to them specifically on a detailed level. Since they did not understand all information and probably did not have complete knowledge about what management wanted, they were most likely in field A instead, therefore causing misunderstandings.

In conclusion we find that it is important to communicate "the big picture" the management envisions from the perspective of the employees. Doing this should enable managers and employees to understand each other so that no

misunderstandings will arise due to different amounts of knowledge of strategic plans and detailed plans respectively.

8. Messages

Here the most striking message communicated in FöreningsSparbanken will be discussed as well as the tool for communicating the corporate vision, called "Dialogen", that was used in the banks. In Cap Gemini Ernst & Young the patterns were not as distinct but their messages and visions will be looked into as well.

8.1 Perception of main messages

In Cap Gemini Ernst & Young there was not one main message, this was stated both by the information providers and observed in the employees' answers. Several respondents despite this mentioned certain messages that they perceived as more important than others. The most important, and most frequently mentioned was why the merger was conducted and what the benefits would be.

"[...] then one can say that just with the information we had before [the merger] one can say it looked very good. [...] it was a perfect fit in the way that our product portfolios partly complemented each other very well."
(Former Ernst & Young employee)

One message that was perceived by Ernst & Young employees was to "stay focused". According to the respondent not to stay focused on the market is a problem that is common in mergers as the organisation starts to focus on itself instead. The managers will not do a good job until they know which "box" they will sit in and if they don't feel secure their subordinates will not feel secure. It is all about creating security in the organisation at an early stage. This is achieved by giving all members of the organisation as good a view as possible of where they will be in the organisation and how their micro cosmos will turn out, but also by focusing on the market so that they will not have time to worry unnecessary, according to our respondent.

"Just in our part of the business it was stay focused, work on, and nothing will happen."
(Former Ernst & Young employee)

What is interesting to note is that this message was not mentioned by the Cap Gemini respondents, nor by the information providers. It seems that this was a different message communicated only in Ernst & Young. Problems can arise

if contradicting messages are sent out to the two merging parties but it appears this message did not cause any problems as it did not contradict other messages.

FöreningsSparbanken had one major message, "on equal premises". This was mentioned by the Sparbanken employees but was pointed at strongly by the Föreningsbanken employees since they continuously returned to this subject and had a lot of negative views on it. Föreningsbanken employees took the message that the merger was going to be on equal premises very seriously and as this message was not followed through in action, according to the Föreningsbanken employees, the employees became dissatisfied. The dissatisfaction can be due to disappointment of being acquired. By putting trust in these words they tried to feel better about the merger. As the integration process started they really paid attention to monitor if those words would be followed in action. This probably occurred because they knew that they were the smaller company and did not, despite their best hopes, really expect the main message to be true.

"One thought it was a bit ridiculous since if one looks at the proportions of Föreningsbanken and Sparbanken, then Sparbanken was considerably bigger and still they said on every information that was sent, that it was a merger on equal premises. [...] It was not a merger on equal premises. That was like a figurehead that they put forward in the television broadcasts to make the employees believe it was a merger on equal premises [...] That is probably what many feel betrayed about, feel a little bit tricked."
(Former Föreningsbanken employee)

"It was not on equal premises because we got it worse both for our customers and employees from former Föreningsbanken, that cannot be denied."
(Former Föreningsbanken employee)

The actions pointed to by the Föreningsbanken employees, as contradicting the main message, was for instance that the choice of computer system, managers and offices seemed to favour former Sparbanken employees since it was theirs that were kept. It is interesting to note that as far as we know, the management did have a logical explanation for its choices, but still Föreningsbanken employees felt they were run over. The computer system of Föreningsbanken was more modern, but it did not have enough capacity for the big amount of customers that would exist in the new bank. Föreningsbanken premises were generally smaller, therefore it was more logical to move to the larger premises of Sparbanken when two offices were located close to each other. Furthermore Sparbanken had a clear advantage as

they had bigger, better-known central units with a good reputation, and as a consequence those would be the ones used in the new company.

"It was really quite natural that the big [computer] system that already had the capacity of that amount of customers should be used, than to take a small system and improve the capacity. It was done from cost reasons, but they should maybe have motivated it better because technically speaking the Föreningsbanken system was further developed."
                                                    (Former Föreningsbanken employee)

Here it is interesting to make a comparison with Ernst & Young that also was the smaller company in the merger. One information provider in Cap Gemini Ernst & Young, who was a former Ernst & Young employee, gave the following response:

"Some worries existed that Ernst & Young was eaten by the big company. But the employees were rather cocky and knew they where successful and could provide something [to the new company]. [...] a mix between terror and delight."
                                                    (Information provider Cap Gemini Ernst & Young)

How come the employees in Ernst & Young had such confidence when the employees in Föreningsbanken did not? There is most likely more than one explanation for this. For instance, perhaps they had a completely different situation in Cap Gemini Ernst & Young with complementing instead of competing businesses, and a boom in the market at the time. Another reason could also be that the two companies were on different educational levels. Ernst & Young employees were more self-confident about themselves since self-confidence generally stems from a higher level of education. In the two banks there were less employees with a university degree which, we believe, could also be a reason why Föreningsbanken employees felt more insecure, especially considering the importance put on competence, as will be seen in 8.2. Since this thesis focuses on communication we will however look at it from this angle. The information providers in Cap Gemini Ernst & Young stated that an important message was why the merger was conducted and the positive effects the merger would generate. This is also a message received by the employees. We believe that if the employees do not have a clear and reasonable picture of why the merger will be conducted they will also be more prone to interpret further communication negatively. This is what seems to have been the case in Föreningsbanken. This could also be a reason for the resentment among the Föreningsbanken employees towards the merger. Based on our interviews, it seems like the employees did not understand why

the merger was necessary, which several of the Föreningsbanken employees stated clearly. For example one respondent stated the merger was made for the survival of Föreningsbanken, since it was rumoured the bank had big credit losses, while another respondent claimed the bank was performing well and the merger was totally unnecessary.

"I think one should have been so straight forward that one said 'this is an acquisition' and one should have said straight that the credit losses in former Föreningsbanken was relatively large and that this was seen as a rescue for the bank."

(Former Föreningsbanken employee)

"Still it felt a bit unnecessary because our bank had done super well as Föreningsbanken, made very high profit."

(Former Föreningsbanken employee)

The management could, maybe should, have communicated more clearly why the merger was being made. In the case of Cap Gemini Ernst & Young this was very clear since the reasons behind the merger was the first thing mentioned by more than a few of the respondents as well as a message communicated by management. The reason for the employees being so positive, we think, is that the management had strong arguments for the merger and also communicated how positive this would be for the company on a global level. It is also important that the employees believed the argument that it would be good for the company on a global level and this argument proved to be more or less true.

When actions taken seemed to show that the systems of Sparbanken were favoured, the employees in Föreningsbanken would focus even closer on the main message and consequently become even more dissatisfied. One explanation could be that a person will pay attention to what (s)he wants to pay attention to. The employees had a negative attitude to the merger to start with and therefore they focused disproportionately on the negative aspects of the message "on equal premises". Also it seems like the employees in Föreningsbanken did not trust the management. The fact that the CEO said shortly before the announcement of the merger that a merger would not be conducted, severely disrupted the trust for the CEO and this may have affected how the employees received this message. They really had their eyes on the management in order to verify if it could be trusted to do as it said.

What we have seen is that the attitude to the merger was different in the two companies. What could the management have done to overcome this? A

negative attitude may be difficult to overcome but we believe that the management could have been more successful if greater care had been taken in explaining why the merger was being conducted and also by better explaining why certain actions were taken.

8.1.1 Theories concerning messages

During a merger the employees tend to attend to information that reinforces their worst fears regardless of the validity of the source (Cartwright & Cooper 1996, p. 122). To reduce problems the management should communicate on a regular basis. This should be done even if the content of the message is only to reaffirm that there is no or little new information to communicate. Buono & Bowditch (1989, p. 198f) say that the more well informed the employees are the more likely they are to react positively to the merger. It is emphasised that inaccurate information is worse than no information at all. During a merger people will focus on what is actually said and also if this is in congruence with what they see happen. If people are very insecure and threatened, as after a merger, every memo, contact, phone call, innocent question, and request can be and often is gleaned for clues and hidden meanings and magnified out of proportion (Bradley and Korn, 1981, in Frommer, 2001[3], p.287). What is discussed above seems to be in accordance with what was happening in Föreningsbanken, when the employees put such a strong emphasis on the message on equal premises.

The employees in Föreningsbanken most certainly focused on the negative aspects of the merger. Also it can be questioned how well informed they actually were. The respondents did not expressively say they lacked information but we interpret the answers as they did not receive clear arguments of why the merger, and the actions stated above, were actually happening. Furthermore, the situation itself created insecurity among the employees making them more susceptible to any contradictions between words and actions. In Ernst & Young no such insecurity about the situation seems to have occurred.

