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**MERGERS AND ACQUISITIONS:  
A UNIFIED HUMAN RESOURCES MODEL**

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A Thesis  
In  
the John Molson School of Business

Presented in Partial Fulfilment of the Requirements  
for the Degree of Master of Science in Administration at  
Concordia University  
Montreal, Quebec, Canada

March 2001

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## ABSTRACT

### Mergers and Acquisitions: A Unified Human Resources Model

Joy Gandell

The incidence of mergers and acquisitions (M&As) has proliferated throughout the world including all sectors of our society, both municipal and industrial, private and public. However, the majority (60-80%) of them do not reach their intended objectives due to the fact that the merging organizations do not realize the impact of neglecting the human resource factor. Although they properly assess and address the financial and legal issues, they continually overlook this important factor. The present literature suggests what organizations should do to reverse these negative effects and how to properly address the human resources issues. This research seeks to test this list of suggestions, in the form of a unified model, employing the single case study method. The case in question is the newly merged McGill University Health Center (MUHC) comprised of the Royal Victoria Hospital, the Montreal General Hospital, the Montreal Neurological Institute, and the Montreal Children's Hospital. Data from interviews and existing documents are used to support or modify the final model. The qualitative results supported the majority of the unified model, requiring a few modifications. This research has subsequently lead to the development of a unified human resources model for the proper and successful implementation of M&As. The implications of these findings for all organizations, and for M&A theory and practice, are discussed. Suggestions for future research are also provided.

To my father Dr. Alexander Sender Gandell (1925-2000) who passed away during the completion of this study.

## ACKNOWLEDGMENTS

First, I would like to thank Dr. Steven Appelbaum who did more than just guide this project with his expertise; he became an invaluable mentor.

This research would not have been possible without the participation of the MUHC (Dr. Hugh Scott, hospital's the executives, and Catherine Marquis), and my committee members (Dr. Stephane Brutus and Dr. Alan Hochstein). I am extremely grateful to them.

I would like to thank Dr. Maureen Sterling, Dr. Jean McGuire, Dr. Marie-France Turcotte, and Basma Ali for their assistance in obtaining NVivo and with help coding the data. Their efforts were greatly appreciated.

I would also like to thank my friends whose encouragement, and support have made this research less stressful.

I am deeply grateful to my family for their love, support, and guidance. Thanks to my parents, who instilled the desire to learn and the importance of an education. My appreciation for the resounding support and interest my brothers displayed throughout this research. Finally, I want to thank my significant other who believed, supported, and encouraged me throughout the whole process - you truly are my angel.

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## INTRODUCTION

Since the 1980s, the total number of Mergers and Acquisitions (M&As) has far surpassed the number that occurred throughout the 1960s. Whereas the M&As throughout the 1960s were mainly due to unions between conglomerates, the 1980s and 1990s has witnessed an increase in M&As between firms of different sizes and different industry types (Tetenbaum 1999). The trend to engage in this type of vertical integration or diversification does not seem to show signs of abating in the near future. Yet, at best, the firm that initiates the merger usually only achieves normal economic profits while the value created rests almost solely with the firm that was approached (Barney 1997).

The primary purpose of merging and acquiring new firms is usually to improve overall performance (Lubatkin 1983) by achieving synergy, or to attain certain economies of scale (Barney 1997; Burke 1987; Hirshleifer and Hirshleifer 1998; Lando 2000) the more commonly described “2+2=3” effect (Cartwright and Cooper 1993a; Hovers 1971) between two business units that will increase their competitive advantage (Porter 1985; Weber 1996). Synergy occurs when two firms can operate more efficiently and effectively together than apart (Lubatkin 1983). However, the mere existence of potential synergism is no guarantee that this end result will be realized (Cartwright and Cooper 1993a; Kitching 1967). Recent research indicates that most M&As have a negative impact on the economic performance of the new entity (Cartwright and Copper 1993a,b; Marks 1999; Tetenbaum 1999). In fact, it is estimated that 60 to 80 percent of all mergers fail to achieve their financial and strategic objectives (Marks 1999; Marks and

Allen 2000; Tetenbaum 1999). Practitioner journals provide an even bleaker portrayal than more academic journals (Cartwright and Cooper 1993a).

Porter (1987) discovered that due to these reported failures, on average the organizations are forced to divest more than half their acquisitions in new industries and more than 60% of their acquisitions in entirely new fields. The average divestment rate for unrelated acquisitions is even higher at 74%. Which, in essence, means that these organizations are ridding themselves of those areas of business that are performing poorly.

M&As are usually extremely well-planned out in terms of the financial and legal aspects. Therefore, the conclusion that has to be drawn, and research has shown that these poor results have come to be attributed to poor human resource planning (DeVoge and Shiraki 2000). Due to the pressing nature of the financial and legal affairs, implementers often overlook the “people” issues even though they may be just as important (DeVoge and Spreier 1999). They are important to study from an organizational behavior perspective because, according to Cartwright and Cooper (1993a) and Marks (1988), their rate of change, the scale of change, and the great unknown they represent single them out as instruments of major organizational change. This instrument of change usually creates a wide range of mostly negative emotions such as; profound sense of bereavement (Cartwright and Cooper 1993a; Schweiger, Ivancevich, and Power 1987; Marks and Mirvis 1986; Mirvis 1985), increased intraorganizational cohesiveness, heightened resistance to change (Altendorf 1986; Cartwright and Cooper 1993a), anxiety, and stress

(Cartwright and Cooper 1993a; Schweiger et al. 1987) in employees. Their repercussions cause tremendous amounts of discomfort that affect all employees involved, regardless of hierarchy within the organization. M&As have come to be associated with a plethora of negative consequences, among them: lowered morale, job dissatisfaction, unproductive behavior, acts of sabotage, petty theft, increased labor turnover and absenteeism rates, and worsening strike and accident rates (Meeks 1977; Sinetar 1981; Altendorf 1986). The fusion or integration of some or all of their human resources is required, and success becomes heavily dependent on human synergy (Cartwright and Cooper 1993b). Therefore, for sustained competitive advantage to be achieved it is imperative that the M&A be implemented from a financially and legally sound standpoint as well as from a humanistic approach. Therefore, the aim of this research is to build and test a model outlining how the M&A should be implemented from a human resources perspective. By creating this comprehensive model, organizations will use it to guide them in future M&A undertakings. This would increase their rate of success.

The present research begins with a literature review examining the HR issues relevant to M&As and how to implement them from a human resource perspective. This will be followed by the creation of a three phase model and prescriptives that will be set forth to test the above-mentioned model. The research involves an in-depth case study of the newly created McGill University Health Centre (MUHC), thus the methodology will be outlined in detail at that time. Next, the results and comprehensive data analysis will be presented so that it will be possible to revise the model as necessary. The implications for managers and management will be outlined for future researchers. Finally, the

limitations of the study and directions for future research will be itemized, followed by the concluding remarks.

## REVIEW OF THE LITERATURE

### Introduction

As previously mentioned the number of M&As is on the rise. In 1985 3,284 companies were acquired (Marks and Mirvis 1986), and since then the figures have risen steadily (Tetenbaum 1999). One of the late night news programs estimated that in a one week period, the U.S. will witness approximately 600 M&As. This trend seems to be prevalent around the world (Cartwright and Cooper 1993a,b; Haspeslagh and Jemison 1991; Legare 1998; Melin 1992; Weber 1996). Multiply the large number of M&As by the number of employees who experience them (at least one in four U.S. workers have been affected by the current wave (Cartwright and Cooper 1993b)), and the result is mass disruption within the workforce and subsequent failed M&As. If the high failure rates are due to the human factor being ignored, then increasing the involvement of employees in the process would necessarily result in a higher success rate and a greater number of employees capable of enduring and surviving the M&A.

The literature on this subject does not include many empirical studies on the human side of M&As (Weber 1996). From the literature review performed for this research, it has become evident that the majority of references on M&As are found in practitioner journals. None of these articles explain why employees react as they do during a M&A; nor do they provide any statistically significant evidence supporting their findings and recommendations. The meager number of empirically based studies do not compare to the plethora of reviews that exists in the less academic and practitioner journals (Weber 1996). Furthermore, the empirical research that does attempt to examine M&As from a

more humane perspective, usually focuses on only one factor that may improve employees' situation, experience, and environment during a M&A. For example Schweiger and DeNisi (1991) undertook a longitudinal study to examine the effects of communication on employees perceptions and adjustment to a merger (Schweiger and DeNisi 1991). Their results confirmed their prescriptives that a realistic merger preview providing simultaneous and constant communication with the employees does have a positive effect on their commitment, stress, and adjustment to the merger and acquisition process (Schweiger and DeNisi 1991). Another study by Cartwright and Cooper studied the role of cultural compatibility in successful organizational marriages (Cartwright and Cooper 1993b). This study confirmed the prescription that cultural similarity between two merging firms facilitated the development of a new culture (Cartwright and Cooper 1993b). However, no study examined both these variables together.

The aim of the following section is to define M&As; to introduce the variables associated with HR issues; to present the two variables (culture and communications) that will be the focus of the present research; to introduce the stages of a M&A; and finally to impart the theory guiding this research. However, it is important to note that the majority of the literature on M&As will be found in the next section outlining the model.

### Mergers and Acquisitions Defined

It is important to decide whether M&As should be considered as one construct or two distinct concepts. For the purpose of this paper, M&As will be briefly be defined separately and then arguments will be proposed for the them to be considered as one construct. First, an exploration of their common denominator will be presented. Both are



categorized as diversification strategies (Barney 1997; Pitts 1976). Diversification is a corporate strategy that occurs when firms leverage their resources and capabilities by entering new markets or industries concomitantly (Barney 1997). Mergers and acquisitions are just two methods firms may employ to diversify themselves.

Although M&As may have common roots, they do have differences. A merger can be defined as two or more companies coming together to form one, larger firm (Burke 1987). The definition for an acquisition is somewhat different. It implies that one organization, usually a larger one, buys one or more, generally smaller, firms (Burke 1987). In the case of a merger, the integrating companies usually lose their individual identities and try to create something entirely new. Acquisitions, on the other hand, involve different options. The acquiring organization can continue to operate separately or may bring the acquired company into the fold and meld them entirely into the acquiring firm.

The decision to refer to M&As as one construct was made for the following reasons. First, they are essentially two forms of the same corporate strategy, diversification. Second, although the reasons for employing one over the other are dissimilar, they may result in the same end, the creation of one company, be it a new one or an extension of the old one. Both final outcomes involve employees with the same HR needs, who are grappling with the same issues. Third, the literature also combines them and treats them as one entity (Balmer and Dinnie 1999; Burke 1987; Cartwright and Cooper 1993; Daniel 1999; DeVoge and Shiraki 2000; DeVoge and Spreier 1999; Legare 1998; Marks and

Cutcliffe 1988; Marks 1997; Marks 1999; Schweiger and Weber 1989; Tetenbaum 1999; Weber 1996).

### M&A Variables

There are several HR variables affecting M&As. In studies found throughout the literature, these variables have always been explored separately, i.e. corporate culture, communication, change, stress, uncertainty, insecurity, organizational commitment, retention, performance, management style/strategy, and others. The model presented in this paper combines two of these variables, corporate culture and communications. It will demonstrate how a properly implemented M&A will affect the final success or failure of a M&A from a HR perspective i.e. overall employee adjustment. The majority of the remaining variables (change, stress, uncertainty, insecurity, etc...) are seen as possible and potential negative outcomes of poorly managed M&As. Furthermore, this research only focuses on the soft M&A issues, thus excluding variables, such as, type of industry and demographic compositions. Consequently, these two variables, corporate culture and communication, were chosen for this study because, according to the literature (which will be outlined in the next sub-section), they appear to be the two most critical HR factors for M&A success.

Much of the available literature examines and reports the link between the two variables (corporate culture and communication), and the way they strongly affect the various above-mentioned outcomes (stress, uncertainty, job satisfaction, performance, etc...). Several authors have shown that there is indeed a strong connection between these variables. The following list highlights those authors and their studies that examined and

indicated a link between corporate culture, communication, and the resultant outcome variables:

Corporate Culture: Weber 1996; Marks 1997; Daniel 1999; Marks 1999; Tetenbaum 1999; Cartwright and Cooper 1993a,b

Communication: Schweiger and DeNisi 1991; Daniel 1999; Richardson and Denton 1996; Risberg 1997

Change: Richardson and Denton 1996; Kramlinger 1998

Stress/Anxiety: Schweiger and DeNisi 1991; Richardson and Denton 1996; Marks 1999; Cartwright and Cooper 1993b

Uncertainty/Insecurity/Fear/Ambiguity/Doubt: Schweiger and DeNisi 1991; Richardson and Denton 1996; Risberg 1997

Organizational Commitment/Job Satisfaction: Schweiger and DeNisi 1991; Marks 1999; Cartwright and Cooper 1993a

Performance: Weber 1996; Legare 1998; Schweiger and DeNisi 1991; Marks 1999; Tetenbaum 1999; Cartwright and Cooper 1993a,b

Retention/Turnover: Legare 1998; Schweiger and DeNisi 1991; Daniel 1999; Marks 1999; Tetenbaum 1999; Cartwright and Cooper 1993a,b

Management Style/Strategy: Daniel 1999; Marks and Mirvis 1997

Low Morale: Legare 1998; Cartwright and Cooper 1993a,b

For the purpose of this study and for the model, the above outcome variables (stress, uncertainty, job satisfaction, performance, etc...) will be amalgamated and referred to as overall employee adjustment.

## **Culture**

The first HR variable affecting M&As is corporate culture. It is very important to have a clear understanding of what culture is, and to have a guiding definition of culture for the remainder of this study. Organizational culture as a concept has only gained recognition in the past few decades (Schein 1990). Once interest in organizational culture became widespread, attempts were made to define the abstract concept. "Culture refers to the deep structure of organizations, which is rooted in the values, beliefs, and assumptions held by organizational members" (Denison 1996). These deep structures lead a person to make the assumption that organizational culture is a stable notion. Consistent with this

view, Schein (1985, 4) states that culture “is the pattern of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid, and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to these problems.” Schein expanded this definition by proposing that culture operates on three distinct levels a) observable artifacts, b) values, and c) basic underlying assumptions (Schein 1985, 1990). Artifacts are the symbols that are readily apparent in an organization, for example the company logo strewn throughout the firm. Values are the norms and basic truths employees feel are important to their organization. The basic underlying assumptions are those assumptions that are purely unconscious and only come to consciousness when some event occurs to challenge them. It is only when all three levels have been identified that the culture is completely understood (Schein 1985).

A laymen’s definition of organizational culture, and the one that will guide this research, can be stated as the way people work in organizations (Fralicx and Bolster 1997). The term encompasses the formal and informal decision making processes that take place in organizations (Fralicx and Bolster 1997), the power hierarchy (Fralicx and Bolster 1997), and the manner in which people at different levels (of power) interact with one another (Sherer 1994). A further key to corporate culture is determined by the way employees work and behave in the work place in order to rise through the hierarchy (Sherer 1994); as well as the level of risk employees take when they make a decision without the approval of a superior (Fralicx and Bolster 1997). Personnel selection, and how

employees are trained, rewarded and moved through the organization's hierarchy (Fralicx and Bolster 1997), and how corporate culture changes and evolves, are all important features of corporate culture (Fralicx and Bolster 1997). Culture, therefore, incorporates **everything** that occurs in the work place without the realization that these characteristics are representing the organization's culture. Only when one or more of these factors change do employees realize and understand what the "old" way (culture) meant to them and how much it affected the way they conducted their daily business.

Finally, culture should not be confused with values since culture is concerned with the stability, identity, and traditions of the organization (Fralicx and Bolster 1997). Values, on the other hand are only the norms and basic truths that people hold (Schein 1985, 1990). This fits more into the identity part of the definition of culture, therefore, values are not equal to culture they are just one aspect of it. However, the two do interact and influence one another.

It is important to point out and elaborate on a few issues raised above, that organizational culture is stable with the ability to change and evolve (Buono, Bowditch, and Lewis 1985). On an everyday basis, our environment changes and these changes in turn create stresses and strains in a group forcing its culture to learn and adapt (Moore 1985; Schein 1990). Also, as new affiliates join the group, they bring their beliefs and assumptions with them, which in turn influences it (Schein 1990). Although, it is important to bear in mind that individuals tend to select groups that hold similar values (not identical), and avoid others that may follow dissimilar values (Schneider et al. 1995; Veiga et al. 2000).

The group's culture, then, changes and evolves with these situational modifications (Schein 1990). This evolutionary process occurs within organizations along with two more forceful types of changes: when top management perceives the organizational culture to be dysfunctional and in need of change or adjustment (Siehl 1985); when an organization decides to undertake an M&A (Siehl 1985) and two probably opposing cultures are forced to come together (Schein 1990). Many authors (Hatch 1993; Howard 1998; Silvester et al. 1999; Veiga et al. 2000) have written extensively on the subject of organizational culture, however, they all refer back to Schein's (1985) original model and his subsequent revisions (1990, 1996).

