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**THE ROLE OF COMMUNICATION AND INTEGRATION MANAGERS IN
INTERNATIONAL MERGERS AND ACQUISITIONS**

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ABSTRACT

International mergers and acquisitions (M&As) are common expansive measures that provide companies with a unique set of opportunities but also challenges. The most critical part to the success of the M&A is often post-acquisition integration, where two companies come together and begin to create value. Integration managers facilitate the integration process with different roles and competences to ensure success. The main tools for integration managers are different means of communication due to the people-related approach and this produced communication is argued to have positive effect on the emotions of employees.

The aim of this thesis is first to argue what roles successful integration managers assume and what competences they need for that. Then the study presents arguments regarding how communication is likely to affect the emotions of employees. A framework is created to compile the most important communication roles and competences and to examine their argued effects on employees' emotions. This theoretical framework is used as the foundation of the empirical study conducted in the form of a qualitative single case study of an international acquisition to explore the role of communication, integration managers and their effects on emotions of employees. The framework is compared with the empirical findings of the research and conclusions are drawn in order to seek theoretical generalization of the results.

The study reveals that the case company did not appoint an integration manager but several managers strived to act some of the recognized integration manager roles to facilitate the integration process and to produce communication. Signs of the merger syndrome were visible on the employees but the perceived managerial communication from the integration managers had positive effects on the employees' emotions although not completely eradicating the merger syndrome. This study connects communication to integration managers more comprehensively, builds on existing theory and makes arguments that provide contribution to both research and practice.

KEYWORDS: International Mergers & Acquisitions, Integration Managers, Communication, Merger Syndrome.

1. INTRODUCTION

1.1. Background information and research problem

International mergers and acquisitions (M&As) are common activities in the business world and subject to a large number of studies regarding the various aspects they embody. As a substitute for many other types of expansive measures, M&As provide a unique set of opportunities in terms of capturing knowledge, technology and market share. Nevertheless, M&A literature often reports a relatively high failure rate making it a popular research topic and it is surrounded by various theories and operating methods that claim success or explain failure. The aspect of internationality also brings up several variables on the table, such as cultural and language differences that affect the M&A process quite extensively. (Buckley & Ghauri 2002; Quah & Young 2004; Teerikangas & Very 2006.)

The performance of M&As often boils down to the integration of the two respective companies involved as it is regarded that the most value is created during the integration phase within the M&A, because value creation requires the two separate companies to come together and work towards a common goal (Haspeslagh & Jemison 1991: 105; Schweiger & Very 2003). Post-acquisition integration forms a significant part of the current M&A research and the field has shown an interesting combination of research both in theory and practice. However, some factors are yet to be researched in a sufficient manner. There is a noticeable gap in research regarding how companies manage and facilitate the integration process in practice. Also, from a theoretical perspective, for example Shimizu, Hitt, Vaidyanath and Pisano (2004: 335) suggest in their review of current M&A research that theoretical and empirical research about the human factors in integration, integration teams and their leaders is deficient.

Within the post-acquisition integration process a major role is played by the manager responsible for the transition teams and leading the process (Evans, Pucik & Björkman 2010: 551). In past research (Jemison & Sitkin 1986b: 161) senior managers of acquiring firms assigned to the job were noticed to be unacquainted with the situation, being more concerned about their strategic duties. This led to the extensive use of outside consultants, whose expertise often lied in the pre-acquisition process and negotiation, rather than post-acquisition integration. Arguments about the concept of an actual full-time integration manager have thus been variable and unclear until the late

1990s, when Askhenas, DeMonaco and Francis (1998: 169) studied acquisitions conducted by General Electric where “a role was born” for a dedicated integration manager. Also Jemison and Sitkin (1986a: 109) had brought up the role of the integrator and Marks and Mirvis (1998: 140–142) the concept of transition managers, which very closely resemble today’s integration managers. The first dedicated study on the special characteristics of integration managers, which remains as one of the only in depth outlooks on the subject was conducted by Ashkenas and Francis (2000) a few years later. With the existing knowledge, integration managers can be defined as the key persons leading the post-acquisition integration process. Due to the noted importance further research is needed to utilize all aspects of integration management for theory and practice.

Arguments concerning integration managers’ formal management role in the organization of the acquired company (Leighton & Tod 1969; Schweiger & Weber 1989) compared to just leading the integration process (Askhenas et al. 1998; Ashkenas & Francis 2000; Schuler, Jackson & Luo 2004: 104) remains within schools of thought. The use of integration managers has spread from General Electric’s example and in their later research Ashkenas and Francis (2000) identified a wider sample of managers from different acquiring firms, appointed to solely lead the integration. What characteristics and competences define an integration manager and what roles they assume on a wider basis was what Ashkenas and Francis (2000) brought up as a subject of further study. The cause and effect relationship comprising of certain roles that require certain competences and certain competences leading to certain outcomes of the integration process calls for additional research to be proven.

Communication is a mediating but also a very crucial factor when looking at the M&A process due to the rapid change that characterizes it. A human response to M&As is often the so-called ‘merger syndrome’ that creates negative emotions and feelings on employees when things important to them are challenged (Sinkovics, Zagelmeyer and Kusstatscher 2011: 29–30). To manage this merger syndrome, as Evans et al. (2010: 555–556) put it, communication aims to relieve anxiety and stress of employees, essentially the symptoms of the merger syndrome, and provide feedback to the top management on the progress of integration. The constant need for communication starts from the announcement and continues till the very end concerning the multiple challenges that arise during the integration process. For example the management needs to create and communicate the new vision to the employees in order to assure the employees that the company is on a proper course. Fubini, Price and Zollo (2007: 44)

sum it up very skillfully by implicating how communication is not all about the messages, but connecting with people and triggering positive responses. As important as the content of the message is the existence of the communication itself because it is important in order to avoid rumors and hearsay about incoming events within the employees. One other vital part of communication is the goal of the M&A process, more specifically the “end state”. It is essential to make everyone aboard aware where the company wants to be after the M&A process is done in a strategic, organizational and cultural perspective. This applies to the company as a whole and also to different divisions and departments on their own levels. Essentially all these vital aspects of communication materialize in the integration process, which enhances the integration managers’ requirements for extraordinary communication competences. (Marks & Mirvis 1998: 74, 173–174.)

Narrowing down to the very essence of the research problem, this study will tie together all these previously stated issues on a theoretical basis and then conduct an empirical research in the form of a qualitative case study to explore the matter further. Literature recognizes integration managers’ existence and the significance of communication in cross-border M&As but the specific roles they play, competences they have and how they affect the integration process remains undefined. There are important questions yet to be answered on this subject. What are the actual roles the integration managers play during post-acquisition integration in an international setting and what competences the managers need to be able to do that? How the integration managers and their roles appear in a real life setting? How do they manage the communication during the integration and how these roles and competences facilitate it? How does the communication affect the employees?

1.2. Research questions

Due to the obvious gap in research on integration managers and communication in cross-border M&As it still remains unclear what is the role of communication in post-acquisition integration and how the communication by integration managers acting different roles affects the integration process and the employees. Previous studies have concentrated on the overall management of integration, but the specific actions of integration managers in charge of the ordeal and the importance of communication are largely left untouched.

The research problem culminates in the following research questions, to which answers will be sought:

- What is the role of communication in post-acquisition integration in international mergers and acquisitions?
 - What are the roles and competences of the integration managers, and what makes them effective in these roles?
 - What are the effects of communication and the integration manager on employees' emotions?

The goal of this study is to examine communication and integration management in post-acquisition integration. First step is to argue on a theoretical basis what roles successful integration managers assume and what competences are needed in order to do that, starting from the general level and then narrowing down to communication specific roles and competences. Secondly the study presents arguments regarding how communication is likely to affect the emotions of employees. The third goal is to create a framework that compiles the most important communication roles and competences and examines their argued effects on employees' emotions. This theoretical framework is then used as the foundation for the fourth goal which is to study the phenomenon empirically. The research is conducted in the form of a qualitative single case study of an international acquisition to explore the role of communication, the roles and competences of integration managers and their effects on employees. Then the study uses the theoretical framework as a template to compare the empirical findings of the research with and to draw conclusions in order to seek analytical generalization of the results (Yin 2003: 32–33). These questions and goals determine *what* this research aims achieve.

1.3. Scope of the study

International M&As (IM&As) are usually divided into several phases depending on the study. This thesis will adopt a three-stage model adapted from Marks and Mirvis (1998: 28) and Schuler et al. (2004: 86) with significant stress the second stage, post-acquisition integration. It has already been identified as the most significant phase for value creation and in order to utilize the possibilities for effective value creation, proper management and communication has to be in place during the integration process. The

whole international M&A process will be analyzed to a necessary extent but the most emphasis in this study will be given to integration managers and communication within post-acquisition integration.

Study of integration management and integration managers will concentrate on what roles they assume within post-acquisition integration process and what defining competences can be identified that are required to play those roles. The possible integration teams are only considered as extensions of integration managers to be utilized when managing the process. Special emphasis will be on communication roles and competences due to the vital importance of communication when dealing with the human side of integration. These will be reviewed in the light of how they are likely to affect the emotions of employees and support the integration process. Alternative research lines on the subject might include integration manager's role in leadership, acculturation or governance and possibly a more specific setting such as a friendly or hostile M&A or a merger of equals.

1.4. Structure of the study

This thesis consists of six main chapters. The first chapter is the introduction which provides background information about the subject, briefly looks into existing studies and showcases the research problem. The research questions and goals of the study are also presented in the introduction together with an overview of the structure of the study.

The second and third chapters contain the theoretical part of the thesis providing an outlook of the relevant literature. The second chapter goes through the three stages of the M&A process, starting from the pre-acquisition actions such as due diligence and indicates possible motives behind the acquisition, to such an extent as it is required to understand the field of study. Emphasis of this chapter is on post-acquisition integration due to the scope of the study. The communication perspective to M&As is also explained more precisely here. The third chapter concentrates on answering the research questions on a theoretical basis by defining the roles and competences of integration managers and the effects of communication on employees. Creation of the theoretical framework is also done in this chapter.

The fourth chapter contains the methodological part and explains how the empirical

research has been conducted, showcasing the research strategy, methods of data collection and analysis and basis for the validity and reliability of the research. The fifth chapter reviews the findings of the research. The sixth chapter then makes the necessary conclusions and brings up discussion regarding the findings of the research and how it reflects to the theoretical base of the study. In this chapter there are also theoretical and practical implications and limitations of the study.

2. INTERNATIONAL MERGERS AND ACQUISITIONS

2.1. The M&A process

This chapter defines what one should understand when hearing the term international mergers and acquisitions (terms are used interchangeably) and what trends and challenges surround them. The M&A process is discussed with emphasis on post-acquisition integration due to the scope of the study. Communication and integration management are in the key position when observing this phenomenon.

As defined by Schuler et al. (2004: 5), in mergers two companies join their operations together as equal partners. In acquisitions one of the firms acquires a controlling share or full interest in the other company and seizes control of the operations. Mergers are the minority within these transactions, comprising less than 3 percent of cross-border M&As (UNCTAD 2000: 99). From the perspective of an outsider, one can appear to be just like the other, due to strategic or public relations issues (Evans et al. 2010: 527). M&As are commonly used features of conducting business in both domestic and international setting as companies seek stronger market position and opportunities for new markets (Child, Faulkner & Pitkethly 2001: 1). Altogether M&As constitute volumes in thousands of billions, for example in the record year, which was 2007 it was documented to be around 4,300 billion US dollars. Also, cross-border M&As are becoming more and more common; they already form approximately half of the total value of M&As (Evans et al. 2010: 528). Despite large volumes, M&As have a bad reputation for not creating a significant value for the buyer or even resulting in a failure (Evans et al. 2010: 531). The complexity and multiple success factors that characterize M&As provide them with an interesting setting, especially for those who manage the process.

Statistics show that recent trends in M&As, both domestic and international, are clearly on an upward motion, excluding periods of global depression (Evans et al. 2010: 528). This creates a paradox comparing the ever increasing volume of M&As to the high failure rate of M&As generally reported by literature. Although scholars such as Bruner (2004) are quite adamantly challenging this paradox and claim that this “conventional wisdom” is incorrect and M&As actually perform relatively well. Also contrary to popular belief, international M&As have been reported to perform better than domestic, especially in the long run, mostly due to acquiring diverse and effective methods and

routines from disparate cultures (Morosini, Shane & Singh 1998; Teerikangas & Very 2006; Chakrabarti, Gupta-Mukherjee & Jayaraman 2009). The examination of these curiosities in the global discussion of M&A performance, leads this study to track what are the most critical issues to post-acquisition integration, where the actual value creation is said to reside (Haspeslagh & Jemison 1991: 105; Schweiger & Very 2003). More precisely the issues in the management of the integration process and in the ways of communication within the new company are on the spotlight.

The M&A process is commonly broken down into pre- and post-acquisition phases and additional phases added are subjective to the studies in question. Marks and Mirvis (1998: 28) and Schuler et al. (2004: 86) introduce quite similar three-stage models, from which a following model is adapted to be used in this study: 1) pre-acquisition; 2) combination and post-acquisition integration of the partners; 3) post-combination solidification and assessment of the new entity. The first stage contains actions before the actual legal decision to conduct the merger or acquisition is made. The second stage begins when the M&A is announced and is the most important phase considering the scope of this study and will be stressed throughout the study. In the third stage companies readjust, solidify and perfect their operations and integrated functions after the initial integration is complete and also strive to learn from it (Holland & Salama 2010). The integration manager is most likely appointed to a new permanent office or has ventured to manage another integration process when companies enter the third stage, so this stage will not be opened up any further.

2.2. Pre-acquisition stage

Pre-acquisition stage is important in terms of identifying the rationale behind the decisions, which companies make when pursuing M&As. This stage will be described briefly and keeping in mind how the strategically important decisions are made which concern the integration process later on, mostly regarding communication strategy and the early participation of integration managers.

2.2.1. Reasons and motives behind M&As

According to Evans et al. (2010: 529–530), the reasons behind the pursuit for cross-border mergers and acquisitions vary from strategic and tactical moves to egoistic crusades. They fall into the following six categories. The first reason is the pursuing of

market dominance and using it for economies of scale, reduced competition and channel control. The second reason is geographical expansion. Acquisitions are a common way to expand the company's reach and global market share. The third reason is leveraging capabilities, which means that companies use their newly acquired capabilities for new product development, credit risk and debt management. The fourth reason is resource acquisition, which means acquiring a company which owns a large quantity of certain resources, such as oil or minerals. The fifth reason is capability acquisition where the company acquires for example smaller companies with competences in areas of interest for the acquiring company. The sixth reason is executive hubris, which circles around the egoistic needs of the CEO to run a bigger company.

Bower (2001: 94–95) brings up five scenarios from a strategic point of view justifying the M&A activity. These activities are the overcapacity M&A, the geographic roll-up M&A, the product or market extension M&A, the M&A as R&D and the industry convergence M&A. These are analyzed regarding their initial strategic reasoning leading up to the means for the integration that results. Differences between industries and their life cycles can be detected when making distinctions between these scenarios.

Also Schuler, Jackson and Luo (2004: 82–83) have identified more reasons behind cross-border mergers and acquisitions such as promoting growth, managing technology, responding to government policy, taking advantage of exchange rates, responding to political and economic conditions, reducing labor costs and/or increasing productivity, following clients, diversifying and managing risk, and achieving greater vertical integration. Some are interrelated to the ones from Evans et al. (2010) although reasons are slightly tipped towards a more people-related standpoint. Various other studies and literature (e.g. Peng 2006: 378–380, Hopkins 1999) have identified additional motives behind M&As from different perspectives, but this study concerns more about the common factors that appear after the reasoning for the M&A has been conducted.

Once the reasoning and motives behind the decision to expand via M&A are done, the pre-acquisition stage continues with the formation of the acquisition team and election of the leader for it, which then starts to assess proper partners to merge with or to acquire. Once a proper partner has been selected the discussions and negotiations with them start and right alongside that starts the due diligence process. (Schuler et al. 2004: 87–88.)

2.2.2. Due diligence

“Due diligence is intended to be an objective, independent examination of the acquisition target. In particular, it focuses upon financials, tax matters, asset valuation, operations...” (Angwin 2001: 35). Cullinan, Le Roux and Weddigen (2004: 98) divided the due diligence into four basic questions: “What are we *really* buying? What is the target’s stand-alone value? Where are the synergies – and the skeletons? What’s our walk-away price?” As seen in both of these descriptions, the emphasis tends to be heavily on the “hard facts”, as in the target’s price, financial stability, cash flow, products and services, business and revenue logic, competitive position, future opportunities and ability to meet strategic objectives. General idea of due diligence is to strike confidence to the acquirer and stakeholders supporting the acquisition and to uncover anything that might possibly hinder the negotiations or later in the post-acquisition phase result in a failure (Angwin 2001: 35). Evans et al. (2010: 541) suggest that the due diligence also has a significant “soft” side, which concentrates on the fit between the organizations, mainly culture and people factors. These issues, especially the soft side, have substantial significance when it comes to the communication and integration management in the post-acquisition phase.

Angwin (2001: 36) raises additional concerns for due diligence when acquisitions occur across borders, which is also a major point of interest in this thesis. In this international setting generic problems and issues mentioned earlier can be mediated by culture, language, politics and regulations differing vastly between countries. Because Angwin’s (2001) research only consists of companies from European countries, the effect of cultural divergence might even be toned down in this case, compared to a case considering companies from a wider sample. Nevertheless, according to the study cultural discrepancy can have an effect on how companies emphasize the factors within the due diligence process or even how they perceive importance of the whole due diligence. Something that is relatively insignificant to one side, such as the employees comprising the due diligence team, might be a big issue to the other side. For example in Anglo-American culture, lawyers and accountants usually conduct the due diligence but for some other culture, it might be even considered hostile and lead to major controversy.

Companies often stress the financial issues and underestimate the soft side, but especially in IM&As the effects can be very significant due to the before mentioned cultural mediations (Schuler et al. 2004: 99). Acquirers far too often overestimate

available synergies, fail to uncover significant problems and even when finding out that the target firm is only showing their good side they refuse to back down from the deal (Cullinan et al. 2004: 98). Both Schuler et al. (2004: 99) and Evans et al. (2010: 541–543) underline the salience of proper human due diligence in terms of possible liabilities the human capital will bring, talent identification and cultural assessment. These are all something that may haunt the integration process after the acquisition is reality, create additional costs and require extensive work if not revealed in the due diligence and prepared for accordingly.

2.2.3. Closing the deal

Communication plays a rather minor role in the pre-acquisition stage due to the confidential nature of M&A negotiations. Information is not usually shared outside the teams and people working on the negotiations, due diligence, integration planning and other possible pre-acquisition activities (Kusstatscher 2005: 121; Evans et al. 2010: 539). The closer we get to the closing of the deal and making the announcement, the more intense the preparations for communication and integration management become.

One of these preparations should be the selection of the integration manager. Schuler et al. (2004: 87) placed selection of the integration manager to the combination and integration stage, but this study disagrees with that and argues that the integration manager should be appointed well before the announcement, an argument also supported by Evans et al. (2010: 547). Integration managers' early involvement and how it affects the integration process is subject to a closer study in the third chapter, but other studies (Antila 2006; Ashkenas et al. 1998; Shelton 2003; Teerikangas, Véry & Pisano 2011) have also hinted that it is beneficial.

Other critical activities before the deal is closed and announced are extensive planning procedures for the integration process. These are carried out during the pre-acquisition stage according to the acquisition strategy but need conclusion at this stage (Evans et al. 2010: 539). In IM&As the preparations for cultural factors are important and also establishing sufficient communication lines can prove vital (Evans et al. 2010: 546). Strategy is formed and necessary preparations for the announcement of the deal are set and the main focus from now on will be on post-acquisition integration.

2.3. Post-acquisition integration

“Integration is the key to making acquisitions work. Not until the two firms come together and begin to work toward the acquisition’s purpose can value be created” (Haspeslagh & Jemison 1991: 105). Post-acquisition integration is considered as the key phase for the performance of the M&A, but also recognized to be “difficult, time consuming, uncertain and fraught with risks and setbacks” (Haspeslagh & Jemison 1991: 105). Integration officially begins once the announcement for the deal is made. Key focus areas of post-acquisition integration in this study will be related to the research questions of this thesis. Main actor in the integration process is the integration manager between the two organizations and the mediating lens throughout process is communication. Goal is to reveal what is required for successful communication in the integration and how communicative actions eventually facilitate the whole process. Different levels and types of integration, acculturation and the people factor in the integration process will be taken into account as integral parts of IM&As but the focus remains on communication. The different characteristics and influencing factors in post-acquisition integration will be reviewed in light of these research goals.

This study accepts the standpoint of Birkinshaw et al. (2000: 396) dividing post-acquisition integration into task and human integration. These concepts can be understood separately but are fundamentally interrelated when it comes to end state of the integration (see figure 1). Everything is naturally related to the integration strategy formed in the pre-acquisition stage, making it critical that integration management is well-aware of the decisions made in the previous stage. Task integration strives to identify and realize possible operational synergies in the integration process, basically merging and eliminating company functions. Human integration pursues the elimination of resistance to change, in this case the integration, essentially building mutual trust and respect between the employees of the acquirer and acquired. Both types of integration require a unique managerial and communicational approach, but they also affect one another, thus bringing a significant quirk to the work of integration managers.

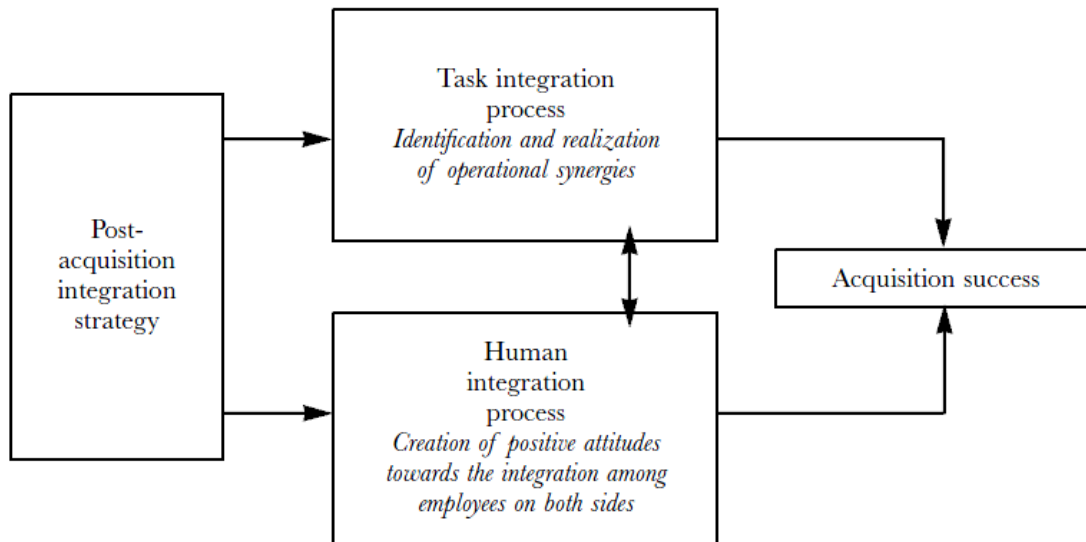


Figure 1. Framework for integration management (taken from Birkinshaw et al. 2000: 400).

2.3.1. Level and type of integration

One of the major issues in post-acquisition integration is the level of integration which the parent company assumes with the acquired company. It has effects on how integration managers can operate within the new entity and how communication has to be organized. In their study, Child et al. (2001: 94–96) have researched the integration process and compared various studies (Shrivastava 1986; Datta 1991; Gall 1991; Norburn & Schoenberg 1994; Morosini & Singh 1994) conducted on the reasons and difficulties that surround integration, and also how the level of integration is measured. These studies vary from identifying cultural traits that affect integration and finding the correct degree of integration in order to maximize acquisition performance. From these a consensus for a “spectrum of integration” can be drawn, which describes the variance in the level of integration in an acquisition from 1 to 7 (see figure 2). This model does not give any distinct dimensions why any level of integration should or should not be enforced, but concentrates on the possible levels of integration and what functions might then be integrated from the acquired company into the acquirer. On low levels (1 to 2) the integrated actions are refrained to monitoring and minor control issued by the acquiring company. When partially integrated (levels 3 to 5) some functions are more likely to be integrated than others, such as strategy, finance, HR policies, R&D, IT

systems and possibly company image and brands. This all depends on the believed advantage these integrations will produce by the parent company. On the highest levels of integration (6 to 7) a total absorption of the acquired company and its functions is conducted and only things that may remain are very strong brand names, especially in services. (Child et al. 2001: 94–97)

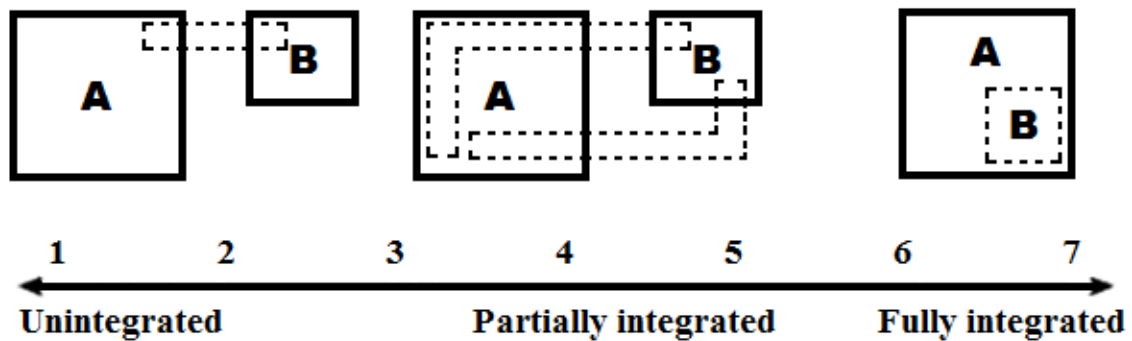


Figure 2. Level of integration (taken from Child, Faulkner & Pitkethly 2001: 96).

Related to the level of integration in acquisitions, Haspeslagh and Jemison (1991: 139–145) have identified two distinct dimensions that facilitate the choosing of the right approach and level to post-acquisition integration. These dimensions are the need for strategic interdependence and the need for organizational autonomy (see figure 3). The need for strategic interdependence concentrates on the ‘strategic fit’ of the M&A and searches for potential benefits gained from sharing and transferring capabilities, such as resources, functional skills, management skills and combination benefits between the acquiring and acquired companies. The need for organizational autonomy circles around the ‘cultural fit’ and asks whether autonomy is necessary in order to preserve the strategic capability of the acquired company and how much autonomy is necessary and in which areas it is most important. Answering to these needs and questions from both dimensions, a company can determine the proper degree of integration it needs. Pablo (1994: 806) adds an important question to this factor by advising to ponder whether the changes should affect both of the companies or just the acquired. (Haspeslagh & Jemison 1991: 139–145.)

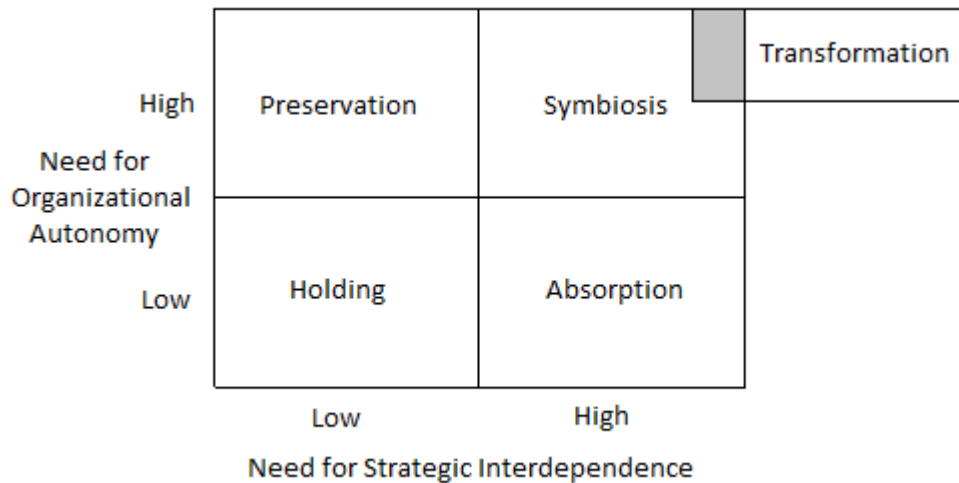


Figure 3. Integration approaches (adapted from Haspeslagh & Jemison 1991: 145; Marks & Mirvis 1998: 72; Ellis 2004: 116).