As has been seen earlier, Watzlawick et al. (1967, p. 54f) discusses communication in the form of axioms. The author states that every communication has a content and a relationship aspect. The content level mediates the content of the message, the actual words. The relationship aspect clarifies what kind of message it is and the relationship the person sending the message wants to have with the receiver of the message. An example of this

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[3] Those authors were not in the reference list in Frommer (2001), but only mentioned in the text. Therefore we could not find the original source.

can be an order given by a superior where the words "do this task" is the content but how it is said among other things give us the relationship aspect. Watzlawick et al. (1967, p. 54) argues that problems can arise if, during the communication, two different things are discussed. First what is to be done, in this case the task, but also on another level the relationship between the communicating persons. In this case maybe the receiver of the message doesn't want to accept the sender as a superior and therefore would not do the task even if the content part of the message was received and accepted.

Communication is either symmetrical or complementary, depending on if it is based on equality or difference (Watzlawick et al., 1967, p.70). If the parties are equal, a symmetric relationship exists, where both parties have the right or will to make decisions, the result is an escalation between the two parties when both try to surpass each other. The communication will be symmetrical since both are at the same level and try to achieve the same thing. If the parties on the other hand are unequal i.e. one party decides in the relationship and the other party adjusts, the communication is said to be complementary. The parties will behave in a certain way to uphold the unequal status of the relationship. Most normal relationships build upon both these types.

Punctuation of the sequence of events discusses the idea that communication is continuous (Watzlawick et al., 1967, p.59). Every new message is a consequence of previous messages. The question is where the punctuation of the communication occurs. If one part in the communication still thinks a particular conversation is going on but the other part considers that particular conversation forgotten, misunderstandings may occur.

The problems with the message "on equal premises" can be viewed in light of Watzlawick et al.'s axioms. We start with content and relationship dimensions. The message, or content, that was transmitted was "on equal premises". We believe the employees in Föreningsbanken interpreted the message word by word. As mentioned before the employees expected the merger to be on equal premises in all aspects. But looking at the relationship level, interpreted from Föreningsbanken's point of view, Sparbanken was the superior. This is the relationship aspect. The actions taken suggested the relationship between the companies to be in conflict with the content level of the message. There was not really a misunderstanding as such here. As we understand it the management had good intentions when communicating this message. By taking the earlier stated actions management seemed, in the eyes of the Föreningsbanken employees, to further increase this superiority and therefore the discontent felt by the employees.

The communication was, from management's view, symmetrical. According to the information provider in FöreningsSparbanken the decisions were taken jointly with the best interest of the new bank at heart. Employees from both banks also headed each of the groups making decisions. There does not seem to have been the effect of escalation in trying to surpass each other, at least the information provider did not mention this. That is no reason to believe that this was not occurring anyway. We do not believe that this trying to surpass each other necessarily has to be a negative aspect. As long as both parties have the best interest of the organisation in mind, good decisions can result from this wish to be better. Of course it can be negative in that it can create a hostile feeling between the parties, but the information provider mentioned that there was a good cooperation between the parties in the project groups leading us to draw the conclusion that this was not a bad situation. However, from the Föreningsbanken employees' view the communication was perceived as complementary since they felt run over, mistreated and that they were the ones that had to adjust all the time.

Punctuation is yet another of Watzlawick et al.'s axioms that can be applied to this situation. For the Föreningsbanken employees the communication started when their CEO said that no merger would take place and then broke this "promise". For the employees there was no punctuation after this message but all further communication would build on this statement, making the employees hostile from the start. The management, we believe, did not view it in the same way. From its perspective something new started as the merger announcement was made. Consequently problems arose. One party started something new while the other continued with something old. For the first party, the management, this is not a direct problem but may become so if the employees are dissatisfied. For the employees, the second party, the problem is vivid as they have preconceptions the other party most likely do not even know about.

In summation we believe that in FöreningsSparbanken the message was conflicting in terms of content and relationship leading to Sparbanken feeling superior and causing Föreningsbanken to focus on the negative aspects. The punctuation of the communication was also different from the perspectives of the management and employees. To further add to the differing views the employees distrusted the management; they did not receive clear information of why the merger was conducted and also they did not obtain a reasonable enough explanation for certain actions taken.

8.2 Communication of visions

Visions[4] were communicated slightly differently in the two companies. In Cap Gemini Ernst & Young the visions were scattered in different documents and presentations while in FöreningsSparbanken the visions were mainly presented in a board game called "Dialogen". Some examples of Cap Gemini Ernst & Young visions are: a metaphor which was presented by the Nordic CEO called the "Nordic Garden", number one as mentioned by two respondents and seven core values originating from Cap Gemini. We can note that there may have been some lack in the communication as there are no common conceptions about the vision in Cap Gemini Ernst & Young. Our interpretation of why, is that the management did not put strong effort in communicating the vision but the important thing taking everyone's attention was the ongoing organisational changes.

The employees in Cap Gemini Ernst & Young did not really remember the visions, while most employees in FöreningsSparbanken had strong opinions of the dialogue sessions. Since the pattern found in the FöreningsSparbanken regarding visions are more evident we will continue this chapter by discussing this vision. The purpose of this game was to make the employees understand the situation and also for them to be able to give feedback. The comments from the employees were rather unenthusiastic. They did not think it served any purpose, and they did not think they had an opportunity to influence the situation. This was true for both Sparbanken and Föreningsbanken employees. Something they thought was beneficial was the opportunity to meet and talk to other employees and one respondent even stated (s)he thought this was the whole purpose of the game.

"[…] it was arranged to suit, well I mean it was not that hard to go there because the answers were already there, even if it was called we should give our opinions. There was already a key so it was rather meaningless I think."
(Former Sparbanken employee)

"[…] we didn't have any saying anyway but it was a way for us to meet."
(Former Föreningsbanken employee)

"[…] it was the most tomfoolery thing I ever experienced. It was like kindergarten."
(Former Föreningsbanken employee)

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[4] By using the term vision here it is used in its broadest sense including, strategies, goals et cetera.

The visions communicated by Dialogen were viewed as looking too far into the future and on an overly abstract level. We can see that this part served to give the employees an idea if they wanted to stay in the bank, but what the employees were worried about was what was going to happen to them tomorrow, not in five years time. The management had obviously put thought behind Dialogen but, listening solely to the employees, it seems like this was not the case at all. The meaning was for the employees to understand the situation and that they would have an opportunity to affect the ongoing process. According to the information provider the feedback from the employees was sought after and attended to. Our respondents expressly said Dialogen was predetermined and they could not affect the course of events in any way. Maybe the person we spoke to from the central management wanted it to sound better than it actually was but this explanation seems less probable. One reason for the misconception between management and employees may be the fact that feedback was expected and appreciated from the management's point of view but the employees did not feel this. As different people were holding the dialogue meetings in every branch it is possible and even probable that different people explained it in different ways; therefore everyone did not receive the same information.

In short, the dialogue sessions did not completely fulfil the purpose the management seemed to have since the employees were very dissatisfied with them and generally thought they did not give any results at all.

8.2.1   Theories to understand communication and visions

The way the management in FöreningsSparbanken went about implementing the new strategy is to a large extent similar to the model proposed by Gioia & Chittipeddi (1991, p. 433f). The concept of sensemaking and sensegiving has been developed as a way of describing the role of the Chief Executive Officer (CEO) during strategic change and not as a way to try and explain communication in the organisation. As a merger in relevant aspects resembles any strategic change we find this concept applicable to our study to understand the meaning behind the dialogue sessions. Goia & Chittipeddi (1991, p. 442) state that sensemaking stands for the construction and the reconstruction of meaning done by the involved parties trying to develop a framework for understanding the nature of the strategic change. Sensegiving stands for the process of attempting to influence the sensemaking and construction of meaning that goes on, towards the preferred organisational reality.

The process starts in the envisioning stage where the CEO will develop a picture of the organisation as it is at the moment and thereafter evolve a vision

for the future of the organisation. This process is labelled sensemaking. When the vision is complete it will be communicated to the stakeholders of the company during the signalling stage. In this stage the employees are important stakeholders but even investors and others will naturally be affected by a strategic change. This second step is labelled sensegiving. To sum it up, in the first step the CEO is making sense of the organisation and creating his/her vision, in the second step the CEO will share the vision with the organisation. As the process moves on to the re-visioning stage, the stakeholders will process the information and interpret it, sensemaking. Finally, in the energising stage the stakeholders will react to the proposed change and give their opinion about it, sensegiving. The CEO will then in turn interpret the revised vision that will arrive back to the CEO, before it again will be channelled at the stakeholders.