One of these authors, Hatch (1993), continues to see the relevance of Schein's model yet says that it would be enhanced by the addition of ideas from the symbolic-interpretive perspectives. The model she proposes is called cultural dynamics because she introduces dynamism with processual terms into Schein's model. Basically, she changes two key points of Schein's model: first, she introduces the use of symbols to link both Schein's theory and the symbolic interpretive perspectives; and second, she makes the four elements of culture, that are central to Schein's theory, a backdrop for the four processes that then become the focus of the cultural dynamics theory. These four processes, manifestation, realization, symbolism, and interpretation are at work in the cultural dynamics model (Hatch 1993). Furthermore, these four processes work in a circular motion, whereby no one process starts the cycle. It can begin anywhere along the cycle (Hatch 1993). It is a continuous production and reproduction of culture that is both stable and prone to change. Manifestation processes are the ways in which a real meaning

comes to the forefront of people's senses, cognition, and emotion (Hatch 1993). Realization processes help make the artifacts, in Schein's model, real and tangible. The symbolic processes are tools organizational members use to construct and create their reality through the use of objects, words, and actions (Hatch 1993). Finally, through the use of symbols, the interpretation processes permit meaning to take place to make sense of the context (Hatch 1993).

Schein's view of culture seems to be the most widely accepted view, simply by the sheer volume of authors who refer to him and use his model as their base. Until such time as a new model is created and tested, this research will follow the model outlined by Schein. The purpose of this research is not to define culture, but to elaborate on a model that outlines the steps necessary to change and create a new culture in the face of a M&A. The description of this model will take place in the next section. However, the other variable, communication, which will help in the implementation of M&As, will be defined next.

### **Communication**

The second HR variable affecting M&As is communication. According to Vecchio and Appelbaum (1995), true communication may be defined as an exact match of a mental picture between a sender and receiver of information. Due to the difficulty involved in creating this perfect mirror image, it is then easy to understand why true communication is so rare. Baskin and Aronoff (1980) define communication as the process of creating common meaning through the exchange of messages. Furthermore, a more precise and applicable definition set forth by Lengel & Daft (1988, 229), states that "communication

is more than simply using the right words to describe something, or reading a message carefully. Effective communication depends on the selection of a medium that has the capacity to engage both the sender and receiver in mutual understanding of the message at hand.”

Therefore, it is obvious that communication is more than one party relaying information to another by any means. The above definitions point to communication’s interpersonal nature involving the use of verbal and non-verbal signs and symbols to create understanding (Vecchio and Appelbaum 1995). Also, due to the fact that there are many opportunities for imperfection, there is increased chance for misunderstanding to occur (Vecchio and Appelbaum 1995). Thus, communication can only be said to take place when there is understanding, through the most effective medium, from all parties involved.

Furthermore, communication media in this situation “are tools executives use to interpret work situations and influence or direct co-workers (Lengle and Daft 1988, 226).” Lengle and Daft (1988) mention there are four different levels of media richness or the depth and type of media communication. From lowest to highest they are: impersonal static media (flyers, bulletins, generalized computer reports), personal static media (memos, letters, tailored computer reports), interactive media (telephone, electronic media), and physical presence (face-to-face) (Lengle and Daft 1988). To fully understand what one party says to another, there must be a good fit between the medium selected to deliver a message and the message, otherwise misunderstanding could result which would affect the desired



outcome. Routine messages are best sent through lean forms of media, however, as the message becomes increasingly non routine it is important to communicate it through richer forms of media (Lengle and Daft 1988; Richardson and Denton 1996; Smeltzer 1991). It is also important that all communicators understand these basic principles of effective communication. In situations such as M&As it is crucial for executives to understand the above principles of communication, because by employing them, their messages will be communicated more efficiently and effectively (Richardson and Denton 1996).

For the purposes of this research (which will be more clearly outlined later on), and from the amalgamation of the stated definitions, communication will be defined as the executives' congruent initiative to make a connection with the employees and explain what is happening to the organization through the use of various media. This is important because the available literature indicates communication to be the key to a successful integration of two clashing cultures. Marks & Mirvis (1986) testify that facilitating communication can help employees manage the merger syndrome (the term they have applied to all the negative feelings that occur as a result of a M&A) because it informs them of the changes in their environment, thus reducing uncertainty, ambiguity, etc. "Change requires not only that good decisions be made about how the change will affect profits, productivity, or quality, but also that these points be well communicated (Richardson and Denton 1996, 207)." Communication contributes to every facet of successful change; it mobilizes and coordinates actions, it creates a sense of urgency and understanding of the vision (Knorr 1993). Whether or not communication is planned or

unconscious, it is always creating impressions and images by the receivers (Balmer and Dinnie 1999; Bernstein 1986). Therefore, the importance of communication throughout the M&A process is clear and its role in the model will be discussed in the next section.

### M&A Stages

The literature on M&As indicates that they progress in stages. Several authors (Ivancevich, Schweiger, and Power 1987; Napier, Simmons, and Stratton 1989; Pritchett 1985; Schweiger, Ivancevich, and Power 1987; Schweiger and DeNisi 1991; Siehl et al. 1990) have written articles specifically to address one of three distinct stages in this process. Each of these stages contains specific, and unique directives, concerning either or both communication and corporate culture, which must be addressed to ensure the eventual success of the M&A. Although most of these authors have written about these stages, none has described each stage per se or their purpose; and none has incorporated these stages into one long process. There are very few authors who have defined these three stages or have written about them together.

Ivancevitch, Schweiger, and Power (1987) developed a model consisting of four different stages (planning period, "in play" period, standstill/transition period, and stabilization period). They liken the merger stages as the peeling away of layers of skin of an onion (Ivancevich, Schweiger, and Power 1987). Each layer is similar yet also consists of some distinct differences.

They describe the planning stage as the period in which an organization considers the possibility of merger, acquisition, or divestiture. This stage is not usually publicly

announced. However, due to the secrecy, leaks occur and rumors typically arise and spread throughout the organization (Ivancevich, Schweiger, and Power 1987).

The in-play stage can be characterized as the period in which an organization has been approached by one or more firms to merge or be acquired (Ivancevich, Schweiger, and Power 1987). As the organization moves nearer to an M&A, the rumors that spread throughout the company change and become more speculative (Ivancevich, Schweiger, and Power 1987). The authors suggest that these two stages together comprise the pre-M&A stage.

The next, standstill/transition stage, commences around the time the M&A is finalized. This period can be defined as one in which unions must pass regulatory hurdles. Employees at this phase are experiencing a lot of waiting and much uncertainty. Their anxiety will be alleviated once the organization passes these hurdles and makes the necessary changes public (Ivancevich, Schweiger, and Power 1987).

The final phase in their model, the stabilization stage, begins once the transition is complete, all the unforeseen changes have taken place, and the new organization is running smoothly and is stabilized (Ivancevich, Schweiger, and Power 1987).

Ivancevich, Schweiger, and Power (1987) are not the only authors who have written about stages in an M&A process. The following model takes its base from Mitchell Lee Marks, a prolific M&A author, and is enhanced by additions from other authors. Marks'

model consists of three phases, appropriately titled: pre-merger, during the merger, and post-merger. Each has general definitions that distinguish one stage from the other. It is important to bear in mind that in reality there is no scientific method to distinguish these phases, rather they tend to run into each other and overlap. They are there simply to help as strategic guidelines.

The first, pre-merger stage, can be defined as the phase in which the planning, negotiation, and deal-making take place to solidify the M&A, which occur before the actual closing and change of ownership (Marks 1997; Napier, Simmons, and Stratton 1989; Schweiger and Weber 1989). The interventions at this time should focus on the employees' immediate feelings and concerns even though top management knows very little at this point about the time frame of the M&A and the subsequent change (Marks and Cutcliffe 1988; Schweiger and Weber 1989). This is a vulnerable stage for an organization in terms of growth and health and the employees' high anxiety level. This time is therefore characterized by lowered productivity, morale, and company loyalty/commitment (Marks and Cutcliffe 1988).

The stage, during the merger, involves all the procedural issues and generally begins once the M&A is legal and the papers are signed. The organization's immediate task is to coordinate the fusion of the two companies (Marks 1997; Napier, Simmons, and Stratton 1989; Schweiger and Weber 1989). The integration of two organizations into one is really one of the greatest challenges facing the new firm (Schweiger and Weber 1989). As the integration plans proceed, more and clearer information needs to be made

available and disseminated (Marks and Cutcliffe 1988). At its best, this stage should witness a release of valuable information to help employees get a clear and realistic understanding of what the merger will mean, and especially what it will mean to them personally (Marks and Cutcliffe 1988).

Finally, the post-merger phase can be described as the actual amalgamation of the new organization, when the two actually come together as one entity (Marks 1997). The interventions that take place throughout this stage are different from those in the previous two phases (Marks and Cutcliffe 1988). They are created to identify and address recalcitrant issues that still remain; which are preventing employees from moving on and accepting the new organization in its entirety (Marks and Cutcliffe 1988).

The present study will outline the human resource strategies vis-à-vis communication and corporate culture during the three stages of M&As to ensure greater success. The first, pre-merger stage, will incorporate the definitions from both models outlined above by Ivancevich et al. (planning and “in play”) and Marks (pre-merger). It will begin when an organization first decides to merge, acquire or divest itself in order to improve its performance. This stage will continue until the organization finds a desirable partner; ensures the union complies with all the necessary regulations; completes the final negotiations; and concludes the planning process. Interventions will focus on addressing employees’ immediate concerns, and establishing plans of action to be followed throughout the rest of the process.

The stage, during the merger, will be defined as the period beginning the moment the merger is finalized and a public announcement is made, internally and externally. Employees will be notified of all the anticipated changes to take place so as to reduce their uncertainty, allay their anxiety, and decrease the amount of waiting time. The integration plans will be more concretized and the actual implementation should be carried out in this phase. Above all, employees should be given information regarding the reason for the union and the consequences to them personally.

Finally, the post-stage is described as the period in which the transition is considered complete, and that the new entity is running smoothly, is stabilized and has witnessed all the possible unforeseen changes. The strategies employed in this stage will reinforce to employees the reason for the M&A and the action plan. They will continue to receive constant reinforcement that the M&A is beneficial and that the organization requires their continual support.

The specific directives (which will further define each stage), required for the successful communication and implementation of a merged corporate culture in each stage, will be described in the following section where an M&A model has been developed and clearly outlined.

With the above issues into consideration, the following prescriptives are being set forth,

*Prescription 1: The M&A process involves the acknowledgement and implementation of the unified model comprising the three stages: pre-merger, during the merger, and post-merger.*

*Prescription 1a: Organizations must follow the proposed unified model congruently. Those that follow the model will decrease their chances of M&A failure. Those who fail to adhere to the model will encounter problems with their employees (inability to cope with the changes), and thereby create difficulties for the M&A.*

### Theory

The guiding theory behind this thesis is that any properly implemented corporate culture and communication system throughout the three stages will have a significant impact on the success of the merger and acquisition because it will help increase employees' overall adjustment (coping). The communications effort throughout the three stages (comprising the model) will first, provide employees with a realistic preview of what is to come, an understanding for what is occurring around them, and the reasons for the change. Second, it will clarify and explain what is expected of them and allow them an outlet for any coping problems. Third, it will provide a smooth transition from their old culture to their new one. They will be comforted by the knowledge that they are a part of something new and exciting.

The culture that will evolve from the merged entities will be newly created. Further, it should be created as soon as possible along with a plan of action outlining how it will be implemented and this should be adopted by all the employees throughout the

organization. The plan of action should be set into motion, immediately, providing the employees with a support mechanism for the difficulties that lie ahead. Finally, the new culture should be reinforced continuously, so that the employees do not revert back to their old ways. By adhering to the model (incorporating the three stages, communication and corporate culture) M&As will have an increased rate of success, as well as a heightened degree of employee adjustment.



## THE MODEL

The overview of the HR variables in a M&A has been examined, and the stages of the model and the theory driving this research have been presented. What follows next will be a more in-depth examination of the two variables, communication and corporate culture, and how they influence each stage of a M&A. The study that follows will develop a unified human resource “model” for how a successful M&A can be achieved. This model will integrate the two main influencing factors (corporate culture and communication) on employees’ overall adjustment during a M&A. Such an integration should lead to the eventual success of a M&A. The corporate culture model will be outlined first, and will be divided into the three stages: pre, during, and post, with the specific directives for this variable delineated in their appropriate phase. The communication model will be presented next, and it too will be divided into the same three stages listing the appropriate implementation steps for this variable. After describing these two models, the final integrated model will be presented.

### Corporate Culture

“There is increasing evidence that cultural incompatibility is the single largest cause of lack of projected performance, departure of key executives, and time-consuming conflicts in the consolidation of businesses (Ernst and Young 1994, 237-239).” Wendy Hall, a strategic consultant indicated that one out of ten senior executives felt cultural issues were important in the pre-stage phase of a merger; however, once these executives had reached the post-stage phase, eight out of ten felt culture was a key issue (Balmer and Dinnie 1999). Furthermore, the Wirthlin Report also maintains that the key to successful implementation of a merger involves recognizing the importance of corporate culture

(Balmer and Dinnie 1999; The Wirthlin Report 1998). No other variable is considered as crucial to a long-term, successful merger than culture (including a common vision and values) (DeVoge and Spreier 1999; DeVoge 2000; Lando 2000). With this in mind, it is therefore of utmost importance that an organizational strategy be clearly defined before merging two cultures.

When organizations merge, they do not only merge their buildings, plants, and equipment, they must also merge their individual structures, people, policies, and cultures. Thus, merging requires the meshing of organizational structures as well as policies. The following will outline the steps necessary to commence merging two cultures in the pre-stage phase of M&As, followed by the same in the during-stage and post-stage phases.

### **Pre-Merger**

As previously mentioned the pre-merger stage starts once the decision to merge has been made, but before it has become a legal entity. The important aspect to remember about this stage is that it is solely preparatory. CEOs and human resource departments must collaborate, create and map out plans of action (Tetenbaum 1999). The plans of action must take into consideration the critical importance of culture, and its ability to sustain or prolong the union. Should there be too great a difference between the two cultures, this variable alone could be responsible for the failure of the M&A (Fralicx and Bolster 1997). Once the pre-merger period has elapsed it is too late to create an action plan (Sirower 1998), because this creates a situation rife for dilemmas and conflicts (Legare 1998).

The following are recommendations to adopt before endeavoring action. It is imperative that the new culture avoid creating winners and losers, but should bring everyone together and drive them forward (DeVoge and Spreier 1999). Further, the changes should be portrayed and viewed as beneficial to the employees because they are the ones who are being asked to adopt and conform to a new long-term vision of the organization. Changing corporate culture is more than simply posting slogans and posters or announcing a new and improved way of doing things throughout the work place (Sherer 1994). Changing culture is the actual implementation and adoption of the slogans as one's own. It is this modification that has the potential impact to yield returns. The changes should be drastically different from the ones previously practiced (Pritchett and Pound 1996). The plan of action should reinforce the expected behavior until the new culture becomes second nature at a later stage (i.e. during the merger or post-merger stage) (Pritchett and Pound 1996). Employees must be able to see the proof (concrete reasons) that the changes work and are beneficial to them, otherwise they could cease subscribing to the new culture (Pritchett and Pound 1996). The proof they require must be received shortly after the initial changes begin (Pritchett and Pound 1996). Alarm should not be sounded if the preliminary results are not favorable (Pritchett and Pound 1996). Sometimes situations appear to worsen before they improve. It is always advisable for management to obtain measurable results to prove that the changes are beneficial (Pritchett and Pound 1996).

To change the culture of a working environment is oddly enough to encourage deviant behavior (Pritchett and Pound 1996). Behavior that has not been the norm is now

probably the target behavior to be rewarded; employees need to become risk takers (Pritchett and Pound 1996). Culture embodies the way in which people work. Thus, changing the culture means changing the way people work.

It is to be expected that culture change will take time; however, it is much like a self-fulfilling prophecy (Pritchett and Pound 1996), it will take the amount of time one believes it will take. If it is felt that the change will take 2 to 10 years (Sherer 1994), then it will take that long “to fill the container.” Nevertheless, expectations for culture change should be realistic. Interestingly, the slower it takes to change, the harder it is to change, thereby allowing employees to grasp onto the old way of doing things instead of moving forward (Pritchett and Pound 1996). An immediate, or fast change, at a constant rate keeps everyone off balance, yet moving forward at the same time (Pritchett and Pound 1996). If the pace is too rapid, it causes the employees increased stress and frustration, and renders them unable to do their work (Pritchett and Pound 1996). The best pace is one slightly faster than the organization’s usual pace (Pritchett and Pound 1996).

The key players in ensuring the success of the corporate culture change are the merged teams executives, and managers (Cannella and Hambrick 1993; Holoweiko 1995; Marks and Mirvis 1997; Pitts 1976). Once they commit to the change and discard the former method of doing things, the rest will follow. The key players must make it clear to each and every employee that the successful change depends on each and every one of the individual employees involved (Covin et al. 1997). The culture change must “seep down” to the lowest levels of employment; everyone should feel the culture change

underway. Without enlisting all the employees' participation, the organization risks losing their interest, their desire to proceed and their maximum effort.