Based on these two dimensions Haspeslagh and Jemison (1991: 145) identified four types of post-acquisition integration; absorption, preservation, symbiosis and holding (see figure 3). Absorption requires a high need for strategic interdependence so that it can create the necessary value from the acquisition and a low need for organizational autonomy due to the high level of integration needed (Pablo 1994: 806). Preservation is quite the opposite from absorption, requiring low need for strategic interdependence and a high need for organizational autonomy. Essential level of integration remains low and the acquirer strives to maintain the acquired benefits, often found in unrelated acquisitions (Datta & Grant 1994: 39–40). Symbiotic integration requires both high level of organizational autonomy and strategic interdependence due to the nature of the acquired capabilities needing a different organizational setting than what the acquiring company has. The fourth type is the holding acquisition, where both dimensions remain low. This ‘hands off’ policy is usually related to capturing value for trading benefits. A fifth type, transformation, has been added by Marks and Mirvis (1998: 72), which is sort of an extreme version of symbiosis. Both companies involved are basically torn apart and totally reinventing all parts of their operation when creating the new entity (Ellis 2004: 118).

From the integration manager’s perspective the selection of the integration approach holds certain significance, because of different integration issues related to the chosen approach. Haspeslagh and Jemison (1991: 157–166) first and Ellis (2004) later on have

studied and argued that certain issues take the center stage in different integration approaches and they need to be managed in a certain way. These findings should play a role when the integration is planned and integration managers choose their approach to the integration process.

2.3.2. Acculturation

Larsson and Lubatkin (2001: 1574) compiled a very accurate description of the phenomenon of acculturation being the result of a collaborative process where the beliefs, assumptions and values of two companies form a new entity. They also issue a warning that it is a formidable challenge for the acquiring company and if not managed accordingly, can lead to a 'cultural clash'. This materializes as lower commitment and cooperation, increased employee turnover, decreased shareholder value and declining operational performance. Taking into account the challenges that acculturation contains, especially in an international setting that this study postulates the capabilities of integration managers are put to the test.

The effects of organizational and national cultural disparity, more or less acculturation, on international M&As have been studied diligently and results produced are diverse, producing both negative and positive results for cause-and-effect on integration. In their study Teerikangas and Very (2006: 31–33) compiled a list of studies (i.e. Datta 1991; Weber 1996; Nahavandi & Malekzadeh 1998; also Barmeyer & Mayrhofer 2008) supporting the conventional thought that vast cultural differences, national and/or organizational, affect the performance of M&As negatively. On the other hand some studies (i.e. Morosini et al. 1998; Chakrabarti et al. 2009) have come to the conclusion that cultural disparity enhances the performance of M&As by bringing new, more diverse and innovative routines and repertoires to the daily operation. In addition, Slangen (2006: 161) argues that the effects of cultural distance, positive or negative, are connected to the level of integration (see figure 2). The higher the level of integration, the stronger the effect of acquired company's culture is and vice versa. In this study the roles, competences and communicational actions of integration managers are considered to aim for the best possible acquisition performance. That is why when managing acculturation this study strives to recognize the disparity in studies and adopt a best possible approach for integration managers in order to overcome the acculturative issues.

Nahavandi and Malekzadeh (1998: 84) introduced a framework that provides the

acquirer various modes of acculturation depending on two distinct dimensions: degree of relatedness and tolerance for multiculturalism (see figure 4). Tolerance for multiculturalism “refers to the degree to which an organization values cultural diversity and is willing to tolerate and encourage it” (Navahandi & Malekzadeh 1988: 83). Same study indicates that containment of multiple cultures within the organization does not make a company multicultural, but the appreciation of this diversity is the key. The second dimension, degree of relatedness, seeks to determine how closely related the acquired business is to the acquirer, mainly due to possible operational synergies. These dimensions produce four modes of acculturation that the acquiring company can utilize. The framework is very similar to the integration approaches (see figure 3) determining the mode of integration and these are even presented simultaneously by Ellis (2004: 116) in her study on managing the acquisition process.

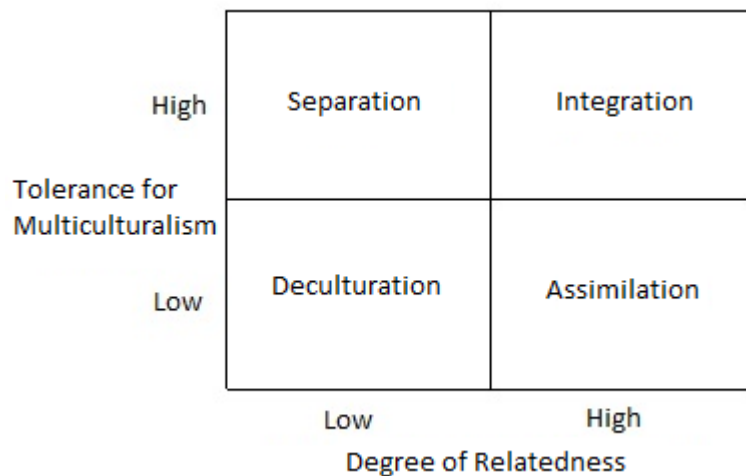


Figure 4. Acquirer’s modes of acculturation (adapted from Nahavandi & Malekzadeh 1998: 84).

The four modes of acculturation are integration, assimilation, separation, and deculturation (see figure 4). The aim is to bring a more individualistic approach to culturally diverse acquisitions. *Integration* requires a high rate of tolerance for multiculturalism from the acquirer and a high degree of relatedness to justify the need for such drastic change. Nahavandi and Malekzadeh (1998: 82) have concluded evidence that although integration approach brings new structure to the organization it results in relatively little cultural and behavioral assimilation. On the contrary,

assimilation approach forces the acquirer's culture, systems and behavioral norms to the acquired company, making the acquired company's culture cease to exist, usually even in some level of mutual understanding. *Separation* is a relevant when the acquiring company has high tolerance for multiculturalism and the acquired company is largely from an unrelated business, thus not providing many synergies from strong cultural integration. This case is most likely produced by the unwillingness of the acquired company's employees to adopt a new culture and continue to operate independently if allowed. Last and most unusual mode is *deculturation*, where the acquirer does not tolerate multiple cultures and the acquired company is highly unrelated. The acquired company does not yield to cultural assimilation but does not value culture, practices and systems of their own either. (Nahavandi & Malekzadeh 1998: 82–84.)

Marks and Mirvis (1998: 201–202, 207–210) stress that managing different cultural combinations require an increased effort from integration managers. Choosing a proper mode of acculturation according to the framework (see figure 4) and identifying the typical challenges of that mode helps the management to prepare. Marks and Mirvis (1998: 200–210) have also introduced a variety of frameworks and tacks to confront culture clashes in international M&As, bridging it to cultural awareness, language and communication. Cultural awareness connects to understanding the norms and practices of the acquired company and their country of origin (Barmeyer & Mayrhofer 2008: 36–37). Language is also a fundamental part of cross-border acquisitions and key personnel involved, again pointing towards integration managers, are way better off to learn at least the basics of the local language if it differs from theirs or the common corporate language. Acculturation is essentially managing people from different cultures and next this study will present other important people-related issues in post-acquisition integration.

2.3.3. The people factor

The dualism of post-acquisition integration between task and human integration (see figure 1) adopted from Birkinshaw et al. (2000) instigates the need for added attention to the people factor of M&As. There is also a significant international aspect to the people issues, because of the convergences that different national cultures involved can bring as presented in the acculturation chapter (Aguilera & Dencker 2004: 1356). Communication is perhaps the most important thing when dealing with people in the integration process and it is the main focus of this study, so it will also be presented separately.

The bottom line of human integration was stated to be the elimination of resistance to change and building mutual trust and respect between the employees of the companies involved. Failing to rise to the challenge with human integration has been noted to create problems with retaining key employees, uncertainty and capturing people synergies. In addition the insufficient human integration will eventually affect the success of task integration. (Birkinshaw et al. 2000.)

Talent retention is identified as a key people issue in corporate HR, because companies that do not pay attention to retention after recruiting and developing their employees, lose the fruits of their labor to other companies (Evans et al. 2010: 289–290, 538). Due to the nature of M&As as periods of change and uncertainty, retention becomes a key issue (Cartwright & Cooper 2000: 62–63). As presented in the motives of M&As, capturing competence and knowledge are common reasons for conducting acquisitions, thus making talent retention a vital part of the integration process or otherwise the benefits the acquisition may diminish significantly (Evans et al. 2010: 538).

In addition to talent management, other important people issues form around the involvement of human resource management (HRM) in the integration process and the actual integration of HR functions (Schweiger & Weber 1989: 72–73; Antila 2006). This relates to capturing people synergies and also creating a positive atmosphere in the company. Schweiger and Weber (1989: 72–73) indicated that when bringing together two organizations the different organizational cultures, structures and management systems and processes are all issues that relate to people management and hold the possibility of creating synergies when managed accordingly. In addition employees are usually concerned about personnel policies and systems such as pensions, medical plans and compensation, which were recognized in the same study.

The final people-related matter is ‘the merger syndrome’, which is a superordinate term representing the reactions of employees and also managers to mergers or acquisitions. It is commonly characterized by “change of identity, centralisation of decision-making, stress, power games, decreased productivity, and by feelings of insecurity, anxiety, mistrust and manifold similar and simultaneously occurring phenomena” (Sinkovics et al. 2011: 29). In M&As the most notable effects surface when employees feel that things important to them are challenged, for example in the form of uncertainty created by rumors of restructuring or job losses, threats to social identity. These side-effects of M&As affect people on an individual level and are received differently by different people on all levels of the organization. Generally the best way to manage the merger

syndrome is perceived to be proper managerial communication, which is a critical aspect of integration managers' work. (Sinkovics et al. 2011: 29–30.)

2.3.4. Communication

Communication is an effective mediating tool in post-acquisition integration and taken as the focus of this study. Communication is already identified to be a major factor in human integration, acculturation and also related to pre-acquisition activities in order to pass on the information from strategic planning. There is also major importance in communication when it comes to managing the merger syndrome of employees. First the study will look at the multiple stakeholders involved in the M&A, but narrowing the scope to employees and then identifying the most critical issues in communication during post-acquisition integration. The effects of communication on employees will be presented in the third chapter when looking at the outcomes of communication and answering the research questions.

Communication is important to all stakeholders that are affected by the acquisition and different stakeholders have different information needs during the acquisition. Customers and investors are regarded as important stakeholders in M&As but integration managers' are only indirectly communicating with them and thus they are not looked at more closely. From integration managers' perspective, supplying top-down communication to the information hungry middle managers and front-line employees is the key focus together with continuous communication with top management (see figure 5). This applies to the employees of both acquiring and acquired company, but more strongly on the acquired, due to increased possibility of job changing decisions and alterations. There is also the perception of 'winners and losers' within M&As, where the acquiring company might diminish the acquired and this 'us and them' mentality can seriously hinder communication and negatively affect the whole integration process (Cartwright & Cooper 2000: 79; McMurdy 2000). Essentially communication strongly affects the employees' perception of the M&A, especially on the emotional side, not just the practical (Kusstatscher 2005: 130). Different stakeholders need information for different reasons but nevertheless require it from a proper source, because otherwise people not included in the decision-making rely on non-verbal signs and rumors that are available to them (Kusstatscher 2005: 120–121; Sinkovics et al. 2011: 38–39). This can create further confusion and uncertainty within the uninformed party.



Figure 5. Stakeholders' information needs during M&As (adapted from Peng 2006: 383).

Management communication issues in post-acquisition integration discussed in this study are divided into subcategories adapting the research methods of Sinkovics et al. (2011) and Kusstatscher (2005). These subcategories are the announcement, communication frequency and intensity, rumors, and media releases combined with public opinion. This specifies the communication focus on a timeline starting from the announcement till the perceived end of the integration process. All of these need to be addressed appropriately by the integration management in order for the communication to work in a difficult situation such as post-acquisition integration.

The announcement is stated to be “one of the most intensive emotional events in the M&A process” (Sinkovics et al. 2011: 38) but it is experienced in various different ways depending on the individual and the way the announcement is made. According to the results of the study by Kusstatscher (2005: 121–123) most of the middle managers are somehow involved in the due diligence process or otherwise informed about the M&A before the rest of the employees. This differentiates how the announcement affects the whole organization, but generally the reception is something between shock and anxiety or delight, pride and optimism, depending on how the announcement is made, how the employees perceive the new partner to be and what is the outlook for restructuring, in

other words, job losses. The merger syndrome is likely to peak at moments such as the announcement (Sinkovics et al. 2011: 29). Although the sample of the study by Kusstatscher (2005) consists of only a few cases with a retrospective approach, it is somewhat apparent that in situations where unofficial information floated around a lot before the official announcement or it was even unclear what event was the official announcement, the negative emotions were topmost. One noticeable and very important aspect of the announcement was the integrity of the information compared to the unofficial information. For example some employees already knew about possible redundancies even though in the announcement it was “business as usual”. This naturally spikes a lot of negative emotions amongst the employees. To conclude, Kusstatscher (2005: 124–125) provides a few valid baselines to follow which allow managerial communication to ideally make it through the announcement honorably. Be clear and honest, don’t keep your employees in the dark for too long and try to inform everyone at the same time, communicate with several channels and the more personal the better, but do not disregard the official announcement.

After the announcement, *communication frequency and intensity* remains a key factor when driving the integration efforts forward. Kusstatscher (2005: 124) clearly states that systematic, rigorous and open communication is necessary all the way through the integration process. The study implies that the research results support the fact by noticing positive emotions from employees when management’s communication presents honest and frequent communication. The content of the message is not perceived to be the most important factor just the idea of open outlook on communication from the management brings symbolic value (Marks & Mirvis 1998: 174). It is important to maintain a certain level of communication throughout the integration process in terms of both frequency and intensity, because during periods of little communication the feeling of uncertainty becomes a problem as explained earlier. Studies (Kusstatscher 2005: 124–125; Sinkovics et al. 2011: 39) have noted a discrepancy in the expected frequency and intensity of communication between levels of hierarchy. Managers in a position to communicate downwards perceive to pass on sufficient amount of information but employees on the receiving end generally feel that not enough information was shared. Too much communication is not something a manager can easily suffer from, and supporting this fact is the study of GE Capital’s acquisitions (Ashkenas et al. 1998: 176) stating it clearly: “Communicate, communicate – and then communicate some more”.

The consequence and many times the intervening factor for all of these important

communication issues are *rumors*. When official top-down information is lacking or the frequency and intensity of information around the announcement or during the integration period is not sufficient, rumors are likely to spread and instigate negative emotions amongst employees. Rumors compensate the lack of information and thus need to be managed by the parties responsible for the communication in the M&A, mainly integration managers. (Kusstatscher 2005: 125–126.)

The last listed issue is the effect of *media releases and public opinion* concerning the M&A, which can have a surprisingly strong effect on the emotions of the employees. They can initiate rumors when no “balancing internal source” (Kusstatscher 2005: 126) is available and also if and when providing conflicting information with official sources. Their effect can also be much more widespread than the traditional employee-manager communication relationship due to the publicity factor and stakeholders in this case vary from the employees to their families, clients and other networks the company might be associated with. Managerial communication needs to be aware that especially in a high-profile M&A the press and other public sources are likely to take some interest in it. Official press releases together with open and honest information from the inside to stakeholders are important means of controlling the effects of media and influencing the public opinion. (Kusstatscher 2005: 126; Sinkovics et al. 2011: 39.)

Communication specifically in cross-border M&As brings a few additional variables to the mix. As already mentioned in the acculturation chapter, cultural awareness and language are both in key position when working in an international context, especially when it comes to communication. In addition to pure understanding of language, a big issue is how different communicative actions are perceived by different cultures. Message can be understood in a very different way and may produce unnecessary tension and misunderstandings. Differences in national cultures may also act as a mediating factor in all of these issues mentioned, not necessarily always negatively, but they are factors that integration managers have to consider when instigating communication in international M&As. (Marks & Mirvis 1998: 207-210.)

As Schweiger and DeNisi (1991: 111–112) have compiled in their study, there are also critical outlooks on realistic communication arguing that management should not engage in it, due to possibilities of alerting competition, loss of employees and decreased managerial flexibility during the M&A process. They also present critical opinions on communication’s influence on reducing uncertainty as it has not been very directly researched. But in the same study the empirical evidence from a field

experiment very clearly supports the fact, that realistic communication relieves uncertainty and increases job satisfaction. The subject is as controversial as almost any in the M&A context, but due to the convincing and reliable evidence, the positive effects of comprehensive communication are noted and studied further in the next chapter.

Looking at the communication issues specified so far, the question arises, what is concluded to be the proper way of delivering communication then? *Open, honest and realistic communication* is seemingly presented as the general solution in multiple studies and should thus be the baseline for integration managers as well. An adapted version of a comprehensive communications program based on a merger of two international consumer products companies presented by Marks and Mirvis (1998: 175–176) is provided to answer the question of how to communicate properly. *Use of multiple media* is vital in order to deliver the message effectively. Schuler et al. (2004: 111) concur this finding and suggest that both conventional and electronic should be used but nothing can replace *face-to-face communication*, which is arguably the most important way of communication. *Balancing positives with negatives* is important in order to emphasize the positives but also to acknowledge the problems. *Being clear* on what is going on by communicating what is known but also stating what is not known. It is highly likely that there are more questions than answers. *Overcommunicating* by delivering the same message through various channels and repeating it if necessary. It is almost impossible to go over the top with the amount of communication. *Checking communications* frequently is important in order to know that the message has goes through and is interpreted correctly. Preferring *small group conversations* are perceived to be better than large announcements in getting the message through (Kusstascher 2005: 123). *Effort* that is made now is cheaper and easier than dealing with the uncertainty and other effects of improper communication later on. In addition to relieving uncertainty and anxiety, the final message that all these ways of managing M&A communication should try to get through, is the strategic, organizational and cultural *end state* of the integration, in order to clarify the logic behind all the synergies and actions the company commits to (Marks & Mirvis 1998: 74–75). These issues and guidelines of communication will be utilized when showcasing the different communication roles and competences of integration managers, and how they facilitate the integration process. (Marks & Mirvis 1998: 175–176.)

3. COMMUNICATION AND ROLES AND COMPETENCES INTEGRATION MANAGERS

3.1. Common issues in integration management

Managing post-acquisition integration and seeking the much needed synergies are formidable challenges and mediated with the possibility of miscommunication and inadequate human integration showing as resistance to change. In addition to the hardships the situation itself creates, the process has traditionally been dumped on top of everyday business, if the new business leader has to act as a change agent as well. As every acquisition requires some kind of integration, it is no light task in any case and dedicated leadership and integration management is necessary. (Evans et al. 2010: 550)

No matter how initially successful and ‘fitting’ the acquisition looks, the real challenge for value creation is yet ahead. Almost all of the literature in this area is based on the notion that value creation takes place after the acquisition, hinting towards integration (Haspeslagh & Jemison 1991). Three fundamental factors to the leadership in the integration process were identified (along the lines of Sitkin & Pablo 2004; Fubini et al. 2007) and they were creating a credible new vision, creating a sense of urgency, and creating effective means of communication. Sense of urgency is exemplified as a major factor in the success of smooth integration process, especially in human integration (Froese & Goeritz 2007: 108) and this reflects to the communication of the new vision (Evans et al. 2010: 550). Ashkenas and Francis (2000: 110) also created a clear list of four factors how integration managers are able to help the integration process: speeding it up, structuring the process, establishing social connections within the organizations and creating short-term successes that are crucial in the beginning. The ideal roles and competences of integration managers will be reflected on these factors.

This leads to the question whether the integration manager should or should not be managing the business as well. Schuler et al. (2004: 104) state clearly that the integration manager should not be acting as the business manager, although the basis for that remains with the M&A experience of one large multinational, Johnson & Johnson. The demanding nature of the integration manager’s position requires the full attention and dedication of the manager in question. On the other hand Carlos Ghosn in Renault-Nissan merger acted as the CEO of Nissan and in the case study by Froese and Goeritz (2007) it is stated to be almost compulsory in order to achieve the necessary support and

influence behind the decisions. Ghosn is never identified as an integration manager, rather just the new business manager, although many of his characteristics and actions are undoubtedly relevant for integration managers. As Schuler et al. (2004: 104) indicate the problems of the integration manager's involvement in running the business relies on objectivity as the search for true synergies from both of the involved companies can become biased. To conclude based on this evidence and connected to the integration manager's need for support and trust from the CEO which Shelton (2003: 87) calls for, there is a distinct reasoning that the manager should concentrate solely on the duty of being the integration manager and not collect any additional responsibilities. Integration management should be regarded as a distinct business function during the acquisition process, just as any other. But rather than having a profit and loss responsibility, the integration manager should be accountable for planning and executing the integration plan and reaching the goals that are set for it (Ashkenas et al. 1998: 172).

“Who should be responsible for making it happen?” is the question Evans et al. (2010: 551) ask and is a critical question in the limited research on the subject. Michael J. Shelton (2003: 81–82), a consultant from McKinsey, suggests a few critical factors from a consultant's more practical point of view regarding the selection and support of integration managers, where acquiring companies have a tendency to underperform and even fail.

The first one is the recruitment of the right person for the job, where CEOs often aim too low. Project management is perceived as the core job description and it is definitely important, but companies fail to realize the full potential the position embodies and more so enables. In addition to the basic project management there are possibilities to work on deeper issues, not just oversee the implementation of planned actions. Integration managers can effectively help track and capture synergies by breaking deadlocks that occur within the integration process and thus preventing the momentum from being stopped. Although speed of integration is generally considered an important factor, there is no clear scientific evidence of the benefits (Angwin 2004: 425). Studies have also determined that the ideal speed of integration is individual for each case, some favoring a slower pace and others preferring to make the changes as quickly as possible (Schweiger, Csiszar & Napier 1993: 61). In any case, the sense of urgency is the key and needs to be created in order to have the integration on a forward motion and employees interested in working towards achieving the needed change (Kotter 1996: 36). Shelton (2003: 82–83) indicates that financial markets require early signs of

created value from the acquisition and for the sake of employee retention the integration must stay on course and the integration manager is the one to smoothen this process.

The second critical factor is the early involvement of integration managers. The necessity for early planning of integration in the first place was brought up by Ashkenas et al. (1998: 168–169) when they researched acquisitions conducted by GE Capital, although the idea has been surfacing already in the early 1990s. The planning of integration as early as possible, all the way in the pre-acquisition stage, will help ease and speed up the integration process. This supports the fact that the person responsible for the integration process needs to be involved as early as possible in order to learn all the necessary details about the deal and have sufficient time to plan the integration. There is also risk when one has to implement something others have planned (Teerikangas et al. 2011: 653). The integration manager's involvement throughout the process is also perceived to bring continuity between the personnel responsible of making the deal and those that will run the new company and ensure a feeling of ownership during the whole process (Schuler et al. 2004: 104). Shelton (2003: 85) proposes that the manager is to be put in place approximately a month before the announcement of the deal. This gives the manager enough time to adopt the vision and goals of the acquisitions and identify key resources needed to pursue them, be it then retaining talent or making sure that communication is sufficient. From a human resource perspective, Antila (2006: 55) has also hinted towards this phenomenon although she does not single out integration managers but calls out for roles of employee champion, administrative expert and strategic HR person with early involvement in the acquisition. These are all something that a potent and skillful integration manager can either perform or effectively delegate and thus ease the whole acquisition process. Because of the balance needed between task and human integration, it is vital to recognize the human integration issues early on (Ashkenas & Francis 2000: 116).

The third critical issue relates to the support the integration manager needs from the higher ups, especially the CEO. Within the relatively short timeframe the integration manager needs to gain the full support and trust of the top management in order to pull the company through the integration process. Integration managers do not usually possess formal authority and thus need additional warrant to act as the CEO's "proxy". Even with a good integration manager appointed, the process can slump and fail if people do not take the initiatives, and the manager behind them, seriously. (Shelton 2003: 87–88.)

3.2. Roles of integration managers

3.2.1. General roles

What are the specific roles integration managers should play in order to tackle the issues already mentioned and to ensure the best possible circumstances for a successful integration process? This chapter will begin to answer the research questions by identifying the general roles the integration managers play on a theoretical level before the focus moves on communication. As described in earlier chapters, the integration process is a complex procedure with high potential for failure but also creation of value. The shape and depth of the integration process depends on various factors such as the sought level and type of integration which creates a unique management scenario each time. Also as Birkinshaw et al. (2000) brought up the distinction between human and task integration (see figure 1) requires an even more complex approach from integration managers. These different elements in the integration process call out for an increasingly versatile selection of different roles integration managers needs to adapt to in order to facilitate the process. It is noteworthy that integration managers do not necessarily personally conduct all the actions related to a specific role but when acting it out are responsible for those actions to be happening by delegating them to subordinates when necessary.

The role that best defines the core existence of the integration manager is the *project manager*. The integration process resembles a big project and needs a dedicated manager to shepherd the individuals and teams involved, and also in order to enable the fluent usage of multiple roles for the manager. Although as criticized before, it is most definitely not the only role if the company intends to get most out of the manager's work contribution. The necessary project management and organizational skills need to stem from the manager's competence to tolerate chaos, because in a large international M&A the integration process will most likely involve multiple cross-functional teams and dozens of people for the manager to coordinate. Not only does the manager create most of these functions but also manages them throughout the integration process by controlling timelines, assignments, meetings, and especially communication. Evans et al. (2010: 551) named this sub role the transition specialist. Unlike typical project management, in an integration process the individuals that work in the project are not directly under the supervision of the integration manager. That is why the manager needs "enough clout to be effective" and be able to motivate and commit people into the integration effort (Ashkenas & Francis 2000: 110). The uniqueness of the integration

process compared to other projects also nullifies the use of many traditional project management tools because of the dynamic nature of post-acquisition integration (Ashkenas & Francis 2000: 115). In addition to the creation of integration teams and managing the project, Ashkenas and Francis (2000: 115) also suggest that with this kind of role integration managers should create structures and frameworks where to operate and ease the review process for teams and executives involved. This can prove useful in future endeavors as these frameworks and structures can be regarded as organizational learning.

Before worrying about the long run, the short-term issues and initial speed of integration needs to be faced. This thesis introduces a role called the *sparring partner*. This role is not really distinguished in the literature, but the need for it clearly exists due to the demand of the integration process. The integration manager's responsibility to keep up the speed of integration on a suitable level and most importantly create a sense of urgency to ensure that effort is made for the integration, establishes a need for this kind of management role (Kotter 1996: 36; Ashkenas & Francis 2000: 111). Although empirical study on the subject does not blindly support the concept of "first 100 days" after the announcement of the acquisition being the most important period of time and acquisitions have been argued to even prefer a deliberately slower outlook on the integration process in order to ensure proper human integration (Birkinshaw et al. 2000; Angwin 2004: 428). Despite the critical view of the speed of integration, this study recognizes the need for a sense of urgency and to a certain level the need to keep up the speed of the integration, not necessarily at highest level possible but to maintain the momentum and avoid standstills. When successfully playing this role, integration managers can push the pace of the integration process on multiple areas, such as planning, decision-making, implementation and monitoring the progress against set goals (Ashkenas & Francis 2000: 115).

Right alongside the role of the sparring partner, who keeps the organization on the move and on its toes, this thesis introduces a role called the *implementer*. Integration managers in this role engineer short-term results to prove the achieved synergies and enforce the implementation of the new strategy. This role makes use of the speed of the integration that the sparring partner keeps up and helps to identify synergies and transfer these best practices between the organizations. Most importantly as the implementer, integration managers strive to generate and communicate concrete short-term results and benefits of the integration process. With short-term results, they can build confidence in managers and employees justifying the acquisition and facilitating human integration. When

acting in this role, integration managers have to effectively rely on communication skills so that all necessary stakeholders receive the information and benefits are widespread. (Ashkenas & Francis 2000: 113, 115.)