The shifts between sensemaking and sensegiving can be seen as an alternation between two different states in a sequential and reciprocal fashion. However, this sequential and reciprocal fashion also points to periods of understanding and influence. Sensemaking occurs during understanding or cognitive phases while sensegiving phases are active in that sensegiving tries to influence the other party's understanding (see figure 7).

| Envisioning | Signalling | Re-Visioning | Energising |

Sensemaking	**Sensegiving**	**Sensemaking**	**Sensegiving**
Understanding	Influencing	Understanding	Influencing
Cognition	Action	Cognition	Action
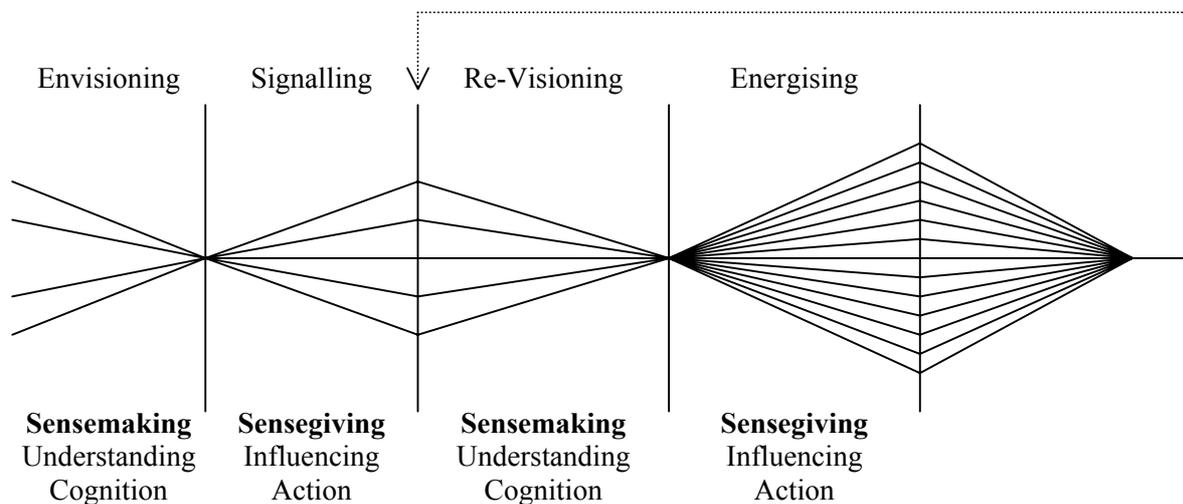
Figure 7: *Description of the processes in the sensemaking/sensegiving theory. (Gioia & Chittipeddi, 1991, p. 444)*

As can be seen it was very important for the management in FöreningsSparbanken to come to an understanding as to what it wanted the new bank to be like and what visions it would have for the future, which is the first step of sensemaking. When that was done the management communicated this through the dialogue meetings, sensegiving. During the

five meetings the employees were supposed to draw conclusions about what was presented to them in the form of writing down how they would operate locally from this information. This was the employees' way of making sense of the vision given to them by management. Their reactions should then have been communicated back to the management through the sensegiving of the employees. Thereafter the management of FöreningsSparbanken had to make sense again of the comments brought forward by the employees and to revise its future actions according to the responses.
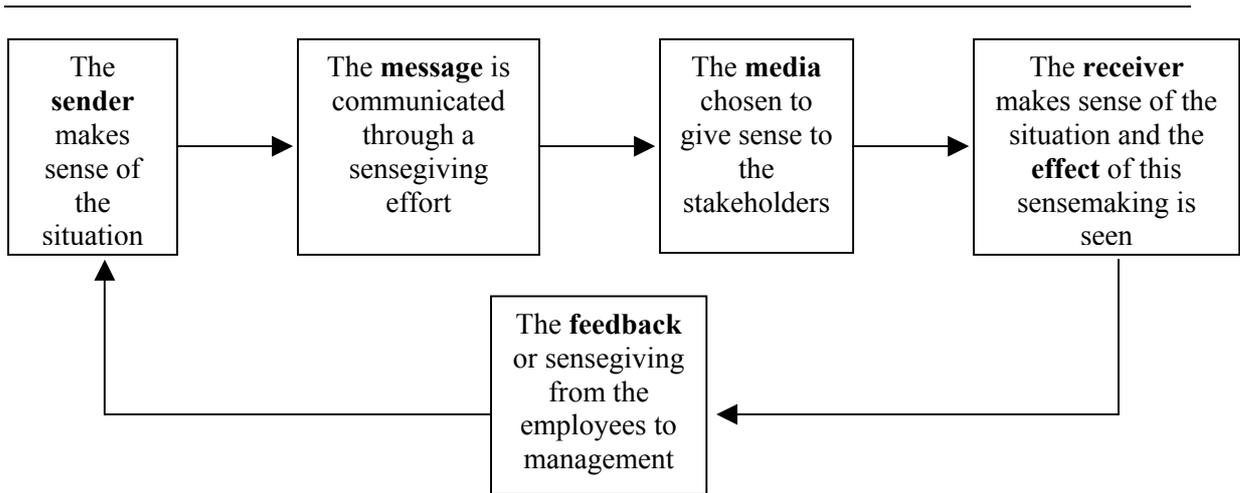
However as seen above this was not completely successful. The process of sensemaking and sensegiving seems to have broken down between management and employees in FöreningsSparbanken during the communication of the visions. Looking at the process again the two first steps were accomplished since all employees had to attend the meetings. That is, the management made sense of their situation and tried to mediate this vision during the dialogue sessions. However, there seem to have been some confusion as to what the management meant with this game. In the conducted interviews there were, as seen, many different answers to why these sessions had to be conducted. In other words, the information was such that the employees were not able to adequately make sense of the vision communicated and therefore they were unable to give feedback through sensegiving to the management, which is probably one reason as to why the employees felt that feedback was not wanted. They did not have any feedback because they did not understand what they should give feedback on or knew they were supposed to give feedback, since they felt that the answers were already given in the board game and that they could not influence the process.

Why this process broke down can be studied through the traditional communication model (see figure 5 in 6.2.1). The management was the sender of the message, the vision, and it was done through the board game as communication channel. However the receivers, the employees of the two banks, did not understand the purpose of the board game, hence they did not understand the message. Therefore the effect was that the employees thought it was ridiculous and they did not send feedback to the management because of this effect and because of the misunderstood message that they could actually influence and that this influence was sought after. We believe that the disturbance present was probably media disturbance to a big degree. By this we mean that the board game might not have been the wisest choice as media. The employees thought this was on too low a level and seemed to have wanted management to present the vision to them as adults and not by playing a game like children. With all the changes that also took place at the same time they also found it slightly unnecessary to take up time and money with

this game. These feelings most likely influenced the fact that they did not understand the message through psychological disturbance. If they already had negative feelings towards this due to lack of time or an aversion to games then they might not have paid enough attention to what was actually said to and wanted of them.

We feel that these two theories, although they do not have the same starting point and do not really discuss the same issues, would be good as complements to one another due to some similarities between them. In sensegiving/sensemaking the CEO is the sender in the traditional communication model. (S)He studies the organisation and then communicates to the employees. This should be necessary for the sender in the traditional model to do in order to meaningfully be able to communicate to the employees, here sensegiving/sensemaking would contribute to the traditional model. The message in the original model we feel equals the sensegiving to the stakeholders. The message is sent or the vision is communicated to influence the stakeholders and to give the view of the management. However, there should exist disturbances even during this sensegiving effort by management, but these are not discussed in the theory since it was not a communication theory originally. Therefore the traditional model would be a complement.

The different media are also not discussed in the sensegiving/sensemaking theory since, as previously stated, it does not discuss communication. We feel that it should be important in that model as well due to the fact that the media chosen can, as seen above, influence how the stakeholders will view the sensegiving effort of the management; hence this will influence the stakeholders' sensemaking of the message in turn. The stakeholders are the receivers and they try to make sense of the message, which we think is the same as the effect that will come out of the traditional model. Feedback is the same as the sensegiving that returns to the CEO. Therefore we have tried to combine these two theories in figure 8 in order to take advantage of the best points of the theories and try to add an increased understanding of how they work.

The **sender** makes sense of the situation	The **message** is communicated through a sensegiving effort	The **media** chosen to give sense to the stakeholders	The **receiver** makes sense of the situation and the **effect** of this sensemaking is seen

The **feedback** or sensegiving from the employees to management

Figure 8: *A new communication model.*

The fact that misunderstandings arose during this process of sensegiving/sensemaking of the vision of the new bank could further be explained by the theory previously mentioned developed by Nilsson (1995, p. 5-10). According to this theory every individual, apart from having both different communication sectors and lines (see 7.1.2), also has a certain focus area within each sector. For instance in the work sector there are individuals who are more interested and know more about business or engineering to name some areas. However the person will probably be more focused than simply saying (s)he works with business and instead say that (s)he works with marketing or accounting or the like, hence it is possible to divide these different sectors into smaller pieces as well. The longer from focus, that is the specific little niche chosen, the less interest the individual will show. This influence will narrow the communication line of the individual and something called *situation fields* occur, brought about by work environment, experiences and interest. The fields of different individuals will usually be slightly off from one another, leading to a very small area where communication can actually take place without misunderstandings (see figure 9).