To encapsulate, the most important step during this phase is the creation of a plan of action to integrate the cultures (DeVoge and Spreier 1999; Legare 1998; Tetenbaum 1999). The first step of this plan is making a cultural audit of the merging cultures (Canella and Hambrick 1993; Cartwright and Cooper 1993; DeVoge and Spreier 1999; Holoweiko 1995; Marks and Mirvis 1997; Schweiger and Weber 1989; Pitts 1976; Tetenbaum 1999; Trottier 1998; Young and Post 1993). The audit will also indicate whether merging the cultures will even be possible (Tetenbaum 1999). The organizations that do not do this due diligence, handicap themselves in the end (DeVoge and Spreier 1999). Again it is the executives who must undertake this assessment (DeVoge and Spreier 1999), because it is they who are ultimately responsible for driving the merger forward (Cannella and Hambrick 1993; Holoweiko 1995; Pitts 1976; Trottier 1998).

Once the cultural analysis is complete, the creation of a new culture begins. The decision about the new culture should not be taken lightly, as it too has an impact on the eventual success of the M&A (DeVoge and Spreier 1999). This aspect of the process is all about strategy (DeVoge and Spreier 1999). All the executives must go through this process to identify the new ideal culture, and ultimately to reflect the organization's new mission (Lando 2000).

There are three models which guide how the new organizational culture will be created (The Advisory Board Company 1997): 1. Using one or the other culture. 2. Creating a culture that incorporates the strongest aspects of either culture. 3. Creating a completely new culture that does not use either culture as its base. Regardless of which model of organizational culture is decided upon, one aspect is certain, all employees will face the same experiences: working with former competitors, job loss, and other dissatisfied employees provoking discontent among others. The recommendation would be to follow either model two or three because they do not create a win/lose situation (DeVoge and Spreier 1999). Research indicates that mergers of related firms are more likely to realize synergies than mergers of unrelated firms. Weber (1996) found that the greater the cultural differences between the combining top management teams, the lower the effectiveness, and the lower the financial performance of the finalized merger.

Furthermore, executives should also consider the level of 'acculturation' both firms must go through during this time of creating a new culture; it could influence which cultural model will be chosen. Nahavandi and Malekzadeh (1988) incorporate the model of "acculturation" developed by Berry (1983, 1984) which identifies four modes through which "acculturation" takes place in order to identify the optimized model of organizational culture in the pre-merger stage. These "modes" depend on the type, size, and cultural characteristics of both the buyer and the target. They are:

1. *Integration*: when members of the acquired firm want to preserve their culture and identity, and want to remain independent. This usually leads to structural

assimilation of two cultures, but little cultural and behavioral assimilation (Berry 1983).

2. *Assimilation*: is always a unilateral process in which one group willingly adopts the identity and culture of the other (Berry 1983, 1984). Overall, the acquired firm will be absorbed into the acquirer, and it will cease to exist as a cultural identity.
3. *Separation*: involves attempting to preserve one's culture and practices by remaining separate and independent from the dominant group (Berry 1983). There will be minimal cultural exchanges between the two groups, and each will function independently.
4. *Deculturation*: involves losing cultural and psychological contact with both one's group and the other group, and it involves remaining an outcast of both (Sales and Mirvis 1984).

The authors recognize that there is no optimal way to deal with various merger situations because of the characteristics of individual firms involved in the transaction. Some of the major factors that are suggested by the authors can be best explained by a modified version of the model developed by Berry (1983), which is summarized in the following tables:

|   | <u>How much do members of the acquired firm value preservation of their own culture?</u> |                    |                      |
|---|--|--------------------|----------------------|
| <u>Perception of the attractiveness of the acquirer</u> | Very Attractive  | Very much          | Not at all           |
|   | Not at all attractive  | <b>Integration</b> | <b>Assimilation</b>  |
|   |  | <b>Separation</b>  | <b>Deculturation</b> |

Table 1: Perception of attractiveness vs. culture preservation.

Table 1 shows the relation between the perceived attractiveness of the acquirer's culture and the perceived attractiveness of the acquired firm's culture. The best "mode" of

acculturation (integration, assimilation, separation, and deculturation) in each scenario is shown (step 1).

The next major step, towards deciding which new culture will emerge, is to measure the degree of multiculturalism of the firms and the degree of relatedness (in operational terms) of the two organizations:

|  | <u>Culture: Degree of multiculturalism</u> |                      |                      |
|--|--|----------------------|----------------------|
| <u>Diversification Strategy: Degree of relatedness of firms.</u> |  | <b>Multicultural</b> | <b>Unicultural</b>   |
|  | <b>Related</b>                             | <b>Integration</b>   | <b>Assimilation</b>  |
|  | <b>Unrelated</b>                           | <b>Separation</b>    | <b>Deculturation</b> |

Table 2: Degree of relatedness vs. degree of multiculturalism.

According to the two different scales, the first being the degree of multiculturalism and the second being the degree of relatedness of the firms, the best "modes" (integration, assimilation, separation, and deculturation) are shown. A successful merger will develop not only through financial and strategic analysis and planning, but also through measuring the congruence between the employees' distinct preferences of the two cultures to be integrated.

Once the ideal culture has been identified, a plan of action is created to facilitate the assimilation of the cultures, so as to avoid any potential problems highlighted in the cultural audit (Cartwright and Cooper 1993b; Lake 1997; Marks and Cutcliffe 1988; Tetenbaum 1999). This plan of action will also help avoid potential culture clashes in later stages. A culture clash evolves in the following way: first, employees recognize the cultural differences and revalue the way they do things; second, they view their own culture as being superior to the other(s); third, each side attacks the other resulting in one



side/culture winning over the other(s) (Marks 1999). As well as creating plans of action, it is important to attach timetables to them, so that the process is assured of moving forward and that the effort proceeds on schedule (Daniel 1999; Lake 1997).

This stage can be characterized as solely preparatory. It involves mainly the CEO and key executives: 1) conducting a cultural audit of the existing cultures; 2) creating a new culture with the guidance of the three models and the four modes of acculturation; 3) establishing the integration plans of action and the timetables associated with them. These steps aid in ensuring the smooth completion of the remaining process, as well as the success of the M&A.

### **During the Merger**

“Employees should be equipped with tools to help them deal productively with the concept of constant change, to develop new relationships, and to engender the support of new managers (Sherer 1994, 22).” It is imperative the integration phase be properly managed and executed so that the organizations can achieve their forecasted financial and strategic objectives (Daniel 1999).

The management of this phase involves the implementation of the plans that were created in the pre-stage. These plans are set into motion by the key executives of the organization who ultimately provide direction, orientation, and conflict management and resolution; and who shape the new reality (Daniel 1999; Marks and Cutcliffe 1988). It would be easy to avoid this phase because of the possible difficulties involved, such as the imposing size (possibly tens of thousands of employees), and because the

organizations are possibly built on previous M&As (Tetenbaum 1999). However, top management must remember that if this stage is left unmanaged, culture clashes could erupt and disrupt the M&A (Marks 1999; Smye and Grant 1989). It is also important that these same leaders not declare the M&A over too soon; because although it may appear as though the employees have successfully accepted the new culture, announcing it as over prematurely may revert people to their old ways (Daniel 1999).

The most important way to execute a merger, and change a culture successfully is to communicate a clear vision and to provide a definite direction (Daniel 1999; Lando 2000; Marks and Mirvis 1997). This serves to offer the employees a glimpse of their future (Daniel 1999; Marks and Mirvis 1997). The open dissemination of information of future changes in organizational structure has the effect of reducing employee stress levels (Daniel 1999; Smye and Grant 1989). This, then, is the objective. When employees do not know their standing within the institution, i.e. in terms of possible layoffs, their productivity is negatively affected (Smye and Grant 1989). Furthermore, as time elapses and no explanations are forthcoming, employees settle back into their former culture and delay the post-merger process (Sherer 1994). Speed is an issue in preventing employees from enduring lengthy periods of uncertainty and stress (Daniel 1999). The organization's plans of action, created in the previous stage, must keep the process moving swiftly forward (Daniel 1999).

As early as possible, the issue of staff placement at all levels of the organization must be confronted (Daniel 1999; Marks and Mirvis 1997; Smye and Grant 1989). Ensuring that

the right decisions are made regarding which executives stay and which leave (using predetermined criteria), will optimize the chances that the right decisions will be made vis-à-vis the merger, and thereby will increase the likelihood of a successful merger. The inability to address these concerns can put a negative spin on the M&A (Daniel 1999). This is one barrier to change that can be avoided (Daniel 1999).

One way to define the new organizational structure and culture is to create transition/work teams and coping mechanisms. This serves to facilitate the successful transition of the employees (Daniel 1999; Marks and Cutcliffe 1988; Schweiger and Weber 1989; Tetenbaum 1999). The transition/work teams keep the M&A moving forward (Daniel 1999); promote learning and problem solving; and help build and implement the new culture (Schweiger and Weber 1989). These teams in essence implement the plans of action that were previously created, and advise management on what is working well and what is not. In this way, the organization maintains its normal functioning throughout the transition period (Daniel 1999). Without these teams, the organization runs the risk of overlooking M&A related issues because executives are busy attending to their daily functions (Marks and Cutcliffe 1988). Without the work of these teams, organization wide confusion and inaction may result because employees require clear guidelines and information pertaining as to who is responsible for the what is the new organization (Smye and Grant 1989), and this adversely impacts upon the merger.

It is of paramount importance to ensure that a strong and efficient human resources department is chosen from either within or outside the institution (DeVoge and Spreier 1999). The human resources department (HR) must consist of people with whom employees feel comfortable. They must be able to seek their advice and to air their own concerns about the merger whenever necessary. The HR department, in turn, needs to inform the senior management team of these issues, and the latter must address them either through meetings with employees or in the company newsletter (Smye and Grant 1989). Furthermore, HR usually has several mechanisms (i.e. psychological services, consultants, etc.) to help employees cope with the events occurring in the organization (Schweiger and Weber 1989). In this way the organization communicates to the employees its concern and willingness to work with them and help them through the process.

We have seen from the above literature the importance of certain issues, and the necessity of addressing them and implementing them properly at this crucial stage. This can be successfully achieved by adhering to the plans of action, and by communicating a clear vision and direction for employees to follow. Speed is of the essence, both in terms of maintaining a momentum and in appointing the appropriate people to all positions, especially top management positions, in the new organization. Finally, this can all be accomplished with the implementation of transition/work teams and a strong HR department that provides a wide range of coping mechanisms for employees. The final stage of the process will be discussed in the next section.

## **Post-Merger**

“Even in the best of circumstances, mergers can so change the nature, orientation and character of one or both of the merger partners that five to seven years are typically needed for employees to feel truly assimilated in the merged entity (Covin et al. 1997, 1).” Although the implication here is that the M&A is now over, this is not the case. This phase simply calls for different kinds of interventions from those previously discussed in the previous stages (Marks and Cutcliffe 1988).

Due to the multitude of changes, the post-merger period witnesses many problems of adjustment (Mirvis and Marks 1992). These problems may come to the organization’s attention only through the implementation of monitoring mechanisms (Daniel 1999; Marks and Cutcliffe 1988; Marks and Mirvis 1997; Mirvis and Marks 1992). A few examples of monitoring mechanisms are: employee surveys, feedback sessions, and an integration audit (Marks and Cutcliffe 1988). The first two are pretty self-explanatory, the third is an evaluation of merger goals and implementation progress, as assessment of the assimilation in specific departments, and an examination of any further actions deemed necessary to enhance the integration (Marks and Cutcliffe 1988).

Some of the adjustment problems that may surface as a result of these monitoring instruments are employees’ fears over the situational loss of control, the possible loss of their job, and the financial responsibilities concomitant with the loss of a job (Mirvis and Marks 1992). The post-merger period can be compared to starting with a blank slate in any other new organization. There is no recognition for the years of dedicated service in

the original institution (Mirvis and Marks 1992). Moving into the realm of the unknown with a newly inherited manager and a strange new team is also disconcerting and anxiety-provoking (Mirvis and Marks 1992). The loss of effective and close team members is also fraught with fear and sadness (Mirvis and Marks 1992).

When forced to deal with new team members and supervisors, employees may frequently develop fears of taking risks and/or raising sensitive issues. They may adopt an “us versus them” thinking (Mirvis and Marks 1992), where trust for the new team member is minimal. Conflicts and disagreements are more difficult to resolve, if at all, and friction occurs more frequently. Not only during the merger, but in particular post-merger, the new team experiences its greatest difficulty and challenge in moving forward as a whole.

Sometimes employees’ fears are offset by the hope that they are acquiring new skills, and that a state of normalcy will return and with it, the creation of a new and growing organization (Mirvis and Marks 1992). This personal growth and the new possibilities of the organization, combined with the reduction of competitiveness and increased togetherness of the two merging competing companies, may be viewed by some employees as a relief. Theoretically, it is better to be part of an improved structure than a member of the abandoned original institution.

Employees have also been known to experience the merger as a loss of a loved one, or may experience the situation as a personal crisis and panic (Sherer 1994; Mercer in Sherer 1994). This panic may manifest itself as listlessness, apathy, a preoccupation with

the past, as well as a lack of commitment to the new culture, and/or active resistance to the new system (Mirvis and Marks 1992). “Their only certainty is that nothing is certain (Sherer 1994, 23).”

When the organizational group experiences the merger as a ‘loss,’ the individual group members can help each other cope with their loss, in order to move on with their new entity, much like in a grieving process for a deceased relative (Kubler-Ross 1969). Knowledge of the grieving process has proven to be quite successful in helping employees’ cope with the feelings of loss experienced during the merger process (Kubler-Ross 1969). As in grieving, employees pass through four stages.

1. Denial stage - executives may not be able to accept the fact that the merger will actually occur or somehow hope and feel that the offer will be withdrawn.
2. Anger stage - executives may experience anger at the acquiring firm or at their fellow executives for allowing this to occur.
3. Bargaining stage - executives may propose unrealistic suggestions to keep their present position of autonomy and power intact.
4. Acceptance stage - executives realize the finality of the merger and accept the fact that they must prepare themselves accordingly.

Some employees try very hard to fit in culturally even if by doing so it necessarily translates into less effort devoted to their work tasks. They may feel devalued, as though their past work years are insignificant (Sherer 1994). This loss may be felt so deeply that it could be taken as a personal attack to their identity (Bridges 1991). Employees may think only in terms of what they should have done and that somehow they must have

done something wrong (Sherer 1994). In all these cases it is always important to treat the past with respect, while at the same time giving them reassurance and reasons why they should move forward with the organization (Daniel 1999).

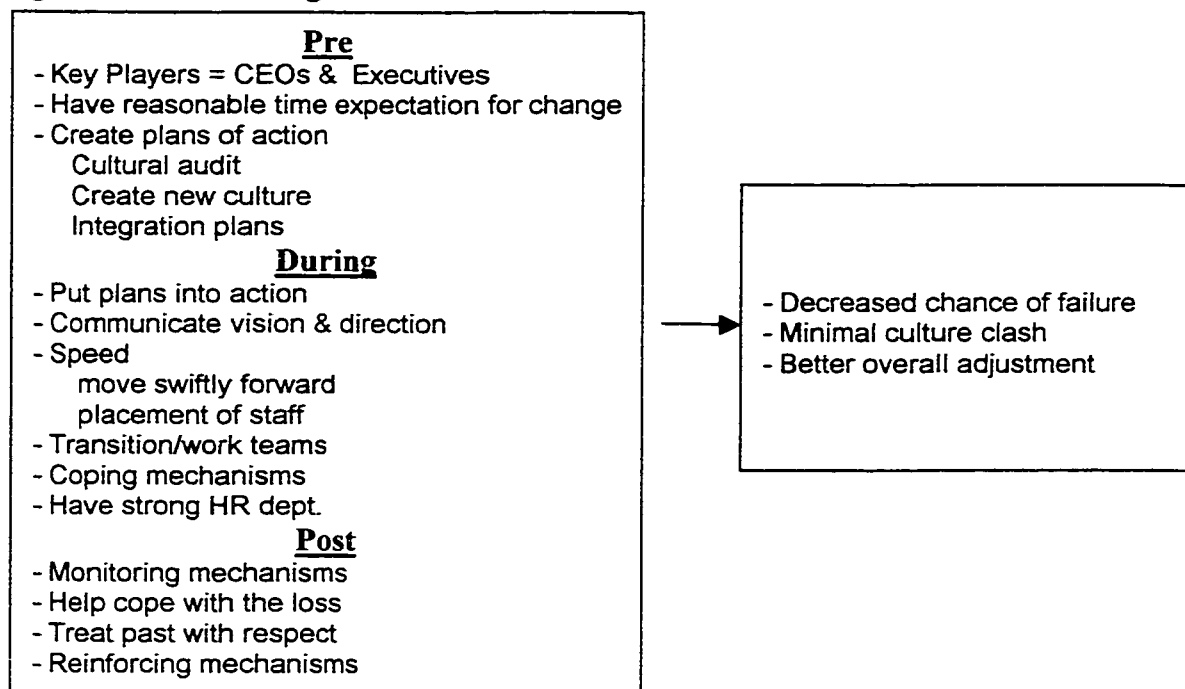
Reinforcing mechanisms are key methods to employ in attempting to reduce some of the negative reactions listed above (Daniel 1999; Marks and Cutcliffe 1988; Marks and Mirvis 1997; Mirvis and Marks 1992). Firstly, managers can become role models for their employees by modeling the appropriate behavior. This is far more potent in changing and maintaining new actions and mindsets than words alone (Daniel 1999; Marks and Mirvis 1997). Secondly, organizations must never underestimate the emotional impact of such a drastic change, and need to create symbols to tangibly show employees that the old organization is no longer and to confirm concretely the beginning of the new institution (Bridges 1991; Daniel 1999). Most importantly managers must allow employees time to heal from the shock and sorrow (Daniel 1999).