A few studies have identified a role related to resolving acculturative issues and building new culture within the new company. Ashkenas and Francis (2000: 115) call it the “ambassador” and alternative designations of similar roles are the “relationship builder” or even the “negotiator” presented by Schuler (et al. 2004: 105). This study has forged these roles into one, calling it the *mediator*. It is a role which essentially builds on integration managers’ social skills and emotional and cultural intelligence. The mediator eases up the integration process by forging social connections within the two organizations and bridging possible cultural and linguistic gaps, essentially interpreting and resolving potential conflicts both ways and giving each side a possibility to express feelings on delicate or even hot issues (Evans et al. 2010: 551; Ashkenas & Francis 2000: 112). As an example, a common conflict in M&As presented earlier, that this kind of role is tailor-made to resolve, is the issue with perceived ‘winners and losers’ and the ‘us and them’ mentality that often surfaces after a merger or acquisition (Cartwright & Cooper 2000: 79; McMurdy 2000). The acculturative side of this role is closely related to the chosen mode of acculturation as the degree of cultural integration very much dictates the number of acculturative issues that may arise. This mediator’s role is felicitous, because integration managers are able to move about within the organizations and associate with people on different departments and locations and also different levels of hierarchy (Ashkenas & Francis 2000: 112). Social relationships and connections are not necessarily the top priority but the mediating role they have should not be underestimated in the long run.

To conclude, the identification of these general roles begins to answer the research questions on a theoretical level. It is clearly argued that with proper actions relating to managing projects, creating and maintaining sense of urgency and speed of integration, generating short-term results and managing acculturation have a positive impact on the integration process. These roles are presented in order to clarify the field of operation and set up grounds for the communication specific roles. It is also noteworthy that these roles may also include a hefty amount of managerial communication that is vital to their succession even though they are labeled as general roles.

3.2.2. Communication specific roles

Effective communication is a vital part of various more general roles of integration managers during the integration process but some roles can be defined as more or less communication specific. This chapter identifies those roles and thus deepens the answer to the research question on the part of the roles of integration managers before moving on to competences that are needed to play these roles.

The most traditional communication role presented by this study that integration managers have to play is the *spokesperson*. Looking at the various studies on communication in M&As already showcased (Marks & Mirvis 1998; Kusstatscher 2005; Sinkovics et al. 2011), the role of the spokesperson is an integral part of various stages of the M&A process. The role derives straight from the general information needs of several different stakeholders although in this thesis the focus is mostly on the employees. The importance culminates at times such as the announcement and afterwards in the form of controlling the media releases and public opinion, and providing constant flow of information to the employees to avoid rumors. In terms of communication competences, this role requires quite a few and also cultural and emotional intelligence in order to get the same message through to all recipients despite the fact that different cultures perceive communication in a different way and also regarding the possible language barriers that complicate the flow of information (Child et al. 2001: 126).

A communication specific role that rides slightly alongside the spokesperson is the role of the *information gatekeeper*, as Evans et al. (2010: 551) named it. This role requires very similar skills than the spokesperson due to the similar nature of the roles. As the information gatekeeper, the integration manager is between the two sides funneling relevant information into both directions and evaluating its relevance to each side. This prevents the acquiring company from suffocating the newly acquired company with requests. As Evans et al. (2010: 552) exemplify, Nokia uses their integration managers as filters to all requests for information coming from the acquiring side, to regulate the information. In the heart of all this, lies the manager's communication skills and ability to decide how to deliver the information, when to do it and how often. From the general skill set shaped by Ashkenas and Francis (2000), the deep knowledge of the acquiring company provides much of the necessary information that will be needed but it is also imperative to quickly get familiar with the acquired business. The acquired company has to be let in to the operating methods of the new owner and what new resources,

tangible or intangible, are available to them and how to navigate through the new systems and standards (Evans et al. 2010: 551; Schuler et al. 2004: 104–105). This also works both ways as additional information is transferred from target to parent company.

The third communication specific role this study presents is also closely related to the actual leadership integration managers bring to the equation. That role is the *visionary* which essentially formulates around the effective communication of the end state and goals of the M&A process and explaining the rationale behind the deal. As the name gives up, communicating the new vision of the company to the employees of both acquiring and acquired company is the key to succeeding in this and helps to build up morale and provide reassurance to the employees (Evans et al. 2010: 556). This role strives to communicate the corporate story and thus create a feeling of unity and justify the making of this acquisition (Fubini et al. 2007: 31, 37). This role is relevant to the resolving of issues such as demotivation, frustration, lack of commitment and lack of cooperation. There is a certain similarity to the concept of transformational and charismatic leadership, which aim to recognize the affective and emotional needs and responses of followers and have proven to create positive effects on employee performance and behavior (Bono & Judge 2003). Utilizing this kind of leadership when playing the role of the visionary cannot be considered imperative but will most likely result in a better outcome.

The communication specific roles of the spokesperson, information gatekeeper and visionary continue to identify the role of communication in post-acquisition integration by identifying what are the roles of integration managers and what makes them effective in these roles. Communication was actively present in the roles mentioned earlier but in this case they constitute the focus of these roles that dominate the communication within the integration process. These roles aim to solve the issues of managing the information needs of different stakeholders with proper frequency and intensity, relieving uncertainty and anxiety of employees by means of providing information and providing a sense of reassurance, unity and common goals. Pooled with the general roles these create a toolkit that enables the integration managers to manage post-acquisition integration in a sufficient way and provide answers to the challenges and issues that arise during the process.

3.3. Competences of integration managers

3.3.1. General competences

What features does a manager need in order to succeed in performing the roles described? The most important characteristics and skills of an effective integration manager, who essentially carries the most weight in the integration process, will be identified in this chapter first on a general level and then communication specifically. According to Shimizu et al. (2004: 335) there is a lack of theoretical and empirical research in this area and better knowledge about the human factors would become useful for improving the integration. Naming these competences will continue providing the answer to the first research sub question.

The necessary skills research argues that integration managers should possess have been best defined by Ashkenas and Francis (2000: 114–115) in a practical manner. The first of the five skills listed is *deep knowledge of the acquiring company*. This is essential due to integration managers' responsibility to guide the managers of the acquired company in areas such as reporting, seeking information, and working through the informal systems of the company. In principle the integration manager welcomes the new employees into the corporate culture of the acquirer, so the managers need to be the expert of it. For similar reasons Shelton (2003: 84) suggests searching for integration managers from within the acquiring company's own talent pool. This skill is tailor-made to the information gatekeeper in order to manage the funneling of information between the companies.

The second trait is a combination of a *flexible style of leadership* and *tolerance for low recognition*. Integration managers need to often shuffle between making tough decisions and supportive listening along the different levels of the organization. This requires a definite type of flexibility and social cognition; "a good integration manager knows which style is appropriate in which situation" (Ashkenas & Francis 2000: 115). This characteristic is generated by deep self-confidence and relatively small ego, which usually develop over time, if they are to develop. This supports the fact that veterans of the organization are more prone to becoming integration managers than young talent. In any case companies should maintain a proper talent management system in order to determine the people best suitable for this (Shelton 2003: 84). Stemming from the same characteristics is integration managers' ability to function and succeed without getting proper credit or recognition.

The third competence tests the manager's *ability to tolerate chaos*. This essentially seeks for extraordinary project management and organizational skills, which are put into use by creating and managing the matrix of integration teams required. Noteworthy features of integration projects are the difficulties perceived in reporting, accountability and authority, which hinder the manager's ability to lead the project. The unique nature of integration projects also makes it difficult to use traditional project management tools and mechanisms. Naturally this competence is best related to the role of the project manager.

The fourth competence is the manager's *ability to work independently* in a responsible manner. Due to the unsupervised nature of the job, it is imperative that integration managers are capable of taking initiative and making independent judgments, but also when necessary, be able to turn to the senior executives from both involved companies for advice and guidance. Connected to this trait is the mutual trust and understanding between the CEO and the integration manager, because the integration manager needs sufficient authority, resources and support to manage all the tasks in the integration process (Shelton 2003: 87). This is more or less a good characteristic for integration managers in general and not clearly connected to any role.

The last distinct skill is *emotional and cultural intelligence*. As is characteristic for international operations, especially for mergers and acquisitions, cultural factors together with human behavior create an immense amount of possibilities and also challenges. M&As can be very strategically and financially driven so integration managers need the ability to balance the human side and make the whole process manageable for the employees when creating operational success. This competence is viewed also as a vital part of communication and it will be presented more in-depth with the communication specific competences.

To conclude, the studies by Ashkenas and Francis (2000) and Ashkenas et al. (1998) formulate the core general characteristics which represent the rather vaguely researched side of integration management and are based on experiences and competences of five individuals who have acted as integration managers previously. The results are suspect to critical evaluation due to the ever changing circumstances and details of the acquisitions in question. Studies of Evans et al. (2010: 551–552) and Schuler et al. (2004: 104–105) also identified a few noticeable characteristics and features that can be linked to the skill sets of successful integration managers. In these studies communication is specified as an extremely important factor but nonetheless it is not

divided into individual competences that formulate it so it will be reviewed in a more in-depth manner. These more general competences provide the grounds on which integration managers operate and a vital base to answer the first research question asking what competences are required from them for effective communication in post-acquisition integration of IM&As.

3.3.2. Communication specific competences

The superordinate term communication skills embody a set of various more specific skills and competences that are rarely separated in literature. These are derived from the needs recognized from the issues that literature on both communication and integration management has presented together with the competences that different managerial roles require. This chapter finalizes the theoretical answer to the first research sub question and concludes the argument claiming what are all the necessary communication roles for integration managers and what competences are required to act those roles.

Language skills are naturally a key part of communication in international M&As, especially but not exclusively, to integration managers acting in the communication specific roles of the spokesperson, information gatekeeper and visionary. Although it is not necessary to always be fluent in the language of the acquired company, it is advisable that the key personnel are able to speak the language of the country where operations are held (Marks & Mirvis 1998: 207). The corporate language in an international setting is quite often English, but being able to hang in with some small talk and hold a simple conversation in the native language sends a symbolic message of real effort of understanding (Marks & Mirvis 1998: 207). In addition to the actual spoken language there are the issues of various abbreviations and jargon present in the corporate environment. Schuler et al. (2004: 105) have indicated this as a key duty for integration managers and it is thus connected to the needed language skills.

Emotional and cultural intelligence identified by Ashkenas and Francis (2000: 116) is a vital general skill that integration managers especially in the general role of the mediator in an international setting need to possess. In addition it also derives into a communication competence due to its dire importance when communicating with different people. As Marks and Mirvis (1998: 207-210) indicated, there are various culture specific communication issues outside just the spoken language because “cross-border culture building requires people to have the communications skills and cultural

awareness to bridge differences”. Being culturally intelligent also minimizes the possibility of severe cultural miscommunication which can then haunt the integration process for a long time. Concerning the side of emotional intelligence, studies indicate that emotionally intelligent manager recognize employees’ emotions and thus are able to motivate and inspire them, essentially influencing their emotions with verbal and non-verbal communication (Kusstascher 2005: 117). The communication aspect of this competence is best visible with the roles of the spokesperson and visionary. They need the competence to get the proper message through and the skill to recognize how it is perceived and how it affects the emotions of the recipient.

Knowledge of multiple communication methods derives straight from what was stated in the communication chapter as a key concept of delivering information with a necessary frequency and intensity. Marks and Mirvis (1998: 175) and Schuler et al. (2004: 111) both exemplify the frequent use of both personal and electronic methods of communication as key ways on delivering effective communication. Fubini et al. (2007: 33) also mention that in addition to the use of multiple channels, communication should involve every level of management. This competence ties up to the role of the spokesperson most evidently as effective communication and delivery of information is essential throughout the integration process.

It is not necessarily imperative but very useful for integration managers to have good networks within the organization including both the acquiring and acquired company and all levels of hierarchy, in order to deliver communication to all directions and also to receive feedback. This can be put together as *communication networking skills* which present themselves best with the communication specific roles of the information gatekeeper and spokesperson to facilitate the flow of information, the mediator to reach the necessary groups within the organization and also the project manager in order to effectively manage the possibly large number of integration teams. Having an extensive communication network can be also utilized in dealing with rumors and possible media releases and public opinions circling around the organization concerning the M&A. As networks are both formal and informal, they create multiple possibilities to answer to these issues.

Credible conversation and presentation skills are both essential for integration managers. As this study has already argued, during the M&A there are various situations where integration managers need to convince the employees and also the managers to participate in matters of dire importance. Integration managers are also most likely

going to face a situation where a larger crowd is in need of clarification concerning the integration, be it the announcement or an update to the board of directors. At such time an ability to credibly present the facts and strategies, and also to convince the audience that this is the way to go, becomes a vital communication related skill (Dulewicz in Bambacas & Patrickson 2009: 111). From the communication specific roles these skills are especially crucial for the spokesperson and visionary needing to get the proper message through convincingly.

Interpersonal communication in a way to “generate messages effective in attaining specific goals” (Bambacas & Patrickson 2009: 113), is a vital communication competence for integration managers playing the role of the visionary. The aim is to properly inspire the employees to pursue the desired end state of the integration and getting through to them with the vision of the new company. Integration managers need to possess interpersonal communication skills when they are “assuming personal leadership” (Fubini et al. 2007: 118) and figuratively leading the troops through various hardships into a better tomorrow.

Listening is an integral part of communication as integration managers sometimes need to “serve as the lightning rod for hot issues; allow employees to vent” (Ashkenas & Francis 2000: 115). It is also imperative to listen to the employees in order to determine how the integration is progressing, what the atmosphere of the company is like and also to be able to adjust the output of information up and down the organization. Communication is as much about receiving as it is delivering messages. This competence is hard to pinpoint to a specific role but from the presented three it is best suited for the information gatekeeper and spokesperson, both of which need to exercise effective two-way communication.

To conclude the findings so far, see the table below (see table 1) for a summary of all the managerial roles and competences identified. They are all argued to be an important part of integration management but due to the focus of this thesis, next the communication specific competences will be directed to their respective roles in order to answer the first research question.

Table 1. Roles and competences of integration managers.

Roles of integration managers	Competences of integration managers
<i>General</i>	<i>General</i>
Project manager	Deep knowledge of the acquiring company
Sparring partner	Flexible style of leadership
Implementer	Humbleness in receiving recognition
Mediator	Ability to tolerate chaos
<i>Communication specific</i>	Independence and responsibility
Spokesperson	Emotional and cultural intelligence
Information gatekeeper	<i>Communication specific</i>
Visionary	Language skills
	Emotional and cultural intelligence in communication
	Knowledge of multiple communication methods
	Communication networking skills
	Conversation and presentation skills
	Interpersonal communication skills
	Listening skills

In relation to communication in international M&As, what are the roles and competences of the integration managers, and what makes them effective in these roles? This was the first research sub question and the communication roles and competences listed so far can be argued to provide a solid theoretical answer to this question. This study argues that in order to produce effective communication integration managers need to act out the following three roles: the spokesperson, the information gatekeeper and the visionary. Playing these roles is argued to require a set of seven distinct communication competences from the integration managers: language skills, emotional and cultural intelligence, knowledge of multiple communication methods, communication networking skills, conversation and presentation skills, interpersonal communication skills and listening. Not all the competences can be directly aimed at only one certain role, but a rough grouping can be made (see figure 6) according to the arguments made previously when presenting the roles and competences. An integration manager possessing these competences is arguably qualified to play these roles and thus provide effective communication to the post-acquisition integration process in international mergers and acquisitions. Question that remains is; what are the effects of communication and integration manager on employees' emotions?

Spokesperson	Information gatekeeper	Visionary
<ul style="list-style-type: none"> • Language skills • Emotional and cultural intelligence • Knowledge of multiple communication methods • Communication networking skills • Conversation and presentation skills • Listening skills 	<ul style="list-style-type: none"> • Language skills • Communication networking skills • Listening skills 	<ul style="list-style-type: none"> • Language skills • Emotional and cultural intelligence • Conversation and presentation skills • Interpersonal communication skills

Figure 6. Communication specific roles and competences of integration managers.

To summarize the literature review so far, this study has been looked into communication as a phenomenon, and examined the roles and competences of integration managers. Communication is an extensively researched subject and the general as well as communication specific issues of post-acquisition integration have been very closely documented by various studies (i.e. Haspeslagh & Jemison 1991; Schuler et al. 2004; Shimitzu et al. 2004; Sitkin & Pablo 2004; Kusstatscher 2005; Fubini et al. 2007; Evans et al. 2010; Sinkovics et al. 2011) but the concept of integration manager, especially in terms of their purpose in communication, has been far less studied although still recognized by literature (i.e. Ashkenas et al. 1998; Ashkenas & Francis 2000, Shelton 2003; Evans et al. 2010; Teerikangas et al. 2011). This study has critically evaluated the extant research on these subjects and has made relatively bold derivations connecting the two underlining factors; integration managers and communication.

The relatively large number of research gives a more objective view about communication in general and post-acquisition integration, which enables the study to be more critical about the arguments presented. To conclude, this study agrees that sufficient communication is a very important factor in the integration process in order to tackle a series of issues such, most notable the merger syndrome of employees. On the other hand the studies regarding integration managers are much scarcer and thus the

study had to rely a lot on few core studies (Ashkenas et al. 1998; Ashkenas & Francis 2000) when defining the basis for the roles and competences of integration managers. To address this gap in extant research and create the functional roles and identify required competences, this study made numerous connections between different studies discussing integration management and integration managers with divergent terms and points of view but similar content. Now the focus can move from the integration managers' ability to produce effective communication the actual effects of this communication on employees.

3.4. Effects of communication on employees' emotions

Integration managers pursuing a certain set of communication roles for which they need specific communication competences to be effective (see figure 6), which is a rough assessment of what is required to produce the ideal communication output for the situation. After this base for ideal communication has been identified, this study seeks to make arguments on what is the cause and effect relationship of integration managers acting these roles and what the outcomes of this created communication are. Kusstatscher (2005) and Sinkovics et al (2011) identified a gap in previous research concerning the role of emotions in M&As and this study adopts a similar view but with the additional focus specifically on integration managers. With this approach this thesis relies heavily on these two articles which are based on the same empirical study, a relatively narrow sample, but by combining this with other studies (i.e. Schweiger & DeNisi 1991), previously showcased research on integration managers and theories on communication in general, this research strives to produce valid arguments on how managerial communication by integration managers affects the emotions of employees, and what outcomes they might produce. The goal of this subchapter is to provide a theoretical answer to the second research sub question, what are the effects of communication and the integration manager on employees' emotions, and improve existing theory by creating a framework for future studies.

The definition of emotion is a much disputed one (Kleinginna & Kleinginna 1981) and in order to achieve best clarity on the subject this study uses the interpretation made by Bagozzi, Gopinath and Nyer (1999: 184). Their study indicates that emotion is a mental state of readiness that ascends from cognitive appraisals of actions or thoughts. Emotion also has a phenomenological quality and is often expressed physically and may result in an action to either cope or affirm with the emotion. Accepting the definition, this thesis

will follow Kusstatscher's (2005: 116–117) lead and utilize the cognitive appraisal approach stemming from earlier research (i.e. Mandler 1984; Frijda 1986), meaning that employees' emotions need internal or external stimuli in order to emerge. "Appraisals are seen as interpretations of individuals related to significant changes in the environment. Depending on the subjectively perceived relevance of these appraisals, their urgency, or magnitude of challenges to an important value, the individual's brain is more or less activated" (Sinkovics et al. 2011: 29). In this case the stimuli are then the employees' appraisals of the changes brought by the M&A process and the communication by the integration managers. This underlines the noteworthy issue in cognitive appraisal theory, that employee's emotions are affected by the *perceived* managerial communication, not just the message but how the receiver interprets it. Employees cling to every word communicated and form their individual perception and can recall it for a very long time (Kusstatscher 2005: 125).

The issues in managing the communication by integration managers rely heavily on employees' perception and provided communication frequency and effectiveness which will be looked more closely connecting to the cognitive appraisal theory. All the communication issues affecting the integration process, and the emotions they were argued to create, the usefulness of managerial communication in solving those issues and positively affecting those emotions is in question. The constant change that characterizes M&As is responsible for the creation of the merger syndrome that employees may suffer from, which in turn creates a set of emotions (Sinkovics et al. 2011: 29–30). Following an M&A announcement or the perception of an upcoming M&A created by for example rumors, the negative emotions that most often strike the employees are anxiety, fear, uncertainty, distrust, shock, anger, depression, frustration, exhaustion, shame, grief, jealousy, impotence and degradation. There are also some positive emotions that may follow, which are pride, joy and compassion. Employees perceive the effects of M&As individually and the employee's position in the organization may also have a significant impact on how they react to the announcement. Concerning the differences between employees, Sinkovics et al. (2011: 37) note that there is a significant difference between the emotional well-being of employees from acquiring and acquired companies, but more significantly accounting for it is the way the M&A process is managed. This also verifies that different employees perceive the changes and also communication differently. In cross-border M&As the international aspect and cultural differences also individualize the employees' perception and emotions that follow to a further extent. (Sinkovics et al. 2011: 29–31.)

As Bagozzi et al. (1999: 184) defined, following proper external or internal stimuli, emotions are often expressed physically thus affecting the employees' behavior and ultimately the ability to work, positively or negatively. As already discussed, the change that is created by M&As or even the rumors about an upcoming merger or acquisition, are the first stimuli that produces these different emotions for employees. After that the communication by integration managers is argued to produce additional stimuli to prevent negative emotions from affecting the employees' performance and to support the positive emotions, but how and why do they affect them? The extant literature (i.e. Kusstatscher 2005; Sinkovics et al. 2011) recognizes the connection between managerial communication and employees' emotions during an M&A integration process, based on the cognitive appraisal theory, but a more precise look into how this communication is produced and by whom is needed. Therefore this study presents a framework to argue what the cause and effect relationship of integration management and communication is (see figure 7) and aims to broaden the view on this part of existing literature.

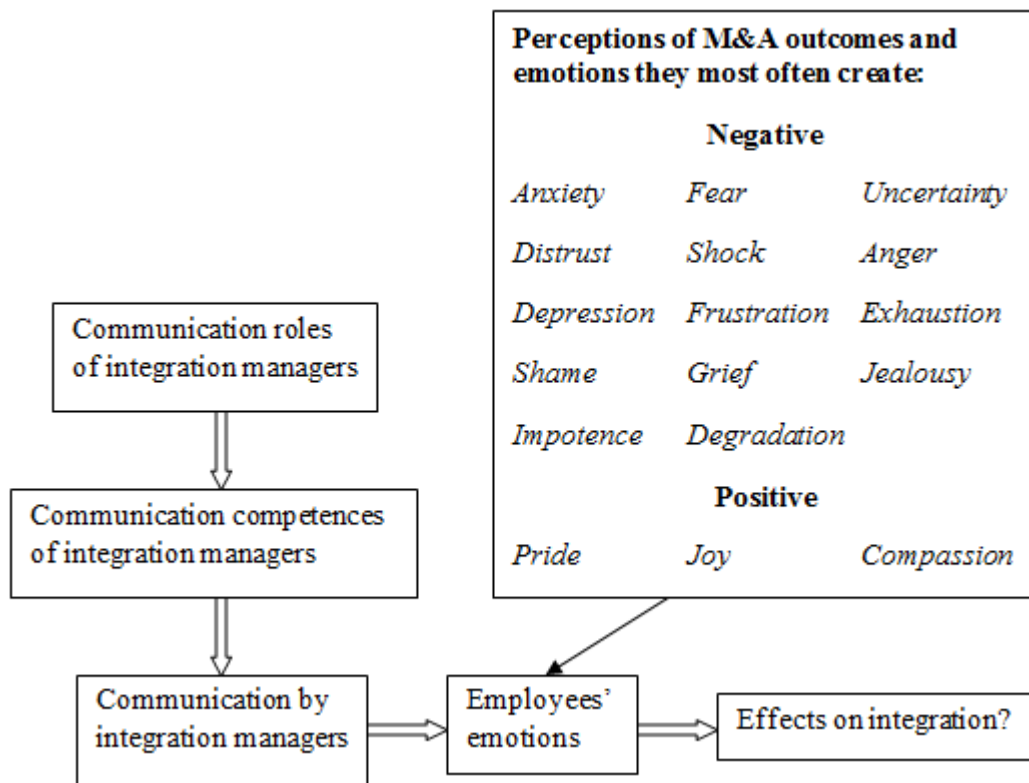


Figure 7. Framework for effects of managerial communication on employees' emotions.

Presented in the framework are the positive and negative emotions that employees' most often feel during the M&A process when looking at their perception of the outcome. Affecting those emotions is communication by integration managers, which is created by integration managers acting the communication specific roles and utilizing their communication specific competences. Based on the literature reviewed earlier in this study, this is argued to create an ideal communication output for integration managers providing an appropriate perceived intensity, frequency and message to communication in order to have a positive impact on the emotions of employees. Although as the cognitive appraisal theory indicates, perception is the key as each employee interprets the communication by integration managers in an individual way, confirming the integration managers' need for emotional and cultural intelligence in order to get the right message through.

Kusstascher (2005) and Sinkovics et al. (2011) both report in their studies that as the cognitive appraisal theory suggests a proper stimulus produces an action-readiness outcome. This outcome represents the employees' attitudes and actions towards the integration process and is thus very important factor for integration managers to influence. Sinkovics et al. (2011: 43–44) and Schweiger and DeNisi (1991: 127–128) report in their findings that realistic, open, honest and frequent communication has positive effects on employees' negative emotions such as feeling of uncertainty, fear and demotivation, which are common signs of the merger syndrome. It is also made evident that an official source of information for the employees, a trusted superior, can soften the shock effect of bad news quite significantly and also prevents the spread of rumors that increase the feeling of uncertainty. The feelings of distrust, disappointment, frustration, depression, impotence, degradation and exhaustion can be argued to be more typical to employees of the acquired company as they feel let down by their company and cannot control their own faith.

Comprehensive communication methods, for instance provided by integration managers playing the different communication roles, can be argued to relieve these negative feelings by providing open, honest and realistic information to the employees about their situation and what is to be expected in the future (Kusstascher 2005: 129–130; Sinkovics et al. 2011). The communication frequency, intensity and content are in key position as noted in the study by Schweiger and DeNisi (1991: 130) by indicating that “organizations that communicate caring and concern to employees, whatever the communication's informational content, may be able to expect increased employee commitment” by relieving their negative emotions.

Although not all emotions stimulated by M&As are negative. As seen from the framework (see figure 7) there are also some positive emotions, but as Sinkovics et al. (2011: 37–38) indicated, they are more often generated by employees of the acquiring company. Nevertheless with proper inspiring managerial communication the feelings of joy, pride and compassion can give strength to all employees involved in the rough integration process. Especially through the role of the visionary, by utilizing the interpersonal communication skills integration managers can be argued to have a clearly inspiring effect on the employees by intensifying their positive emotions.

To summarize the reviewed literature and conclude the look into the role of communication in M&As, the second research sub question asking what are the effects of communication and the integration manager on employees' emotions, can be answered on a theoretical level. The narrow but comprehensive evidence and arguments by previous studies (Schweiger and DeNisi 1991; Kusstatscher 2005; Sinkovics et al. 2011) supported the notion that communication has positive effects on employees' emotions. This study presented its own arguments claiming that proper communication efforts specifically by integration managers affects positively on the emotions of employees during post-acquisition integration by relieving their negative emotions and boosting positive emotions. The base for this argument relies on the cognitive appraisal theory, which explains how the stimulus employees receive, in this case individually perceived managerial communication, affects their emotions and thus provides a response in the form of an action. A distinct connection can be made to integration managers' communication roles and competences which are argued to provide an appropriately perceived frequency, intensity and message for managerial communication to facilitate the employees' needs during the integration process in international M&As.

The focus of this research is to examine the role of communication, how the acquiring company utilizes integration managers during an acquisition and how the communication affects the employees. The extant literature examined so far and the framework that was created based on it will be compared to the findings yielded by the empirical research of this study in order to expand the theory base on communication and integration management in M&As.