A
B
C
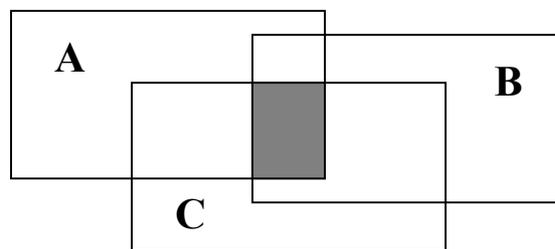
Figure 9: *Three individuals situation fields. (Nilsson, 1995, p. 10)*

The only area where all three individuals can communicate without misunderstanding is the shaded area. However, it is possible for A and B to

communicate effortlessly in the entire area where their two situation fields overlap and vice versa. This theory can be used in the same way on groups of individuals as well.

Hence, Nilsson (1995) argues that different individuals, or groups, can be on different levels when communicating. If one individual has more knowledge or interest in a specific area and another individual has no knowledge or interest in this particular area it will be difficult for them to communicate without misunderstandings arising. In this case the management had its focus and knowledge on the big picture and the new visions of the new bank. It had a vision of where it wanted to take the company and how this would be achieved, for example what kind of employees would be appropriate. This is what it wanted to communicate through the dialogue sessions. The employees on the other hand wanted to know what was going to happen to them in the short term. They were much more narrowly focused and instead of the vision they wondered if they would have a job after the merger process was over, which other people they would work with and at what location they would work. We can see that the focus of these two was quite different, and it may be the reason why the employees did not take Dialogen to heart. The level of communication was to abstract for the employees at the time. It is natural for the management to make strategic plans for the future but the employees, even if they are concerned for the survival of the company, most likely have the short perspective in sight because that is closest to them. For most employees it is not as important to know what will happen to the organisation in five years if they do not know that they will still be employed in the company past the merger process. In terms of Nilsson's theory (1995) the management and employees were positioned as shown in figure 10. Naturally, the management was also interested in what would happen to the employees and the employees wanted to see the big picture. The shaded area is where the two parties meet, but their concerns were still far apart.
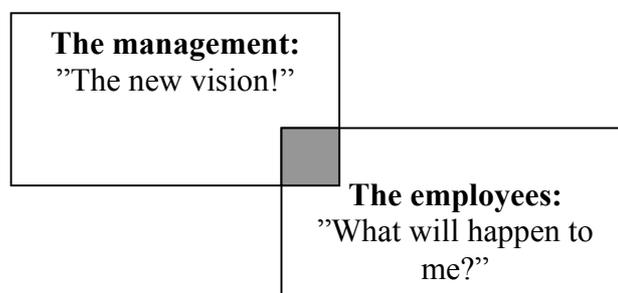
Figure 10: *The situation field on management and employees in FöreningsSparbanken.*

In conclusion we can say that the management should have concentrated more on giving the employees the information they really wanted, for instance about the new organisation and their own work situation, instead of spending so much effort on communicating the visions. In keeping with the rest of the thesis we understand and agree that this is an important step for the rest of the information but communicating this in a more "normal and adult" way seems to have been more appropriate and sought-after by the employees. The management should also need to take greater care to make sure its actions are not considered contradictory to its messages, as this should create negative feelings in the employees and possibly a higher level of anxiety (for a deeper analysis see 9.1 and 9.1.1).

9.   Communication and anxiety

As was shown in the presentation of a problem (see 1.1), communication can be both a cause and a solution to why anxiety arises in an organisation. Therefore as a consequence of communication we will turn to our findings of anxiety and look at the role communication plays on this aspect.

9.1 Attitude

The general attitude to the merger among the employees is interesting to study, as we believe it will affect how other aspects are viewed and whether anxiety would be felt. In Cap Gemini Ernst & Young most of the employees had a positive attitude to the merger with the exception of one Ernst & Young employee. The one respondent who was unhappy with the merger stated the reason for being negative was that (s)he had hoped some other company would have bought them. The employees generally thought it would be better to become bigger in all respects. They were also aware from the beginning that there would be no lay offs since the situation on the market demanded their expertise to a higher degree than they could supply. There was also only small overlapping of their jobs since this merger was not decided upon to find synergies but to find complementing knowledge and geographic location.

"Knowledge wise it [the companies] was not overlaps but more substitutes and the same [is true] for geography wise out in the world. That makes it, even if it was an acquisition, more a merger in the market because we complemented each other in knowledge and geography. I believe that the employees would have viewed it differently if it had been in another industry."

(Former Ernst & Young employee)

In FöreningsSparbanken on the other hand, a lot of negative attitudes to the merger could be found. The negative comments in FöreningsSparbanken came in every instance from the former Föreningsbanken employees; accordingly none of the employees from Sparbanken expressed a negative attitude to the merger. Why were attitudes so different in FöreningsSparbanken? Although none of the employees in either Cap Gemini Ernst & Young or FöreningsSparbanken felt that they could influence their situation much, nor the merger process in particular, the employees in Föreningsbanken were a lot more docile. When talking to them most seemed bitter and gave very fond remarks of the "small" Föreningsbanken they had

had to leave. Both employees of former Sparbanken and Föreningsbanken also told repeatedly that the employees and customers of Föreningsbanken had been poorly treated and that the changes for these people were a lot bigger than for Sparbanken customers and employees.

"Most [employees] were negative, there were not many who were positive. [...] I did not meet anyone who was positive to the merger the first weeks or months, it was only thereafter, after six months, that more positive feelings were felt. But it is always the uncertainty that makes one negative [...], when one received more information one could be more positive when one knew what would happen."

(Former Föreningsbanken employee)

"Old Föreningsbanken, as I understood it, was a very special bank. It was a small bank where one was very close to the customers all the time. [...] I think the ties between the employees and customers and the board of directors was stronger before."

(Former Föreningsbanken employee)

"At Föreningsbanken we were acquired by another bank on their terms so we had nothing to rise against and we disliked our chairman [name] who we thought sold us cheap. [...] We did not want to go there [Sparbanken] because many of our customers were dissatisfied with Sparbanken and thought it was big and miserable and boring [...]."

(Former Föreningsbanken employee)

"[...] Our customers did not notice a big difference and our computer system was to be used so our customers did not notice any disturbances. It was Föreningsbanken customers who all the time had it more difficult because their cards did not work in our ATMs and their account numbers was not working in our system [...] I think that both customers and employees felt uncomfortable because they constantly had to adjust to our system. I think customers and employees from Föreningsbanken felt a bigger change than we did."

(Former Sparbanken employee)

One reason for the difference in attitude may be that it seemed like Sparbanken employees felt more secure as they expected less changes after the merger with Föreningsbanken. Still, both Föreningsbanken and Sparbanken employees felt anxiety during the merger process. Another more plausible explanation behind the negative attitude could be that Föreningsbanken employees did not understand why the merger was

necessary while, if we compare the situation to Cap Gemini Ernst & Young, we see that the management there had obvious arguments in favour of conducting the merger (see 8.1 for further discussion). After this introduction on the topic we continue to look at some theories regarding attitude among employees.

9.1.1   Theories on attitude

Mirvis & Marks (1992, p. 97) has noticed that the different companies generally have different mind-sets in the merger process. The dominating company generally has a strong sense of superiority towards the acquired firm in a merger. This attitude can lead the employees of this company to think that their company's procedures, policies & systems are superior to those of the other company. There are usually also some condescending attitudes towards the employees from the other company. We have also found this to some extent in both Sparbanken and Cap Gemini.

"[...] Since I worked with employees from Cap Gemini, I was met by this attitude that we have certainly acquired companies before [...] They thought it was only [for us] to follow the rank, which we refused to do."
(Former Ernst & Young employee)

"[...] Since we were stationed in already existing Sparbanken offices it was like, well we have always done like this, it was not to think about that it was a new bank, I was really more like a new employee"
(Former Föreningsbanken employee)

The mind-set of the acquired is instead a sense of violation, in the form of "an attack" (Mirvis & Marks, 1992, p. 102f). Even when the merger is friendly there is still talk like "seduction" or "taken advantage of". Usually these employees find themselves in a state of shock or a sense of fatalism where they feel powerless to defend their interests or control their fate. We did not clearly find this. As discussed before employees in Föreningsbanken did feel powerless and out of control, but they did not mention any of the other feelings mentioned by Mirvis & Marks (1992). They mostly felt disappointed and tricked, which could probably be led back to a comment made by their CEO. Rumours of a merger between Sparbanken and Föreningsbanken flourished in the autumn of 1996 rather close to the announcement of the actual merger. The CEO of Föreningsbanken was forced to deny those, due to both companies being publicly traded, but the employees were upset as the merger between Föreningsbanken and Sparbanken was announced a couple of months later.