The most important issues to be gleaned from this stage are: to acknowledge that there will be different reactions and problems of adjustment; and that they can be identified with the aid and implementation of monitoring instruments. Furthermore, once they have been identified they can be remedied by various reinforcing mechanisms. This marks the end of the three stages of M&As with respect to cultural integration.



The following illustration summarizes the three stages of cultural integration in a M&A and the actions necessary in each stage to achieve a successful merger. To see where each strategy comes from please see appendix 4.

Figure 1. Cultural Integration Model



The above model was created directly from the literature outlined in the previous section. The model is divided into the three stages (pre, during, and post) that were described in the first section. The strategic implementation issues, that were discussed in the literature review are summarized here to commence building the unified HR M&A model. The literature suggests that by implementing these tactics there should be a reduced rate of M&A failure. Furthermore, if these steps are followed they should reduce the incidence of culture clash. Finally, if all these procedures are implemented, the final result should be better overall employee adjustment. This model is intended to be a brief outline for the necessary steps required to implement an M&A from a cultural perspective only.

New cultures are usually established during a period of overwhelming change requiring effective management for the successful transition to occur. One essential tool to try to manage this change effectively and constructively is communication. This will be examined next.

### Communication

A proper communication effort will contribute to a successful transition, in this case, a thriving M&A, by synchronizing actions with words, creating a sense of urgency, transmitting the new vision, delineating the new direction, and mitigating the fear of job loss (Knorr 1993). From this we can deduce that communication is a very important variable in an M&A (Daniel 1999). The following sub-section will explore the necessary actions required vis-à-vis communication at each of the three M&A stages (pre, during, and post).

#### **Pre-Merger**

The outcome of the M&A not only depends upon the firm's performance, but also on how employees perceive what is happening in their surroundings during the "pre-stage" of the process (Risberg 1997; Shrivastava 1986). Their expectations are formed at this time as a result of the formal and informal communication channels. Their perceptions influence their future actions which subsequently impacts on the success or failure of the M&A (Risberg 1997). Therefore, a lack of proper planning and communication during the pre-merger stage could set the stage for rampant false and damaging rumors, anxiety, and ambiguity later on (Marks 1982; Risberg 1997, Young and Post 1993). Consistent with this premise, Smeltzer (1991) reported that the two most frequently cited symptoms

of unsuccessful change are: first, the proliferation of negative, inaccurate rumors; and second, learning of the change initiative from the press rather than top management. It is important to note that proper communication means reaching the right decisions about which medium to disseminate which messages. Top management should always remember that “there is no electronic substitute for face-to-face discussions when issues are non-routine” (Lengle and Daft 1988). Furthermore, telling should never be confused with communicating (Smeltzer 1991). Top management should walk around the organization to familiarize themselves with the employees and then through this personal contact, combined with their own judgment, make decisions regarding the type of communication that is appropriate to the specific situation (Boroson and Burgess 1992; Lengle and Daft 1988). Finally, the information employees receive at this time should be consistent among the members of top management. Failing this, any communication will only confuse them and leave them with negative opinions of the M&A.

At this point the most crucial step is to create a communication plan of action that will properly and efficiently relay all the merger messages and information to the employees (Balmer and Dinnie 1999; Burke 1987; Knorr 1993). The four issues to be taken into account when creating these plans are: the audience, the timing, medium, and message (Daniel 1999). This plan of action should be considered the centerpiece of the change strategy and if effective will keep the merger moving forward (Knorr 1993). Moreover, the plan should be implemented congruently by all members of the top management team; otherwise, it will create confusion, ambiguity, and uncertainty (Balmer and Dinnie 1999; Risberg 1997). The action plan should first begin with the communication

regarding the negotiations and the final M&A announcements (Smeltzer 1991). According to Lenge and Daft (1988) such a non-routine and difficult message, which has the ability to incur much insecurity and ambiguity, should be delivered through the “richest” medium available, that is a face-to-face announcement from top management. This will have a double effect of extending the CEO’s presence throughout the organization, and aiding the implementation of company strategy (Burke 1987; Lenge and Daft 1988; Lewis 1999; Young and Post 1993). A less rich medium, such as a memo, may leave top management with the perception that the employees have understood the news and that all is under control, when the opposite may be the case (Lenge and Daft 1988; Young and Post 1993). Thus, the presence of emotional cues, as conveyed by a richer medium (face-to-face), will send out more of a logical message than one fraught with intense emotions (Lenge and Daft 1988; Young and Post 1993). As the M&A messages become more routine and accepted throughout the organization, top management can then move towards less rich media (memos, email, and newsletters) to relay the information.

The plan of action must also establish a framework for two-way communication so that employees may have an avenue to voice their concerns, needs, and fears to top management (Young and Post 1993). This will further assist top management in more effectively addressing the employees’ concerns and issues in future communication efforts, thereby supporting the employees through this tumultuous time in their lives (Young and Post 1993).

Change is best handled when all the parties involved know why the change is being implemented (Bridges 1991; Levinson 1996). Therefore, the communications should aim at educating, informing, and persuading employees (Lewis 1999), because they need to carefully examine the information provided and verify it for themselves; they need to see for themselves that the change is necessary (Bridges 1991). This is an extremely effective way to help employees cope and continue the change process, while overcoming the resistance to changes that will invariably be introduced (Lewis 1999).

Irving Janis (n.d.; Marks and Mirvis 1986), a psychologist who produced landmark research at the University of California at Berkeley provided some insights that can be useful in this situation. He found that hospital patients, forewarned of the pain during an operation and of a realistic portrayal of their recovery, healed more quickly with fewer complications (Marks and Mirvis 1986). Schweiger and DeNisi (1991) also discovered that providing employees with a realistic merger preview helps them cope with the change. They found that informing the employees of what was to come helped reduce their anxiety of the unknown and subsequent shock when it actually occurred. Therefore, if managers want their employees to “heal faster” with fewer complications, it is imperative that they forewarn their employees of the merger and the resultant implications.

There is a strong need for employees to constantly be on the receiving end of information (Greenhalgh 1983). Information overload does not apply in these times (Greenhalgh 1983). Should employees lack sufficient information, they may manufacture it

themselves. This results in creating more stress in the employee with potentially deleterious effects on the whole organization (Greenhalgh 1983). Not only should employees receive an arsenal of information, but the information should never contain contradictions of any sort, nor give the appearance of concealing information (Bastien 1987; Litterer and Cisneros 1983; Risberg 1997). The information that is conveyed should never elaborate or speculate upon hypothesized scenarios of what may happen. Employees should not be expected to see more advantages than are realistic, nor should they expect that there will never be any setbacks. It is more realistic to assume that “things always get worse before they get better.” Finally, by communicating properly, organizations decrease their chances of having a high turnover rate (Bastien 1987). The lowest turnover rate possible is desirable in this situation and one of the ways to achieve this level of retention is by continuously communicating with employees (Bastien 1987; Hayes and Hoag 1974; Schoennauer 1967).

#### Rumors

The issue of rumors must be addressed here because although rumors can begin and/or erupt at any point in the process, it is especially problematic at this stage. Rumors have been defined, by Rosnow (1988), as “public communications that reflect private prescriptives about how the world works.” He further explains that rumors are “embellished by allegations or attributions based on circumstantial evidence, they are attempts to make sense of uncertain situations (Rosnow 1988).” This definition makes clear why an M&A situation, which is already teeming with uncertainty, for all those involved, has the potential of becoming rife with rumors. In a time of change and novelty, rumors are employed to help make sense of an otherwise non-comprehensible

circumstance (Pepper 1942; Rosnow 1988). The “basic law of rumor” as stated over 50 years ago by Allport and Postman (1945), refers to the amount of rumor in the environment as a function of the importance of the subject to the individual multiplied by the amount of ambiguity surrounding the subject matter. Therefore, in an organization undergoing a M&A, the upheaval is extremely significant to each and every employee, and if this upheaval is aggravated by poor and/or little communication then the condition will be ripe for rumors. Smeltzer (1991) discovered in his study that the “presence of rumors most differentiated between effective and ineffective announcements.” The responsibility lies with top management (Schweiger and Weber 1989) to ensure that potent communication is disseminated to reduce the creation and spread of rumors.

Due to the necessity of suppressing rumors before they begin, it is imperative that the merger discussions and messages should be announced to the employees of the organization before they are formally publicized (Risberg 1997; Rosnow 1988). The idea is to communicate what management knows when they know it, so that employees are not left to speculate and create rumors about what they imagine is going on (Schweiger and Weber 1989; Sinetar 1981; Smeltzer 1991; Ivancevich et al. 1987; Marks and Mirvis 1985; Young and Post 1993).

Not only do employees need to know what is happening, they need to know why and how, as well (Schweiger and Weber 1989; Sinetar 1981; Smeltzer 1991; Ivancevich et al. 1987; Marks and Mirvis 1985; Young and Post 1993). Top management, or more specifically the CEO, must act as a communication champion, armed with a

communication philosophy, (Young and Post 1993) and must address the main concerns of his/her employees (Kramlinger 1998; Smeltzer 1991). There are four maxims that messages must adhere to in order to ensure success. They are maxim of quantity (provide enough), maxim of quality (be trustworthy, provide evidence), maxim of relation (be relevant to the subject at hand), and the maxim of manner (be orderly, clear, and brief) (Grice 1975; Rosnow 1988; Smeltzer 1991). According to Kramlinger (1998), after the employees hear the message about the M&A, they should be able to understand: the business strategy, the rationale, their contribution, the benefit to themselves, and their decision to commit to the change.

The final announcement that must be made to the employees before the anticipated change is the identification of what and who will be changed or terminated (the primary changes) (Bridges 1991; Leana and Feldman 1989). Employees must be given a portrait of the changes to reduce the element of surprise. Secondly, they must be told what the probable secondary changes will be as a result of the primary changes (Bridges 1991). In addition, those who will be most affected by these cause-and-effect changes must be identified at this time. Finally, it is necessary to pinpoint what everyone loses (Bridges 1991). By identifying these issues before they actually occur, two effects appear -- a preparedness for the change and an absence of surprises. In the final analysis, employees will most probably feel a higher level of trust towards their employers since they were party to the 'p priori and posteriori' changes (Bridges 1991).



There are several essential points to be gleaned from this stage: namely, the importance of proper effective communication; the importance of employees learning of the initiative from top management rather than the press; and the negative effect of rumors on employees. Finally, the key points essential to developing an effective communication plan of action were outlined. Adhering to the communication plan of action in the “pre-stage” phase does not mean that communication throughout the remainder of the M&A process could become lax. The steps to follow in the last two stages will be discussed next.

### **During the Merger**

With the merger in this phase, the need for continued communication is equally important (Risberg 1997; Schweiger and Weber 1989). The purpose of creating the communication plan in the pre-stage of the merger was to outline and define actions that will also be taken in this stage and the post-merger stage. Communication throughout this stage addresses different issues than those in the pre-merger stage (Schweiger and Weber 1989). Some of them are transition plans, layoffs, change of benefits, integration of the different organizational cultures, to name a few. These issues must now be clarified by properly communicating them to the employees (Haspeslagh and Jemison 1991; Risberg 1997; Schweiger and Weber 1989). This is also the time when top management possesses more specific information about the changes which must be communicated in a continuous, timely and efficient manner (Balmer and Dinnie 1999; Schweiger and Weber 1989; Young and Post 1993).

It must be reiterated that any new information, be it positive or negative, should be announced in as rich a medium as possible (Lengle and Daft 1988; Marks and Mirvis 1986; Schweiger and Weber 1989; Smeltzer 1991), and that employees need to be kept informed as soon as new information comes to the fore (Balmer and Dinnie 1999; Young and Post 1993). Even when there is nothing new to report (Balmer and Dinnie 1999; Risberg 1997), employees should be informed of the status quo. Information that has become routine should be communicated via a less rich medium (Graves 1981; Lengle and Daft 1988; Napier et al. 1989; Schweiger and Weber 1989; Smeltzer 1991).

Upon the announcement of a merger, tension and distrust are immediately cited as its consequences. It is therefore, very beneficial to implement measurement techniques to quantitatively track the effectiveness of the information flow throughout this very important time (Knorr 1993). If the results show there is minimal effectiveness (that the information has not been interpreted properly (Knorr 1993; Risberg 1997), a new strategy must be designed and adopted to achieve maximal effectiveness. The strategy should be created by the people controlling this flow of information with the help of the human resources personnel (Knorr 1993). Furthermore, someone from top management must be held responsible/accountable for the plan of action (Young and Post 1993) so that the tracking of the effectiveness of the communication can be properly assessed. This integrates the goal of feedback loops whereby employees have their opportunity to voice their opinions, suggestions, and concerns (Daniel 1999; Risberg 1997).

Crisis management is a situation in which a management team becomes defensive and isolates itself from the acquiring firm in order to cope with the stress. This has an added negative effect on the organization's relationship with its own employees (Burke 1987; Marks and Mirvis 1985; Marks and Mirvis 1997). When management turns inward in this manner, communication with employees suffers (Burke 1987; Marks and Mirvis 1997) making it more difficult for the employees to deal with the merger. Again, in the absence of formal information channels, rumors and gossip exponentially increase among the employees (Meyers 1999). This argument is buttressed by Schweiger and DeNisi (1991) in their longitudinal field experiments. The authors state that faced with the stressful situation of not knowing their "final destination" in terms of their future with the company, employees deal with stress in unproductive ways, attempting to reduce uncertainty. Reliance on rumors and other informal communications becomes an unsuccessful attempt at reducing anxiety (Napier et al. 1989).

It is clear that throughout this period, employees are only thinking of themselves and how the merger is going to affect them personally (Daniel 1999; Mirvis and Marks 1992). So, when attempting to take their feelings and concerns into consideration, it may often seem simpler and easier for management to distort some facts in order to spare them pain and suffering. However, it is always more beneficial to tell the employees the truth, even though it may be painful to hear. At some point they will have to be told the facts, and at that point the consequences of not having been told are much more destructive. It becomes very damaging to an organization if and when their employees decide not to

trust them. Constantly providing employees with truthful facts will only build trust (Daniel 1999).

The most constructive way to relate with employees in this stage is to reveal all the anticipated losses, real and/or perceived (Borason and Burgess 1992; Bridges 1991; Maurer 1996). By simply and directly acknowledging the loss experienced by the employees, while expressing concern and sympathy towards them, the organization is demonstrating an empathy and an identification with the way they feel, which can lessen the loss (Daniel 1999). Ignoring the loss only exacerbates the problem and heightens the feelings of loss felt by the employees (Borason and Burgess 1992; Bridges 1991; Maurer 1996).

According to Litterer and Cisneros (1983), the following are some basic guidelines to conduct a merger or acquisition in the least stressful way for employees. Initially, management needs to tell employees what the new organization will mean for them individually and what it will mean for the organization in general. This gives the survivors more than an abstract impression of what is going to happen and it also gives them a deeper form of information, something other than just telling them and selling them on the advantages that will be derived from the merger.

A merger timetable should be formulated to give employees an idea as to how long they may be facing uncertainty and stress, i.e. about layoff (Daniel 1999). The best policy is always to share information as quickly as it is known (Burke 1987). If too much time

elapses between first learning the information and the actual dissemination, the greater the risk of a leak occurring followed by subsequent dissonance. This only causes employees more unnecessary stress and pain. Therefore, as soon as the specific employees who will be laid off have been selected, managers should let them know personally and immediately (Burke 1987).

The two stress-inducing qualities most frequently cited in relation with mergers are uncertainty and insecurity (Marks 1982), creating the merger syndrome (Marks and Mirvis 1997). This atmosphere produces stress on the part of the executives and can affect not only the perception of the merger, but interpersonal relationships as well. The syndrome can lead to an increased centralization of the acquired firms' management team, which further leads to a decrease in communication with employees about the merger process (Marks and Mirvis 1997; Mirvis and Marks 1986; Schweiger and Weber 1989). It ultimately leads to rumors and insecurities about the merger. This vicious chain of events can definitely sabotage the success of the merger. One salient point is that the most effective communicators are those who both send and receive messages (Kinkead and Winokur 1991). By effectively addressing employees' concerns and fears concerning the organizational change, organizations can avoid resistance to these changes by converting these feelings into support for the restructuring, reorganization, and/or M&A (Young and Post 1993). Therefore, managers must communicate to manage tough organizational changes (Young and Post 1993).