4. RESEARCH METHODOLOGY

4.1. Research background

The acquiring company (Firm A) in the empirical research is an international family-owned company from Finland established in the 1870s. In 2011 the business group, including the acquired company, had approximately 2,000 employees in 15 countries mainly in the Nordic countries, net sales of 870 million euros and serving customers in more than 40 countries. The company headquarters is located in Helsinki. The acquired company (Firm B) is a family-owned business from a partially related industry, established in the 1940s in Sweden with approximately 1,300 employees and turnover of around 390 million euros pre-acquisition in 2007, which exceeded the acquiring company's turnover at the time by over 100 million euros. (Acquired Firm 2008; Acquiring Firm 2009: 5; Acquiring Firm 2011: 5)

The empirical research takes focus on this acquisition and its unique features to try and study how the communication and integration managers worked in the post-acquisition integration. The two companies have collaborated since 1989 when Firm A acquired a small share of Firm B while expressing interests in increasing their stake in the future. They are from a partially related industry, although the business of Firm B was not the main business of Firm A before the acquisition. The push for acquiring the controlling share and to integrate the acquired company into a more integral part of their business started in 2008 when Firm A began revamping their operations and became a unified business group instead of a holding company managing several firms. In the beginning of 2010, Firm B officially became an integral part of the business group when Firm A acquired the majority share. This was considered as the critical point which began the integration process and as it was mentioned in their annual report (Acquiring Firm 2009: 10) that according to the chosen strategy the integration of management practices and standardization and development of HR and financial processes are key projects for 2010. The remaining shares of Firm B were acquired in late 2011 and it became a fully owned subsidiary of Firm A, while they also reported that the integration process "proceeded according to plan" (Acquiring Firm 2011: 13). At first Firm B operated as a seemingly independent company and formed its own division within the group, but in the beginning of 2012 the integration process took a visible step further when Firm B's name was faded out from the group and was left only as a legal entity and a brand name. Despite this apparent progress, the integration is still considered to be an ongoing

process by both sides and shows up in daily operations.

What made this acquisition very significant and standing out from the rest, was that with this acquisition Firm A more than doubled its net sales and number of employees. An acquisition of a larger company is not unheard of but has generally been regarded as a rarity in M&As, which may account for some of the problems that the companies faced with their integration process (Gorton 2009: 1293). Although in this case the acquisition process was gradual and happened during more than 20 years of cooperation, which slightly softened the situation. Even though the companies had been in business together for a long time, once the real change began, it did not happen quickly or easily and the companies had their share of problems and doubts about each other. Many of the issues that arose during the research can be connected to the literature presented in the previous chapters.

4.2. Research approach

There are two basic approaches that are used in research; induction and deduction. Inductive research is based on empirical evidence and seeks to create theory based on it and thus it is called theory building research. Deductive research derives from logic and aims to draw conclusions from theory through logical reasoning. (Ghuri & Grønhaug 2010: 15)

Deductive approach imposes stricter scientific principles and rigorous logic. The researcher deduces hypotheses based on existing literature and theory. The hypotheses are then tested empirically and conclusions are made if the collected data supports the theory or not. Through this verification process that reaches back to the hypotheses from the collected data from this particular case, one can make arguments towards strengthening or weakening the theory they were based on. Deductive approach is mainly utilized in quantitative studies but can also be applied to qualitative data. (Ghuri & Grønhaug 2010: 15; Maylor & Blackmon 2005: 150–151)

Inductive approach on the other hand aims to build theory based on empirical evidence and collected data. These findings are incorporated into existing theories and thus improving them, much as in deductive studies as well. Key reminder in inductive approach to research is that because the theories are based on empirical findings, they are not necessarily 100 per cent correct even though a high probability can be proven.

Inductive approach generally emphasizes the human aspect in the events, flexibility of the research structure and collecting of quantitative data with less concern for statistical generalization (Saunders, Lewis & Thornhill 2009: 127). (Ghauri & Grønhaug 2010: 15)

Saunders et al. (2009: 127) indicate that these two approaches are not mutually exclusive within one research project; it can even be seen as beneficial for the outcome. Maylor and Blackmon (2005: 152) note that you might see researches alternating between approaches within a single project, for example first inducting a theory and then deductively test it. Thus the most important thing when choosing your approach is the nature of the research topic. A topic with plenty of available literature and theories to build upon calls for deductive approach. On the other hand, a scarcely studied field of research with an exploratory and also explanatory nature suggests an inductive approach in order to generate data and build foundation and theory upon that. Timeframe and available resources play a big role in this decision as deductive research is usually quicker to complete but inductive may prove more fruitful with emerging ideas throughout the longer process. Both approaches include risks and rewards and one has to consider the audience as well as personal preferences in order to achieve best results. (Saunders et al. 2009: 127)

But as Eriksson and Kovalainen (2008: 23) note “these two ‘ideal types’ of research logic or traditions, deduction and induction, seldom exist as clear-cut alternatives”, abduction has been brought up as a term for their combination. Abduction makes the jump from descriptions and meanings to categories and concepts in order to create understanding and explanations. This gives the researcher the opportunity to utilize deduction on assessing the hypotheses of the research and induction to validate it with empirical evidence. (Eriksson & Kovalainen 2008: 23)

This leads to the chosen research strategy and approach of this study, which leans towards the abduction approach. Studying communication in M&As as a phenomenon and defining the roles and competences of integration managers is very exploratory in nature due to the little theoretical basis and thus calls for inductive research. That combined with the explanatory type of the second research sub question about the effects of communication on employees and the overall aim of understanding the people factor in the chosen case with a relatively flexible structure, is a prime example for inductive research (Saunders et al. 2009: 127). Although there is basis for the use of deductive approach as well, because the exploratory study created the framework of

communication, the roles of integration managers and their effectiveness, utilizing the cognitive appraisal theory. In light of this gathered evidence and theory, there is a possibility to deductively draw conclusions and generally be used as the foundation for the empirical research. Thus the part of this research providing the arguments about what are the effects of communication and integration management compared to existing literature and the cognitive appraisal theory can be regarded as partially deductive.

4.3. Research methods

“Research methods refer to systematic, focused and orderly collection of data for the purpose of obtaining information from them, to solve/answer a particular research problem or question.” (Ghauri & Grønhaug 2010: 109) The methods for business research are divided between qualitative and quantitative methods. Setting them apart is not quality but usually the procedure itself and if measurements are applied. Qualitative research aims to reach its findings without statistical methods or quantification and the differences vary from that to the different outlooks on knowledge and research objectives that qualitative methods can have. However, qualitative data can also be quantified but the analysis of the data is always qualitative. This indicates that they are not mutually exclusive like was the case with inductive and deductive approaches to research. Main differences between the two methods are listed in Table 2. (Ghauri & Grønhaug 2010: 109)

“Qualitative research is a mixture of the rational, explorative and intuitive” and usually focuses on social process rather than social structures (Ghauri & Grønhaug 2010: 110). The reasons why to choose qualitative methods over quantitative mostly lie on the research problem, focus and purpose of the research project but the researcher’s experience and background can also have an effect on the choice. Qualitative research methods are ideal for uncovering complex details and gaining understanding about social processes and events. The people factor overall is in the center of qualitative research. (Ghauri & Grønhaug 2010: 110–111)

Table 2. The difference in emphasis in qualitative versus quantitative methods (Ghauri & Grønhaug 2010: 110)

Qualitative methods	Quantitative methods
➤ Emphasis on understanding	➤ Emphasis on testing and verification
➤ Focus on understanding from respondent's/informant's point of view	➤ Focus on facts and/or reasons for social events
➤ Interpretation and rational approach	➤ Logical and critical approach
➤ Observations and measurements in natural settings	➤ Controller measurement
➤ Subjective 'insider view' and closeness to data	➤ Objective 'outsider view' distant from data
➤ Explorative orientation	➤ Hypothetical-deductive; focus on hypothesis testing
➤ Process oriented	➤ Result oriented
➤ Holistic perspective	➤ Particularistic and analytical
➤ Generalization by comparison of properties and contexts of individual organism	➤ Generalization by population membership

This leads to the choice of applying qualitative methods for the empirical research conducted in this study. The mostly inductive and explanatory nature of the integration manager and communication research in M&A integration with the heavy influence of human interaction calls for flexible qualitative research as it can provide building blocks for future hypothesis and explanations (Ghauri & Grønhaug 2010: 111). As the research also includes explanatory questions, qualitative methods are preferred (Maylor & Blackmon 2005: 220). The research does not seek statistical generalization of the results as it does not support the goals of the study, but rather theoretical generalization, which argues how well the findings support existing theory and if replication can be claimed (Yin 2003: 32–33). The purpose is to study how companies that are involved in an international M&A on the acquiring and acquired side utilize integration managers and communication in the integration process and how it affects the employees.

What are the available methods for conducting such research? The most commonly used, the so called the five major research methods, presented by Robert Yin (2009: 8)

are experiments, surveys, archival analyses, histories, and case studies. The choice between them is tied up to three conditions: (1) the type of research question posed, (2) the extent of control an investigator has over actual behavioral events, and (3) the degree of focus on contemporary as opposed to historical events (see table 3).

Table 3. Relevant Situations for Different Research Methods. (Yin 2009: 8)

METHODS	(1) Form of Research Question	(2) Requires Control of Behavioral Events?	(3) Focuses on Contemporary Events?
Experiment	How, why?	Yes	Yes
Survey	Who, what, where, how many, how much?	No	Yes
Archival Analysis	Who, what, where, how many, how much?	No	Yes/No
History	How, why?	No	No
Case Study	How, why?	No	Yes

Experiment is perhaps the “gold standard” of research strategies and strongly ties to natural sciences, although very commonly featured in social science research as well (Saunders et al. 2009: 141–142). In all simplicity experiments study causal links and aim to find out if there is a link between two variables. Regarding the conditions presented by Yin (2009: 8), experiments are mostly used in exploratory and explanatory research that asks the questions in the form of “how” and “why”. The second condition, the extent of control of behavioral events, can regard experiment as the archetype of control as “an investigator can manipulate behavior directly, precisely, and systematically” (Yin 2009: 11). The third condition, the degree of focus on contemporary events, is very typical to experiments also due to the researches actually conducting the experiment for the study. (Saunders et al. 2009: 141–144).

Survey is often related to deductive research and is very common way of conducting research in business and management studies. Surveys are mostly used for exploratory

and descriptive research to answer the questions “who”, “what”, “where”, “how many” and “how much”. Surveys are a relatively easy way to gather large amounts of data, often via questionnaires administered to a sample, and require no control of behavioral events. Surveys usually produce quantitative data which can be analyzed accordingly and used to make suggestions about “possible reasons for particular relationships between variables and to produce models of these relationships” (Saunders et al. 2009: 144). The data is not necessarily as extensive as with other methods due to for example limitations of questionnaires but other techniques such as structured interviews and observation belong to survey method. Surveys are generally concentrated on contemporary rather than historical events. (Saunders et al. 2009: 144–145; Yin 2009: 8–9)

Archival analysis utilizes administrative records and documents as the main source of data. The notable difference of archival analysis to secondary data analysis is the fact that the data are used because they are a product of daily activities, an administrative tool and part of reality, rather than something collected for research purposes. The questions to ask in archival research are similar to surveys, as in questions “who”, “what”, “where”, “how many” and “how much”. Akin to surveys, this research method is independent from control due to the nature of utilizing previously gathered data. Where archival research can differ from previously presented methods is the ability, but not a necessity, to use more historical documents in order to answer questions focused on the past and to track changes over time. Ultimately the usefulness of archival analysis is inescapably tied up to the availability and quality of the administrative records and documents. (Saunders et al. 2009: 150; Yin 2009: 8–9)

Historical review means a study that “describes what happened in the past so that we can understand the present” (Ghauri & Grønhaug 2010: 112). A very explanatory nature of historical review asks questions “how” and “why” and these questions concern with operational links traced over time (Yin 2009: 9). History studies are especially relevant when there is practically no access or control. Historical review, despite the name, can also close in on contemporary events but then the borders of the different methods begin to fade. Techniques utilized in history research vary from using existing records and reports in lieu with archive analysis, and interviewing to people who have witnessed the events. This can raise problems with the reliability of historical reviews, as people may have subjective memory about the events and one written source can be wrong. Thus it is recommended to cross-check written sources and interviews. (Ghauri & Grønhaug 2010: 111–112; Yin 2009: 9–11)

Case study is the last remaining research method to be reviewed. It is regarded as a strategy involving empirical investigation of a certain contemporary phenomenon within its real-life context, which utilizes multiple sources of evidence (Saunders et al. 2009: 145–147). Yin (2009: 9) reviews case study as the preferred method for explanatory research asking questions “how” and “why”, but Ghauri and Grønhaug (2010: 114) contradict it slightly by connecting case studies to descriptive or exploratory research, though not restricting to them. Saunders et al. (2009: 146) links case study mostly to exploratory and explanatory researches, thus indicating the multi-faceted use of case study as a research method. Case study suits research where there is very little or no control of the events occurring, events that often occur very much in contemporary context. Case studies are ideal when boundaries between phenomenon studied and context are fickle and researcher seeks to gain rich understanding of the whole process and its context. Within the case study method there are various strategies for different situations, such as single and multiple cases, holistic and embedded case. Strength of case study is the possibility of utilizing a combination of data collection methods depending on the case, such as interviews, questionnaires, review of historical documentation and direct observation. (Saunders et al. 2009: 146)

Based on the presented literature from Saunders et al. (2009: 145–147), Ghauri and Grønhaug (2010: 114) and Yin (2009: 18), case study was chosen as the research method in this study. The case study method supports the scope of the study, it being an exploratory/explanative qualitative study, and provides the ability to gain deeper understanding of the use of integration managers and communication in real-life post-acquisition integration in contemporary context with the support of secondary data sources from history. The research problem and the context is appears in this case are not very clearly defined thus making case study a more viable option.

On the subject of case study designs, there were two choices to make; a choice between single and multiple case studies and a choice between a holistic and embedded design. Yin (2009: 46) draws a two dimension matrix containing four types of case study designs depending on the two choices mentioned (see figure 8). A single case can be something critical, extreme or unique, or on the contrary something very typical to the phenomenon one wants to observe. Multiple case studies usually try to determine whether there is continuity in the findings between cases and thus aim to theoretically generalize them at least to some extent. Holistic and embedded studies refer to the unit of analysis within the case. Holistic case study concerns only with the organization as a whole and embedded study involves the examination of sub-units within the case(s),

such as divisions, departments or teams. (Saunders et al. 2009: 146–147; Yin 2009: 46)

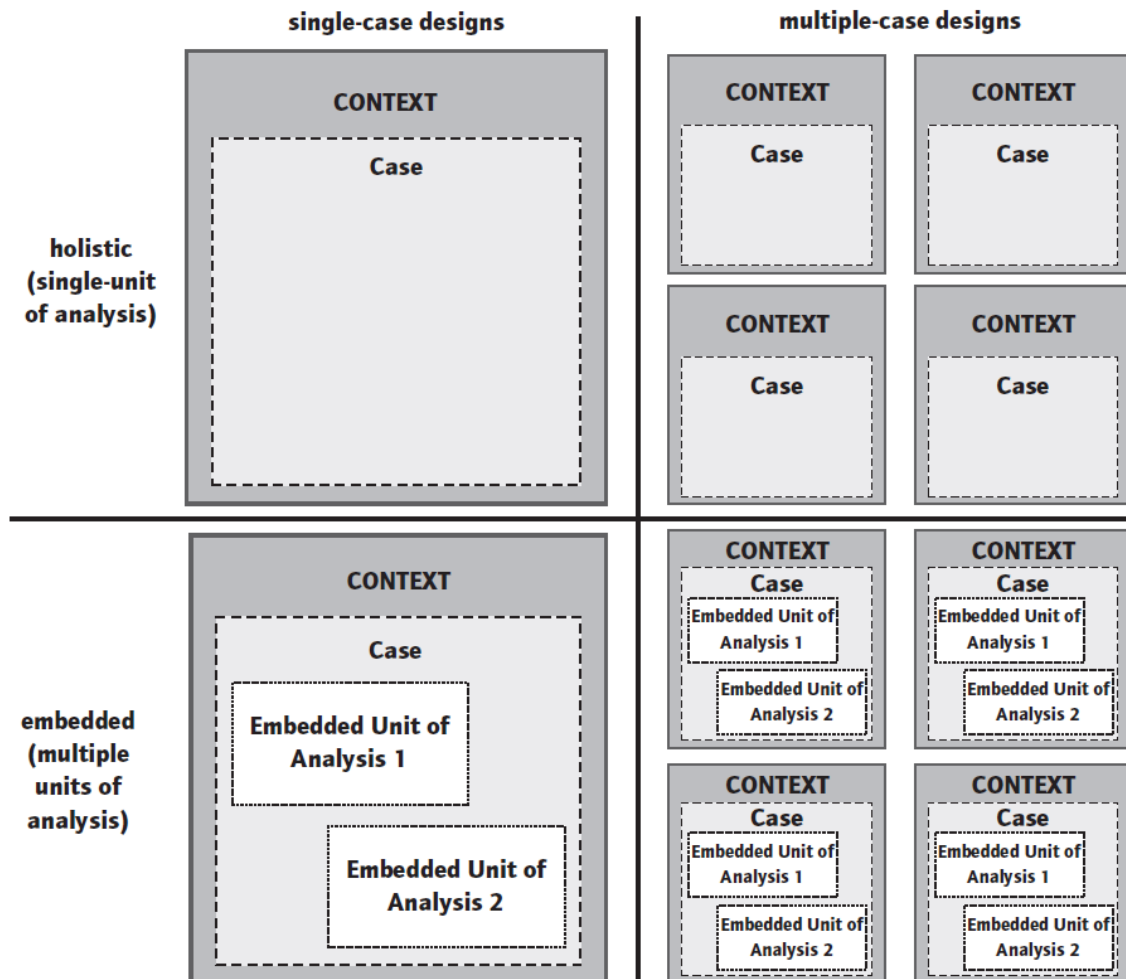


Figure 8. Basic types of designs for case studies (taken from Yin 2009: 46).

In this study the choice of design leaned towards an embedded single-case study. The case in question is the conducted international acquisition including its integration process which is still in progress to some extent. The basis for the choice of a single-case design lies on the representativeness of the case as it serves as a relatively typical case portraying an international M&A. Although all M&As are more or less unique they can still be compared to a degree and this case has many typical traits to support its representative value. The embedded side of the case design comes naturally from the involved companies as the units of analysis; Firm A, the acquirer, and Firm B, the

acquired. Originally there was a third unit as well, Firm C, which was also acquired by Firm A, but due to information constraints it was dropped during the research process and was only used as a side reference to reflect Firm A's procedures during M&As. The units are studied separately because the acquirer and acquired operate in relatively different ways during the acquisition and post-acquisition integration and thus provide more depth and two sides to the case. (Yin 2009: 46–53)

Regarding the timeframe of the case in this study, there was a choice between cross-sectional and longitudinal study. *Cross-sectional study* is like a snapshot of the events taken at a certain time and longitudinal study resembles a series of snapshots or a diary over a certain period of time. Cross-sectional studies most often utilize the survey method and describe the occurrence of an event or relations between different organizations. Despite the quantitative and survey preferences of cross-sectional studies, they are by no means tied up to quantitative studies; interviews may often be conducted over a short period of time as well. *Longitudinal study* looks to study the event over a longer period of time and by expanding the timeframe it is possible to capture change and development as well. Despite the time constraints of this study, a certain longitudinal aspect was adopted and the case was analyzed with the intentions to reveal how employees' feelings changed overtime during the integration process and depending on the communication efforts, although this was dependent on the employees' own memory and opinion and secondary data. (Saunders et al. 2009: 155)

4.4. Data collection

The use of various data collection techniques have already been brought up as the strength of the case study method. What kind of empirical data there is for case studies and what techniques are available to collect it? Yin (2009: 101–103) provides a list of six sources of evidence (see table 4) that covers most of the ways of collecting data and evidence to conduct a proper case study. All of the sources have their strengths and weaknesses and none of them can universally be regarded as the absolute best, actually they are very complementary in nature. (Yin 2009: 101–102)

Table 4. Six sources of evidence: strengths and weaknesses (taken from Yin 2009: 102)

SOURCE OF EVIDENCE	STRENGTHS	WEAKNESSES
Documentation	<ul style="list-style-type: none"> ➤ Stable – can be reviewed repeatedly ➤ Unobtrusive – not created as a result of the case study ➤ Exact – contains exact names, references, and details of an event ➤ Broad coverage – long span of time, many events, and many settings 	<ul style="list-style-type: none"> ➤ Retrievability – can be difficult to find ➤ Biased selectivity, if collection is incomplete ➤ Reporting bias – reflects (unknown) bias of author ➤ Access – may be deliberately withheld
Archival records	<ul style="list-style-type: none"> ➤ [Same as those for documentation] ➤ Precise and usually quantitative 	<ul style="list-style-type: none"> ➤ [Same as those for documentation] ➤ Accessibility due to privacy reasons
Interviews	<ul style="list-style-type: none"> ➤ Targeted – focuses directly on case study topics ➤ Insightful – provides perceived causal inferences and explanations 	<ul style="list-style-type: none"> ➤ Bias due to poorly articulated questions ➤ Response bias ➤ Inaccuracies due to poor recall ➤ Reflexivity – interviewee gives what interviewer wants to hear
Direct observations	<ul style="list-style-type: none"> ➤ Reality – covers events in real time ➤ Contextual – covers context of “case” 	<ul style="list-style-type: none"> ➤ Time-consuming ➤ Selectivity – broad coverage difficult without a team of observers ➤ Reflexivity – event may proceed differently because it is being observed ➤ Cost – hours needed by human observers
Participant-observation	<ul style="list-style-type: none"> ➤ [Same as above for direct observations] ➤ Insightful into interpersonal behavior and motives 	<ul style="list-style-type: none"> ➤ [Same as above for direct observations] ➤ Bias due to participant-observer’s manipulation of events
Physical artifacts	<ul style="list-style-type: none"> ➤ Insightful into cultural features ➤ Insightful into technical operations 	<ul style="list-style-type: none"> ➤ Selectivity ➤ Availability

Documentation is clearly useful in case study research, especially as support material and for authenticating other collected evidence but as a research method it may suffer from access problems, coincidental or deliberate, and bias. Not everything that is written down can be considered as the complete truth. *Archival records* hold similar features than documentation, although usually providing the information in quantitative form but not necessarily any more accurately. With both documentation and archival records the researcher must be aware of the original purpose of the document, the audiences it was made for and the conditions that were present at the time. (Yin 2009: 101–103)

Interviews are perhaps one of the most important sources of information and way of collecting data in case studies. The nature of the interview should go in line with everything else in the research, such as the research question, problem, objectives, and strategy. Interviews are useful due to the possibility of focusing right on the subject and provide excellent insight into the subject with the opportunity to research causality of events and get explanations when necessary. The biggest problem lies yet again in bias in different forms. There are a few different types of interviews depending on the typology used. Saunders et al. (2009: 320) put them into three categories: structured interviews, semi-structured interviews, and unstructured or in-depth interviews. Structured interviews, also called standardized, are comparable to questionnaires, just administered by the interviewer. These kinds of interviews usually aim to collect quantifiable data and thus are identical each time. Semi-structured interviews take it towards qualitative research and give the interviewer more freedom to skip certain questions and vary the order of questions or add questions to clarify something further. Unstructured interviews, also called in-depth interviews, take it further by being more informal and being restricted only to the subject at hand without any predetermined questions. All of these have their pros and cons depending on the research approach and strategy in question. The other things to be considered with interviews, especially with the non-standardized variety, is whether they should be conducted one-on-one or one-on-many and subsequently face-to-face, telephone or via internet. What also comes into play in interviews is the language used. It can be the mother tongue of both interviewer and interviewee, only one of them or a foreign language for both, which may have an impact on the outcome of the interview. (Saunders et al. 2009: 318–321)

Direct observation refers to observing the case in its natural setting in real time. It can vary from formal, for example the observation of meetings and factory setting, to less formal, during other visits and even during the collection of other evidence such as

interviews. This kind of data collected via observation is mostly in the supportive side rather than main source of evidence, but can give very valuable insight to the case. The pitfalls of observations usually lie on its time-consuming nature, especially when with more observers the reliability increases. It should also be noted that having observers, one or many, can change the course of events just because of the fact that it is observed. To affect the scene even more, *participant-observation* introduces the researcher into the mix and taking functional roles within the case. It may open up unusual access and information from the 'inside' but problems lie within the biases created by manipulating the events. Firstly, external observation may suffer when participating in the events, secondly the researcher can easily become a biased supporter of the group being studied, thirdly the participant role may be too time-consuming and require too much attention that it affects all other work, and fourthly the studied group is too dispersed for effective participant-observation. (Yin 2009: 109–113)

The last source of evidence evaluated was *physical artifacts*, which may also refer to a technological device, a tool, a work of art or whatever physical evidence of the phenomenon studied. It may not be the most important piece of evidence in business studies, but examples such as a workbook or first mutual annual report after a merger, may open a broader perspective that connects all the dots to the phenomenon. (Yin 2009: 113)

With these various data collection techniques showcased, the following decision was either to choose one of them and go with the mono method design or choose more than one and adopt a multiple method design. Combining data collection methods has two options; multi-method and mixed method research. The former uses a combination of data collection techniques and analyses but is restricted to either quantitative or qualitative studies and the latter is using both quantitative and qualitative methods in the same research. Although even in mixed-methods there are two types of research, the mixed method which uses both methods but does not combine them. On the opposite side mixed-model research combines the methods and may quantify qualitative data and vice versa. (Saunders et al. 151–153)

For this case study the best suited option for data collection was clearly a multi-method approach which combines interviews and documentation. Interviews were the main source of data and documentation was used as support material to verify events and triangulate evidence. More specifically the interviews conducted were semi-structured theme interviews where managers from Firm A and employees from Firm B were

interviewed in one-on-one and small group settings. All of the interviews were held in Finnish as it was the first language of all but one of the interviewees and the interviewer. The interviews were recorded with the participants' consent and transcribed afterwards for analysis. The material was stored in coded form with the researcher as the only person with access to the raw data to maintain anonymity of the participants. The semi-structured interview was used because of the relatively difficult subject for the people to fully grasp with straight questions and to let the participants speak more freely. Utilizing the flow of the conversation without being restricted to a distinct pattern was also very important in order to seek the best ways to clarify the feelings and emotions going on during the integration process. Semi-structured interviews are also suggested as the main type of interview for explanatory/exploratory research which this study represents (see table 5). The exploratory part refrains to the use of integration managers and explanatory to the effects of communication on employees.

Table 5. Uses of different types of interview in each of the main research categories (taken from Saunders et al. 2009: 323)

	Exploratory	Descriptive	Explanatory
Structured		✓✓	✓
Semi-structured	✓		✓✓
Unstructured	✓✓		

✓✓ = more frequent, ✓ = less frequent.

With the perfect research designed, then comes the reality. What mostly hindered the research process, especially time wise, were difficulties to reach the right people for the interviews and schedule them. Contacts were relatively scarce but fruitful when they materialized. The contact person, the HR manager of Firm A, helped to arrange the interviews and was the first interviewee which served as a pilot interview. The entire process of scheduling and interviewing all the participants took way more time than originally expected, over 2 months in total, and thus slightly delayed the research process. The interviews lasted from 47 minutes to 1 hour and 15 minutes. People interviewed from Firm A were all part of the management team and had been in some contact with the acquisition and integration of Firm B, but were interviewed also because of their relation to the company's general integration management strategies, communication in the integration process and their own feelings towards such events. Employees interviewed from Firm B were in different positions in the organization and

one had changed positions after the acquisition but still worked within the company. The interviewees from Firm B had a slightly longer history within the company than the ones from Firm A, which gave them more perspective to how things had changed during the integration process over a longer period of time. Participants were fewer than initially planned but the interviews proved to be very informative and their experiences revealed a lot of nuances about the use of integration managers and effects of communication in M&As. As the aim of this study was not dependent on providing any statistical generalization, the low number of participants was acceptable. Table 6 lists all the participants and their information.

Table 6. Interviewees' profiles.

Employer	Position	Employed since	Interview setting	Interview duration
Firm A	HR Director	2008	1-on-1	47:37
Firm A	Communications director	2010	1-on-2	1:01:02
Firm A	General counsel	2010	1-on-2	1:01:02
Firm B	Country manager (Finland)	2003	1-on-2	1:15:08
Firm B	Country sales manager (Finland)	2006	1-on-2	1:15:08

The interview questions were virtually the same for all participants with only slight difference between acquirer and acquired company. Maylor and Blackmon (2005: 259) introduce multiple informants as a strategy especially when seeking opinions and subjective answers, but also to see how consistent the answers are along the line and especially between acquirer and acquired companies. One other useful concept from the same authors (Maylor & Blackmon 2005: 260) is multiple viewpoints as a way to triangulate evidence which means looking at the research from different angles and seeking as many probable answers as possible. This is utilized already in the interview phase by researching the subject from different angles and examining how much the opinion varies within the company regarding the participant's original position before the acquisition.