Brunsson (1982, p. 35) says that employees tend to anchor their judgements in the first cues they perceive, which has also been found within the field of psychology. Asch (see for instance Hogg & Vaughan, 1998, p. 46) found a primacy effect, meaning that the traits presented first disproportionately influence the final impression. This would explain the difference in attitudes between Föreningsbanken and Ernst & Young. Having been told that there would definitely not be a merger between Föreningsbanken and Sparbanken and probably no merger at all could be seen as a negative cue that would influence later feelings, and it clearly did. While the management of Cap Gemini Ernst & Young early on clearly stated how positive this merger would be leading the employees to perceive the merger more positively. However other reasons might also explain this difference. For instance, the fact that they were in different industries and that Cap Gemini Ernst & Young did not have to integrate their employees to the same extent as FöreningsSparbanken due to the differences in actual knowledge and area of work is probably one reason why the employees of Ernst & Young did not feel the same negative feelings as in Föreningsbanken. Some employees in this company still say that they have not been integrated yet and that they would like to be able to work closer together. Another reason could be the docile feeling that existed among Föreningsbanken employees. This has also been found by Cartwright & Cooper (1996, p. 121) who said that employees are more likely to respond positively to change if they consider they will be afforded the opportunity to participate in that change.

To sum up we can say that the major aspects affecting the employees attitude towards the merger seem to be the announcement made by the CEO in Föreningsbanken contradicting merger plans and also the level of integration between the companies. Other contributing factors are if the employees are used to changes, if there are any planned layoffs and if the employees received a clear description of why the merger was conducted. In turn we believe the negative attitude in particularly Föreningsbanken might have affected the level of anxiety as compared to Cap Gemini Ernst & Young where the employees were more positive and less worried. In other words the attitude to the merger seems to affect the level of anxiety. Therefore it is important for management to remember to talk in positive terms about the merger. With this discussion as a background we will continue analysing the field of anxiety.

9.2   Anxiety and ambiguity

Another reason why FöreningsSparbanken experienced higher levels of anxiety than Cap Gemini Ernst & Young could be that the employees in the two banks knew that there would be a number of employees that would have to find other employment. However, they also knew that management communicated that people should leave voluntarily. At a first glance we think this should have worked to reduce the anxiety, at least on the part of the employees who knew they wanted to stay in the bank. Since they did not want to leave they should not have to according to the management's message, and knowing that you can stay should have reduced the level of anxiety felt even though this situation would still create some anxiety as all changes do. In Cap Gemini Ernst & Young there were no worries for layoffs:

"[...] We have continued our work in the same way as before [...] There was a lot of focus that not much would happen here. There were no synergies to achieve and no one was going to be laid off."

(Former Ernst & Young employee)

"The industry as a whole at the time of the merger was very expansive, enormously expansive. There were a lot of mergers and all [companies] should develop and grow. Growth was much more important than to make a profit. What was difficult then was to find employees. We had a vision for 2001 to grow with 800 individuals in Sweden [...]"

(Former Cap Gemini employee)

"There is also a safety in that we have not thrown people out."

(Former Cap Gemini employee)

Could this still have been a reason for worry? As has been said before the employees thought they obtained the information they wanted and needed, but still there were a lot of questions without answers. The most frequently asked questions according to the responses in both Cap Gemini Ernst & Young and FöreningsSparbanken concerned what would happen locally and what the new organisation would look like. Detailed questions like; how will this affect me and my work tasks/situation, what role will we have in this new organisation, will I have a job at all, where will I be sitting or who will be my boss seem to be very important to answer for management in a changing organisation. Without this type of communication one major reason to worry should have been the aforementioned threat of lay offs that the employees at FöreningsSparbanken, but not Cap Gemini Ernst & Young, felt. However, the lay offs should have been done on a voluntary basis so why did they worry so

much if they did not want to leave, and if they wanted to leave they should not have had to worry either, especially not since they were quite well taken care of. Both companies' information providers have stated that they gave as much information as they had as fast as management knew it. Why, then, could the anxiety not have been prevented?

"There were talks about how to work in the new bank and if you wanted to be a part of the new bank. No one was supposed to be given notice, but it was voluntary resignation. [...] The anxiety of who was to remain in the new bank was big."

(Former Sparbanken employee)

"One got to choose something called Resursbanken that they who did not want to take part in this new bank should go to."

(Former Föreningsbanken employee)

At the beginning of the integration process a lot of time was spent thinking about and concretising the vision of the new bank (see 8.2 for a fuller analysis of the vision). This work resulted in a document given to the employees in August 1997 (internal material, FöreningsSparbanken, 1997-08-28). We find that this document is very general and vague. There are not many concrete suggestions of more practical nature. Since it is a document about their vision it also contains a lot of goals, but they are also general in character, for instance to be the best and environmentally friendly, but again without really saying how this should be achieved. The information provider we met also agreed that it is fairly general, except perhaps for the time schedule. What is worse is that it also contains some contradictions.

We think that the contradiction communicated to the employees that is most relevant here would be the one dealing with competencies. The management writes extensively about competencies and how important they are to be able to best serve the customers. The management also say it has a goal to increase the competence of the employees in the bank. This increasing of competence would be done through the reduction of employees that would happen during the merger process in that the not as competent employees should change jobs. Hence, we find that the sentiment seem to be that if you are competent then you can stay in the bank, <u>not</u> if you want to you can stay in the bank. With the employment laws that exist in Sweden it would probably have been difficult to fire 3000 employees for not finding them competent enough and then immediately rehiring employees, approximately 750 according to this document, claiming better competence. To solve this the "Dialogue-sessions" were developed where the employees individually should come to an

understanding whether they "wanted" to work in the new bank: In essence, to come to the insight that "I should leave because I am not competent enough" or vice versa.

"In principal one was sitting and choosing which of ones colleagues who was not allowed to stay, in the form of a game."

(Former Sparbanken employee)

"[Leaving] was on [the employees] own request, no one was kicked out so to speak. It should be on their own initiative but to make[5] it their own initiative could be a bit troublesome in some cases."

(Former Föreningsbanken employee)

This contradiction of competence and free will should have been enough to cause the employees to feel that mixed messages were being sent. This stands in contrast to most merger theories of communication which only treat communication as something important but not more difficult than can be resolved by communicating openly, honestly and as much as possible. The employees themselves have said that they received enough information but were still worried which could lead us to the conclusion that there is more to communication than those theories claim. The management should not have let different messages contradict each other or as we have seen in 8.1 let messages sent, as perceived by the employees, contradict its actions. The conclusion that can be drawn from this is that it is very important that the actions from the management agree with the information sent. A parallel can here be drawn to the earlier discussion of the main message that the merger would be on equal terms. The employees experienced this message as a lie because the actions as they saw it, choosing Sparbanken computer system, offices and managers, strongly contradicted the words (see 8.1 for further discussion).

9.2.1   Theories on anxiety and ambiguity

Mirvis & Marks (1992, p. 115f) say that after the formal decision to merge has been taken, the managers usually concentrate on the financial and strategic parameters instead of informing the employees of how changes might affect them. This leads to a great deal of uncertainty about the future. The magnitude of stress of this kind of event has been rated as being equivalent to the gain of a new family member or becoming bankrupt (Cartwright & Cooper, 1996, p. 33). Mergers have also been found to require more social adjustment than major life events such as buying a house or the

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[5] To clarify this statement, by request of this respondent, no one was *forced* to leave at "own request".

death of a close friend. Figure 11 gives a good example of how an employee might feel.

Figure 11: *Cartoon of merger stress. (Mirvis & Marks, 1992, p. 290)*

Perhaps this stress is the reason for the remark that if you do not address the question of what will happen to the employees after a merger or acquisition, when giving a presentation to a room full of employees, they will not hear much else of the presentation (Carey, 2001, p. 16). Since most questions the employees of both companies had focused on their situation and what would happen to them, this does not seem to have been addressed appropriately by the management. In the case of Cap Gemini Ernst & Young information seems to have been given early, but they still had questions on the information they received and why they received it so early (see 7.1). In FöreningsSparbanken on the other hand the information about the employees positions and who were going to be managers was not given until very late in the merger process (see 9.3 for details). This may have caused the employees in both organisations to not pay enough attention to the messages sent out before or during the point in time when the employees knew about their situation.

Mirvis & Marks (1992, p. 117) continue by saying that the stress of an event is not determined by how the employees view the changes in terms of good or bad, but by the amount of change implied. This would be in accordance with our findings. We have already stated that there seemed to be resentment and greater stress among the employees of former Föreningsbanken that was not present in former Sparbanken employees. The Föreningsbanken employees were also the ones that were more affected by the changes that occurred, why they should be, and as shown was, the more stressed of the two, according to the theory. In Cap Gemini Ernst & Young neither former Cap Gemini employees nor former Ernst & Young employees thought that they would be

very affected by the changes. This was the case since they had complementing instead of competing businesses, which should be another reason as to why they were less worried than the employees of FöreningsSparbanken, and Föreningsbanken in particular.