On the other hand, as some researchers suggest, realistic communications with employees during mergers and acquisitions might alert competitors or cause employees to leave an organization rather than endure the change process (Buono and Bowidich 1989; Marks and Mirvis 1986; Pritchett 1985). This does appear to be a risk involved in communication during the M&A process. However, it is a necessary risk because the literature is replete with studies supporting the notion that realistic, open, and honest communications does help employees cope with the stress, uncertainty, insecurity and dysfunctional outcomes that may come from M&As (Bastien 1987; Schweiger and DeNisi 1991).

In the final analysis organizations must appreciate the flood of these negative emotions experienced by employees at this time and must be able to assuage (or alleviate) them through a supporting communication action plan. To which provides continuous and honest information through a variety of media on all new issues relevant to this phase. A timetable must be enforced and accountability for the plans of action must be ensured at this stage. Finally, organizations must also implement measurement tools and feedback loops to get a proper assessment of how the employees are reacting to the M&A. The focus now turns to the post-merger phase and the strategies it dictates.

### **Post-Merger**

The merged entity is now a fact and it is incumbent on the on the organization to bring closure to the change. One way is to dramatize the ending of the old culture and its rules by assembling all the employees and enumerating on formal written paper all the rules of both cultures; incinerating the old culture's rules while carrying on only with the rules of

the new culture (Bridges 1991; Daniel 1999). However, the organization must never treat the past with disrespect, but rather must be seen as supporting some changes to allow the old culture to continue and flourish as a new entity (Bridges 1991; Daniel 1999). Putting the past down is analogous to putting the employees down; and since they are the ones who will be making the organization what it is poised to become, every effort must be made to treat them with utmost respect (Bridges 1991; Daniel 1999). Finally, disrespecting the past also encourages resistance among employees. Because they liked the old way of doing things, identified and felt comfortable with it, they will become more resistant and less likely to want to move forward (Daniel 1999).

Resistance is very easily escalated, and must be contained before this occurs by managing the situation very carefully and equitably. According to Maurer (1996), there are different ways to deal with resistance depending on the three levels of (varying) intensity. The primary level is the most easily overcome. The resistance is directed at the change itself, because employees are simply not sure that the idea is a sound one. The recommendation to overcome this resistance is to communicate the idea in a new clearer way. Employees need to understand why this change is beneficial; they need to see a continuation of the old way of doing things. They must see it as a simple idea, one that is easy enough for the employees to understand. They should also be able to observe it in action (visualize the change) themselves because it is always easier to do something once you have seen it done before.

The second level of resistance is encountered most frequently and involves deeper issues concerning the merger/change. These issues include distrust, the new culture, loss of respect, and the fear of actual loss. It manifests itself as questioning the employer's motives, a feeling of powerlessness, and fighting the change. Sometimes employees resist because they feel that the organization does not respect them, or they feel that they are being excluded. Until employers know with certainty the exact reason for the resistance, they must not attempt to find the solution since they could be inadvertently correcting the wrong problem. To overcome level two, it is important to get the employees actively involved, voicing their opinion and airing their distress. They will then begin to feel valued and protected by the new organization.

Level three involves more deeply embedded issues and is the strongest form of resistance to be encountered. Employers are simply seen as the enemy. This level involves the same resistance as level two except it occurs with greater frequency and for extended periods of time. Level three is very hard to overcome and must be done with extreme caution.

Continuously monitoring the communication effort, and checking to see if it is achieving the desired results, continues to be important at this time (Borson and Burgess 1992; Knorr 1993). If there are discrepancies in the expected results, changes can still be effected to improve the situation. Of importance as it is throughout the whole M&A process is that CEOs and managers are seen as well as heard (Daniel 1999). It is especially important that they be seen "practicing what they preach." Managers must



understand that employees become information junkies, because they start creating their own in the absence of formal communications from top management (Noer 1995). Furthermore, information that sounds too rehearsed is not perceived as valid. Employees lose trust in this manner and managers must then resort to different ways of communicating their idea.

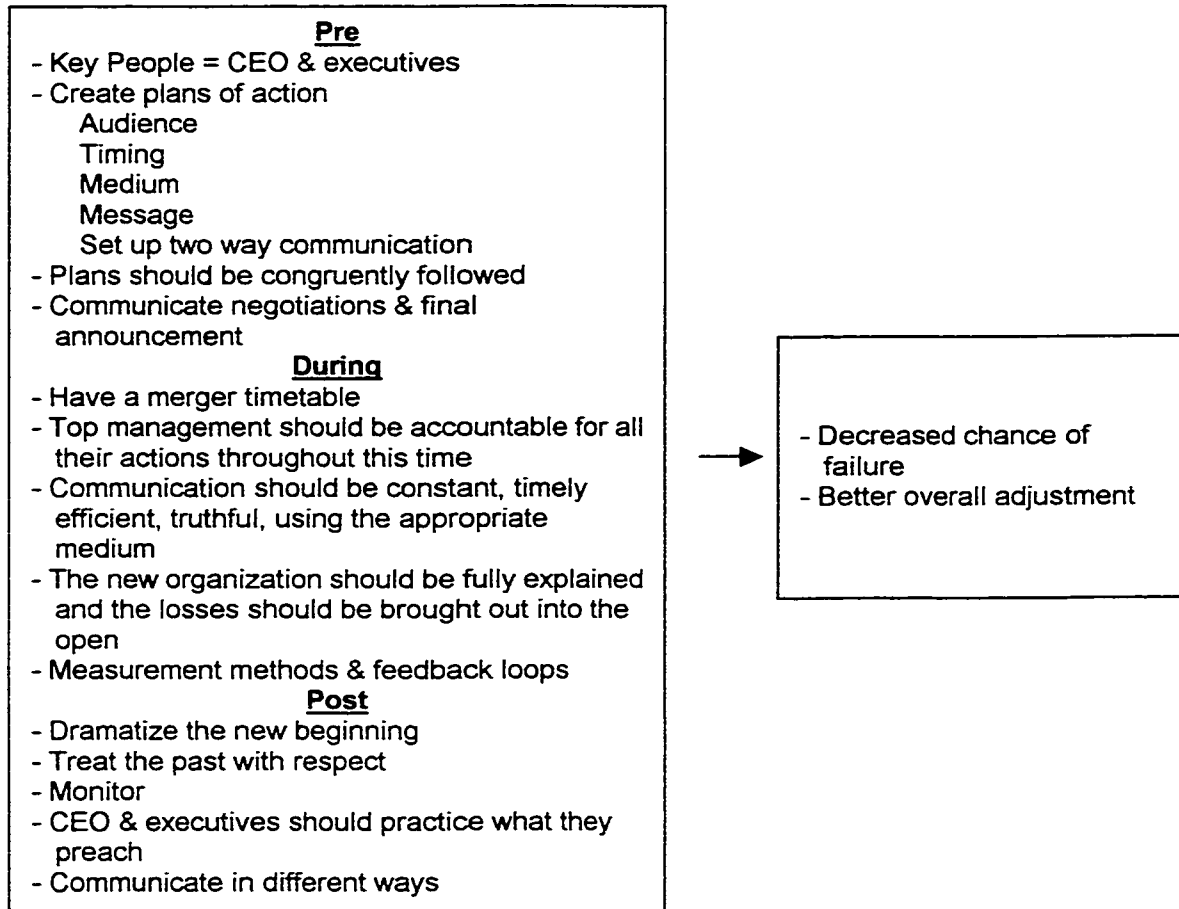
Communication throughout this stage is simply an extension of the during-stage. However, it is to the benefit of organizations to dramatize the end of the old and the beginning of the new organization, while maintaining respect for the past. The dissemination of information remains crucial, as well as monitoring the atmosphere to prevent the occurrence and escalation of resistance.

The above three stages described the procedure to be followed from a communication perspective throughout an M&A. The pre-merger stage or the preparatory phase sees the establishment of the communication plans of action. The during-merger stage concerns the implementation of these plans and the post-merger stage deals with the communication effort helping the employees move forward.

The following diagram illustrates the recommendations for proper and effective communication throughout these three stages of the merger and incorporates them into a model. Please refer to appendix 4 to see from where each of these strategies are derived. This model was created by integrating all the information on communication found in the literature review and outlined in the above section. The steps and strategies that the

organizations must employ are broken down and placed in their respective M&A stage. By implementing these strategies, organizations decrease their chances for M&A failure and increase the employees' chances to attain better overall adjustment.

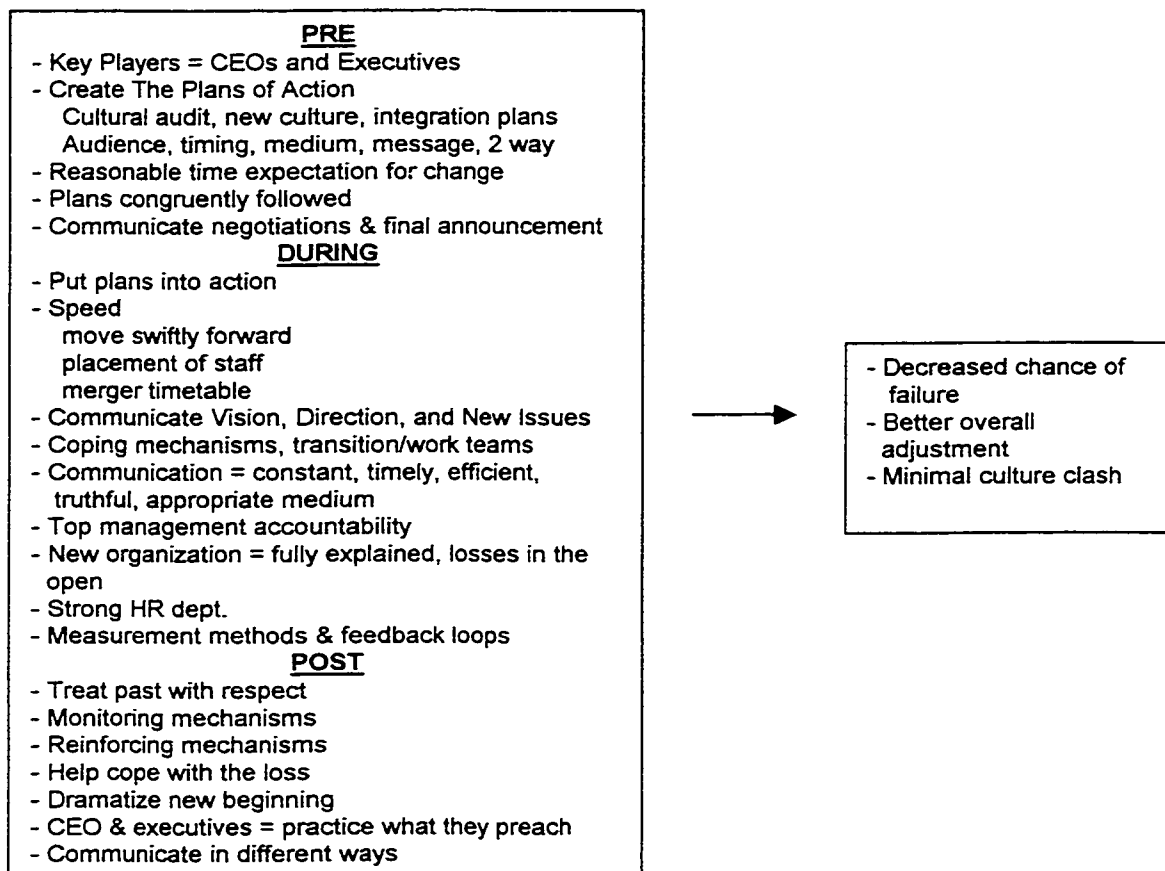
Figure 2. Communication Model



The two separate models thus far created include one for culture change and one for communication. However, this study aims to create, and verify, an inclusive prescriptive cultural and communication model for M&A and its three stages. Therefore, both these models (culture and communication) will now be integrated to generate one “unified” model. It represents the steps that must be undertaken to implement the M&A from a human resource perspective, incorporating the strategies from both the culture and

communication models that have previously been set forth. The outcome of adhering to this amalgamated model for the merged organization is to decrease the chances of failure, minimizing culture clash and increase their chances for employees' overall adjustment.

Figure 3. M&A HR Model



Rather than a set of hypotheses, a set of prescriptions was developed in order to test the above model. A prescription is a written direction to do something, whereas a hypothesis states an expectation about a relationship between two variables (Whitley 1996). Due to the fact that this model does not test the relationship between two variables, but seeks to describe what a senior management team undergoing an M&A should do, the model is therefore prescriptive. This model also follows the idea set forth by Vroom and Yetton

(1973) in their prescriptive model on leadership and decision-making. The following prescriptives have been created to verify the above unified M&A HR model.

*Prescription 1 and Prescription 1a on page 21.*

*Prescription 2: The people implementing and driving the M&A forward should be the key players, the CEO and the executives. Their leadership will help decrease the chance of M&A failure, will increase the overall adjustment of employees, and will minimize the culture clash.*

*Prescription 3: The key players involved in the M&A have created the plans of action for both cultural integration and communication in the pre-merger stage of the M&A. Having these plans of action will decrease the chance for M&A failure and culture clash, while increasing the employees' overall adjustment.*

*Prescription 4: Everyone involved in' or experiencing the M&A should have a reasonable time expectation for change before the integration begins. This will have the effect of minimizing the cultural clash and chance for failure, while increasing the employees' overall adjustment.*

*Prescription 5: The key players in the M&A should be following the plans of action congruently. The outcome of this concerted effort will be increased employee overall adjustment, and decreased chance of M&A failure.*

*Prescription 6: The M&A negotiations and final announcement should be communicated by taking into account the message, audience, timing, and medium. This will have the positive effect of decreasing the chance for M&A failure and increased employees' overall adjustment.*

*Prescription 7: The plans of action should be set into motion in the during-merger stage of the M&A. They will help increase employees' overall adjustment and decrease the chance of M&A failure.*

*Prescription 8: The speed of the M&A throughout the during-merger stage is very important. A merger timetable should be outlined, the scheduled changes should proceed swiftly, and staff should be re-organized as quickly as possible. These actions will minimize a possible culture clash, and increase employees' overall adjustment while decreasing the chances of M&A failure.*

*Prescription 9: The new vision, issues, and direction, should be communicated in the during-merger stage of the M&A. This will have the effect of decreasing the chances of M&A failure, increase the employees' overall adjustment and minimize the possible culture clash.*

*Prescription 10: Coping mechanisms and transition/work teams should be implemented in the during-merger stage of the M&A to decrease the chances of M&A failure and culture clash, while increasing the employees' overall adjustment.*

*Prescription 11: The communications throughout the during-merger stage should be constant, timely, efficient, and truthful through the use of the appropriate medium. The outcome of this will be the decreased chance of failure and better overall employee adjustment.*

*Prescription 12: Top management (the key players) should be accountable for all the actions taken or not in the during-merger phase of the M&A. As a result, the employees will experience better overall adjustment and the M&A will have a decreased chance of failure.*

*Prescription 13: Employees need to be on the receiving end of information about the new organization throughout the during-merger stage. This should be fully explained to them and their losses should be explored openly. Thus, employees will experience better overall adjustment and the M&A will have decreased chance of failure.*

*Prescription 14: The key players must ensure that the HR department is strong and efficient; otherwise the chance of M&A failure increase and the employees' overall adjustment will decrease the impact of a culture clash.*

*Prescription 15: Measurement methods and feedback loops must be in place in the during-merger stage of the M&A so that the organization can get a big picture of how well the employees are handling the change. This will also have the outcome of decreasing the chances of failure and increasing the employees' overall adjustment.*

*Prescription 16: The key players (senior management team) must treat the past with respect in the post-merger stage of the M&A. This will ensure a decreased chance of M&A failure, and culture clash while increasing the employees' overall adjustment.*

*Prescription 17: Monitoring mechanisms should be in place by the post-merger stage of the M&A to track the effectiveness of the plans of action throughout the process. Their effectiveness will be defined by the level of culture clash the employees experience and their level of overall adjustment. If these two are at desired levels then the chances of M&A failure are reduced.*

*Prescription 18: The post-merger stage should witness the introduction of reinforcing mechanisms to ensure the employees retain what has changed and have internalized these changes. This will result in decreased chances of M&A failure and cultural clash, as well as increasing the employees' overall adjustment.*

*Prescription 19: Top management must help the employees cope with the loss they are experiencing to decrease the chance of M&A failure and cultural clash and to increase employees' overall adjustment.*

*Prescription 20: Dramatizing a new beginning in the post-merger stage will have the effect of enhancing the employees' overall adjustment, while reducing the chances of M&A failure.*

*Prescription 21: Top management must be seen practicing what they preach especially in the post-merger stage of the M&A. By doing this they decrease the chances of M&A failure, and increase employees' overall adjustment.*

*Prescription 22: Communication in the post-merger stage should take different forms to reinforce the messages that are being sent to the employees. This will decrease the chances of M&A failure while increasing the employees' overall adjustment.*

The past two sections have described the scope of interest of this study, the stages of an HR/M&A, and has outlined the guiding theory of this research. It has also elaborated on a model that specifies the steps to take for a successful M&A with minimal culture clash, and a better employee overall adjustment. The current task is to outline the methodology that this study will adopt to test this model. Therefore, the methodology section is presented next.