Interviews were clearly the main source of data for this research but in order to triangulate the evidence properly multiple methods and data sources are used (Saunders et al. 2009: 151–153; Maylor & Blackmon 2005: 258–259). This aims to spot unreliable data and seeing if some evidence conflicts with the evidence collected via some other method. In this research the second source of data used in addition to interviews was documentation, which can be very informative with proper access. Documents that were used in this research included annual reports, news stories, official press releases and company announcements found from both public sources and received from company representatives. The variety of documentation attained was slightly unsatisfactory due to poor access, but enough to provide triangulation to some of the evidence from the interviews and formulate enough understanding to make conclusions. Most of the documents were public and thus represent more the ‘official line’ of the company rather than what was said behind the scenes in unofficial memos and internal communication. It was unclear if the reasons behind the denial of access to more documentation were deliberate due to confidentiality or coincidental due to lack of time and dedication for the project.

Despite the certain disparity between the ideal research design and how it materialized in reality, the data collection process was sufficient to validate the proposed research. Once the data had been gathered, the focus can move to how the data was analyzed.

4.5. Data analysis

Various authors (Ghauri & Grønhaug 2010: 206; Saunders et al. 2009: 503) regard the book by Miles and Huberman (1994: 10) as the source of data analysis, where they discern it into three concurrent activities: data reduction, data display, and conclusion drawing/verifying. Data reduction means selecting, focusing, simplifying, abstracting, and transforming the data from transcriptions and notes. This process occurs throughout the research project regarding almost every aspect of it, such as choosing cases and data collection methods, and formulating research questions. It refines into writing summaries, singling out common themes and writing memos when data collection progresses. Data reduction is the part of data analysis where the researcher makes analytical choices in order to focus and organize the data into a more understandable form for the conclusions to be made. (Miles & Huberman 1994: 10–11)

Data display is an organized compilation of the data that enables conclusion drawing

and action. Most common types of data displays in qualitative research are matrices, figures, charts and graphs, essentially anything that can assemble the information into something that is easy to access and helps the reader to draw conclusions or move on to the next useful fact of the analysis. Data display works hand-in-hand with data reduction when analytical choices are made when choosing which piece of data in which form is suitable for the displays and thus forms an integral part of data analysis. (Miles & Huberman 1994: 11)

Drawing conclusions and data verification is involved from the beginning of data collection as are the other activities. All regularities, patterns, explanations, and causalities are to be noted throughout the process, but with certain openness and skepticism due the incompleteness of the analysis. As the data collection progresses and data is refined through reduction and displaying, more solid conclusions can be made, although hypotheses are made and results are predicted from the beginning in almost all the cases. Once conclusions can be drawn, the process of verifying them is necessary for in order to ensure validity of the results. (Miles & Huberman 1994: 11–12)

These three streams that form data analysis can be displayed as an interactive model together with the data collection itself (see figure 9). It showcases how the researcher first moves forward during data collection and then shuffles back and forth between the three streams to make the conclusions and verify them. (Miles & Huberman 1994: 12)

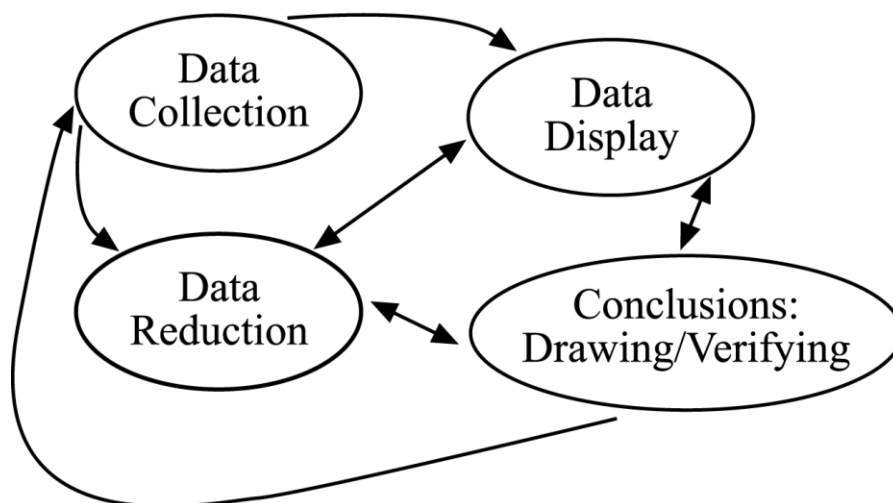


Figure 9. Components of Data Analysis: Interactive Model (taken from Miles & Huberman 1994: 12)

By following this model by Miles and Huberman (1994: 12) on a general level, the data for this research was analyzed by using a combination of summarizing, categorization and structuring of meanings, demonstrated by Saunders et al. (2009: 490–491). Summarizing large amounts of data collected through interviews conducted for the study into a more condensed form helps to understand the emerging themes and see the relationships between the themes. These key points from the interviews ease the process of displaying the important data in an accessible form and in drawing conclusions. By utilizing the summarized forms of the gathered data a certain set of categories can be developed. In this study the categories were feelings toward the M&A and integration process, use of integration managers and communication. By reorganizing the data and attaching it into these three categories, the conclusions for answering the simpler research questions became easier to draw. Last form of data analysis is a relatively loose way of structuring the data using narrative. It is “based on individuals’ accounts of their experiences and the ways in which they explain these through subjective interpretations and relate them to constructions of the social world in which they live” (Saunders et al. 2009: 497). This is a very inductive approach to the study and aims to reveal the more hidden meanings, feelings and emotions that the participants experienced during the integration process. To make sense of the narrative research this study adopted the explanation building method by Yin (2009: 141) so that questions how and why is the communication in post-acquisition integration affecting employees could be answered. (Saunders et al. 2009: 490–498)

4.6. Reliability and validity

Reliability and validity of the study are there for “reducing the possibility of getting the answer wrong” when planning research design (Saunders et al. 2009: 156). Reliability measures how consistently your research yields the same results on more than one occasion, can the same observations be made by other researchers and is it obvious how conclusions were made from the collected raw data. Saunders et al (2009: 156–157) sums up the following four threats to reliability from past research: subject or participant error, subject or participant bias, observer error and observer bias.

Subject or participant error refers to fluctuation of results due to for example different interview conditions, location, time of the day or day of the week (Saunders et al. 2007: 156). Due to the busy schedule of the participants the interviews were planned several weeks in advance and according to the participants’ schedules in order to avoid any

excessive stress for the participants that might affect their answers. All of the interviews were conducted at daytime in order to avoid unnecessary tiredness. Although participants often scheduled the interviews for Mondays, they appeared to be very enthusiastic about the research and showed little to no rush to 'get it over with'. Also the location of the interview was chosen by the participants and it varied from conference rooms to the office canteen, which had seemingly little effect to their openness in the interviews.

Subject or participant bias on the other hand can have more severe effects on this kind of studies relying heavily on data collected from interviews. Saunders et al (2007: 325) describes the problem so that interviewees may feel sensitive about the intrusiveness of an unstructured interview seeking explanations or explore certain events and thus choose to retain information about some subjects or not be willing to discuss them because of personal feelings or the sensitive nature of the information. This may lead to participants revealing half the picture and thus altering the truth perhaps in their own favor, in their employee's favor or even in order to slander someone. It is also possible that participants answer according to 'corporate line' or answering the way they are expected to by the interviewer. These are very common threats in M&A research because integration, a very sensitive subject itself, is often with a lot of uncertainty and the possible merger syndrome may still be in effect.

By guaranteeing anonymity for the participants, some of these problems could be avoided. The participants were provided with the general themes of the interview so they could prepare to discuss them better, but no exact questions so that they would not have prepared answers waiting and to ensure the open nature of the interview. Saunders et al (2009: 327) also hint that even agreements to participate in such research may be hard to come by from important people due to participant bias, but in this research it is not likely due to several executive level managers agreeing for interviews with seemingly genuine interest and openness, but alas, little personal involvement because of their position in the acquiring firm and short history within the company. Overall the interviewees seemed to be very open about the subject, despite its relatively sensitive nature, and on many occasions even kept going after the initial scheduled time was up. Discrepancies between tones and attitudes towards post-acquisition integration, especially when considering the success of failure, were evident but in none of the interviews the participants seemed to be withdrawing much.

Observer error includes many similar factors as participant error, in this case

discrepancies in the interview process affecting the interviewer. Due to the unstructured nature of the interviews and the research not seeking statistical generalization, the observer error was not a severe issue to the study. With ample preparation in terms of obtaining knowledge about the case companies and acquisition itself, and preparing the interview questions and situation appropriately, the observer error was minimized. (Saunders et al. 2009: 328–335)

Observer bias was another possible threat to the reliability of the research, meaning that interviewer's "comments, tone or non-verbal behavior creates bias in the way that interviewees respond to the questions being asked" (Saunders et al. 2009: 326). Researcher's own beliefs and opinions are easily pressed on the participants during the interviews, especially if the frame of reference is highly theoretical. Bias can also be displayed in the interpretation of participants' answers during the data analysis. During the data collection observer bias was avoided by letting the interviewees use narrative and storytelling for describing the events, especially when it came to discussing their feeling during the integration process, without forcing any certain terms and theoretical connections on them. The interpretation of the answers seeks to retain the context it was revealed in and also taking note of the distinct emotions present during the speech, thus minimizing the possibility of observer bias. (Saunders et al. 2009: 326)

Validity concerns how well the findings of the study represent the reality that was studied. Social studies generally employ three validity tests for research: construct validity, internal validity, and external validity test. (Yin 2009: 40–41)

Construct validity means "identifying correct operational measures for the concepts being studied" (Yin 2009: 40). This concerns mostly the data collection phase and seeks to nullify the problem of subjective research methods without developing a valid set of operational measures. In order to ensure construct validity for researching integration management, and effects of communication on employees' emotions during the integration process, this study clearly identified the concepts that were studied in a theoretical framework and utilized multiple sources of evidence as described in the data collection section.

Internal validity is "seeking to establish a causal relationship, whereby certain conditions are believed to lead to other conditions, as distinguished from spurious relationships" (Yin 2009: 40). As a partially explanatory study, establishing internal validity was highly necessary. The research design ensures that when making

conclusions about causal relationships, for example why communication by manager A affected the feelings of employee B, there were no other factors directly affecting it. As a relatively narrow research, some inferences about past occurrences are necessary but need to be approached with caution. In order to ensure internal validity explanation building is utilized to analyze the situation objectively. (Yin 2009: 42–43)

External validity defines “the domain to which a study’s findings can be generalized” (Yin 2009: 40). As Saunders et al (2009: 158) note that “this may be a particular worry if you are conducting a case study research in one organization”, there are not very solid foundations for statistical generalization. In that situation the purpose of the research is explanation of what is happening in that particular case and setting, seeking analytical generalization instead. To seek best possible external validity, a solid theoretical basis was constructed in form of a framework before conducting the empirical study. (Yin 2009: 41–44)

5. FINDINGS

This chapter presents the findings of the empirical study collected with the interviews and from other secondary data. They are divided into three subchapters with a summary in the end in order to display the results in the best possible way. First subchapter presents the timeline of the acquisition, how the integration process progressed, what were the main issues in it and just a general overlook to the case in order to give insight on how the integration managers and their roles and competences in communication fall into the case. Second subchapter focuses on how integration managers were used in this acquisition, what roles they played and what competences those roles required from them. Also included in this part is evidence referring to what roles and competences were clearly absent in the integration process despite reported need for them. Third subchapter concentrates on the employees' feelings regarding the acquisition and integration and how different types of communication and the integration managers affected them.

By examining how the interviewees respond to the questions and how the gathered documentation supports or contradicts this evidence, an understanding can be formed about the use of integration managers, their roles and competences and the effects of communication in an actual international M&A setting. As all of the interviews were conducted in Finnish, the quotations made to support the evidence are translated into English as directly as possible.

5.1. Integration process

The timeline of the whole acquisition process and cooperation of Firm A and Firm B spans from 1989 to present day (see figure 10). The integration process is considered to start in 2010 with Firm A's acquisition of the controlling share of Firm B as seen on the timeline. The interviewees presented different points of view about how the integration process went, but agreed that in any case it is the most important period in an acquisition and presents a lot of challenges but also opportunities. Especially the managers in Firm A had a very eager approach to acquisitions and how to make them work:

'The official announcement is just the starting point, the point where it becomes public, and that's when the real work starts. A lot of effort has been put to the integration process as the management team seemed to always be more concerned about announcements and integration rather than getting the deal finalized. Everybody knows it is going to happen, so better concentrate on the more important thing which is to make it work!'

Timeline of the acquisition process						
Operational changes						
Co-operation starts and Firm A acquires a small share of Firm B		Firm A starts to revamp its operations and forms a unified business group		The announcement! Firm A acquires the controlling share of Firm B Shared intranet created for the business group	Firm A acquires full ownership of Firm B	
Managerial changes						
	Old owner retires as CEO of Firm B CEO #1 is hired for Firm B	CEO and HR director are hired for the business group (Firm A)	CEO #1 left Firm B CEO of Firm A appointed as an interim CEO	CEO #2 is hired for Firm B Communications director is hired for the business group (Firm A)		CEO #2 left Firm B CEO of Firm A appointed as an interim CEO of Firm B
Pre-acquisition stage				Integration process		
1989	2005	2008	2009	2010	2011	2012

Figure 10. Timeline of the acquisition process.

The reality of the case with Firm B was slightly different from the ideal situation and what is possible for the business group at the moment, because the situation was very different when this acquisition was made. The relationship between the two companies had time to evolve throughout the long period of co-operation and the general consensus was that the acquisition was done for the benefit of all and the integration created more possibilities for both companies.

'It went from offering internal corporate services to actually building something together.'

By integrating the support functions they could avoid doing the same things multiple times in multitude of ways and also providing the acquired company something they never had before. Although integration itself should never be the reasoning for doing it but there has to be a legitimate basis and need for it. For example, after the majority ownership was acquired in 2010, there was an employee survey conducted in the group that was aimed to find out how the working environment was and if the employees were happy. Acquired companies, including Firm B, were especially happy to be included in this because Firm A would pay for it and they could only reap the benefits. In part it was a gesture of goodwill to the acquired companies but also benefited the acquirer by showing how the integration affected the employees. The survey was also conducted in 2012 and with the results Firm A could also review how the integration process was progressing.

‘Some things we have to do for ourselves anyway so it is easy to take our “new friends” with us.’

The integration process included the restructuring of Firm B to increase profitability, also mentioned as a turnaround project, but this brought up the fact that these changes were coming almost three years after the controlling share was acquired.

‘During the last year there has been more work done than on the previous three together, things have really started to happen.’

This speaks of the problems, mostly ineffectiveness and slowness of change, that had been plaguing the whole acquisition process even before the integration was regarded to have begun. The initial problem lied within the ownership issues as Firm A had gradually acquired more and more of Firm B’s shares while striving for changes to no avail as up until 2010 they did not have the power to drive them through. As the acquired side saw it:

‘After the old owner backed away as the CEO of the company in 2005 and a new CEO (#1) was appointed, Firm A began to seek changes even though they did not have a controlling share yet. But as seen by us, the employees, it did not really have an effect, nobody really wanted to change much and not much pressure was put on it (by Firm A). It was so that after the ownership had changed, the Finnish side expected changes and the Swedish side feared them.’

The interviewees from the acquired company also sensed that there was some hesitation from Firm A to begin the integration process earlier. Their interpretation was that the acquirer was afraid that they would uncontrolledly bring in too much too soon without proper ownership to back it up with, thus the delay in starting the integration. The acquirer's side reasoned it by seeing the acquisition of Firm B more like a friendly takeover in the beginning and deliberately kept the companies more separated as the business group and support functions were still being built in 2008 and were not yet ready to be integrated with.

'Having shared communication channels, such as the intranet, is everything in acquisitions. It is a basic necessity to connect the acquired company to your channels so they can have access to the information network. Also we had several sets of values from different companies within the group but the shared values and base was not really built yet.'

As the business group was being formed in 2008 and most of the management team of Firm A having been hired then or even later, the reason for the hesitation and slowness to begin the integration early was apparent. Not much actions and communication from the acquiring side was possible before the controlling shares were acquired in 2010 and even after that it was hindered by having to deal with an active minority shareholder with relatively significant rights, as communication was coming from two directions, the old and new owners. After the controlling shares were acquired the direction was set towards the integration and unified business group:

'When the majority vote was achieved then little by little internal pressure was forming in Sweden to get the next step done as well. It wasn't just our will but it became the will of the whole organization and it lead to us being able to do it.'

The shared intranet for the whole business group was established in 2010, which enabled further communication with the acquired companies but more could be done when sole ownership was finally achieved in 2011.

'After achieving majority vote and then later sole ownership, we [Firm A] began to communicate a lot more. That included information bulletins through the shared intranet, meetings, lunch meetings and speeches by the new CEO [interim]. This included both formal and informal communication.'

Ownership issues were not the only problems, but also the difference between the two businesses, complexity, lack of communications function and experience as well as old-fashioned ways of the acquired company was reported to be a hindrance to the integration process especially in terms of communication. For example both sides were reporting a neglect of documentation which is known to complicate integration and this required action and introducing new ways of working from Firm A to get the documentation up to speed. Both Firm A and Firm B are family owned companies and have high commitment to the owners, and very non-bureaucratic and established ways of operating. So when the interviewees were asked what the hardest thing in the integration process was, the subject which surfaced from the acquired side, was the old routines and how leaving them behind felt hard.

'Maybe the hardest thing in the integration process was when the old routines are gone and you need to learn the new ones, especially when in this case they were all redone at once. You got the feeling that the integration was progressing but you are not sure if it is going to the right direction as it was all very confusing.'

To conclude, confusion and uncertainty seemed to be the key operational problems in this case, which can perhaps be traced back to the lack of communication and active hand in management which both sides recognized to have been plaguing the integration process. Also the issues with previous ownership hindering the changes and the creation of the business group alongside the integration process made their mark on this integration process. Nevertheless during the last year, mostly after the interim CEO replaced CEO #2, the situation was reported to have improved along with the increase of communication. To address the situation more thoroughly from the human perspective and in light of the research questions, the focus moves on to how integration managers were used in this case and how did their communication affect the situation and the employees.

5.2. Use of integration managers

The concept of integration manager was familiar to the interviewees, although the opinions varied in terms of who should be appointed as one, what do they actually do and where should they come from. The use of integration managers as they are described in the relevant literature (i.e. Askhenas et al. 1998; Ashkenas & Francis 2000)

was generally non-existent in this particular case as mentioned by an interviewee on the acquired side:

'I couldn't really see anyone being the integration manager or being really in charge of that.'

The acquiring side clearly recognized how an integration manager was lacking in this acquisition and had intentions to appoint an integration manager to all future acquisitions. However, despite the lack of an appointed integration managers, the evidence heavily suggests that several managers acted or at least tried to act some of the roles that integration managers have been proposed to act in order to carry out the integration process.

There was no specifically appointed integration manager who was in charge of the integration process, but generally it was the acting management of Firm B that was responsible for it amongst the day-to-day business as well as some of the managers of the acquiring company. In late 2010 a new CEO (#2) was hired for Firm B and his responsibility was to implement the desired changes and get the integration process going once the ownership issues had been solved to allow it. This was closest to the general integration manager role but there were still big gaps to fill.

'The new CEO (#2) came in and took the role [of integration manager] and I think he got pretty clear instructions from above [Firm A] how to proceed with it. After he came, it took maybe half a year and then personnel started to change.'

An effort was put forth by the new CEO (#2) to get the change going but the actions were seemingly lacking necessary determination and a sense of urgency to get it through with the personnel, especially the old management.

'Then you could see the old guard [management] slowing it down and nothing was happening.'

'When the change comes, you need to quickly find out who are really the right people for the new organization. When you have the old management who live the old days, you have to have a pretty straightforward communication with them whether they are in or out. That is probably one reason why the CEO (#2)

had to go, because he couldn't get it done. You wait that people would change but they don't always do that.'

The CEO (#2) left in late 2012 and the CEO of Firm A replaced him as an interim CEO, which also included the responsibilities of the integration manager. This change seemed to have the desired effect to kick-start the integration process at least according to the acquired side:

'The changes really started to happen last year, in 2012, but before that nothing really happened. I think that was where they were heading when the management was changed, but that didn't happen because of the CEO (#2) but because of the CEO of Firm A. This is not a fact, just my interpretation but I think these things are linked together.'

This did not solve all the problems but by the time the interviews were conducted, a lot of progress had been made as noted by many of the interviewees, but still the integration process was considered to be ongoing.

When Firm A began to revamp its operations and created the business group in 2008, a HR director was hired to address the people factor and to represent HR related roles, essentially create the group-wide protocols that also affected Firm B in its integration process when it began. These values, policies, guidelines and channels were the basis of the 'integration package' that was something that will be implemented on the acquired companies as a norm. Although as these processes were designed and implemented at the same time as Firm B was integrated into the business group, it was more about fixing already created problems brought by the acquisition and testing the newly created integration protocols. In the actual terms as a sort of integration manager in the HR side it consisted of a lot of Excel sheets with listed protocols and practices of the companies involved and decide where to go with them, but seemingly having a positive effect on the integration.

'As a matter of fact, these HR things are surprisingly important [in the integration process] because they bring a lot of visible change to the new employees.'

The communications director for the business group was not hired until mid-2010 when the integration process was already on its way, which was a prime example of how the

acquisition process lacked integration management, especially on the communication side. Before hiring a specific communications director, these tasks were handled by a communications person from one of the divisions as a side job which reflects to the quality of communication to all parties involved.

'Better than nothing but it wasn't her job to be honest.'

Communication was neglected when the business group was forming and in the beginning of the integration, which did not help the merger syndrome of the acquired employees when it was needed the most. Although the communication processes have picked up in many aspects and the level of communication has risen closer to the ideal situation, much described by the interviewees, which gives a contrast how much behind it really was when the integration began.

As key findings about the use of integration managers, this research recognized four managers with different tasks during the integration process, which suggests that they were at least partially integration managers (see figure 11). From overall use of integration managers the study can move on to separating the different roles of integration managers in order to explain what parts were there and what parts missing in comparison to what the literature suggests.

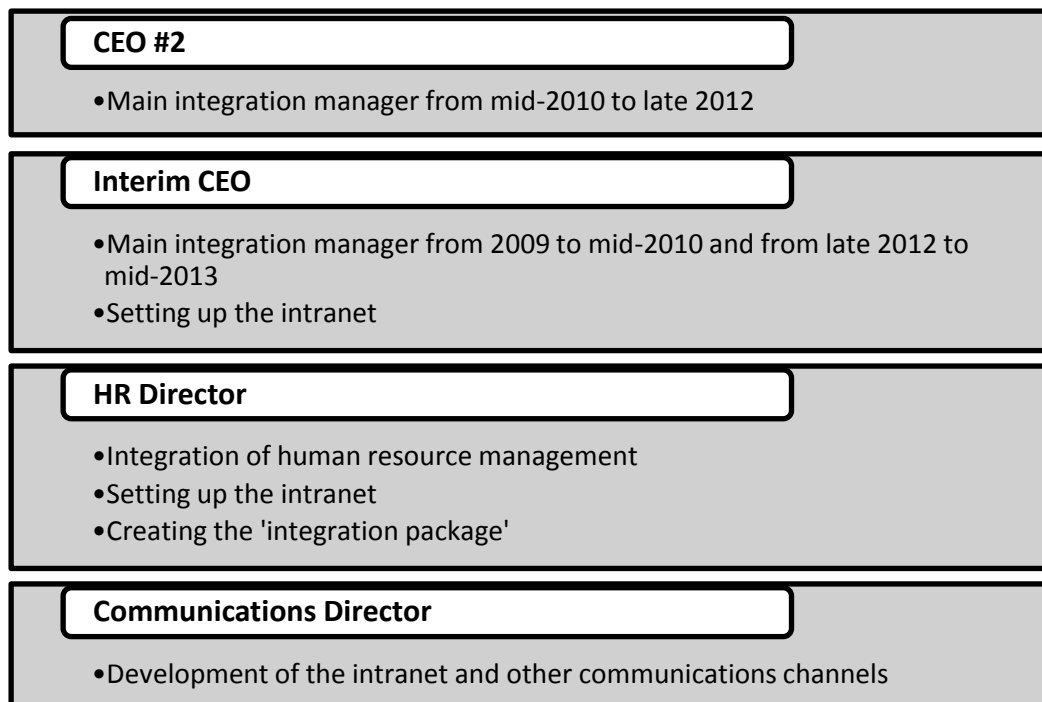


Figure 11. Recognized integration managers.

5.2.1. General roles

Integration managers act different roles to fulfill their purpose and in literature and in the interviews for this research, the most recognized role that integration managers act is undoubtedly the role of *project manager*. The integration process needs somebody who has all the processes and subprojects in their hands, schedules everything and deals with the whole ‘package’. This was perhaps the most important role that most of the interviewees called for but still was executed poorly in this acquisition. The project manager role was loaded for the acting CEO and main integration manager at the time so to a degree this failure can be blamed on the frequent changes in the management, ownership issues slowing down and adding confusion to the process and overall lack of communication, but the whole project was clearly not managed well enough as an intact package for the integration to progress as planned.

Part of managing the integration process as a project, but also something to be considered as a separate role for the integration manager, is the need to keep the integration process moving forward during the whole time and introduce a sense of urgency. This role is recognized in this study as the *sparring partner*. Lacking project management and control of time resulted in failure to keep up with the planned schedule and keeping the change going, as was noted by most of the interviewees. A necessary sense of urgency was introduced at times by taking more severe actions such as replacing much of the old management, but again the lack of consistency was apparent. This role belonged mostly to the acting management but merely in the beginning of their terms. The acquired side described one period of the situation the best.

‘It has been a process of many years and I was left with the feeling that there was a soft change process on the way which did not work. Then it was ended as the pace was too slow, management was changed and some speed was introduced to the process. This is how I interpret the situation afterwards.’

The interviewees from Firm B talked about not seeing or hearing about any results that the integration process has produced, to keep them motivated on continuing it. This is a task that integration managers should arguably keep up with by acting the role of *implementer*, but evidence suggests that it was neglected.

‘One big miscommunication in integration has been all the projects that are running, in production and being improved, but when you try to look for the

results you are thinking where is the money going, because you can't find any concrete results.'

Another task touching on this role was separation of the integration projects from other projects, which evidently caused confusion with the employees. This requires re-evaluation of the implementer role, which is followed-up on in the discussion.

Acculturation and cultural issues are a very relevant part of the integration process and need to be taken into consideration by the integration managers. In this case the cultural distance between Finland and Sweden was not reported to have caused big missteps and was managed well enough, perhaps due to the long history of co-operation between the companies and relatively small cultural distance. The real problem that the interviewees reported were significant cultural issues descending from Firm B's earlier acquisitions from England and other European countries as seen by the interviewees from Firm B:

'I was in contact with the acquired companies in Europe quite a lot and it was very challenging on a personal level in a new country with different culture where you have to learn the way they do things and the processes are different. It was a big challenge for Firm B, bigger than they ever imagined, and I have heard from both sides that it did not go so well.'

This 'integration within integration' was a factor that was culturally and also operationally significant as it increased the complexity of the business but the evidence suggested that it did not receive much attention from integration management or warranted a more dedicated role, such as the role of *mediator* proposed earlier in this study. Interviewees from Firm A agreed to having underestimated this factor:

Integration within integration was a big factor in this case as Firm B had acquired several companies in the last decade and they had and still has exactly the same challenges as Firm A faces now. The most challenging parts of this integration process were faced in the companies that Firm B had recently acquired because they were geographically and structurally far with lot of possibilities for duplications and mix-ups coming from new owners first in Firm B and now Firm A as well.

Once the communications director was hired, the mediator role and acculturative issues got more attention and much more effort was put on managing this integration within

integration at least regarding the cultural and linguistic side.