Mirvis & Marks (1992) also state that the amount of stress experienced is based on subjective perceptions instead of an objective reality. Therefore stress during a merger is individual (Risberg, 1999, p. 51). There are especially three human resource related issues in particular that affect employees' perceptions and behaviour. These are the reward systems, the merging of cultures and what is interesting here, how terminations were addressed. Schweiger et al. (1987, p. 129f) who found these results, said that employees did not worry so much about the actual terminations, but rather about how the terminations were handled. Factors such as how the decision to terminate was communicated and the amount of time it took to make the decisions are causes of a great deal of uncertainty and anxiety. This stress in turn increases people's vigilance to information but still will cause them to simplify and distort what they hear. The authors advice to make sure that the information reaches the employees is to have a plan for their communication, to be especially attentive to what they communicate and rely on several communication channels. However, these conditions were fulfilled, at least in FöreningsSparbanken, where most anxiety was present. In other words, this is not enough to lessen the effects of a merger on the employees. Therefore we will turn to our next topic to try and explore other explanations as to why communication did not reduce anxiety in FöreningsSparbanken.

Ambiguity is commonly defined as an expression, event, a situation or process that can be interpreted in more than one way (Risberg, 1999, p. 106f). Buono & Bowditch (1989, s.102f) agree in that they say that the concept of ambiguity is the adequacy of information available to the organisational members. In an ambiguous situation there are several interpretations and understandings about outcomes and casual relationships, and the interpretations may also be conflicting. Hence there is a distinction between ambiguity and uncertainty (Feldman, 1991 see Risberg, 1999, p. 108[6]). A situation that is uncertain could be clarified by obtaining more facts. An ambiguous situation on the other hand, cannot be clarified by more information because these facts will still support more than one interpretation, which will make the situation more ambiguous. Therefore simply increasing

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[6] This information was originally found in Feldman (1991) but due to a big interest in this book we were not able to obtain it within the time limit and must therefore use a second hand source of Risberg (1999).

communication is not sufficient to reduce ambiguity, but the information must also be consistent.

According to Buono & Bowditch (1989, s.102f) four types of ambiguity occur during mergers and acquisitions: environmental, structural, cultural and role. When the organisational members try to make sense of the conditions external to the organisation environmental ambiguity emerges. Questions about structure and formal patterns within the organisation are described as structural ambiguity. The informal patterns and changes in those are linked to cultural ambiguity. Role ambiguity emerges as individuals have concerns of what the changes will mean to them personally. This has two dimensions, the predictability of outcomes of an individual's behaviour and the degree of lack of information in a particular role. Changes in environment and structure may lead to ambiguity on the role level as well as their own type of ambiguity.

Was the situation in FöreningsSparbanken ambiguous? The question is difficult to answer since we cannot provide the employees with more information to see their reactions, but our conclusion is that due to the inconsistencies in words and actions present, the situation was ambiguous (see 8.1 for a discussion on inconsistencies). The reason why we say that it is ambiguity and not uncertainty is that more communication on the free will of the employee would probably not have made them feel more secure as long as the actions on terminations conveyed the need for competence and not choice. It is interesting to note that all of the employees of FöreningsSparbanken said that they thought the information should be clear during a merger process. This also suggests to us that the employees were not entirely happy with the clarity of the messages sent by management and that ambiguity was present in the organisation. It was particularly the structural and role ambiguities that were present. As mentioned before, the questions that arose between the employees mostly dealt with the organisational structure and whether they would be employed or not after the merger.

How did this ambiguous situation arise and is there nothing to be done about it? Watzlawick et al. (1978, p. 22f) have developed a theory on problem solving that might shed some light. In their research the authors have come to the conclusion that different levels of logical abstractions exist. Therefore there are two types of change. The first will take place within a frame of reference that will remain unchanged. For instance, if you have a nightmare you can <u>in</u> your dream try a number of different behaviours like running, hiding, fighting and so on, but none of these behaviours would stop your nightmare. This is called a *first order change*. The second type of change will instead change the frame of reference itself when it occurs. For instance, the

solution to your nightmare is to wake up. The waking up is however not an element of the dream but a change to a completely different state. This is a *second order change*.

It can be difficult to separate these different types of change in real life, but more often than not it is only first order changes that are tried in real life. As an example the authors show figure 12. The purpose of these dots is to connect them with four straight lines, but it is not allowed to lift your pen in between the lines.
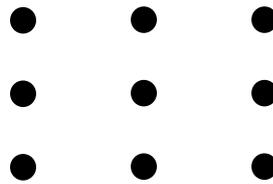
Figure 12: *Example of a problem. (Watzlawick et al., 1978, p. 38)*

If you solved the problem you did so by using a second order solution, because no matter how you try with a first order solution there will always be one dot that will fall outside. The secret is to step outside of the given box, or in other words to change the given system (see appendix 3 for solution).

What we can see in the case of FöreningsSparbanken is that they have tried to change the problem of having to fire employees by taking it to the meta level. The second order solution was instead to communicate to the employees that it should be their decision to quit voluntarily and to offer them the help to do it. This would probably have succeeded had it not been for the requirement of competence at the same time. This requirement puts the communication right back in the first order category of solutions again, with employers determining who they want to keep and as seen before trying to make the unwanted employees understand the situation of the new bank so that they would be able to make the decision by themselves.

Watzlawick et al. (1978, p. 51f) have found three different faulty solutions. One faulty solution occurs when you try to solve a problem on the wrong level of abstraction, whether it should be first order or second order solutions. In other words trying to solve the problem of having to lay off employees by determining their competence is a first order solution, which could have worked since this would be the general way to solve the problem of too many employees. However, to be solved satisfactorily from the employees' point of view the problem demanded a second order solution like willingness. This

might not be a completely possible solution since management probably wants to keep competent employees, which means that the first order solution would in this case have been the wanted solution. The other two faulty solutions occur when you try to solve a problem that is not solvable or that does not even exist, or when you do not even try a solution because you deny that there is a problem.

In summary what we have found is that it is very important for management to think through their communication, particularly on terminations, if it wants to lessen anxiety among the employees. FöreningsSparbanken was on the right track supplying the employees with help to find other employment and a chance to study. However, the ambiguity between messages and action rendered this situation ambiguous anyway, which means that it is important to avoid ambiguous messages in the communication with employees if you want to lessen the level and effect of anxiety among the employees.

9.3   Pace of the integration process

In spite of more constant communication in the two banks the ambiguity present still made the employees more worried. That the integration process took longer time between the two banks than between the two consulting companies can also be a big reason why, especially in combination with the ambiguity that existed in the bank. The longer one has to wait, the more time will be spent thinking about the situation and the more worrying effects will be found to strengthen the initial feeling of anxiety. There is quite a difference in the handling of this problem in the two companies. In Cap Gemini Ernst & Young the integration started during the autumn of 2000 and was considered finished in April 2001. The time schedule stipulated that everyone should know which unit and colleagues they would be working in/with by the end of October and who to report to (internal material, Cap Gemini Ernst & Young, 2000-09-25), but in reality it took the entire autumn. They started their new organisation and new positions already in January 2001. However as has been seen previously this approach might have led the management of Cap Gemini Ernst & Young to loose some clarity of its messages.

"Many questions probably arose because you thought they had thought a step or two ahead of the information that was passed to us, but that was not the case. You received information early but [...] it took time before the planned changes landed in the interesting level, which is how does this affect me?"

<div align="right">

(Former Cap Gemini employee)

</div>

The management in the merger process in FöreningsSparbanken, tried to work with some form of funnel-model in that it started off wide and first established the new vision and the bank's new role. From there it continued to see what strategies to adopt and thereafter how the employees would be best organised and who should do what. The information provider thought that this was very efficient because done this way it was easier to know where to go when you knew where you stood. The clarity that the management found by working like this probably led it to communicate better since it had all the steps worked out properly. It should also be a reason why this merger compares well with other mergers that might not have had the same advantage of having most of the pre-merger investigations done three years in advance. Therefore, this seems very natural and most likely the best and smartest way to act from a management perspective to arrange everything. However, it means that it will take a long time for the employees to live in uncertainty about what will happen to them, which is not an optimal situation.

"I think it took a lot of time before we merged our banks here in Linköping. [...] I think it was among the longest to have two offices [...] We in Linköping should have merged our offices sooner so that we would have started to work together, because now it was not good."

<div align="right">

(Former Sparbanken employee)

</div>

"It is important that [the management] speeds up the process a little that it goes faster and one really makes sure that the customer will not be affected like what happened to the Föreningsbanken customers."