## METHODOLOGY

### Research Design

The literature on M&As indicates a grievous lack of substantive empirical studies on the human resource aspect of M&As (Weber 1996). An in-depth search of the literature confirms that the great majority of references, describing the process and recommendations, can be found in practitioner journals. Due to their less academic nature, none of these articles is able to explain why employees react the way they do, nor do they provide any statistically significant evidence supporting the recommendations they espouse. The purpose of this research is to enhance the empirical studies on M&As and provide a model for future organizations undergoing an M&A, and in so doing reduce the failure rate of this change initiative. However, since it is not possible to manipulate a situation like a merger, it is therefore not feasible to conduct an experiment (Yin 1994).

Therefore, the design chosen for this research is a case study. According to Yin (1994) there are three reasons why a researcher should undertake a case study versus an experiment: to answer “how” or “why” questions; to study events over which the researcher has minimal control; and to focus is on events occurring within a real life situation. For those reasons the answers to the questions sought in this study with relation to M&As will be determined by a case study. Namely, it will answer how and why the hospital is employing the HR strategies it does. It will do so without manipulating any situation during the M&A process because it would alter the results and



it will answer these questions at a time of ever increasing M&As, necessitating solutions to reduce failure rates.

Studying a hospital merger like the MUHC is an ideal opportunity to see how M&As are implemented from an HR perspective. The literature indicates that hospitals are heavily involved in M&As and require the same initiatives other organizations do when executing an M&A from a human resource standpoint (Borsellino 1995; Fyke 1986; Juzwishin and Merkley 1987; Moreton 1985; Sherer 1994; Veninga 1982). This is a unique opportunity to get first hand information as to what executives are doing to implement this grand scale change initiative. Furthermore, according to the executives involved, this merger is the largest voluntary hospital merger, of its kind and size, in Canadian history (MUHC web-site), adding one more reason to study it. According to Yin (1994) the single case study can contribute to knowledge and theory-building, while also testing whether or not the theory applies for the unique nature of the MUHC merger (Yin 1994).

The single case design in this study examines the merger between the four English Montreal<sup>1</sup> area hospitals that, combined create the McGill University Health Center (MUHC). The four English speaking Montreal area hospitals are The Royal Victoria, The Montreal General, The Children's, and The Montreal Neurological Hospital. The Montreal Chest Institute had merged with The Royal Victoria in 1994 and can be

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<sup>1</sup> Quebec is mostly a French province, however, the island of Montreal has the highest concentration of anglophones and therefore, there are many services that must be offered in a bilingual fashion. Health Care is one of these services. The Montreal hospitals are divided into French and English centers depending on the university they are affiliated with and the majority populations they serve.

considered the fifth hospital in the merger. The study of the MUHC case is of great importance because the merger is currently in the middle stage (during-phase) of the merger. According to the documents provided, it is clear that the discussions took place between 1992 and 1997 at which point the merger became final, thereby representing the pre-stage. Since they are not yet on one site and the integration process is still underway, the merger is said to be in the second phase of the model. The documents also show that each department is at a different level of integration, and the employees are at different levels of acceptance/anxiety. Due to the fact that the hospital is in the during-stage of the merger, the senior management team can describe the actions that were taken in the pre-stage, and those that are currently being implemented in the during-stage, as well as outline the initiatives being planned for the post-stage.

The MUHC was selected because the entire merger is occurring in Montreal, providing easy accessibility while providing a unique opportunity to observe a merger on a grand scale. Initially, a letter was sent to Dr. Hugh Scott (CEO of the MUHC), introducing the researcher and the research subject, and requesting his participation and aid in the study (appendix 1). At a subsequent meeting Dr. Scott agreed to participation in the study and pledged his support in any way he could and even offered the researcher the aid of his executive assistant. With the help of the executive assistant, the selection and participation of the majority of the remaining participants were concluded. The MUHC case and the selection of the participants will be outlined in further detail next.

## The Case and Selection of Participants

As previously noted the MUHC is the new McGill teaching hospital that is in the process of being formed by merging the four English speaking hospitals in the greater Montreal area. Each hospital has a long-standing and respected history (MUHC web site). The Royal Victoria Hospital (RVH), founded in 1894, provides a broad range of specialized and ultra-specialized medical services and is a leader in basic and clinical research. The RVH sees several hundred patients every year in its various departments. It is among the most active hospitals performing the most transplants in Quebec, and is reputed for performing the first kidney transplant in Canada (1958), introducing major advances in the treatment of Parkinson's disease, and establishing the first palliative care unit in Canada.

The Montreal General Hospital (MGH), established in 1821, provides a wide range of specialized interventions. It introduced bedside teaching and founded the first medical school in Canada (which is the present day Faculty of Medicine at McGill University). The hospital sees thousands of patients annually in its different departments. It has been designated a national Centre of Excellence in neurosciences, genetics, and bacterial physiology, and has been credited for several major scientific advances.

The Montreal Neurological Hospital (MNH), founded in 1934, was originally the Montreal Neurological Institute, established by Dr. Wilder Penfield. It became a separate institution in 1963, specializing in treating patients with diseases of the nervous system, and injuries to the spine and brain. Although it sees significantly less patients than the

RVH or the MGH, it is highly recognized in North America for producing the first PET images of a brain tumor and stroke, installing the first CAT scanner in Canada, and establishing North America's first mini-cyclotron.

The fourth hospital, the Montreal Children's Hospital (MCH) was established in 1903 to serve the needs of children and adolescents. It is also a teaching and research facility for McGill's pediatric program. It has a wide range of specialties and has been designated as a Pediatric Trauma Center. The hospital sees a few hundred thousand patients a year and has achieved several Canadian firsts: the first child heart operation, the first liver transplant on the youngest recipient, and boasts the first pediatric psychiatric department. It is also home to world renown research. It is clear that the new MUHC has at its roots very time honoured hospitals.

The talks for the merger of the MUHC, began in 1992, and were conducted primarily between the RVH and the MGH. Some time later it became evident that the Montreal Children's and the Montreal Neurological Hospital would also become partners in the merger. Throughout that entire period, health care in Quebec was experiencing major difficulties with the advent of large scale budget cuts that affected the care provided to patients and the number of professionals who were laid off or retired in all areas of the health care system. Due to the changing environment<sup>2</sup>, the merging partners realized that they too had to evolve, in order to serve the interests of their changing population. This

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<sup>2</sup> The changing environment includes progress in medical knowledge and methods as well as advances in technology. It also encompasses the longer life expectancy, the aging population, emergence of new diseases, and the increased understanding and expectation of a more educated population (MUHC web site).

was seen as a way to respond to Quebec's changing health care system<sup>3</sup>. A committee was formed to study the possibility of a merger, in which the McGill Faculty of Medicine would be a partner. The driving force behind the merger at that time (1992), as it is today, was how to best serve the community's needs in health care services, teaching and research (Steinmetz 1998).

After extensive thought and discussion, a merger between the hospitals became the only feasible option. This decision was officially announced to the public in 1997. The solution to merge became apparent following several feasibility studies that took place between 1993 and 1994, and which were communicated to the internal and external public. It also became clear through these studies, that it would be necessary to create a new facility to house the newly merged hospital and the 11 000 employees, and its new title would be McGill University Health Centre (MUHC).

In 1994 an interim board was created to negotiate the terms and conditions of the merger. This interim board was in place only until a unified board was created in 1997 and was completed in 1998. The MUHC then became one legal entity and today represents Canada's largest voluntary merger of university affiliated hospitals.

According to the web-site, the combined hospitals includes the above mentioned eleven thousand employees, an operating budget of \$400 million and a \$70 million research

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<sup>3</sup> Canada has a health care system different from the one in the U.S. Health care is public and paid for by the government (the population's taxes). Quebec, a Canadian province subscribes to this system and has endured major budget cuts for many years, which has changed the way health care has been delivered in

budget. There are 910 active staff doctors and approximately 12 hundred staffed beds. Annually, the MUHC performs 23 thousand day surgeries, has 870 thousand ambulatory visits including 140 thousand ER visits. The MUHC is a bilingual and multicultural institution that serves an increasingly diverse community, emanating from the four corners of the world for the ultra-specialized care it provides.

The nomination of Dr. Scott as CEO was announced in 1997, but he effectively assumed his post and began his term in 1998. In March of that year the board received the plans related to all aspects of the merger in anticipation of the move to the new site. The creation of a management team consisting of 14 people was completed in late 1999. A communications director was hired and started working for the MUHC in November 1999. A few months later (early 2000), the director of pediatric services abruptly resigned from her position, stating that the power struggle between the pediatric and adult missions was the reason for her resignation<sup>4</sup>. The top management team was then less one crucial player. Due to the fact that the new site for the MUHC hospital had yet to be built, the merger was being carried out on a site-by-site basis.

The expected date for the completion of the merger and move to the new facility is sometime in the year 2005. Consolidation of the hierarchies and departments is continually taking place in preparation for the eventual move. The hope is that everyone will experience a period of stabilization prior to the actual move so that the move from

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this province. Many people feel that the level of care has diminished. Therefore, the merging partners see this merger as a way to improve the level of care provided in the midst of these changes.

<sup>4</sup> The hiring of a communication's director and the reasons for the resignation of an executive on the senior management team is very important data for this thesis.

one site to the next seamlessly. The organization's goal is to resolve all the integration and transition issues before transferring locations.

The level of analysis is the senior management team, because it is they who are executing the M&A, making all the final, collective decisions, and it is the unit of analysis that is the most feasible with the time and monetary constraints of this study. According to Yin (1994) this is a "holistic single case design," which is appropriate when analyzing the global nature of, in this case, top management's HR practices.

The assistant to the CEO, Dr. Scott, provided this researcher a list of the members of the senior management team. From a list of fourteen directors, twelve were selected to participate in this study based on information about their appropriateness to the subject. The selection process, created by this researcher, was based on the manager's access to pertinent information about the merger and the position they held. A cover letter explaining the study and, requesting their participation was sent out to each of these twelve people (appendix 1). Three directors decided not to participate citing as their reasons lack of time, lack of expertise in the subject while one resigned just prior to their scheduled meeting. An individual search for replacement participants was conducted and yielded two more participants, who although were not on the senior management team, were nonetheless qualified to answer the questionnaires due to their access to the necessary information required in this study. The objective was to obtain an overall view of how they were managing and implementing the M&A from a human resource perspective.

## Data Collection

At this point it is necessary to explain in greater detail the procedure employed to collect the information. Before so doing, the principles used to collect the data will be outlined.

There are three principles of data collection that increase both the validity and reliability of the results, and which were adhered to in this study (Yin 1994): the use of multiple sources of evidence; the creation of a case study database; and the maintenance of a chain of evidence. Each is outlined below.

*Multiples sources of evidence:* Sources of evidence range from interviews to data collection to the accumulation of documents. It is important to use multiple sources of evidence because the resulting conclusion will be deemed more convincing if each source of evidence points to the same result, than if each points to different outcomes, or if only one source of evidence is used (Yin 1994). This is called data triangulation (Yin 1994). It increases the validity of the study because each of these sources are essentially different measures of the same phenomenon.

*Creation of a case study database:* A case study database contains all the evidence, documents, notes, etc., used to reach the final conclusion. The creation of such a database ultimately increases the reliability of the research because future researchers have the opportunity to review the evidence used in the study to draw conclusions directly (Yin 1994). The database for this study includes the case study notes and the case study documents.



*Maintain a chain of evidence:* A chain of evidence is a path a reader can follow to see the progression from theory to conclusion. This practice increases the reliability of the study. The rationale behind this principle is to enable future researchers to follow the same path (in either direction) that the original researcher took when formulating the initial questions to the final results (Yin 1994). The chain of evidence created for this research is this final report of the entire study. It outlines the path taken, beginning from the literature review, the creation of the model to be verified, the method employed in verifying the model, a detailed account of the results, and finally the analysis and conclusions arising from the collected data.

These three principles were employed in this study to increase the reliability and validity of the research. The sources of evidence used were: documentation records (planning reports, annual reports, newsletters, chapters from books, newspapers, papers from the planning office, and information on executive retreats, web-sites), archival records (organizational records, organizational charts, and lists), interviews, and two methods to reduce and display the data. According to Yin (1994) using multiple sources of evidence increases the validity of the study, thereby encouraging convergent lines of inquiry. The database that was created contained the case study notes and documents. Finally, by outlining all the steps that were followed in obtaining and analyzing the data, a chain of evidence was created so that future researchers could see how the conclusions were drawn. For further evidence, researchers could turn to the database for the necessary information.

After contacting the participants, the planned procedure for this study was to conduct interviews, to collect questionnaires not answered in the interviews, and to gather as much hard archival data as possible. Once permission was obtained from all the participants, the questionnaires were sent to them in advance of the interview to acquaint them with the study. The formal meetings were then scheduled with each interviewee.

The data was collected through structured, open-ended interviews with the CEO and the chosen participants. Each interview took place at the participant's desired location, usually in their office situated on one of the hospital sites, and lasted no longer than an hour and a half. Participants were also asked to sign a consent form (appendix 2), in which they were informed of their right to omit any questions with which they felt uncomfortable; to stop the interview at their will; that the interview will be taped to be transcribed at a later date; and that their answers will be kept strictly confidential. Each participant was given the option of completing both questionnaires (these will be discussed shortly) during the interview period, or answering the first (general) questionnaire and submitting the second (more specific) questionnaire at a later date. Save two participants, the others chose to answer both questionnaires during the interview. Informal email reminders were sent to those interviewees who chose to submit the second questionnaire at a later date, in the event the second questionnaire was not returned in a timely fashion. A summary report of the findings and a thank you letter will be sent, as promised, to each of the participants after the completion of the thesis.

Two separate questionnaires (see appendix 3) were developed to get an overall view, as well as a more detailed account of what HR merger practices were and are presently being implemented in the MUHC to aid the employees cope with the tremendous changes confronting them. These questionnaires were created with the express purpose of Verifying the model outlined in the literature review, and therefore each question is referenced at the point it appeared in the model. They were also developed with the intention of using one during the interview session, and the second at the interviewee's discretion to be returned at a later date. However, as it turned out the majority of the participants preferred to answer both sets of questionnaires at the time of the interview.

The first questionnaire was formulated by a desire to acquire general information about the status of the merger, about the employees' coping skills, and about the employees' level of knowledge and understanding of the merger. It was important to establish at what stage the interviewees believed the merger to be; the general atmosphere they perceived the employees felt was characterizing or would characterize each of the succeeding stages; and what they could do personally to contribute to a smooth transition. This information contextualized the forthcoming data.

The second questionnaire was aimed at eliciting specific information about what HR merger actions, according to the model, were or are presently being taken in the organization to implement the merger. Again, these questions were derived directly from the literature and the model. Each question is therefore referenced to indicate from where it was derived and which prescriptives it addressed (see Appendix 4). This referencing

technique will indicate whether or not the hospitals are following the proper guidelines to ensure a successful merger. The confirmation of the adherence to the unified model will occur throughout this matching process. Furthermore, this questionnaire also reflected the three stages of the model. The first section sought to obtain information directly related to the pre-stage of the MUHC merger process (i.e the merger announcement date, information concerning planning initiatives and rumors). The second section of the questionnaire aimed to uncover the implementation plans related to the during-stage of the MUHC merger phase (the types of messages that are being communicated as well as the medium and frequency). Other questions posed in this part inquired about the management of the hospitals and the coping mechanisms being implemented. Lastly, the third section of the questionnaire addressed the post-merger phase strategies for the MUHC. Representative questions were: how will you refer to the past; and what are your coping mechanisms?

#### Data Analysis

According to Miles and Huberman (1994) there are four steps to data analysis: data collection, data reduction, data display, and conclusion drawing and verification. The first step was described earlier, this section will focus solely on the last three steps. Data reduction is the act of “selecting, focusing, simplifying, abstracting, and transforming the data that appear in written up field notes or transcriptions (Miles and Huberman 1994, 10).” This process can be done in various ways, either through selection, summary, paraphrase, etc... (Miles and Huberman 1994). However, one must be careful not to reduce it so much as to change its meaning. Data display may be defined as the act of organizing and reducing the data to the point at which it is possible to draw a conclusion

and verify it. These last three steps were accomplished in two different ways to increase the reliability of this study (Yin 1994). The first technique employed to reduce and display the data was to code it with the use of computer software. The second method involved reducing the answers to each question to the point where it represented the senior management team and not each individual's answer. Each of these two techniques will be described in further detail in the sections that follow, but first a brief explanation of the use of computer software in qualitative research will be set forth.

The use of computers and softwares in the analysis of qualitative research in the social sciences began in the 1980s because of the advantages it yielded (Fielding and Lee 1993; Weitzman 1999). These computer advantages include: the ability to do a myriad of activities with great speed and accuracy without getting tired or forgetting; the ability to do anything on paper more easily and efficiently (Brent 1984; Gerson 1984); the ability to make research feel more tangible and less tedious for the analyst thus making the task more pleasant; the ability to save the researcher time and energy; and finally, the ability to offer researchers a new way of working in teams because this requires exchanging disks rather than stacks of paper (Fielding and Lee 1993; Weitzman 1999).