'In terms of communication you have to always think about how you can get all the employees to hear the things that we want them to hear, because it is not necessarily with English. The corporate language of Firm A is English, but almost everything is translated to Finnish and Swedish. In addition to that many things are also translated into Russian and Estonian.'

This is done because Firm A has production and employees in several countries where language skills, especially English, are limited so they have to be offered information in their own language so it is really understood.

The general roles of integration managers were acted with varying degrees of success and by identifying these roles in this case, present or absent, the basis for communication specific roles is set up.

5.2.2. Communication specific roles

From the integration managers' communication specific roles in this case, what comes up first is the *spokesperson*, as the job required a certain amount of public speaking and being a figurehead for this acquisition. This role was acted by various managers, but the acting CEO of Firm B was usually the one who had the most responsibilities regarding this role, but with varying success. The interim CEO of Firm B was the most credible spokesperson and had most success in this role. Doing the announcements and speeches were the main part of this role and they were mostly done in an orderly fashion and the interim CEO toured the acquired company and talked about the acquisition. Nonetheless the evidence suggests that due to the variance in the integration management, a certain lack of consistency could be seen in the spokesperson's role as a whole. This improved when the communications director was hired and started to contribute to the role, and the emphasis on proper communication was increased significantly which resulted in more content and finesse to the message.

Sharing information between the companies is one important aspect of integration management and it was fairly directly hinted to have been lacking in this acquisition on both sides. Acquired side reported a lot of confusion regarding responsibilities, timetables and sources of information caused by the restructuring efforts and key employees changing positions during the integration process. Acquiring side talked

about new services that the business group offers to Firm B after the acquisition, which they might have never had before but need to learn to make use of in order to gain synergies. Both sides could have used improved integration management in the early parts of the integration in the role of *information gatekeeper* to share these things across the board and thus ease the acquired company to settle in and make use of the new resources as well as enable the acquirer to capture the value of the acquisition right from the beginning. Although the evidence suggests there was a deficiency in the flow of information, the argument can be made that this role was partially fulfilled by the HR director and the communications director in terms of sharing information about the values, policies, guidelines and channels that were included in the so-called integration package. In addition to that the development of the intranet and other information channels can be regarded as an increase of information flow, or at the very least making it possible, which fits this role.

The last communication specific role to be recognized in integration management is the *visionary*, which revolves around communication of the end state and goals of the acquisition. This role was executed with mixed results, as the management of the acquiring company, and the integration managers, put a lot of emphasis on the shared values, history, identity and also the end state of the integration, a unified business group, but according to the acquired company, the communication lacked certainty and concrete measures to reach these things. As one interviewee from Firm B put it:

‘Being a visionary and painting a pretty picture does not work. In this case when there is a new owner and it demands better results but the communication stays on this level with no clarifications. It creates uncertainty, you feel that can we really do it and what are we going to do?’

This opinion of the acquired employee connected to the fact that communication was inconsistent at best during the integration process and the frequent managerial changes, the results of visionary work and inspiration to the acquired employees were not satisfactory despite the heavy emphasis on it.

To conclude, the evidence suggests that there was a real need for a dedicated integration manager to fulfill or assign to others many of the general and communication specific roles identified in literature in order to make a more successful integration process. Acting management of the acquired company and several managers from the acquiring company (see figure 11) tried to contribute to this on top of their day-to-day work, but

this did not produce ideal results and actions were taken at times almost several years too late. The findings show consistency between the roles acted in this acquisition and those suggested by literature as only the role of mediator was left unfilled, although there was arguably a real need for it as well. No clear additional roles were recognized but the features and objectives of existing roles seemed to need some adaptation and will be taken into consideration in the conclusions of this study. Figure 12 summarizes the key findings of this section, the recognized integration managers' roles and which integration managers acted them, if they were acted at all.

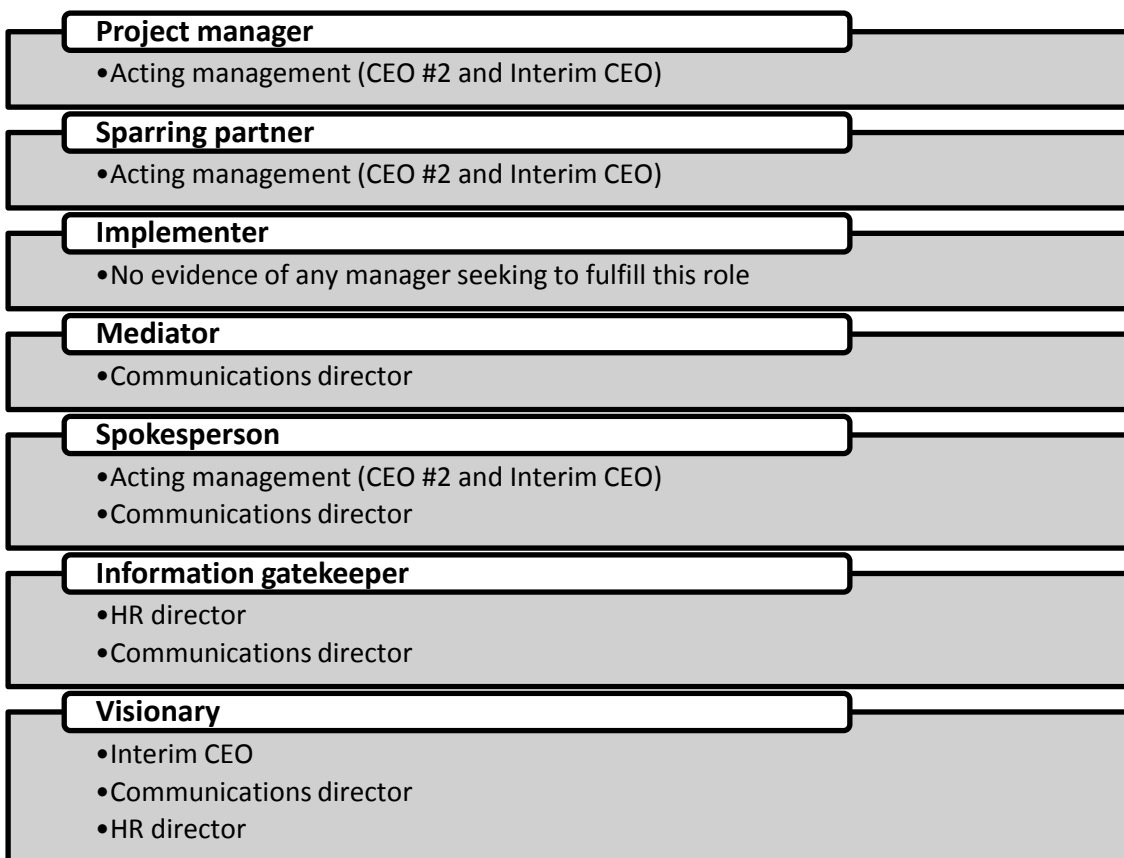


Figure 12. Roles of the integration managers and their actors.

5.2.3. General competences

A number of competences that integration managers need or should have in an ideal situation were suggested throughout the interviews, but looking at what were the most noticeable competences in this acquisition is a more difficult question. The competences were harder to define and to single out simply because identifying the integration

managers in the first place was not self-evident and the roles were more abstract than in theory. The main focus is on competences that are required for effective communication as the research question stated, but in order to create basis for that, also general competences that came up in the evidence will be reviewed.

Deep knowledge of the acquiring company was mentioned first in literature (Ashkenas & Francis 2000: 114–115) and unsurprisingly the acquiring side did put emphasis on it when asked about the needed skills of integration managers.

‘The most important job that the integration manager does is to bring the culture and working methods of the acquiring company. If you don’t have it in your backbone it will not work, it is not a consultant’s job.’

This also stresses the fact that the manager has to be from the acquiring company, but the main message was that you need to know the business and culture in and out. The acquired side’s stand in this was almost exactly the opposite as they valued knowing the acquired business as thoroughly as possible, being a trusted and experienced person who can spar them on the matters regarding the integration process. These were the ideals that both sides valued most, but in reality the knowledge of the business is about being able to guide the employees through things such as reporting, seeking information and so on. Shortly after the controlling shares were acquired the integration manager at the time, CEO #2 of Firm B, shuffled the positions of almost all key personnel throughout the organization in order to clean the house and introduce change, which caused a lot of confusion and there was nobody capable of clarifying the situation.

‘Almost the whole last year we were looking for the model and areas of responsibility, who is in charge of what, who you can ask about what and then when the new people came in... these details that affect the work of a lot of people, they are lost. Schedules, how long does it take to make something and where do you find this information.’

This skill is not necessarily something that a freshly appointed CEO can be argued to possess, but something the organization definitely needed from someone in the integration team and the role of information gatekeeper is all about it.

Flexible style of leadership was mentioned especially by the acquiring side as adapting to certain situations and being aware of which style of leadership is the most

appropriate. Of the actual integration managers throughout the acquisition, especially the interim CEO was suggested to being good at adapting well to different situations while acting as the CEO and integration manager during the period when management was changed and integration was running wild. Evidence of this came from comments about being both open and easy to talk to but also giving a properly straight answer to surrounding questions when necessary. In addition the communications director emphasized situational awareness to a very high degree in their integration management style and philosophy and consequently the evidence shows that the integration team in Firm A is formed from different types of people with different styles of leadership to cover the various situations.

When it comes to the integration manager's *ability to tolerate chaos*, there was not much evidence available, other than several managers embracing the fact that acquisitions bring chaos, but in a good way. Although when looking at how the different roles, especially the project manager role and information gatekeeper, were carried out and how well the integration managers survived in the chaotic situation that the integration process brought upon Firm B, a certain lack of this ability can be seen. Lack of proper knowledge of the acquired business, or more so the skill to organize better internal communication during the turnaround project in combination with the questionable ability to tolerate chaos were perhaps the deciding negative factors for the CEO #2 as an integration manager. The situation especially in the beginning of the integration process would have required a largely more from the management in order to keep the project together and moving forward.

These general competences that surfaced in the interviews are heavily related to the roles already presented and describe the various skills that integration managers required during the integration process and to what extent they actually possessed them in this case. As well as with the general roles, the general competences form basis to the communication specific competences that indicate how extensive or narrow the skillset for proper communication of the integration managers in fact was.

5.2.4. Communication specific competences

The competences that the previously presented roles require for effective communication stemmed from various situations during the integration and builds up the understanding why the integration process progressed as it did.

The importance of *language skills* never became a focal point in the interviews and as the corporate language of both companies is English and as Swedish is the second official language of Finland, the assumption is made that the integration managers had and were required adequate language skills in these languages to prevent larger issues. Although the communications director in the role of the mediator made a point about the company policy of translating almost all company news into local languages to ensure understanding.

That being said, the natural progression in the competences of integration managers is *conversation and presentation skills*, which were noted to be of vital importance for the integration managers. The interviews revealed that the communication by CEO #2 of Firm B was very uncertain and he clearly lacked good conversation and presentation skills, which lessened his credibility as an integration manager especially as a visionary and spokesperson. On the other hand, the interim CEO who was noted to be a very good speaker and easy to converse with, can be regarded having very good skills in conversation and presentation, which can also explain some of the disparity in the success in communication between those two integration managers, which is explained in more detail later on with the effects of communication.

Another clearly noted competence that was seen in this case is *emotional and cultural intelligence*. Cultural factors in this acquisition were not particularly heavy as the low cultural distance between Sweden and Finland was managed relatively well, although the interviewees from Firm B did mention this disparity between the countries that may have gone unnoticed due to the lack of cultural intelligence:

'One thing that nobody never even mentioned here [in Finland], that was probably in the back of the head of someone and we know it for sure, that in Sweden they know marketing and conceptualization very well. The reason why these kinds of functions will remain in Sweden is because they do it well!'

This is a situation where cultural intelligence connected to the flow of information and answering the questions that surround the integration process are necessary, as by acting the roles of information gatekeeper and spokesperson. In addition Firm B's previous acquisitions in other countries introduced some problems that required cultural intelligence to be solved, but they were reported to have been very difficult and thus hint a lack of cultural intelligence from integration managers on those acquisitions, if there were any. On the other hand, emotional intelligence was regarded as a very

important skill by the acquiring side but it was presented in the form of situational awareness so that integration managers are able to address the particular situation in the best possible way. It is also very much related to having a flexible style of leadership.

'These things are massive, a lot of information is coming in and you need to be able to tell apart what is the most important thing, bring on the two-three basic messages in the situation and build on it, not even trying to tell everything at once. Situational awareness in my opinion absolutely, as in what tone, what way, how hard, how sensitive and so on, that is managerial communication and communication skills in general.'

Preparing for the expected and being able to handle the unexpected with were the keys on handling the emotionally attached employees with questions. Also being able to say 'I don't know the answer, but I will get it for you' or 'that we don't know yet but we will come back to that in two weeks' or 'now there are no news on the situation' were noted to be important in calming down the employees when no real information is available. In the past these skills were lacking on many of the integration managers as the information flow was non-existent and the integration process generally did not receive the emotional attention from the managers involved to have motivated the employees well enough in a visionary role. Regarding the comments from the acquiring side, the situation has improved once they came up with a proper communications function and director with these skills.

Knowledge of multiple communication methods and communication networking skills can be regarded as one in this case as they overlap in many occasions. The need for both of them became apparent from many of the interviews, especially from the acquired side but also agreed by the acquiring side. The problem stemmed from the ownership issues which prevented much of the communication and also from inadequate communication infrastructure in the beginning of the integration. These factors had probably a much bigger effect on the integration managers' ability to communicate, rather than their lack of knowledge or ability, but results are the same. Evidence of the shortcomings these problems created were showing when it came to providing consistent communication to all levels and parts of the company. An example of that lies in how the acquiring side realizes the difference that physical distance makes especially in an international setting and how it showed on the acquiring side.

'The closer and tighter the whole organization is, the faster the information

travels, even though you wouldn't believe it. It is a fact that physical proximity helps to spread out information and it is maybe so that the more spread out the company is the more structure and means of communication has to be created in order to pass on information.'

The results of lacking communication networking skills and means of communication topped up with physical distance surfaced in the interview with Firm B when asked about how they perceived the communication strategy in this acquisition and what was told to them:

'Well now we have a different view of this for sure, if you think about what was told in Sweden and what was told here [Finland], definitely a big difference, I would think so.'

They noted a clear difference between received communication in the Finnish and Swedish offices of Firm B, one being in the same building as Firm A and the other in another country. On top of that the employees of Firm B reported that many group wide projects and important communication regarding them were left on a too high level with no support to the operative level causing uncertainty on how it affects everything else and how should these projects be conducted.

Integration managers, in this case at the time the interim CEO and HR director, created the shared intranet for the business group to facilitate this need to reach all levels of the company. The communication director hired later on came in to continue this integration manager's role of building communication networks for all to use. When asked about if they really had an official communications channel with this acquisition, the answer sums up how these competences were created and made possible for integration managers to use:

'Yeah we did, but it was more like a type of notice, as in putting an announcement to outside sources. So the really professional communication strategy that we plan it for the people [employees] and outside the company and that they would be timed... we were pretty far from that. [...] Now we have a communications director who of course develops the intranet, communications channels and makes sure that when announcements come, they are done professionally, and also has improved our visual image. Extremely important!'

These skills are a combination that integration managers especially in the roles of spokesperson and information gatekeeper can be argued to need, as reaching all levels of the companies with both new information and relevant everyday communication is seen as very crucial.

Interpersonal communication came up as a double-edged sword, as evidence from the acquiring company's interviewees heavily suggest the need for inspiring communication from integration managers playing the role of visionary, but acquired company failed to see the usefulness of the role.

'Being a visionary and painting a pretty picture does not work.'

Although this is not the whole story due to the fact that both sides reported to have valued and noted attachment to the personality of the leadership and management of the company because of the family background. Also the communication coming from the CEO and main integration manager was scrutinized very closely, thus indicating that good interpersonal communication is of vital importance and made a difference between the effectiveness of communication of CEO #2 and interim CEO both as a visionary and spokesperson.

The evidence collected in this research argues that most but not all of the competences recognized by extant literature (see table 1) were either possessed or definitely needed by the integration managers in this case (see figure 13). The arguments made to support the necessity of each competence prove that they are all valuable skills for the integration managers.

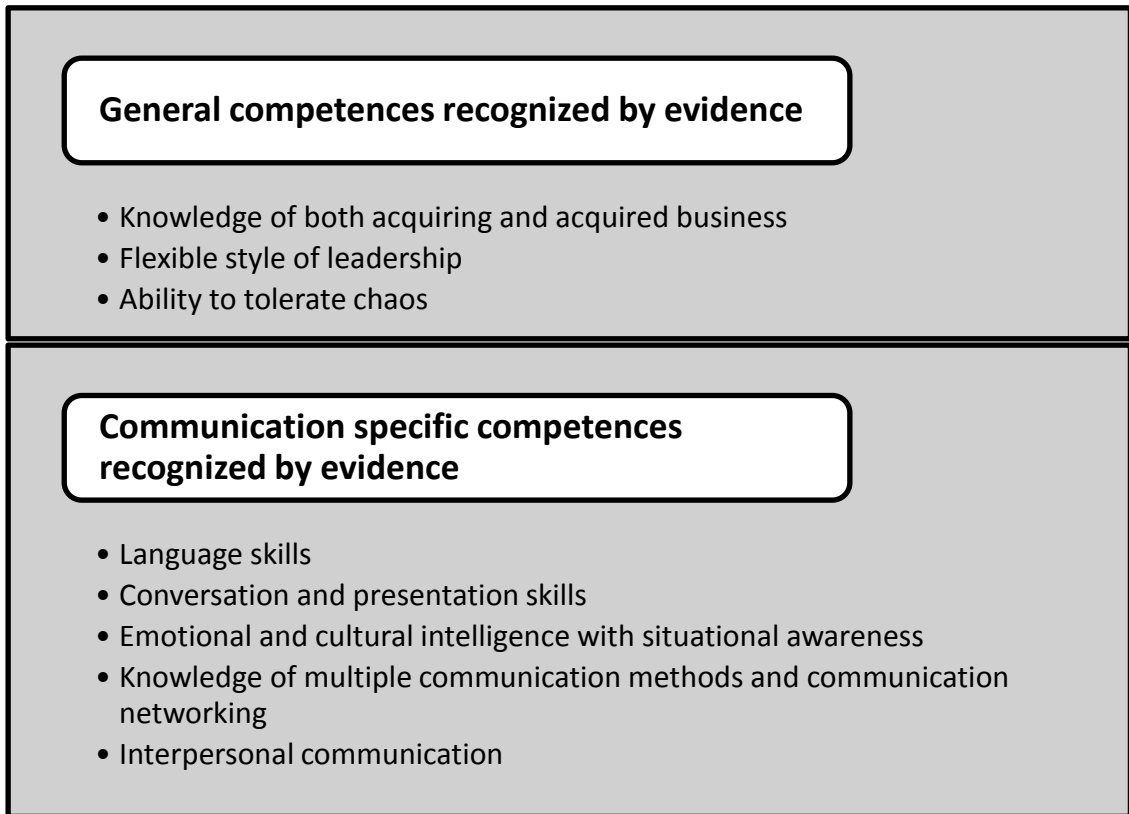


Figure 13. Competences of integration managers recognized by evidence.

These designated roles of integration managers that require these specific competences to be successfully acted are argued to have a big influence on the integration process, showcased by the evidence of the effects of their presence and also absence at times. Most of the general roles and competences were supported by the evidence as well, but following the focus of the study the further conclusions will be made about the communication specific roles and competences. Competences required for these roles were listed in the literature review (see figure 6) earlier in this study and now it is done again based on the gathered evidence (see figure 14). Key findings of this section are the competences utilized in the three communication specific roles which were fulfilled by the various integration managers in this case. Some variance can be seen in comparison to the literature review, but mainly the competences are distinctively similar. By identifying what roles were played by whom, to what extent and using which skills, this study can draw conclusions on what kind of communication was present during the integration and how it really affected the employees that were on the receiving end. Also the differences between how the acquiring and acquired side perceived the situation have given more insight about the integration process.

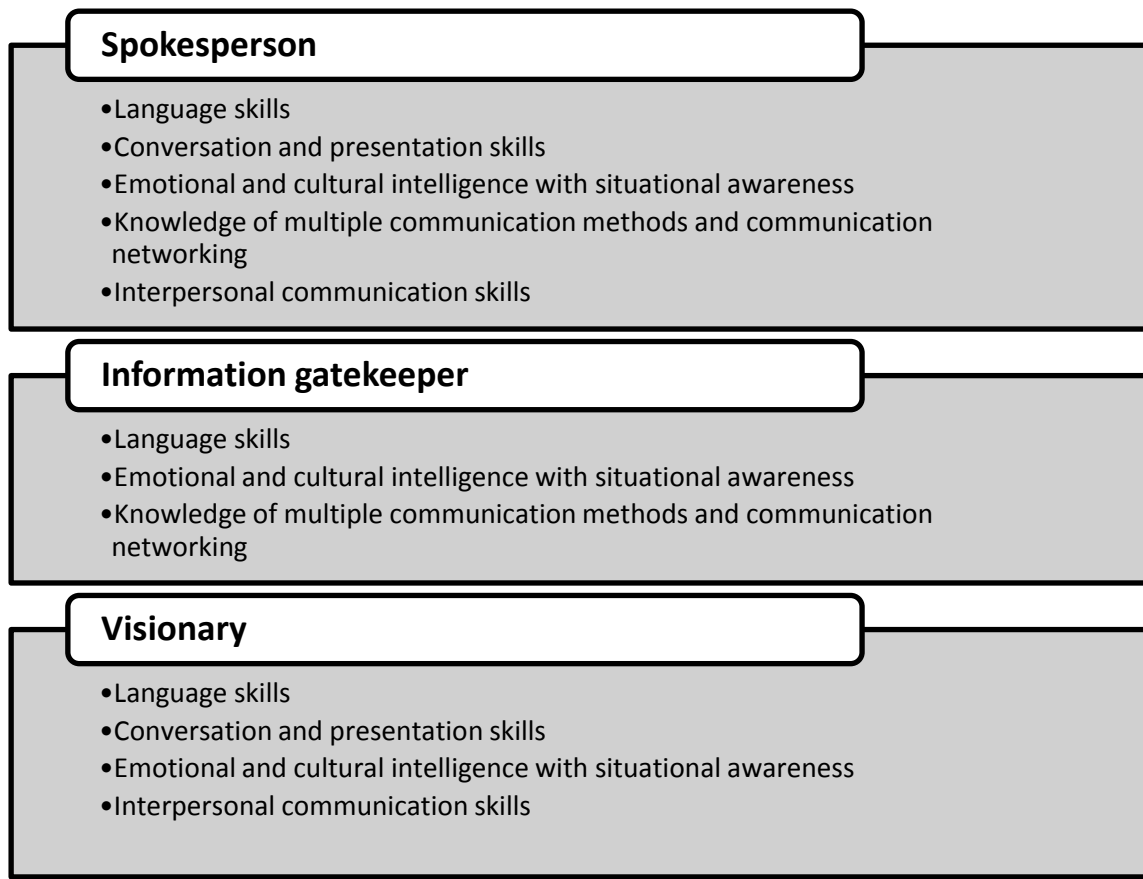


Figure 14. Communication specific roles and competences of integration managers recognized by evidence.

5.3. Effects of communication on employees' emotions

During the integration process it is difficult to grasp all the change that is happening around and to make sense of what is really going on, especially with limited amounts of information coming your way. Interviewee from Firm B summed it up well when thinking about the whole process in retrospect and how he saw the communication during the integration.

'Now it is easy to think about the situation as a whole and the timeline, but when things start to happen, the communication about what is happening is coming from a very narrow point of view.'

The announcement is perhaps the most emotionally intensive event and it created a lot of feelings on both sides. On the acquiring side the feelings and emotions that surfaced

were almost completely positive, mostly regarding the big opportunity that the acquisition presented, only citing the negative side by noting that a change that a big acquisition brings can be slightly overwhelming and the workload can be heavy.

'For us it's one of the most interesting things! An opportunity, really hectic and chaotic but in a good way, because we are doing something that will take this company further.'

'Awfully positive feeling! It is not chaos in the meaning that we don't know what we're doing but so many things just happen at the same time.'

'Opportunity... of course it is an opportunity. But it definitely means work, a lot of work.'

On the acquired side the general feelings about the announcement were slightly different the amount of confusion that a change of this magnitude brings was clearly showing.

'What do they actually tell you then? What is going to change and what is not going to change? That is often not clarified.'

There was a big difference between Firm B's Finnish and Swedish offices in terms of received communication because in Finland they had been sitting in the same offices with Firm A for a long time already. This included a lot of unofficial communication that was probably lacking elsewhere and made a big difference when the announcement came and how the reception differed between Finland and Sweden. The interviewee on the Finnish side got a bit of a pre-warning and was much more prepared for it as well.

'I got the information about the acquisition a few days before the official announcement and they said it is going to happen but Sweden does not know it yet and cannot be told. I was told about it in person, no official memo or announcement for us.'

This small piece of unofficial communication may have had a positive effect on how the announcement was perceived when it came, even though the interviewee's preconception about the acquisition was already leaning towards positive.

'To me it [the announcement] was good news and awaited information when it came. We knew already that this is the direction we are heading to and the timetable was approximately known so that finally something will begin to happen. The feeling was mainly promising or excitement for the possibilities, but it was probably quite different in Sweden.'

The rumors were already out before the announcement and they were remarkably grim in Sweden with more concrete fears about lay-offs and general uncertainty about the future. The announcement did not change the tone much, because according to the interviews fear, anxiety and uncertainty were the first emotions after the announcement for most employees in Firm B. The announcement came in the form of an official press release as it went public, just the bare minimum as the acquiring side described the level of their communications function at the time of the acquisition. It was not received very well in Sweden as the information was very vague, not much was told in terms of facts and what is going to happen in the near future, so speculations began immediately.

'When they [colleagues] heard in Sweden that Firm A is going to acquire all of Firm B, the first thing was uncertainty and fear of what is going to happen. Why is company from this industry taking over a company from that industry? We have more turnover than they, what can they possibly bring us? It was already clearly told that Firm B wants to grow in the European market and now a Finnish company comes and takes us over, what can they do and what do they know? Still to this day people at Firm B think that Firm A's business is so different from ours, that our product line is that much bigger, and it is such a complex mechanism with so much purchasing from abroad, products, factories and so on, that there are doubts if this (Firm A) is the right owner.'

Firm A being the smaller company and from only partially related industry, it caused doubt and disbelief on the employees. Also because it was not a known company in Sweden it increased the feelings of fear and uncertainty on that side as it is relatively reasonable to fear for your job when a company from another country takes you over as it is possible that jobs will be moved away. Rumors about moving the headquarters to Finland ensued as all the premade plans for investments in new offices and production in Sweden were put on hold indefinitely without a good explanation, which increased the uncertainty on the Swedish side.

'For us in Sweden the announcement created a lot worse situation because we

got the notice that cooperation procedures will begin and people will possibly have to be fired. [...] We knew that people will have to be let go but nobody knew from where, Finland, Sweden or Europe, which makes the speculations that much bigger and people start to fear for their jobs and freeze. It is bound to decelerate the progress.'

After the announcement it took almost two months to get the new organizational model out which answered some of the questions regarding the lay-offs and what changes are to be expected. Two months of turmoil without sufficient information to relieve the negative feelings is a long time and is a typical example of what can produce a bad case of merger syndrome to the employees. The new organizational model was part of the strategy which did indeed give directions but still lacked communication and clarity about quite a few important matters.

'Our management team and Firm A had a strategy meeting to plan how this will proceed [the integration] and I was with them on the implementation part. The new CEO (#2) [of Firm B] for the first and last time, brought up the strategy, and you could definitely hear Firm A's voice in it. It was not highlighted but at least I could see that these are things that Firm A values. What was lacking in the strategy was the communication about things such as will the headquarters and decision-making stay in Sweden. None of these things were discussed and still isn't. These are just the things that people listen to with sensitivity, who is making these calls, where are we going to end up and so on. So if there is no clear message, then it is left floating around and people will think that it's the acquirer plotting.'

When the rumors had been out for quite some time about moving the headquarters to Finland, then the CEO of Firm A actually came out in person to say that the headquarters will remain in Sweden and they do not mean to change anything but Firm A is now the owner and what the new strategy will be. But this was only when the clear symptoms of the merger syndrome had already been occurring among the employees.