<div align="right">

(Former Föreningsbanken employee)

</div>

Hence the implementation stage did not start until the 1st of September 1997 in FöreningsSparbanken and lasted at least until the end of 1999. This is a long process especially since the employees at Föreningsbanken in Linköping did not leave their office and moved to Sparbanken's offices until that year. In October/November 1997 all managers of local branch offices were appointed, but the next level managers, office managers, were not appointed until February 1998 which means that the rest of the employees did not know what position they had until May that year. The positions were appointed in a fair way but it did demand an extensive time period. That is more than a year since the announcement of the merger and it seems to be a very long time to consider whether you want to stay in the organisation or if you are not required in the organisation any more. Employees from both banks have mentioned this waiting and uncertainty that existed more or less the entire time as the primary reason why anxiety arose. This is not so difficult to understand since uncertainty usually lead to speculation and we believe that it

is easier to expect the worst. In this kind of situation we believe some amount of speed should be necessary to reduce anxiety. There may be a risk for other negative effects due to an overly rapid merger, for example on the technical side, as was discussed by the respondents in FöreningsSparbanken, which will lead to poor service to the customers when the computer systems are not able to handle the new account numbers of Föreningsbanken and their credit cards.

9.3.1 Theories on pace of the integration process

We have read a few different authors who deal with the subject of time in these matters. They all seem to come to the conclusion that it is better to handle a merger process with speed (Hedlund, 1997-11-17; Carey, 2001, p, 14f; Robinson & Clarkson, 1997, p. 130f). The shorter amount of time that the employees have to go through not knowing what lays ahead, the better (Hedlund, 1997-11-17). If management has the goal to make everything correct from the beginning, the merger process will probably take a long time. A fast process should be less damaging. Research show that employees dislike a slow integration process (Robinson & Clarkson, 1997, p. 130). This is also what we found in our research. There were a lot of comments that the process took too long or that it was very slow.

However, we feel that time is not necessarily a primary reason for anxiety. If the communication had been unambiguous, the time issue had probably not been such a big stress factor. We believe that the fact that it took a long time, at least in the case of FöreningsSparbanken, served to add to the anxiety that was already present. Not knowing for over a year whether you have a job or not should add to anxiety. As the information provider of FöreningsSparbanken stated, everyone was still working in the organisation but no one had a job, and we believe that this would have been enough for most employees as long as they could have trusted the management's policy of voluntary turnover. If they trusted the management they should have understood that they would be working with pretty much the same things after, as well as before, the merger and less anxiety should have arisen.

10. Conclusions

In this chapter we will present a conclusion of what we have arrived at in the previous chapters, as well as a suggestion for further research.

Misunderstandings due to communication between management and employees can occur in several different ways. Fundamental for communication is that some form of communication channel exists whereby the information can be transmitted. We have found that different communication channels have different characteristics. The most liked communication channel was face-to-face meetings because of its social characteristic and the ability to have a dialogue. This dialogue enables both management and employees to receive feedback and the employees can obtain immediate answers to questions. The intranet can be characterised by its possibility to hold a lot of information and to be accessible at any time, which is also why the employees appreciated this communication channel. By using meetings misunderstandings can arise when different persons head the meeting, as it is possible that different information will be conveyed, which might lead to contradictions or a lack of information. Intranet on the other hand will convey the same message to everyone but the sender will not know if it has reached the receiver or if the receiver has interpreted it correctly. Since all communication channels have different characteristics it is important to take the message into account when choosing channel. This is also why a mix of different channels will best explore all advantages and reduces the effects of the disadvantages, thereby leading to fewer misunderstandings between sender and receiver.

Misunderstandings can also arise when the employees do not understand the information they receive and how they should use it. This can for instance occur when the information from management is given too early in comparison with a change or other action. The misunderstandings should be avoided if the information given by management arrives only slightly before the actual expected actions or if an explanation and example of the practical aspects of the action is given.

When the explanation is given the management needs to be aware of the employees different prerequisites and knowledge. If the information is too aggregated then misunderstandings can arise because the employees will not understand how they will be affected. It is likely that management has more knowledge about the company's situation and the future plans for the company than the employees. Because of their difference in knowledge it

might be complicated to understand each other if the management has not taken this fact into account. Therefore the management must take care to ensure that the communication given is on a level intelligible to the employees.

However, misunderstandings might not only be due to different levels of knowledge but also depend on differing interests. Most likely the management will communicate the comprehensive strategies while the employees want to know about the details that concern them. These different fields of interest might cause the parties to have different focus, which might lead the employees to only search for information that may not exist due to management's wish to communicate about its own field of interest. Hence it should be necessary for the management to give information to the employees about their situation early, so that they later will be able to listen to other information.

The first cues perceived by the employees will affect how they understand later communication. If the employees do not know why the merger was conducted they may have a negative attitude towards it. This in turn will affect which messages they will perceive and how these messages are understood. This negative attitude might cause the employees to interpret the messages sent and the actions taken as more conflicting than they were. Due to this negativity the employees are more likely to search for reaffirming messages of this attitude and might not receive the messages of why the actions were taken. It is essential for the management to be thorough early in the process to convey positive sentiments to avoid misunderstandings with employees perceiving messages and actions as conflicting.

Furthermore, misunderstandings can arise if management does not communicate continuously, because the employees may interpret a message even if no message is actually sent. This can also lead to anxiety if the employees start to speculate on different possible outcomes as no new information is given from management. Consequently management should communicate continuously even if no new information is available at the time.

The employees' attitude will also affect their level of anxiety and how they feel towards the communication. A specific attitude will have an effect on how communication is perceived, as already stated. The attitude may also affect the anxiety level in the way that if the employees are negative to the merger there seems to be a higher risk that they should feel anxiety. Causes for a negative attitude may be that the employees do not trust the

management, they do not understand the reasons behind the actions and the level of integration between the merging companies.
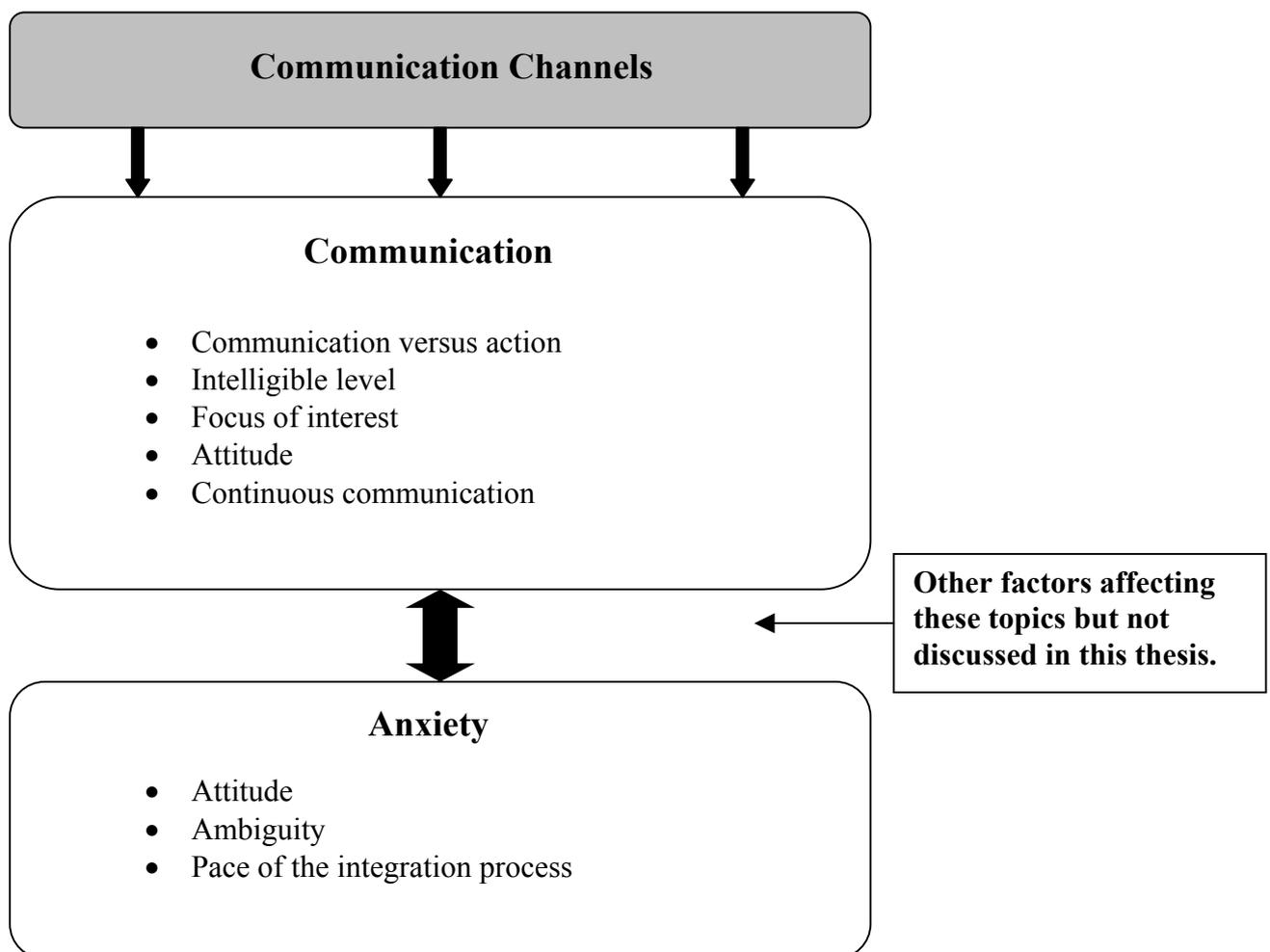
Ambiguous communication may also cause anxiety among the employees. This is due to the fact that the employees have more than one way to interpret the information and they will not know which is the way the management intended. It is especially important when considering lay offs because this is a situation very close to the employees and it normally creates a lot of anxiety on its own. To avoid ambiguous situations the management must ensure the consistency of the messages, thereby reducing the different possible ways to interpret the messages, so that these will not create more anxiety than necessary.