On the other hand there are some potential problems or disadvantages that have been associated with computers and software use in qualitative research. They are the following: the software will not do the analysis, it only makes the process easier; the method will define the substance (Freidheim 1984), suggesting that the focus will turn towards the software and all the different procedures it can execute, rather than lending

anything really new to the theory; researchers will not dig as deep for answers and findings, and that they will stop as soon as they see some type of closure; the software will prevent researchers from moving more in-depth into the data by not being capable of writing doodles and notes in the margins of the transcripts, where the real analysis sometimes takes place; and finally, that they will be misused out of miseducation (Fielding and Lee 1993; Weitzman 1999). In the end it is the user who has ultimate control over what happens with the analysis. By properly implementing qualitative analysis methods and simply using the computer and software as a tool to help **manage** and **organize** the data, instead of thinking they can do it instead, these concerns will be pacified. It is imperative that the researcher is properly educated on its uses and how to use it. Too often the user is not properly educated and the full benefits of their use are not realized.

There are many software programs available on the market that are created for the analysis of textual data, however, not all of them are suitable for all qualitative research projects or this type of research altogether (Tesch 1991; Weitzman 1999). When choosing a particular software for the project, a researcher must be very careful about selecting one that matches the following characteristics: coding, memoing/annotation, data linking, search and retrieval, conceptual/theory development, data display, graphics editing, flexibility and user friendliness with the needs of the research and the data in mind (Miles and Huberman 1994; Weitzman 1999). Weitzman (1999) raises several critical issues when making the decision on which software to purchase, and they are: 1) the level of expertise the researcher has with computers, 2) if the software is just for the

current project or for future projects as well, 3) the projects and databases that will be used throughout the study, 4) the types of analyses planned for the project, 5) the closeness the research wants to keep with the data and, 5) the financial constraints when buying the software and the hardware on which it runs.

The QSR NVivo software is a new software on the market and has received some very good feedback<sup>5</sup>. It was developed by taking the best that the other software packages offered and adding to it what they were lacking (Richards 1999). It was chosen because it responded all of the above criteria when choosing a software package. NVivo was therefore an appropriate match with the characteristics of the research project and data, and permitted the researcher to stay close to them. It was a user friendly software that could be used for a variety of future research projects. Not only did it facilitate the type of analysis required for this study, but, it was easy to obtain and did not require the purchase of additional hardware. Although it has a myriad of other features, not all of them were employed. Careful attention was made to learn the software application before using it in order to avoid the disadvantages.

The first method employed to reduce and display the data involved the transfer of interview transcripts into 'text only' format and then saving it in the software. Once this was completed they were carefully and methodically coded with the appropriate codes (appendix 5). Codes are tags or labels that assign meaning to pieces of information

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<sup>5</sup> Due to the novelty of this software, there are no available statistics and very little literature on the software and its effectiveness over others. The feedback comes from the QSR web site where users can join a listserv and communicate with each other. When asked, the individuals from this listserv all responded with very favorable feedback.

(words, sentences, paragraphs) found in the collected data (Miles and Huberman 1994). For the purpose of this research, deductive and inductive codes were employed (Miles and Huberman 1994). Deductive codes are codes that are created prior to the coding process and are developed from the theory, research questions, prescriptives, and variables pertaining to this study. Inductive codes are created throughout the coding procedure arising from the data itself. In this way the codes will most closely match the theory while at the same time bring forth any new information to refine the theory (Miles and Huberman 1994). The software facilitated coding by assigning the coded information to its respective section. This made it easier to analyze the data because it was already in its reduced form. Data under each code was then generalized up to the level of the top management team, which is the unit of analysis in this study, and which is displayed in the following section. The conclusions that were drawn and verified are presented in the last section.

The second method employed to reduce and display the data was to examine the responses of each question in the questionnaire. For purposes of simplicity, it is called analysis by questions. Statements representing each interviewee's answer to each question were listed in summarized form. Once all the answers to all the questions were reduced and displayed in this way, the answers were amalgamated up to the level of the top management team. The reduced data is displayed in the next section, and, the conclusions that were drawn and verified are outlined in the final section.



In summary, the methodology employed in conducting this study was the use of structured, open-ended questionnaires which obtained the data from eleven interviewees (top management), two of whom were “middle-managers” who had access to the necessary information. The three principles of data collection were followed to increase the reliability and validity of the study. The data was then reduced and displayed using two different methods, the use of NVivo software and the summary of the responses to each of the questions. The next section will display the reduced data.

## RESULTS

A model was created based on what the literature outlined as the actions to be taken by senior managers in the event of a merger. As well, all the steps that were followed in this study have been described. Therefore the data gleaned from the two questionnaires, will be presented next. The results will be displayed in reduced form and will be divided into three subsections: the first will report the data from the analysis of the responses in the two questionnaires (described earlier in the analysis of questions); the second will display the results obtained with the NVivo software which reduced the data (data reduction); and finally the third will integrate both methods and produce new information, not found in either method of data reduction.

### Analysis of Questions

The following section contains the aggregate (up to the level of the top management team) answers to each of the questions posed to the interviewees. A further in-depth analysis will be presented in the next part of this study. Refer to appendix 4 to see how the questions were matched to the model and from where they were derived.

#### Interview Questionnaire (general)

*Question 1: At which stage do you feel the hospitals are in the merger process (between December 1999 and March 2000)?*

This question was followed by an explanation of the definition of each of the three stages. Eight of the eleven respondents agreed that the merger process was in the “during-stage.” Of these eight, three felt that they were also partly in other stages as well -two felt they were partly in the post-stage, while one felt they were partly still in the pre-stage). Three

of the interviewees were quite definite that the merger was in the “post-stage.” No one thought the merger was solely in the pre-stage. Therefore the majority of the respondents, the senior management team, felt that the merger was in the “during stage” of the merger.

*Question 2: Describe the atmosphere before the merger was announced to the public?*

Two of the interviewees were not employed before the merger, and thus were unable to answer the question. Because the responses to this question were so divergent, they were divided into positive and negative emotions. Five out of eleven senior management team members perceived that the employees felt more negative emotions than positive. Two of the respondents sensed that employees experienced some level of positive emotions, while another two members felt there was a mix of both positive and negative emotions. It can, therefore, be said that the general atmosphere in the hospitals at that time, as expressed by top management, was more negative than positive. Some examples of negative emotions that were recorded were: dread, horror, painfully long, skepticism, discontent, fatigue, tension, uncertainty, insecurity, fear, impatience, and concern. The positive feelings that were documented were: excitement, desire to move forward, enthusiasm, normal, more energy, commitment, and work satisfaction.

*Question 3: Describe the atmosphere during the merger/now?*

Four out of eleven interviewees mentioned their difficulty in distinguishing between which perceived employees’ emotions emanating from the merger and those emanating from the budget cuts. One respondent said that the atmosphere related to the merger was

neutral, two said that it was positive, while two others said it was negative. The remaining five interviewees referred to the emotions as both positive and negative. It must be noted that the positive emotions identified were not strong ones, while the negative ones were very strong. It could therefore be concluded that, according to the top management team, the atmosphere in the hospitals in this stage was largely negative with lingering positivism. The negative emotions listed were: dread, horror, long, tough, low moral, uncertainty, tension, resistance, insecurity, frustration, major concerns, fear, lack of goals, disbelief. The positive emotions were: less confusion, improving moral, support, enthusiasm in differing intensities depending on which site one worked at, better orientation, lingering hope and excitement.

*Question 4: Describe the atmosphere in the post-stage?*

Six out of eleven interviewees believed that the “post-stage” would mainly witness positive emotions. Three respondents mentioned that there would be both positive and negative emotions, while the remaining two subjects elicited neutral and positive responses. These latter responses were inferred to be positive because of the prevailing mood of relief that the merger was almost “over” and all the problems would. However these positive emotions were minimal in intensity. According to the responses, the positive emotions experienced by the employees were described as: optimism, better, terrific, regain confidence, self-assured, fine, happy, magnet of attraction, absolutely fabulous, sense of reality, will have goals, and direction. On the other hand, the negative emotions experienced were: dread, horror, depends how the history will have been brought forward, and difficulties.

*Question 5: How do you feel you can personally contribute to the smooth running of the merger (that will help employees cope with the change)?*

It was interesting to note the many ideas of personal contribution were set forth with a variety of different responses. However, the general theme of the respondents was to attempt to communicate with employees as much as possible, to be their leader, and to guide them through the change.

*Question 6: Describe any notable examples, if any, of the smooth running of the merger?*

Six out of the eleven respondents felt that there were no notable instances of the smooth evolution of the merger, but rather evolving a little better than other areas/departments. Among the few common examples that the interviewees agreed upon were: the way the employees pulled together in a crisis; the consolidation of neuro-surgery; of nursing; the creation of the MUHC foundation; and the new MUHC research institute. Other examples were also mentioned, but only once.

Interview Questionnaire (detailed)

Background Questions

*Question 7: What was the exact date the merger was announced to the employees? How was it announced? How much time did the announcement take? What date was the merger announced to the public?*

Excluding the interviewees who were not employed at the time, no one knew the exact date of the announcement of the merger, nor was there any agreement as to how it was announced. Five interviewees hazarded a guess: March, several years ago, August 1998,

sometime in 1997, between 1996 and 1997, and sometime several years ago. Seven interviewees mentioned that the announcements took different forms including a memo, newsletter, or meeting. Most agreed that it was done through several announcements over a prolonged period of time. The significance of this will become clear later on in this report.

*Question 8: Originally, how much time did you think the merger would take to complete? Why?*

Everyone agreed that the merger would take a very long time, but there was no consensus on an actual timeframe. It ranged anywhere from never to twelve years (a professional generation). They cited the cause for this unknown on the fact that this was a public institution in the health care arena, and that these environments tended to take longer than expected and private institutions.

*Question 9: Why do you feel you are on time, behind, or ahead of schedule?*

While some interviewees did not reply, two mentioned that there should not be a timeline or schedules to follow in the merger. Five respondents said that the merger was on schedule, and the rest felt it was delayed. Again the reasons given for this were largely the fact that it was an institution in the public health care sector.

## Pre-Merger Questions

*Question 10A: What is your philosophy concerning communication with employees?*

There was unanimous agreement that communication with employees was very important. Their philosophy towards this important variable was that communication should be transparent, meaning that the receivers of information should be able to understand very clearly what is being communicated to them. They also felt it should be open so that the employees do not feel as though something is being withheld or concealed from them. Finally, they all agreed that the communication effort must be frequent, and that employee concerns be addressed and actions taken.

*Question 10B: What is your philosophy concerning “corporate” culture (is it an issue in this merger)?*

Three respondents felt that “corporate culture” was a major issue. Two interviewees felt that action was required to create one, while the remaining respondents felt that changing the culture was not something that should be forced, rather it should evolve on its own. Only one respondent **thought** that steps were being taken to create one, while the rest agreed that it had not really been discussed. Therefore, it became clear that there was no consensus regarding culture, that culture was not as important as communication in the philosophy of the merger and that it was being allowed to change on its own.

*Question 10C: Was/is there a plan of action for integrating the four hospital cultures? If not, why not? If so, who was involved in creating it?*

Eight of the eleven interviewees emphatically agreed that there was NO PLAN of action for integrating the four hospital cultures. Two respondents were uncertain if there was a plan or not somewhere, but were unaware of its existence. One subject felt that it was the responsibility of the planning office to create and implement such a plan, while another interviewee suggested that the top management team or HR should be responsible for the creation of a new culture, however, they were not 100% certain of this fact. Therefore, it could be said that there was no agreement as to who should be involved in creating a new culture. The most overriding opinion derived from the results of this question was that the cultures would blend naturally by having people work together across sites.

*Question 10D: Was/is there a plan of action for communicating all aspects of the merger with the employees? If so, who was/is involved in creating it? If not, why not?*

Six of the eleven interviewees agreed that there was no set plan for communicating all aspects of the merger with employees. Two respondents were really firm in their assertions that there were definite plans of action for this issue; one subject was not entirely sure of whether or not plans existed; one last person felt that the focus of communication had been on the new site and not on the merger itself. Three interviewees had mentioned that the responsibility for the creation of these plans lay with the new director of communications who was only hired in November of 1999. Two respondents felt that whatever actions were taken had been adhoc communications, that is mostly reactive, instead of proactive.



*Question 10E: Are the key executives the people creating the plans of action? If they are, are they accountable for ensuring that the plans of action are properly implemented? If they are not, who is?*

Of the eleven interviewees, three believed that the key executives were the people creating the plans of action. Six executives pointed to the newly hired communications director as the person who should be creating the plans of action and be held accountable that the plans were properly implemented to the other executives and to Dr. Scott, who in turn was accountable to the rest of the board. Three people also believed that the planning office should have a part in the creation of these plans. Only one respondent mentioned that there were no plan, and therefore, the responsibility and creation of it lay with no one.

*Question 10F: What are the plans of action for employee communication?*

Five interviewees mentioned that there were no plans of action for employee communication. Three, not necessarily different people from above, felt that it was the responsibility of the communications director to develop the plans. Also, four subjects listed different communication initiatives that had been taken and perhaps would be undertaken again in the future to communicate with the employees. These initiatives ranged from the least rich medium (print) to one of the richest mediums (meetings). However, it must be noted that there did not seem to be a consensus about a fixed plan of communication.

*Question 10G: What are the plans of action for integrating the four hospital cultures?*

Of the eleven subjects, six firmly asserted that there were no plans of action for integrating the four hospital cultures, while two were uncertain. The remaining three respondents all agreed that the integration would take place by intermingling staff from across sites and by simply working together.

*Question 11A: How are you managing/implementing the plans of action for integrating the four hospital cultures?*

Due to the fact that there were no plans of action for integrating the four hospital cultures, the responses to the above question simply addressed how the hospital was managing/implementing the integration of the four hospital cultures. Five respondents mentioned that they were not doing anything in particular that was different from the regular routine. Three subjects felt that the integration was happening daily through the intermingling of the staff as they worked together. This was essentially the same response as to the previous question. The remaining individuals had differing answers, such as employees attended courses, given goals to work towards; supportive services; they were provided with and were offered a consultant to help with the process.

*Question 11B: What was the final proposal for integrating these cultures?*

The responses concerning the final proposal for integrating the cultures were divided into three groups. The largest group of interviewees, six, clearly reaffirmed that there were no action plans for cultural integration. Three respondents felt that perhaps there was a plan, but that they were not aware of it; while the remaining two subjects mentioned that

although there had not been much discussion, the planning office was taking care of these issues.

*Question 12A: Is the new proposed culture drastically different from the four old ones?*

Six interviewees felt that a new culture had not yet emerged and therefore they were not able to say if it was drastically different from those of the former hospitals. Two of these six also felt that the new culture would be more of a blend of the existing cultures. However, two subjects had strong feelings that the new culture would most closely resemble that of the RVH because the majority of the top management team members originated from there. The other three respondents had mixed responses, one felt the new culture would be drastically different from the previous ones and that they were moving slowly in that direction; the other two mentioned that there was only a modest difference.

*Question 12B: In what way, and how has the new culture been communicated to all levels of employees?*

Six respondents stated that the new corporate culture had not been communicated to all levels of employees. Since no one yet knew what the new culture looked like, and since the new culture would simply evolve on its own as the employees continued to work, slowly changing to the new culture. One interviewee felt that the “lower level” employees did not yet grasp the new culture because they were all on separate sites. Two subjects felt that the new culture had been communicated through the hospital newspapers, through the communication and planning offices, and through the course they were given, “Regenerating the role of the manager.” Finally, the remaining two

respondents felt that communicating the new culture was the wrong construct, and that the phase for such an undertaking was actually over.

*Question 13A: Were the employees forewarned of the merger and told of its implications?*

Each respondent agreed that the employees were forewarned of the merger by being notified of the discussions taking place before it actually occurred. On the other hand, there was little agreement concerning whether or not the employees were notified of the merger implications. Five interviewees felt that the employees had definitely been informed of the implications, while the remaining respondents felt that the employees had not been notified of the implications for various reasons. Clearly there was a conflict of opinion here, which will be discussed at a later point in the study.

*Question 13B: Had the employees learnt of the merger from the rumor mill? If so, how do you know?*

There is a divergence of opinion on whether or not the employees learnt of the merger through the rumor mill. Four of the interviewees were adamant that the employees had not heard of the merger through the rumor mill, while three respondents felt that the employees did in fact hear of the merger in this way. However, the remaining four subjects mentioned that the employees probably heard of the merger through a mix of both information channels.

*Question 13C: Could you mention any rumors you have heard?*

Several (five) of the interviewees did not remember any rumors or were just not around at that time. The other interviewees mentioned a variety of rumors circulating at the time (some of which were true): that the MCH was/was not one of the four hospitals to merge; that the MNH was/was not one of the four hospitals to merge; that the merger was a RVH take-over; that it was an MGH take-over; that the new hospital will only have 800 beds; that many people will lose their jobs; that the MCH will disappear; that the pediatric mission will be reneged; that the RVH ER will be closed; that the MCH will merge with St-Justine; that the Jewish General Hospital will join the merger; and finally, that the new building will never be built.