The communication strategy of Firm A seen from the management team's point of view had big emphasis on communicating the common mission, vision, and values so as many people as possible are aware why they are all part of this group. The plan was to create and communicate the common story and history in order to explain everyone why the companies have been put together. In this case Firm A had a history with the same

products as Firm B and thus it was meant to make them feel more welcome and ease up the effects of the merger syndrome. The response of the Firm B's Finnish side was as follows:

'[Regarding the common history]... they did that as well and it was showcased differently in the company presentations than before but it might have stuck on the level that 'it is at your own responsibility, go read it'. Regarding the common values, the message has gone through to Firm B at least to the people I have spoken with and I have experienced that they have been welcomed in a positive way as they are things that we can all agree on.'

An argument can be made that the communication strategy did have some positive effects with the common values but not to the extent that was initially desired, seemingly due to lacking implementation. The Swedish side did not receive even that much information and their perception of Firm A company was not changed much despite the new communication strategy.

'Regarding these efforts and their competence in the core business of Firm B, nothing much was really heard in Sweden. I did not know much about Firm A either.'

Despite this being their initial perception of Firm A and the reception it got as a new owner, especially in Sweden, some people apparently knew better and later on information regarding the collaboration changed their view a bit.

'But at the time the acquisitions that Firm B made in order to expand to Europe, they were funded by Firm A. I don't know if anyone told that!'

'Many of us knew it but the communication should have been done better by Firm B, regarding how good this co-operation with Firm A has been since the 90s.'

The communication strategy of Firm A had emphasized the common history a lot but this part, which really changed some people's minds and affected their feelings about the acquisition in a positive way, was left out of official communication or otherwise disregarded.

After the announcement and little initial communication, the turnaround project of Firm B was on its way and actions were taken to get the integration process moving. The problem of not labeling your actions properly and insufficient communication of the integration plans seemed to have a negative effect on the acquired side and their emotions toward the integration process.

'A lot of the changes that have occurred have the sign of integration on them, such as HR changes and working methods, and you notice that these are done because of it. It has a lot to do with how you listen to the message yourself. The thing that we have noticed is that things get mixed up when you put them under some topic even though they don't belong there. A lot of these pains and issues have been because of our own growth and not that much the integration process with Firm A, but we have perceived it as a part of it. So you don't know when it is ever going to end.'

The interviewees from Firm A did mention that every action should be validated and given a reason, but in this case it seemed to be still lacking. The acquiring side did admit that there should be a clearer distinction on what things are parts of the integration process and what are just general group wide projects. This matters especially on how the things are communicated to the employees and how they perceive the communication that is coming from the acquiring side.

'We have room to improve on making the communication a part of the everyday life, as in from the 'special' integration communication following the acquisition into the communication that goes on normally within the company.'

With this much confusion on what is happening, the perception of 'winners and losers' and 'us and them' are fairly common in integration processes that affect especially the acquired companies and their employees in a negative way (Cartwright & Cooper 2000: 79; McMurdy 2000). This kind of mentality was very much present in this acquisition, especially when the old ownership and management was still around. As a family company with high commitment to the owners and relative unfamiliarity with the acquiring company, the preconditions for such mentality among employees were there. As told by the acquired side:

'The thing about the so called older guard, they were the guys who had increased our net sales 30 times bigger in 10 years. When a new owner comes

and wants to change that, you think why? It is always a hard change to do.'

In the face of the feelings of loss, the interviewees from Firm B agreed that these changes that came with the integration would never have been possible with the old management as they seemed to have trouble already with changes stemming from Firm B's own internal and external growth and changes in the business environment. Some traces of the 'us and them' mentality is said to still remain as many of the changes, especially in HR, have a certain tone that they come from the acquirer, but noticeably less. Still the employees of Firm B clearly identify themselves as part of Firm B rather than a part of the business group and Firm A. Although the interviews revealed that the employees, especially in Sweden, are starting to think that as a company Firm B is seizing to exist, which can lead to them perceiving themselves as the losers of this deal. This can be regarded to have negative effects on their performance but also further the integration process if old ways are given up. After all they used to form their own division within the business group, but in 2012 the company name was faded out and only remains as a brand name thus possibly enhancing this feeling of losing their company for the employees.

How the communication actions related to the integration process concretely affected these emotions the employees were feeling? The interviewees from Firm B agreed that not much communication, official at least, ever came directly from Firm A. The corporate strategy was confidentially communicated to the management of Firm B but never passed on to the employees. This could have been a strategic choice for Firm A not to do it but also had an effect in strengthening the 'us and them' mentality for the acquired company. Communication aiming to relieve this mentality and bring the companies closer together came in the form of showcasing the common history in the same field that the companies shared. They also told more about the acquirer as a company and what they are part of after the acquisition. Eventually the communication improved once there were proper grounds with ownership issues solved, communications director hired and proper communications channels established, such as the joint intranet, which explains the gradual relief in the emotions of employees.

The tone of the communication played an important role in how the employees perceived the communication and thus in dealing with their merger syndrome. The interviews revealed that the communication still worked relatively well with the first CEO (#1) of Firm B who came after the previous owner had stepped down from active role. The approachable personality and open style of communication suited the family

history of the company well.

'Firm B has never been a corporate-type of firm, but it has always been very attached to the personality of the owner or leader.'

The next CEO (#2), who was hired by Firm A and expected to start making the necessary changes for the integration process, had a very different style of communication and there were slight problems with communication between the new CEO (#2) and other managers which was reflected to the employees as uncertainty.

'In his [CEO (#2)] time the communication was rather uncertain, but you wouldn't really notice it until it changed. I am not sure if the former CEO (#2) was really that insecure or was it just the delivery, but so it seemed and that is the feeling you got. [The communication was] somehow a bit too soft and vague, so that you get the feeling that this doesn't have to be like this. It is a question of character in the sense that if you are going to make changes, the people making the changes need to be credible as well.'

Once the CEO (#2) left in late 2012 and the CEO of Firm A replaced him in the interim, the employees reported a noticeable positive change in communication. The overall style of communication went from insecure and uncertain to confident, precise and clear, which was necessary as the need for changes brought a lot of questions that required answering. Having clarity in the company on who is going to answer these questions and what is the company line. The change in communication of the CEO also had a positive effect on the communication passed on by other managers, an example seen by the interviewee from Firm B in his own boss, which then gave him a boost of confidence as well. Concrete communicational measures that this change brought to the situation were increased open discussion regarding the speculations that floated around and giving reasoning to demands such as why there is a need for improved profitability.

The enhanced communication eased the uncertainty and fears of the employees, but a lot of negative emotions remained as the company was still in the midst of a turnaround project aimed to improve their profitability, partially connected to the integration. In retrospect though the interviewees agreed that the situation has improved a lot and in the end the improved communication played an important part in the success of the turnaround project:

'Now a year afterwards it is easy to look back and realize that if the communication had not been there, as in we would have still had the old model and needed to make the changes, it would have surely been quite a bad situation.'

To conclude, the key findings of this study reveal that the acquisition and the following integration process had significant emotional effects on the employees. Particularly on the employees in Sweden a clear case of merger syndrome could be detected based on the interviewees' own experiences and those of their colleagues. The merger syndrome produced a set of emotions, some of them negative and some of them positive depending heavily on the receiver's perception of the situation. The perceived managerial communication from the integration managers, which may have been scarce at times, undoubtedly had positive effects on the employees' emotions regarding the acquisition although some negative emotions still remain (see figure 15). Especially when providing revealing information about future events and clarifying on existing uncertainties, the integration managers managed to ease the employees' uncertainty about the future and fears about losing their jobs as well as give them confidence and motivation. Also the visionary efforts and being a part of the business group has given the companies more sense of unity. Unfortunately there are arguably still traces of the merger syndrome in hints of doubt about whether they are going to the right direction with the change, confusion about operations and a sense of loss about the old company among some employees, but with significantly less negative effects.

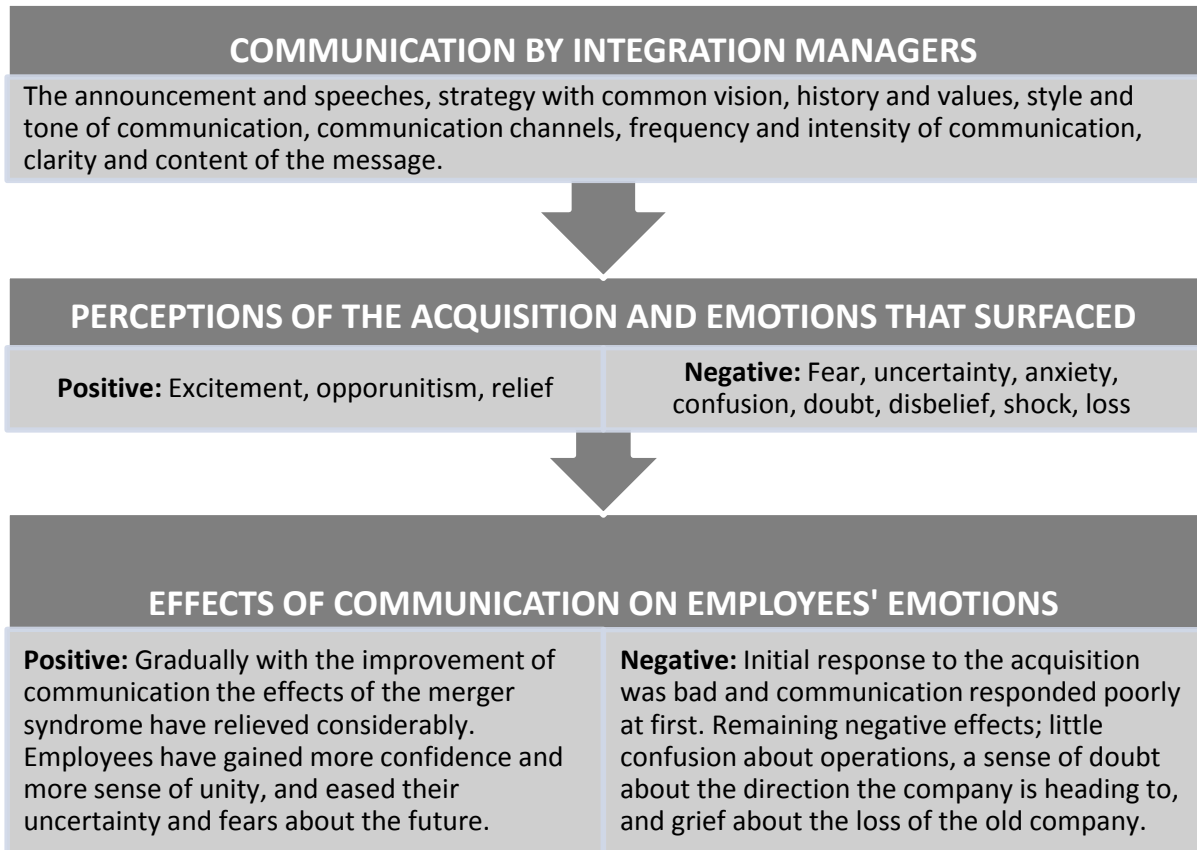


Figure 15. Effects of communication on employees' emotions.

6. DISCUSSION AND CONCLUSIONS

This chapter presents the discussion of the findings, makes the necessary connections between theory and the findings and ultimately provides grounds for the conclusions. Additionally the limitations of the study are showcased here alongside with the theoretical implications that are provided to inspire further research and practical implications for the use of managers and organizations struggling with communication and integration management.

6.1. Discussion of the findings

International mergers and acquisitions have become common activities in business as means of external growth, but are generally regarded as risky moves with high failure rate. Failure often stems from the company's inability to capture and create value during the post-acquisition integration, which often originate from people related issues. The human response to M&As is often the so-called merger syndrome, which is the cause of negative emotions of employees. This emphasizes the importance of proper integration management and communication to relieve the negative feelings. This study focuses on finding out how companies manage the integration process and the merger syndrome of the employees.

Literature has defined some of the roles and competences of integration managers that are required for effective management and communication in the integration process, and some additional roles and competences were created earlier in this study based on the needs of organizations presented by extant research and literature (i.e. Ashkenas et al. 1998; Ashkenas & Francis 2000, Shelton 2003; Evans et al. 2010; Teerikangas et al. 2011). When examining the effects of communication the study has relied on the cognitive appraisal theory to argue how managerial communication affects the emotions of employees suffering from the merger syndrome and how important it is for the employees and thus to the success of the integration process (Mandler 1984; Frijda 1986; Kusstatscher 2005; Sinkovics et al. 2011). By using these theories and existing studies as the foundation, this research aims to reveal the answer to the following research questions:

- What is the role of communication in post-acquisition integration in international mergers and acquisitions?
 - What are the roles and competences of the integration managers, and what makes them effective in these roles?
 - What are the effects of communication and the integration manager on employees' emotions?

Similarly to the previous chapter, the discussion is divided into three subchapters; integration process, use of integration managers and effects of communication on employees' emotions. The key findings of this empirical research were mostly in support of previous research with some exceptions. The integration process was partially typical and posed many problems which were recognized as common by extant literature, but also contained unique structures such as the creation of the business group alongside the integration and issues with previous ownership. Integration managers were present in the case to a lesser extent than literature generally suggests as none was directly appointed or given the responsibility, but several managers were arguably acting many of the recognized roles and showing signs of the required competences. Need for improvement on some of the roles and competences can be derived from the evidence. The negative emotions that arose after the acquisition were partially typical and in support of the literature as was the notion of how the communication by integration managers had a positive effect on them. Nonetheless there were also discrepancies as not all of the communication actions and integration managers' roles have the desired effect on the feelings of employees and some negative effects still remained. These key findings are discussed in more detail and in light of extant literature so that further conclusions can be made about the role of communication in the integration process in international M&As.

6.1.1. Integration process

The acquisition of Firm B and the following integration process still ongoing to this day provided big hurdles for the acquiring company in terms of management of the integration process in both operational and human level as well as how to provide sufficient communication throughout the process. The acquisition process and especially the following integration were full of confusion and uncertainty especially in the beginning. The unique features of this case, such as the size of the acquired company, creation of the business group, and ownership issues, slightly debilitated the progress. But the situation improved after the initial problems and advanced

significantly over time and has become more of a success by the time when this empirical research was conducted as well as a learning experience to the acquiring company for future acquisitions.

When looking at the timeline of the acquisition (see figure 10), *the pre-acquisition stage* (Marks & Mirvis 1998: 28; Schuler et al. 2004: 86), which includes the reasoning, due diligence and actually closing the deal, begins very early on with the collaboration of the companies. *The reasons and motives* for the acquisition were not that closely inspected in the research except for the mentions that Firm A wanted to expand their business more into the field of Firm B since the beginning of their co-operation, thus it had been the plan all along. As M&As are considered a great opportunity and way of externally growing your business, although with a lot of pitfalls, the acquisition itself cannot be regarded as a bad decision by any means. Arguably the problems with the acquisition were timing and preparation as it happened before the acquiring company itself was ready for it, which they admitted to, and therefore the integration process has been long and tedious as the company has built its support functions and integration practices along the way.

The due diligence process was less relevant to the scope of the study and because of the long collaboration between the companies. The business itself was generally well fitted, although derived from the interviews there were slightly less synergies than initially expected. What was slightly underestimated was the significance of the ‘integration within integration’ concerning the companies Firm B had acquired earlier containing cultural issues (Angwin 2001: 36; Cullinan et al. 2004: 98). In addition the human side of due diligence was arguably flawed as it is meant to seek out the potential liabilities the acquired human capital will bring, which then again materialized in terms of defective management that slowed down the integration process and eventually resulted in lay-offs so the integration could progress properly (Schuler et al. 2004: 99; Evans et al. 2010: 541–543).

When *the closing of the deal* and the announcement approach, communication and preparations for the integration should be up and running, but despite the co-operation it did not happen in time. This was caused by several factors, one being the confusion surrounding the acquisition of the final shares.

‘We didn’t know whether we will get the last stake [of Firm B], which gave pretty significant rights to the previous owners. We didn’t know if it’s going to happen

even in 2016 but it happened already in 2011.'

Employees of Firm B interpreted the slowness to start the integration as hesitation from Firm A, which can be argued to make the situation slightly unsteady for them as no concrete plans about the future are given. The acquiring side reported that the reason for it was because the support functions including the communications channels of the relatively newly formed business group were not completely ready to be integrated with. No integration manager was appointed at the time nor later on and altogether the planning of the integration was arguably deficient. Therefore as all the signs were indicating, the acquisition and following integration process of Firm B was labeled as a prototype acquisition upon which the procedures and functions were built for future references.

'In this company when we've acquired others we haven't thought about it much beforehand and have then fixed it later on. Now we are more ready so if we would acquire the next company we have at least mentally decided that these are the things we are not giving up. Our values, our intranet, you know? You have a set of guidelines and policies ready that will be applied when Firm A acquires a company. You won't just leave the company be with one guy coming in to report. In general you will start integrating.'

This begs to ask the question whether this is just an excuse if hasty acquisitions have been made before without learning, but the evidence supports the fact that the transformation from a holding company owning several businesses to a unified business group has made a more active integration of acquired companies a better alternative than before.

The integration process is divided into *task and human integration* according to Birkinshaw et al. (2000: 396) examined earlier (see figure 1) in this thesis. This case example showed similarities of success and also failure as the due diligence process and planning of the acquisition forecasted. Task integration seeks the possible operational synergies, which were there but not quite as plentiful as the acquirer probably anticipated but found already in some support functions and are still looked for in other functions. Overall the motive for the acquisition lies more on the wholeness of the business group rather than integrating the core businesses of the two companies when it comes to operations. Human integration on the other hand seeks to eliminate resistance to change and building mutual trust and respect between the companies, which is

important to the whole group. The findings suggest that this was arguably a difficult task as at first the old management slowed down the integration process, the acquired employees had serious doubts about Firm A as the right owner and the interviewees indicated that letting go of the old routines was perhaps the most difficult task. Although the evidence indicates that this resistance to change has been slowly overcome with both personnel changes and gradual building of trust and confidence by improved management. Because of the small size of the sample and interviewees from the acquired company, this change is hard to completely confirm as differences between people are likely to occur. Nonetheless most of the evidence suggested a gradual positive change in employees' perceptions of the acquisition, progress in the human integration is likely.

In this case the *level of integration* (see figure 2) described by Child et al. (2001: 94–96) has changed drastically during the years, starting from low levels as an increasing part of the holding company that Firm A used to be. The move to partially integrated came after the majority ownership was acquired and some support functions were integrated. Then it has been creeping more towards full integration with the sole ownership and later with Firm B losing its name with only brand names remaining. The reason for this is all about the believed advantage it will bring to the parent company, and in this case the reason can be argued to be the integrity of the new business group.

To identify the *type of integration* (see figure 3) in question, related to the dimensions identified by Haspeslagh and Jemison (1991: 139–145), this study argues that Firm B as a company does not require high organizational autonomy to function but as an essential part of the new business group, there is a relatively high need for strategic interdependence in order to gain proper synergies. This determines that they are in more in the area of absorption, although the evidence suggests that as the businesses are that much different there will not be full absorption, but still a relatively tight integration.

Acculturation was not a big issue in this acquisition especially when it comes to national cultures because of the small cultural distance between Finland and Sweden, but this relates more to the corporate cultures. Looking at the modes of acculturation framework (see figure 4) by Navahandi and Malekzadeh (1998: 84), the acquiring company showed relatively high tolerance for multiculturalism as well as degree of relatedness similarly to the type of integration. Some evidence suggests that the mode is leaning towards assimilation as the acquired employees felt that Firm B has seized to exist and many of the acquiring company's systems were adopted. On the other hand the

acquiring side has put heavy emphasis on building something new and creating mutual history and values based what the involved companies shared, which is evidenced by how the business group's values were originally defined:

'We didn't go with Firm A nor did we go with Firm B but built something new.'

All things considered this brings it down closer to acculturative integration with the notion that Firm B is effectively being absorbed but still has had a big impact on the new company's culture.

As suggested when separating task and human integration, *the people factor* was very important in this acquisition and especially in the integration process. Considering that, what the acquirer invested a lot in, was to take HR into consideration early on. A corporate HR director, who also acted as an integration manager, was hired right at the inception of the business group and thus HR has been involved and integrated better than most other functions and based on relevant literature (Schweiger & Weber 1989: 72–73; Antila 2006), arguably produced visible results for the employees, captured people synergies and softened the human integration in general. Although the acquiring side regarded these efforts to integrate HR very highly, the tone that the acquired employees spoke of it indicated that it was not all positive. While high level of integration in HR was arguably a visible change for the acquired employees, it also begs to question whether it is desirable at first. The lack of substantial evidence about the effects of early integration of HR in this case prevents further analysis but suggests this as a further line of research.

Communication being the scope of this study and the main method of managing the people factor in integration, a quick look is taken into what kind of overall communication and in what situations was present in this integration process before connecting it to integration managers and discussing the effects of communication. With the lack of a dedicated integration manager producing continuous communication, many stakeholders (see figure 5) were arguably left with insufficient information regarding what is going on and what is going to happen in the near future. This applies most of all to the middle management and front-line employees of Firm B, who suffered significantly in the beginning from uncertainty regarding their job security as well as confusion on the direction of the company. The top management got more information but on the other hand showed substantial resistance to change and inability to cope with it that happened regardless of the communication.

The main issues generally found in communication as indicated by Sinkovics et al. (2011) and Kusstatscher (2005); the announcement, communication frequency and intensity, rumors, and media releases combined with public opinion, draw the outline to the communication in this case. As already indicated in the discussion about the pre-acquisition stage, the importance of *the announcement* was severely underestimated and as literature suggests, it was just the emotionally intensive event plagued by rumors arguably producing more uncertainty, fear and anxiety for the employees, who were left without much additional information. *Communication frequency and intensity* was another case that arguably lacked in the beginning with no dedicated communications function and lack of dedicated integration managers. This improved with the hiring of the communications director and building up improved communications channels later in the integration. For the same part as official communication was lacking, *rumors* were rampant throughout the integration process taking its place as the sources of information for employees. At some point with more efficient integration management, especially by the interim CEO, measures were taken to address the rumors with direct communication and relieve the negative effects they caused. The last issue, *media releases and public opinion* was interesting in this case, because at first the official press release was the only information the employees got as the announcement of the acquisition. It initiated a lot of rumors because there was no internal source to balance it out as literature suggests (Kusstatscher 2005: 126). On the other hand due to the lack of a proper communication function the media releases were relatively scarce as well and as the companies were not listed in the stock market not that many media releases were officially required either. The strongest effect was arguably in Sweden as Firm A is a fairly unknown company from another country and raised more questions about the situation but mainly just within the company's employees.

To conclude, the integration process began with typical problems such as resistance to change, confusions about operations, and lack of communication, but the situation improved over time which can arguably be connected to the enhancements made in integration management and communications functions, although results of some integration actions remained questionable. To examine this connection of communication, integration management and their effect on the course of the integration process and employees emotions, the discussion moves to the use of integration managers.

6.1.2. Use of integration managers

The use of integration managers, their position, duties and origins are debatable and in this case the findings claim that even though no integration manager was directly appointed there were several managers operating as integration managers to facilitate the integration process (see figure 11). The findings also indicate that many of the roles derived from literature were acted out in this case by different managers possessing different competences (see figure 12); therefore arguments about connections could be made between the ways of producing sufficient communication and fulfilling certain roles by using certain skills during the integration process.

There are different opinions about whether the integration manager should or should not be managing the business as well or just the integration (Shelton 2003: 87; Schuler et al. 2004: 104; Froese & Goeritz 2007). The conclusion this study made based on theory was that the integration manager should solely concentrate on that position and not collect any additional responsibilities. The arguments supporting that stated that if the integration manager is also an acting manager of either business, it can jeopardize their objectivity in finding synergies. In this case there with no directly appointed integration manager so this logic could not directly be applied. As the evidence suggested, the situation varied a lot as the main responsibility for the integration was loaded on the acting management of Firm B, but shifted from CEO to another several times due to changes in management. This goes against the conclusion this research made about the position of the integration manager, but does not go without theoretical support (i.e. Froese & Goeritz 2007), debating whether it matters or not. Although acquired side was reported saying that in future acquisitions an appointed integration manager, who is not managing the business because of the possibility of vested interests, would be put in place, thus supporting the original notion.

As the CEO #2 came in and took the integration manager's responsibilities and strived for change, what also left room for improvement was the ability to create *a sense of urgency* in the beginning of the integration, which according to Kotter (1996: 36) needs to be created in order to have people interested in working for the needed change. Even the acquired side admitted that the change was welcome, as they had been waiting for something concrete since the rumors about the acquisition first started. In contrast, when CEO #2 left and was replaced by the interim CEO, who reportedly managed to create a sense of urgency in the employees and managers alike so that changes started to happen in a significantly different pace. The situation changed and improved

significantly between those two periods, so not all the blame and praise can be put on the CEOs, but an argument can be made that the integration manager can inject more speed to the process and it showed positive signs.

One critical factor that literature talks about and was seen in the findings as well is the *early involvement of integration managers*, which is debatable in this case. Most of the integration managers were hired during the acquisition and integration process and as Teerikangas et al. (2011: 653) argued, there is always a risk when one has to implement something others have planned. In this case it can be regarded even worse as the preparations and planning for the integration were lacking considerably and as the acquiring side indicated, decisions were made first and then problems were fixed afterwards. Some integration managers, such as the HR manager and interim CEO, were present when the announcement was made in the beginning of 2010, but the full and continuous responsibilities for integration management were not taken up until CEO #2 was hired later that year. The communications director who took charge of the communications function was also hired the same year, which started to improve the overall communication, but it can still be considered a late arrival. Shelton (2003: 85) argued that the integration manager should be put in place at least a month before the announcement, but in this case there was the factor that the managers were hired from the outside, making it even harder to adjust to the job on the fly. One thing that was clearly successful was the early involvement of HR, which was proposed by Antila (2006: 55) and was argued to have had a positive effect on human integration.

Another critical factor that affects all the integration managers is the *support and trust* that they need from their superiors in order to do the job as well as respect from the employees, which is also highly dependent on whether they have formal authority or not (Shelton 2003: 87–88). In this case there was formal authority all along, as the integration managers were mostly acting management of the acquired company or from the management team of the business group. Trust and support issues that any of the managers may have had were not uncovered in the research either. On the other hand, respect and credibility to make the needed changes was something that may have been lacking. CEO #2, who was the main integration manager in his time, seemed to somewhat lack the respect of the employees and was not able to drive through the changes with necessary conviction. In contrast the interim CEO managed to get way more progress done in the short periods as the acting manager and reach more levels of the business. This also applies to the difference between their successes at creating a sense of urgency for the changes during the integration. This questions whether

authority may have an effect on it as the interim CEO was also the CEO of Firm A at the time or is it a matter of personality. To further examine how the integration managers supported the integration process, the focus moves on to their roles and competences.

These recognized integration managers appearing in the case were acting a set of different roles as the evidence suggests. The general roles that literature recognized were project manager, sparring partner, implementer and mediator, of which only implementer was clearly left out in this case, although the presented findings support the argument that there was a need for such role in the integration process.

Project manager is the core role of an integration manager and can be regarded as such in the future, but as the findings presented, in this case a clear-cut project manager was missing and closest came the acting managers of Firm B with varying degrees of success. Reasons for this were accounted for the frequent changes in management thus causing instability and can be argued to be overall component that was missing as there was no clearly appointed project manager whom the employees could even perceive as the integration manager. This casts a shadow over the acquisition as deficiency in project management can be argued to hinder the proper use of integration teams, slow transitions, and hamper the creation of frameworks to support future acquisitions (Ashkenas & Francis 2000: 115; Evans et al. 2010: 551). The evidence supports these apart for the last part, as in this case the integration package represents such framework, consisting of the guidelines and policies that the HR director mentioned they have gathered for future acquisitions.