The time it takes to implement a merger may affect the employees, depending on the circumstances. If communication is perfect and no misunderstandings exist then there will not be as much anxiety and then the length of time will not matter. If on the other hand communication is full of misunderstandings then anxiety will exist to a high degree, which will be made even worse if the employees have to wait to receive information on the matter that give them guidance and help them to understand the situation.

The conclusion is that there are several possibilities for misunderstandings between management and employees, which can be seen in figure 13. We do not propose to have found all possibilities for misunderstandings, but have presented the cases we found in our study. The most consistent finding in our study is that the management has to take a starting point in the employees' needs, interests and knowledge in order to shape the information most appropriately. We have also found a link between communication and anxiety in that communication is a mainstay in the organisation and will affect how the employees feel towards the merger in terms of anxiety.

Anxiety mostly stems from ambiguous situations and employees' general attitudes towards the merger, but that time will make the situation worse if anxiety is present. Hence, management needs to work on its presentation and its consistency on important issues and not simply communicate openly and honestly. By this, we mean that the management should not attempt to conceal facts or disclose only partial information. The management should communicate openly and honestly but it needs to be aware of what it communicates and not only reveal information for the sake of it. This seems crucial especially since we have found empirically that both companies studied have had extensive communication.

Figure 13 sum up the findings of this thesis. Communication channels are to be seen as the basic for all communication, consequently the communication channels will also affect anxiety indirectly. Under the headlines communication and anxiety we list our particular findings in a comprehensive form. As stated in 2.2.5 we believe our study can be generalised and subsequently this model can be generalised to other situations in that if these factors are found in an organisation, the internal communication might cause misunderstandings and anxiety. The arrow between communication and anxiety symbolises the link in that communication leading to misunderstandings is likely to have an effect on anxiety. At the same time anxiety, if present, can influence the communication by means of managers not caring about informing his/her subordinates due to his/her own insecurities, or an inability in the employees to listen to and understand the message as communicated by the managers. Finally we realise that there are other factors affecting both communication and anxiety that are not discussed in this thesis and therefore only indicated in this model.

Communication Channels

Communication

- Communication versus action
- Intelligible level
- Focus of interest
- Attitude
- Continuous communication

Other factors affecting these topics but not discussed in this thesis.

Anxiety

- Attitude
- Ambiguity
- Pace of the integration process

Figure 13: *Model of our conclusions*

10.1 Further research

Our study showed some indications that employees in a higher position did not think that the communication was sufficient or clear enough.

"No I did not think so [that I had all information I needed] and then one did receive information but not the arguments for it and then one should defend something that one does not have a clear image of oneself."

(Former Cap Gemini employee)

Out of the respondents in a management position it was only one who did not complain about the communication from management or locally. Admittedly, we did not interview enough respondents in higher positions to draw any clear conclusions. Could it be the case that people responsible for giving information to others want to have more information than the average employee? Information providers, at the lower level, stated they did not have the information they needed. We believe this depends on the fact that they held an exposed position as they were at the bottom of the hierarchy with a risk of information having to travel a long way before reaching them. They were also the ones the employees would go to first if they had any concerns, and they liked to be able to answer all questions and give a reason for why things were happening. Their reason for that might be that they want to be able to answer questions that might arise without hesitation and therefore appear knowledgeable to their subordinates This is a form of impression management. Or could it be that they simply feel a responsibility that they should know more than their subordinates because they are higher up in the hierarchy? Maybe that will cause them to feel neglected if they suddenly are on the same level as the employees information-wise? This is one area that we feel should be interesting to investigate further.

11. Some advice on communication

Most of our respondents had comments and wishes for how they would have liked to improve the communication. Since many of them connect to the topics we have discussed we think it is relevant to list the most frequently mentioned advice.

- Communicate, even if there is no new information

- Create a forum for dialogue.

- It is better to have too much information than not enough information as long as the employees are given an opportunity to choose among the information.

- The communication should be given continuously.

- Give the truth from the beginning, and do not try to hide anything.

- It is better if the manager gives some sort of answer rather than saying, "I don't know".

- Give information as soon as a decision is made.

- Give everyone the possibility to give feedback to management.

- A big advantage with web-based information is that it can be accessed at any time.

- Give the employees from the merging companies an opportunity to meet.

- Have small group meetings

- Keep focus on the market to assure not all focus will be within the company during the merger process.

- Involve employees on lower levels.

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Interviews:

Cap Gemini Ernst & Young
Two information providers
Eight employees

FöreningsSparbanken
One information provider
Six employees

Other
Johansson A., CEO Smålänningen, 2002-05-21

Questions asked to the people responsible for supplying information

Background
What role did you have in the merger? What position did you have before the merger? In which company did you work before the merger?

The Merger
What were the reasons behind the merger decision?

Could you describe the course of events?

The Communication
What information did you think was important to communicate?

> *Which were the major messages?*
> *How did you decide on what to communicate?*
> *How did you view communication to the employees?*

How was it communicated?

> *Which media were used?*
> *Why?*

Did you experience any problems with the communication?

> *Did you hear any rumours?*
> *How were they treated?*

Is there anything you think can have been done differently concerning the communication?

Additional questions
Do you have any of the material used to communicate with the employees?

Is there anything you want to add?

Questions asked to the employees

Background

Could you state your name? What position do you currently hold? What position did you hold before the merger? In which company did you work before the merger? How long have you worked in the company?

The Merger

How did you perceive the merger between the companies?

> *What were your expectations of the merger?*
> *What misgivings did you have on account of the merger?*
> *Were your expectations/misgivings confirmed?*

The Communication

How did you experience the communication in general?

> *Which was the major message?*
> *What do you think affected how you perceived the message?*

How did you get information about the merger?

> *Who supplied the message locally/ from the main office?*
> *What media was used? Which media did you prefer? Why?*
> *How would you have liked the information to be communicated?*
> *What information were you seeking? What questions did you have?*
> *What did you think of "Dialogen"? (only FöreningsSparbanken)*
> *At what points in time did was the information communicated?*
> *What did you think when the process started? Afterwards?*
> *Is there anything the management could have done better?*

Informal communication

Which were the main topics of conversation between you and your colleges?

> *Was anything discussed that afterwards turned out to be false?*

Did you hear any rumours?

> *Which?*
> *What do you think might have started the rumours?*

When did the rumours start?

Additional questions

If you were to head a merger process how would you do it?

Is there anything you want to add?
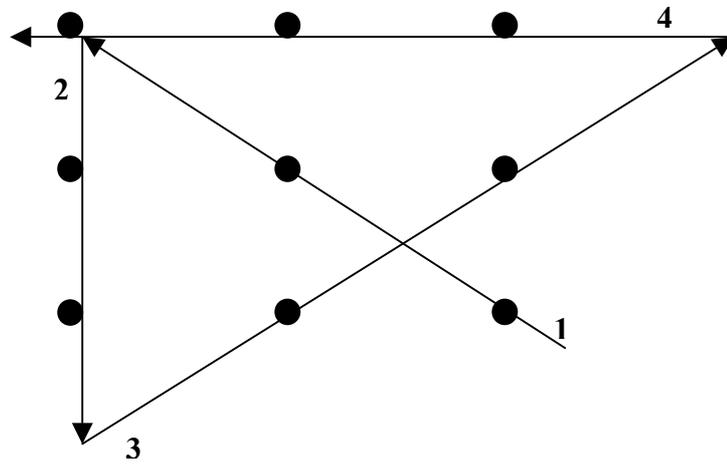
Solution to the given problem in 6.2.1

Figure 14: *Example of a problem, solved by stepping out of the box. (Watzlawick, 1978, p. 40)*