The role of *sparring partner* was executed with inconsistency, as speed and sense of urgency was considered generally lacking in the integration, but at times an injection of speed was made. Examples of these injections of speed and sense of urgency were pretty much all the managerial changes that brought in a new CEO or a the interim CEO, which created rapid waves of change which then slowed down again. The concept of first 100 days being the most important was not fully supported, but the fact that the integration process needs to move forward to be effective is still there (Angwin 2004: 428). In this case the first 100 days after the acquisition were almost completely ignored in terms of integration, which arguably produced some of the negative reactions from the acquired employees. When the integration was supposed to happen the acquired side had also shown signs of frustration for not seeing enough change after almost several years of ineffectiveness and seemed relieved when the injections of speed and sense of urgency came. This supports the notion that they are indeed important factors to

consider in the integration process and worthy of a role for the integration manager. On a contradictory note, some theories (Schweiger et al. 1993: 61; Birkinshaw et al. 2000; Angwin 2004: 428) suggest that for proper human integration a slower pace may be desirable and the optimal speed is individual in each case, but in this case the evidence supports the fact that more speed and a sense of urgency would have made a better result.

Confusion was a key issue in this integration and both sides reported having trouble distinguishing what was part of the integration and what was not, both in communication and with different reform projects. In addition the different projects seemed to yield no reward or ever show results, which had demoralizing effects on employees and made the integration process look like it is in a standstill, even if it was not at the time. Ashkenas and Francis (2000: 113, 115) saw the role of *implementer* generating and communicating short-term results, and to respond to the needs suggested by this study's findings, the role is updated to include clarification of areas of integration. This can arguably reduce confusion and enable the non-integrated parts of the company to calm down concentrate on their work rather than worry about the integration. On a contradictory note, by hiding some of the more drastic reform measures performed on other non-integrated parts such as lay-offs to the integration process, the acquirer can possibly avoid some of the criticism and resistance they might otherwise create and thus aim to avoid excessive communication and unnecessary transparency of the situation.

The *mediator* role is there to take care of acculturation and cultural issues, which stemmed mostly from the earlier acquisitions of Firm B, so-called integration within integration situation. These structural and cultural problems were identified but in the beginning not addressed properly, but by hiring a communications director the acquirer made it possible to establish a more professional way of communication which can be argued to have improved the situation in light of cultural integration. Furthermore as literature suggests (Evans et al. 2010: 551; Ashkenas & Francis 2000: 112) this role is also there to build connections with the acquired company in order to essentially interpreting and resolving potential conflicts. Maybe the best example of such conflict is the perceived 'winners and losers' as well as 'us and them' mentality (Cartwright & Cooper 2000: 79; McMurdy 2000). Evidence of how they wanted resolve these conflicts came with the emphasis on the companies' common history, common values and examples throughout the times, which can be argued to have eased the situation. What to conclude from this evidence, this role seems to be the archetype of integration in an

international setting, and the conclusion is that every manager in contact with the acquired company should be a mediator of sorts, rather than seeing it as a solution to solve problems and conflicts.

The *spokesperson* was the first of the communication specific roles that the evidence identified and it is something that is extremely important to the main integration manager and is supported by others in providing content to the role. As the findings indicated, the interim CEO was the one who assumed on this role the best, but that was not enough for the whole integration process as other integration managers struggled with it. The announcement and a short period following it, which literature (Marks & Mirvis 1998; Kusstatscher 2005; Sinkovics et al. 2011) sees as the most important period in terms of communication, were managed with the interim CEO regarded as the integration manager but communication was seriously lacking and the hiring of CEO #2 did not change it for the better. The importance of this role cannot be denied but in this case it is full of conflicts regarding how well it was performed. The interim CEO is generally regarded as the best spokesperson, but the announcement and short period following it were arguably one of the worst periods of time in terms of communication quality and frequency. Subsequently the hiring of the communications director and inception of proper communications function was suggested to be the key to providing more constant flow of information to the employees and improve the content of this role, but it did not improve the situation with CEO #2. To conclude, the evidence is two-sided regarding whether the important factor is the personality and communication style of the manager or the content, quality and frequency or the message. Seemingly neither is a deciding factor and thus the role is a combination of both, suggesting that a proper communications function does contribute immensely to this role.

Theory (Evans et al. 2010: 551; Schuler et al. 2004: 104–105) sees the role of *information gatekeeper* as a funnel and middleman of information between the companies, even suggesting that they filter excessive information. The evidence suggests that the problem in this case lied within the very limited flow of information which lead to confusion among the acquired employees regarding responsibilities, timetables and so on. On the other hand the acquiring side had support functions, new systems and operation methods ready without proper use due to limited information, which all supports existing theory about the need for this role. As the findings argued, the parts where this role succeeded were sharing information about the integration package, especially the HR related factors because of the HR director, and development of the intranet and other information channels to increase the flow of information, on

account of the communications director. This leads this study to make the conclusion that the role of information gatekeeper requires contribution from each unit that requires such flow of information to ultimately be successful. An integration manager in the middle may facilitate the movement but the sources need to produce and actively seek the information.

The last role is the *visionary*, which was something that the acquiring company really emphasized in their approach to integration in order to communicate the corporate story and thus create a feeling of unity and justify the making of this acquisition as suggested by Fubini et al. (2007: 31, 37). The role is acted to battle demotivation, frustration and lack of commitment, but seemingly the problem was even too visionary approach and communication on too high levels, as the acquired side required more concrete measures on how to proceed. This role was seemingly useful in trying to explain what the end state of the integration was and can be regarded as a main integration manager role, but according to the evidence and in line with the theory the argued solution is to be more consistent and precise with communication regarding the means to achieve the end state aimed at specific levels of the organization.

To conclude the discussion of the use of integration managers and their roles, many of them can be argued to produce results as the theory suggested. Some roles seemed to be in need of modification and adaptation to the specific situation, but no additional roles could be identified as all findings regarding what was missing but needed in the integration fell into the existing categories. It was surprising that some of them seemed to be even more much suitable as general guidelines for all managers on how to interact within integration context and in contact with the acquired company instead of dedicated roles for integration managers. This suggests that the key conclusion about the use of integration managers and their roles in a comprehensive and broad manner by several managers is mostly about ensuring that all sides of the integration are taken into account and as theory suggested, producing sufficient communication for the information needs of all stakeholders.

Competences that are required to act out these roles were identified in abundance, but not to the extent what theory suggests. Of the six general competences only three came up and even then modifications were in order. First was *deep knowledge of the acquiring company*, which proved to be true and supporting theory in terms of bringing in the culture, especially in an acquisition with heavy cultural integration (Ashkenas & Francis 2000: 114–115). But the contradiction to this competence came from the

acquired side, stating that in order to really gain synergies and trust of the acquired employees, the integration manager needs to have deep knowledge of the acquired business as well. The evidence supports both views and the argued solution is more about utilizing a good integration team consisting of trusted employees from both companies acting as proxies on both sides rather than putting all hope on one integration manager. This reasserts the argument that integration managers are a lot about organizing their teams to conduct all the tasks. This also supports the theory that to ensure best possible knowledge, the integration managers are better off coming from the company's own talent pool than from the outside, as Shelton (2003: 84) suggested.

Flexible style of leadership was the second general competence that got received support from the evidence and seemingly the need for such social cognition is supported by the evidence because of the chaotic situation and various situations managers face. It is hard to argue against such basic skill that all situations of change require from the managers. Theory combined this with tolerance for low recognition but that part could not be derived from the evidence and was thus excluded in this case.

The third and last general competence was extensively tied down to the manager's flexibility in order to possess the *ability to tolerate chaos*. The interviewees from the acquiring side seemed to embrace the chaos that acquisitions bring and regarded it as productive and hectic. This raises questions at least regarding the acquisition of Firm B, because the evidence argues that the confusion and uncertainty that was surrounding the integration process was not managed well. This is either caused by actual poor ability to tolerate chaos or then derives from the defects of integration managers in areas such as project management. Ability to tolerate chaos can be compared to flexible style of leadership in terms of fundamental abilities to function in a rapidly changing environment such as integration and is hard to argue against as it seems to affect all other functions.

The general competences were mostly fundamental skills of change management with the addition of more knowledge required about the acquired company. What was left out compared to the literature were the ability to work independently and emotional and cultural intelligence. Independence never became a factor as there was no specifically appointed integration manager in this case. Emotional and cultural intelligence was regarded very highly but so much more in relation to communication that it was only viewed in that context and will follow in the communication specific competences.

First curiosity in the communication specific competences was the fact that *listening* was never mentioned as an important factor or at all, even though for example Ashkenas and Francis (2000: 115) rate relatively highly in their study of integration managers as communication is “as much about receiving as it is delivering message” to be able to provide effective two-way communication. This questions the acquiring company’s ability to take into account the needs and desires of the acquired employees and might partially explain some of the issues throughout the integration.

Another competence not directly mentioned but something that was still derived from the evidence was *language skills*. Marks and Mirvis (1998: 207) emphasize the fact that integration managers should be able to at least speak a little of the local language in addition to the corporate language and in this case it was so with Swedish and maybe thus was never mentioned as an issue. Schuler et al. (2004: 105) connect language skills to the corporate language, used jargon and abbreviations, as well which may have caused more difficult, as the acquired side kept mentioning the difference between the two businesses.

Conversation and presentation skills were mentioned as skills of high importance, especially to the acting management of the acquired company, similarly the main integration managers. Theory regards this very highly and the evidence very clearly supports the importance of these skills, because the arguments about clear differences in the effectiveness of communication between the CEO #2 and interim CEO due to the differences in these skills. Evidence from the interviews directly argues that the CEO #2 had difficulties in credibly presenting the needed changes and convincing employees and managers of their importance.

Emotional and cultural intelligence was only considered as a communication skill as mentioned earlier and the evidence was mostly in support of the theoretical grounds with some exceptions. Theory (Marks & Mirvis 1998: 207-210; Ashkenas & Francis 2000: 116) argues that this skill is needed to face the many communication issues outside of just the spoken language that occur in cross-border M&As, but this case brings up little evidence of that. The problems occurring with Firm B’s earlier acquisitions, the so-called ‘integration within integration’, were mostly reported to be operational rather than cultural, which can be argued to be because of small cultural distance between the countries of operation. Emotional intelligence on the other hand received significant amounts of support from evidence and it is argued to be very important skill so that managers are able to respond better to situations with emotions

running high and produce communication that is perceived well by the employees, very much in support of the existing theory (Kusstascher 2005: 117). Additionally to build on existing theory theory, the utilization of this skill was argued to require a strong sense of situational awareness to be truly efficient.

Knowledge of multiple communication methods and communication networking skills were merged into one competence in the findings, but in light of the evidence and existing theory, there is not enough support to update theory on this basis. Even though the skills complement each other, it is possible to have very good knowledge of different communication methods and utilize them effectively without possessing a large network throughout the company which can more often be connected to unofficial communication. In this case the evidence does not reveal any information about integration managers' extensive networks or them utilizing a lot of personal connections, although no contradictory evidence is found either. The evidence supports existing theory (Marks & Mirvis 1998: 175; Schuler et al. 2004: 111) on the part that without the use of multiple communication methods, the acquiring side failed to provide consistent and comprehensive communication. Fubini et al (2007: 33) highlighted the importance of reaching every level of management, which was argued to be severely lacking according to the findings and affected the integration negatively.

Last communication competence was *interpersonal communication* which produced mixed results, as interviewees put high emphasis on the personality of their leaders but downplayed the importance of inspiring interpersonal communication. Also the interviewees' views about the difference between the two CEOs in terms of communication and its effectiveness seemed to contradict the argument against the value of interpersonal communication skills. Although it can be argued to that because of other hardships and lack of information surrounding the integration the displeased employees were not satisfied with the high-flown visionary talk that the acquiring side admitted to have accentuated when they were asking for more concrete information. The bottom line is that interpersonal communication can be regarded as a valuable skill but in this acquisition it did not produce noticeable positive results.

When researching the use of integration managers, their acted roles and possessed competences in search for the ideal communication output, this study has found evidence and made arguments both in support and against for the existing theories and literature and after the discussion a set of conclusions can be made about the ideal use of integration managers. Firstly, there should be an appointed integration manager who

is not formally in charge of the business but acts as a figurehead to the integration process and is backed up by an integration team with representatives from all necessary departments, such as finance, HR, communications and so on. The appointed integration manager should be a trusted and respected person from the acquiring firm with credible knowledge of the acquired business and be involved early on, definitely before the integration begins. Secondly, from the roles of integration managers (see figure 12), the main integration manager should clearly be on point in acting the roles of project manager, spokesperson and visionary, as those roles require a single person to be above the rest and are the key to keeping the integration process organized and sufficient communication flowing. This does not mean that the rest of the roles are not needed nor should not be acted by the main integration manager, but should be taken more as guidelines of ideal integration and communication handled by the whole integration team. This divides the responsibilities to people closer to the targets of integration and thus ensuring more precise information and closer communication with all levels of the company. All the competences that the findings revealed are seen as useful and even vital especially to the main integration manager, but also very much according to the roles that findings suggested and thus important to all managers in the integration team.

The key conclusion is to have one integration manager in charge with a wide variety of skills to ensure that all the necessary roles are acted which will arguably confirm that all sides of the integration are taken into account by the manager or the integration team. This is argued to produce ideal communication output for the information needs of all stakeholders that will positively affect the emotions of employees, which is discussed further in the following section.

6.1.3. Effects of communication on employees' emotions

Ultimately employees' emotions during the acquisition and integration process proved to be a very difficult subject for discussion due to the sensitive nature and possible merger syndrome but some evidence that was mainly in support of existing theory could be gathered and put up for discussion. To answer the final research question, the effects of communication on employees' emotions are reviewed in light of extant research. Bagozzi et al. (1999: 184) defined emotion as a mental state of readiness that ascends from cognitive appraisals of actions or thoughts and this thesis utilized the cognitive appraisal theory in order to study the effects of perceived communication on employees' emotions. The study has uncovered definite evidence that the acquisition brought up a lot of emotions on the employees and evidence also clearly shows that communication

that the integration managers produced had some kind of effect on those emotions, but how, why and to what extent compared to the theory?

As the theory states, employees perceive the effects of M&As individually and the employee's position in the organization may also have a significant impact on how they react to it (Sinkovics et al. 2011: 29–31). In this case many of the interviewees reported having positive emotions regarding the acquisition, even on the acquired side, mainly regarding the opportunity that this acquisition presents and how it was already being expected. These feelings were used to inspire other employees, especially in the integration manager's visionary role, to feel positive about the acquisition and give them strength to overcome the rough integration process. The problems usually arise on the acquired side, and there the top emotions that were reported to have been showing on employees of Firm B were fear, anxiety, uncertainty, and confusion. The rumors before the announcement and vague information that was released at first were major causes for these negative feelings as shown in the findings.

As Sinkovics et al. (2011: 43–44) and Schweiger and DeNisi (1991: 127–128) stated in their studies, the cure for these negative emotions comes from *realistic, open, honest and frequent communication*. In this case the communication was more or less realistic and honest when it came in, but frequency and openness in sharing it was terribly lacking which had lessened the effect. For example, it took almost two months to get the new organizational model out after the announcement and in the meantime the employees reported nearly no communication from the acquirer. Even the new model was not very open about the real changes that might be coming and where they would come, especially in terms of lay-offs or other cuts, which did not reveal the employees' fears, feelings of not being able to control their own faith and distrust towards the acquirer. After these symptoms had occurred, the interim CEO as the integration manager came out and tried to clear out the rumors and clarify on the strategy and make speeches in the acquired company. This was reported having positive effects on the employees and relieve their negative emotions, thus supporting the existing theory. The possible negative effects of the acquirer calling the shots can be considered less harmful than the rumors and uncertainty that may otherwise occur.

Having an *official source of information* in the form of a trusted superior showed signs of positive effects on the employees' emotions, as suggested by Sinkovics et al. (2011: 43–44) and Schweiger and DeNisi (1991: 127–128). An example of this was from the acquired side as the interviewees reported a significant increase in confidence and relief

from uncertainty when their own superior started getting more information after CEOs changed and passed it on to the employees as increased confidence, open discussion, reasons for the changes and clearing up rumors.

In comparison to the meticulous scrutiny of official communication, the extant literature has left *unofficial communication* to a much lesser role. This study only provided some evidence about the benefits of unofficial communication in the light of increased communication between the firms when they were in the same offices and how unofficial early information about the announcement may have affected the employee's perception about the acquisition. Theory (Kusstascher 2005: 124–125) is more concerned about the negative effects of unofficial communication in forms of rumors and possible discrepancies between official and unofficial information in cases such as incoming lay-offs, but an argument can be made that it needs more attention in the future studies.

The *tone of the communication* that was received was a big factor on how it was perceived by the employees, which again was of high importance in the cognitive appraisal theory (Kusstascher 2005: 116–117). Approachable personality and open style of communication produced was working for CEO #1, but the situation was more stable then and the integration process had not official begun. With the CEO #2 in the midst of the integration process, the manager itself was reported to have been less approachable, the tone of communication was much more uncertain, vague and lacking credibility. Even though the communication might have been there, this change in the tone made the employees perceive it differently and with less effect on relieving their negative emotions. Moreover this received support when the CEO #2 left and the interim CEO was appointed, as the change in the tone and character was claimed to have made a remarkable positive change in the employees' perception of the acquisition and integration. As the acquired side put it:

'Somehow this is a question of character; the interim CEO is very precise and clear. You can question [the decisions] but once you get the answer, then you don't question it anymore.'

Although this made a produced a relatively clear cause and effect relationship, the study can question whether the CEO #2 ever received a chance as being appointed as the new CEO shortly after the acquisition and in the midst of the integration. The argument can be made that the acquired employees never saw the CEO as one of them thus hindering

the effects of communication because of the heavy emphasis on individual perception (Kusstascher 2005: 116–117; Sinkovics et al. 2011: 29).

As their integration strategy and plan to relieve the negative feelings of the acquired employees, Firm A put a lot of effort in communicating the long *common history* and *shared values*. This was aimed at relieving mainly the ‘us and them’ mentality and had mixed effects on the employees, as some parts were perceived as a fringe idea at best, but some parts gained support and made them feel that indeed they have something in common and maybe this company is not that bad after all. Although the evidence suggested that a bigger positive effect was created by knowing the fact that with the gradual acquisition and increased ownership, Firm A had actually been funding a lot of Firm B’s projects in the past and been a big support for their expansion in Europe. This was left out of most of the communication regarding the common history. The conclusion can be made that employees felt more relieved and positive about the acquisition when they received information about actual benefits and captured value from the co-operation rather than more visionary communication and supports the notion about the benefits of realistic communication (Schweiger & DeNisi 1991: 127–128; Sinkovics et al. 2011: 43–44).

The fluctuating communication output regarding projects that were part of the integration process, had negative effects on the emotions of employees, especially when there were no concrete evidence of progress or clear-cut separation of what was normal operations and what was part of the integration. This caused a lot of frustrations on the acquired side and was admitted by the acquiring company. They as well wanted to achieve a more normal working environment and getting over the integration period if possible, but not much effort was made on that part. This created feelings that the integration process never ends and demotivated employees.

Overall the *increase in communication*, no matter the content, is claimed to have a positive effect on the employees’ emotions, as the study by Schweiger and DeNisi (1991: 130) suggested, because “organizations that communicate caring and concern to employees, whatever the communication’s informational content, may be able to expect increased employee commitment” by relieving their negative emotions. The increase in communication compared to the beginning of the integration process can be argued to have improved the situation and relieved employees’ negative emotions. Although to provide an opposite argument, the literature reviewed in this study did not regard the difference between employees’ perceptions on what communication is integration-

related and what is unrelated, which seemingly may have cause confusion and negative feelings when everything, good and bad, is perceived to be part of the integration.

To conclude the findings that this study procured (see figure 15), the acquisition had significant emotional effects on the employees of both firms, positive and negative. Communication that came from different integration managers acting the roles defined earlier had positive effects on the emotions of employees much to the support of existing theories, but not in complete unison. Not all forms and means of communication produced the desired outcomes that theory suggests, even though the results were mostly positive. In addition to the obvious lack of communication, the scarce motivational effects of visionary work compared to the effort and acquirer's decision to not communicate directly to the employees and thus cause slight displeasure and rumors about who is really in charge and doubts about the direction the company is heading, seemed to be the low points of this integration. But it is undeniable that much of the perceived communication produced positive outcomes on the employees' emotions in form of gained confidence, relieved fears and increased certainty. By comparing what the evidence revealed about the general feelings of employees in the beginning of the acquisition and in the end, the positive effects of the increase in communication during the almost three years of integration can be clearly pointed out from the findings. It can also be argued that to a degree the resulting communication is connected to the integration managers' roles and to what extent they were fulfilled.

6.2. Limitations of the study

This study has several methodological and theoretical limitations that have to be acknowledged when considering the results. Theoretical limitations are more about the focus and scope of this study, as the lens through which the integration manager's competences and actions will be studied is communication. The challenges of communication during post-acquisition integration will take into account multiple stakeholders but as the clear focus of this thesis, the effects of communication by integration managers are limited to employees. This study will also acknowledge other angles such as leadership or acculturation but does not take them under closer scrutiny because of definition issues. Limitations related to the research methodology and how the research was conducted was mainly concerning the reliability and validity of the study. As the pros and cons of the research methods have already been discussed in the methodology section, the limitations of the whole study are reviewed here in terms of

their influence on the results and the study's ability to make conclusions.

The purpose of this study was to research the use of integration managers and effects of communication on employees' emotions, but was based on a limited amount of data from an in-depth case study. As the primary data, only five people were interviewed in three separate interviews and out of these five interviewees only two were employees from the acquired company. Therefore in addition to their own feelings, much of the evidence provided was based on their perception of how their colleagues reacted to the acquisition and how the following communication changed their feelings. The remaining interviewees were from top management of the acquiring company thus limiting the views to relatively high levels of the organization. In addition the mother tongue of one of the interviewees was not Finnish and thus may have had an effect on their responses during the interview. On the acquiring side, some interviewees had not been with the company at the time of the final acquisition, but joined shortly after, thus providing only their view of past events not based on first-hand information. It can also be noted as a limitation that neither of the two main integration managers were interviewed directly. Overall the quality of the conducted interviews was good and they were very informative but concentrated slightly too much on the ideals of integration practices, managers and communication instead of the actual events and feelings that were felt during the process. Regarding the secondary data, the amount and quality of documentation that the researcher was able to procure regarding the acquisition was relatively limited due to access problems.

To address these limitations regarding the research methodology, the aim of the study was not to make statistical generalizations, but to conduct an exploratory and explanatory research on how integration managers are actually used in a real acquisition and how much their produced communication affects the emotions of employees with the possibility of theoretical generalization. Because of the sensitive nature of M&As, especially the integration period and the merger syndrome, it was difficult to arrange even the few interviews that this research consisted of and after a longer period of chasing after additional interviewees, they were regarded not possible under these circumstances. Secondly it is such a sensitive subject that even though the interviewees were relatively open about it, much of the feelings and emotions were not discussed directly but had to be read between the lines and scrutinized from the transcripts with relentless data analysis. Thirdly, the inexperience of the researcher may have affected the quality and quantity of the data both primary and secondary data. Even though the secondary data was partially lacking, the documentation used were comprehensive

enough to aid in triangulating the primary data and thus provide satisfactory results. In the end the evidence produced was good enough to enable this study to make the necessary conclusions within the research context and overall give a good sneak peek on the integration management practices used in this case, what effects they had on the acquired employees as well as make suggestions on what was missing in them. In general the results were in support of existing theory with some exceptions, but certain theoretical generalizations could be made.

The aspect of internationality was relatively restricted in this study as it was limited to a few European countries, mainly Finland and Sweden, although some additional cultural dimensions came with the integration of Firm B's previous acquisitions as well as both the existing operations of both companies in other European countries. This potentially diminishes the study's ability to argue how much the cultural factors in a more culturally distant international M&A may affect the outcome, but is also a unique feature of this specific case. Additional research with more culturally diverse environment is recommended.

6.3. Theoretical implications

The various limitations of this study and the many questions that communication in integration management left open call for more studies on this subject. This study managed to produce and validate some theory building arguments and make conclusions that may lead to theoretical generalization, but additional studies on integration managers and communication are generally needed so that replication can be claimed. More in-depth studies specifically on the effects of communication on emotions of employees are clearly needed, as this research only scratched the surface of how the situation and different methods of communication affect them but lacked depth on that area. Furthermore this research concentrated on integration management and communication in very high levels of the organization especially on the acquiring side, despite looking at effects of communication on employees' emotions. Additional research on how integration management and communication functions on lower levels of large multinational companies would be insightful. Other lines of research should study the effects of specific forms of communication in more detailed manner, such as unofficial communication which was left to a very small role in this research. Further research could also be conducted to reveal how communication and increase in communication during the integration reflect to the performance of the M&A as this

study mostly ignored the performance aspect.

Instead of the communication aspect, future studies could also concentrate on the stronger influence of level and type of integration, acculturation, leadership, the people factor or a specific situation such as hostile takeover or a merger of equals. Integration managers' roles connected to other mediating factors than communication would be useful for the overall picture on integration management. Qualitative studies of different M&A situations continuing the theoretical generalization and theory building of this study, but with emphasis on different topic would undoubtedly prove useful. Findings on how the differences in these factors affect the integration management would provide useful information as they were only acknowledged but not researched further in this study.

6.4. Practical implications

This study provides companies and managers a few practical implications based on the empirical findings, subsequent arguments and following discussion. First and foremost the existing theory and findings of this study imply that there is a need for dedicated integration manager. Additionally, integration managers operating in a cross-border setting should pay extra attention to the utilization of communication during post-acquisition integration. In order to facilitate the integration process, they should also take note what roles can be made use of and what competences they should develop in order to do that. To update the extant literature, this study came to the conclusion that all the roles of integration managers are not necessarily something to be taken literally to suit a specific situation, but more references on how to produce ideal type of communication for integration management. Integration managers and their supporting integration teams should keep these roles in mind in order keep relative focus on the most important tasks that successful integration requires.

Looking at the effects of communication on emotions of employees, this study indicates that managers should take the emotional outcomes of acquisitions into account and need to develop their emotional intelligence and situational awareness to be able to understand how the employees are feeling during the integration and how to best respond to it. To conclude, managers should make use of all the aspects presented in this study when trying to improve their own management competences in communication and see what tools they can use to have positive effects their employees.

In addition to implications for integration managers' to improve their own performance, this study implies that acquiring firms should take note of these roles, competences and effects of communication when they are planning future acquisitions. From the example of this case, it includes most importantly the planning and execution of the communication strategy throughout the M&A starting from the earlier stages, the selection of the main integration manager, taking into account how the manager fits into the profile presented by this study and how to build the suitable integration team around it to facilitate proper integration and communication output. Also in addition to the selection of the manager, the findings of this study can prove useful when training managers to the demanding job of integration manager.

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APPENDIX 1.

OUTLINE OF THE INTERVIEW

Questions for the acquiring company / acquired company

Interviewee and their background with the company:

Location of the interview:

Date and time:

Setting of the interview:

Basic questions:

1. Your role in the company before, during and after the M&A?
2. Have you been involved in other acquisitions? On-going integration at the moment?
3. Differences between domestic and international acquisitions if been involved in both?
4. How do you perceive the acquisition and especially the integration process? Chaotic, productive, difficult, easy etc.?
 - a. How did you feel when you first heard about it/it happened? Emotions present?
 - b. When did you hear about it, the announcement, prior knowledge, involvement before? How were you informed and by whom?
 - c. How did you proceed after knowing about it as in pass the information onwards?

Integration manager related:

5. Has there been an integration manager appointed to take care of the integration process/be responsible for it in the long run?
 - a. Who was it? What did that person do?
 - b. More as a social concept, not an appointed manager really.

Communication specific:

6. What are the communication strategies the acquirer used in the acquisition, more specifically in the integration process? Were you involved?
 - a. Who communicated what to whom? Official, unofficial?

7. Main purpose of the communication strategy used (relief anxiety, employee retention, increase employee satisfaction) or has there been any thoughts about this (just to give out information)?
 - a. Why do you think this was done? Was it effective?
 - b. Did your feelings/emotions change from the beginning due to receiving information/communication?

8. What did you consider to be the most important things that needed to be communicated to the newly acquired company?
 - a. Mission, vision, strategy etc.?
 - b. Were you satisfied with the information? If not, why not?
 - c. Did the message come out clear?

9. Your perception on the success of the utilized communication in the integration process (if not, why not)?
 - a. Ever been on the acquired/acquirer's side? How would you improve the communication had you been on the other side?

10. Personal style of communication? Roles you play in M&As, communication or otherwise?

11. Any vital skills that managers should possess when communicating in such situations?