*Question 13D: How do you think these rumors got started?*

Four interviewees felt that the manner in which rumors got started was not applicable or relevant and therefore declined to answer. The remaining responses included: lack of communication; an element of truth; and disagreement over the merger and resistance to what is happening.

*Question 13E: Will you take steps to stop them if they exist? If so, what steps will you take?*

Only one interviewee chose not to answer the above question. Seven respondents felt that getting the truth out in an open way was the most effective way to stop rumors, and that was their action of choice. One subject pointed to the communications department as the appropriate resource to defuse such a situation. However, two interviewees had very

different views on how to handle such a situation. One felt that rumors should never be arrested, but rather their damages must be controlled. The other felt that it really depended on a case-by-case basis, and because rumors tended to generally have a shelf life of only 24 hours, this system would determine which of many actions should be taken.

#### During the Merger Questions

*Question 14A: Who communicates to employees the most?*

There was no unanimous agreement as to who communicates the most to employees. Almost each interviewee provided a different answer amongst those mentioned were: the cost/call centre managers, Dr. Scott, the employees' direct supervisor, a number of different mediums, the communications department, the planning office, and finally, one respondent mentioned each director as the most frequent communicator. Therefore, it could be said that the senior management team agreed unanimously that there was not one person who communicated the most to employees.

*Question 14B: What merger-related information is being communicated to employees (layoffs, different benefits, etc...)?*

Two interviewees were unable to respond to what merger related information was being communicated to employees. The most frequently cited response which was mentioned five times, was nominations and appointments. Four interviewees (not necessarily the same) mentioned success stories, information surrounding the new physical facility, and the planning initiatives. The other subjects mentioned the following issues once:

fundraising efforts, the francophone sector, government sponsored information, union negotiations, and the crisis concerning the pediatric mission. One respondent said that there was no regular orienting and uplifting message being sent out to the employees. Therefore, it could be said that there was nothing formal and/or consistent that was being disseminated throughout the hospitals about the merger.

*Question 14C: When is merger-related information being communicated to employees (with new developments, all the time)?*

The responses to the above question could be divided into three groups: first, four respondents said that information was being communicated when there were new developments; second group, three respondents said that communication was ongoing; third, four respondents said information was not communicated to employees regularly. Only one interviewee stated that merger communication should stop and that regular business talk should commence. The general feeling among the respondents was that the merger information was not communicated often enough.

*Question 14D: How much merger-related information is currently being communicated to employees?*

The majority of the executives (seven) felt that either a small amount or not enough information was being communicated to employees at that time. However, all interviewees agreed that it was definitely not as much as the regular hospital information. The remaining respondents provided a variety of different answers, including that there was a limit as to how much information one can consistently disseminate. However, it

was clear that the interviewees felt that very little to not enough information was being disseminated.

*Question 14E: In what format (face-to-face, email, memos, videos, etc...) does the information, which is being disseminated take?*

Each interviewee stated that information was disseminated through the whole range of media mentioned above. Although they did not all mention the same media, they all agreed that the different media being employed ranged from less rich to the highest in richness (face-to-face). The only method not mentioned was the use of video.

*Question 14F: What do you do when there is no new merger-related information to report?*

The responses were equally divided as to what the senior management team did when there was no new merger-related information to report. Six of the eleven interviewees revealed that they did not do anything, while the other five respondents agreed that there was always something new to report.

*Question 15A: How long did it take to create the top hierarchical structure, and how do you account for the amount of time it took?*

Eight interviewees seemed to agree that it took between 1-2 years to create the top hierarchical structure. One respondent felt that it took around four years while the rest thought that it was still not completed. Several reasons were set forth for the length of time it took to create the hierarchical structure: the difficulties encountered in recruiting



for these positions and the long process involved; the recent nomination of Dr. Scott (two years ago); the long process of integrating and coordinating the five sites; the long time it took the CEO to familiarize himself with all the issues; and the difficulty finding people wanting to work for health care.

*Question 15B: How long do you think it will take to merge the remaining hierarchies?*

Almost everyone (nine interviewees) provided a different answer about the timeline for the completion of the remaining hierarchies. The answers ranged from six months, to 1 year, to the time they are on one site, to never. There was no consistent answer that can be attributed to this management team.

*Question 15C: Until the merger is complete, how will the hospitals be managed while fulfilling the MUHC's mandate and ensuring the smooth running/transition of the merger (for employees)?*

There was absolutely no consistent answer for how the hospitals will be managed while fulfilling the MUHC's mandate and ensuring the smooth running transition of the merger. Each answer was different and may have reflected the interviewees' individual actions as executives of their respective "departments."

*Question 16: What steps are you taking to ensure the receivers of information are properly interpreting it, e.g.: opportunities for employee involvement and feedback?*

Again there were no consistent responses enumerating the steps they were taking to ensure the receivers of information were properly interpreting it. An open door policy,

the intranet and email received three responses; question and answer periods following each meeting were mentioned twice; while generic meetings typically set up to receive information were brought up four times. Different forms of employee involvement and feedback were mentioned six times by different interviewees. However, two respondents felt and emphasized that there was a definite lack of efficient feedback loops and opportunities for involvement, while only one mentioned that the employees had several areas of opportunities and therefore did not need anything more.

*Question 17A: What types of work teams do you have in place?*

Six of the eleven executives were quite certain that there were no work teams in place, while three others doubted the existence of any. One respondent felt that the merger was not at the point where they were necessary, and was certain that they would be implemented in the future to fill the arising need. The remaining participant mentioned the workshop for managers called “Regenerating the Role of the Manager” as one type of work team. It was interesting to note that those interviewees who mentioned that there were no work teams, referred to the same workshop and other HR run courses and seminars as examples of work teams.

*Question 17B: What types of employee coping mechanisms do you have in place?*

None of the interviewees acknowledged the existence of any employee coping mechanisms, which was specifically related to and/or created for the merger. Those mechanisms that were mentioned were already in place beforehand, such as the employee assistance program (EAP), and the recent addition of the managerial course entitled,

“Regenerating the Role of the Manager (which addresses managerial issues arising from the changing times).” They also mentioned a list of other HR programs or initiatives instigated by individual directors but none were mentioned more than once. It was interesting to note that two executives could not appreciate the reason for such a question - they felt that employees were being confronted with other stressors in their work which required as much attention as the merger, and they were not aware that mergers created such negativity.

### Post-Merger Questions

*Question 18A: What monitoring/reinforcing systems do you have in place to detect whether or not employees feel a high level of assimilation and have adopted the new culture?*

From the responses obtained, three interviewees were certain there were no monitoring/reinforcing systems in place at the MUHC level. Four respondents were unsure, but their answers indicated a slight possibility. The remaining four subjects mentioned several different methods or systems in force to ascertain employee assimilation into the new culture: the measurement of staff morale; the feedback received by executives; the general statistics indicating the state of the organization (not directly related to the merger); and finally, as a part of the annual revision, the attainment of stated goals. From the above responses it appeared that nothing concrete has been done to detect the level of employee assimilation and integration into the new culture.

*Question 18B: What actions will you take in the event you do not see the expected results to ensure smooth post-integration?*

Generally speaking, the responses all indicated that not one respondent had a clear vision as to what they would do in the event they did not see the expected results to ensure smooth post-integration. Only two interviewees freelanced answers, while the remaining subjects all expressed the hope that such a situation would not occur. However, in the event that it did, they felt confident that the team would work together to find a solution.

*Question 19: What types of reactions (resistance, uncertainty, insecurity, etc...) are you expecting to see from the employees as a result of the merger and what steps are/will you take to reduce those reactions?*

Three respondents felt confident that there would be no reactions from the employees as a result of the merger but in the event that they were, their stated action would be to inform the employees that the merger was a fact of life and that they had to accept the new reality. All the others agreed that they anticipated to witness a variety of reactions (resistance, uncertainty, insecurity, nervousness, great sense of loss, skepticism, ambiguity, apathy, some excitement, and anxiety), and all had different methods of reducing the negative emotions and enhancing the positive. Although each had their own constructive ways of dealing with the projected reactions, there was uniformity in their desire to tackle the problem together.

*Question 20: How will you refer to the way things were before the merger?*

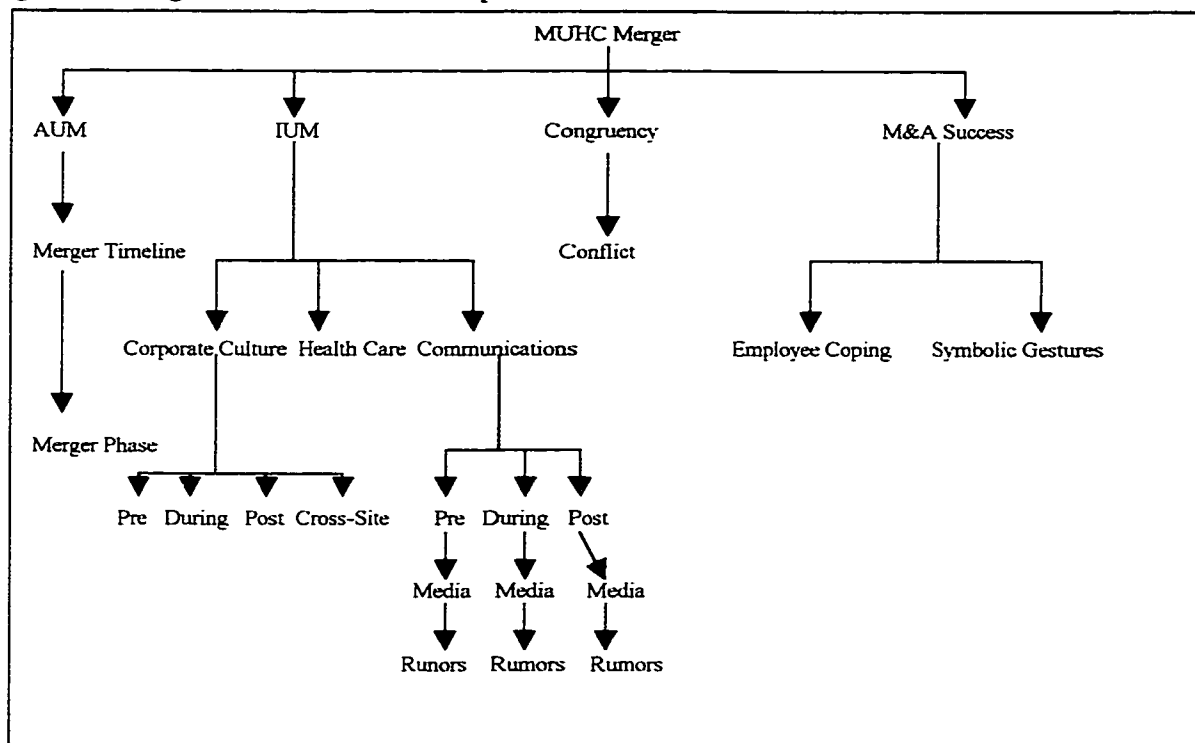
Although all the interviewees had different ideas, all but two answered with very positive and constructive answers. When the nine respondent's answers were compiled, the message was clear. It declared that the MUHC had as its base, four/five very respected, fine institutions of equal importance with long standing and honorable traditions who have jointly decided to come together and merge, not to take over. As society is undergoing numerous changes, including technological and health care modifications, it is becoming increasingly difficult for the hospitals to remain as they are. Therefore, the decision to merge was a voluntary one. Had this decision not been taken, another remedy would have to have been found. Although life and providing health care was a lot easier prior to the merger, the MUHC is currently facing a tremendous challenge and it is imperative to make it succeed, because together the new MUHC is a lot stronger than its individual parts. The merger is an evolution set in motion in an effort to place the MUHC in a better position to implement change. The final two responses were to focus on the here and now and NOT the past; and to wait and see what the merger looked like in the end before deciding what to do.

The above was the list of the questions presented in the interview and the summary of the responses to each. This was one of the methods employed to reduce and display the data. The second method, the use of NVivo, will be outlined next.

## NVivo

As was previously explained the data was reduced and displayed using two different methods. The previous sub-section outlined the ‘analysis by questions’ method, while the next sub-section will display the reduced data obtained through the employment of the NVivo software discussed in the methodology portion of this paper. The results were condensed using 25 different codes that were hierarchically (in tree format) arranged under four general (higher order codes) headings. The diagram below represents the entire tree of codes to provide a general idea of their structure and organization. The definitions of the following codes can be found in appendix 5.

Figure 4. Diagram of the relationship between the codes



### *Acknowledgement of Unified Model (AUM)*

It was acknowledged, in the 1998 MUHC annual report, that change was difficult and that merging the diverse hospital cultures was going to be a challenge. The interview

notes indicated that nine of the interviewees were very knowledgeable about mergers and knew their subject matter very well; that is the top management team was cognizant with the merger process. Furthermore, five respondents were even familiar with what the literature recommended about how to implement mergers from an HR perspective. However, the remainder of the interviewees had a sense that the merger model consisted of only two, not three stages. They all agreed that mergers involved hard work, did not usually run smoothly, and that change as well as cultural integration was difficult.

#### *AUM' Merger Timeline*

Four interviewees were in agreement that the merger would only begin its post-merger phase when everyone had been moved to the new site. At the time of the interviews, that meant the year 2005. With the process having started in 1992, the merger would have then taken a total of 12 years to complete. Three respondents mentioned this twelve-year period, while three other subjects felt that there should be no timetable, and indeed, they believed that it would never be completed. Four points of interest were raised: first, two interviewees felt that a period of stabilization would be achieved prior to moving to the new site, second, four respondents mentioned that if it had not been for the move to a new building, the merger would have proceeded much faster, third, the many complexities associated with the health care system were also taking their toll in delaying the completion of the merger, fourth, the pre-merger stage took longer than it should have taken because the MCH and the MNH had not known from the outset that they would be merging and so they joined belatedly.

Five of the interviewees felt the merger was on schedule. The others mentioned that in their opinion the merger was behind schedule. Two respondents felt strongly that there should not be a timeframe attached to this type of change initiative.

Finally, the majority of the respondents (six) reported that it took one to two years to create and complete the top management team. They also mentioned that it would take approximately another year to two for the remainder of the hierarchies to be merged.

#### *AUM: Merger Timeline/ Merger Phase*

The majority (eight) of the team members identified the stage of the merger process as being in the during-phase. Three said that the merger was in the post-stage, while two were adamant that the merger was at different stages, depending on which department was considered. There were three interviewees who thought the merger was at a border point between two different stages, either pre and during and/or during and post. One respondent thought that moving to the new site would signify the beginning of the post-stage. Overall, the majority felt that the merger was at the during-stage in the process.

#### *Implementation of the Unified Model (IUM)*

Two respondents mentioned that no one person was driving the merger forward, and that there was no real vision for the merger. This could be due to the fact that no one person was being held accountable. One interviewee mentioned that the accreditation council provided a roadmap to move the merger forward, and that the amount of work to be completed was enormous. Another respondent felt that everyone was too occupied with



problems that were occurring ad hoc, and this prevented them from planning for the future.

### *IUM: Corporate Culture*

Only two interviewees felt that changing a corporate culture in an organization was a difficult thing to do, and that changing the cultures of the old hospitals into a new MUHC culture would be any different. It was the philosophy of the nine remaining respondents that one did not try and force a change, but rather allow the culture to evolve on its own. Furthermore, they did not expect the new culture to be in place until they were on the new site. They felt the change would occur through common meetings, mission and philosophy, as well as clear roles and responsibilities.

Nine executives mentioned that the issue of corporate culture had never been discussed, but said that the new (unidentified) culture should incorporate the best of the old cultures, and should most closely resemble the culture of the Royal Victoria because the majority of the top management team members came from there.

Two interviewees felt that the merger was not necessarily what was actually driving a change in culture, but rather the budget cuts and other situational factors were the real drivers of culture change at the lower levels. Three respondents mentioned that if a change in culture was to emerge then they felt a whole generation would have to pass before people accepted the new culture. Two others also said that a cultural change would be a very slow process although they did not provide a more concrete timeline.

### *IUM' Corporate Culture' Pre-Stage*

This code is divided into two sections, one containing the data from documents and the other containing data from the respondents' answers. A document which was obtained from one of the respondents (containing material from a retreat) indicated that there had been a retreat organized for all the top managers in the MGH and the RVH. The top managers from the MCH and the MNH had been present but did not participate because at the time there was uncertainty about their participation in the merger. The document disclosed that seven of the participants of this study were present at the retreat. Of these seven only one mentioned the retreat. The participants at the retreat were given the opportunity to identify the old cultures and to create what they felt the new culture should look like. They then created a list of everything had accomplished at the retreat and what remained to be done. They were instructed about what happened to employees throughout this process. An HR plan of action was created to ease the transition. However, there was no evidence, in document form or through the interviewees, that HR ever elaborated or followed up on that plan of action. One of the annual reports suggested that HR would create a plan of action, however, here again there was no evidence that this intention was realized. One of the planning reports, written in the pre-stage, stated that it was crucial to adopt and work toward a common vision. The meaning behind this will become clearer further into the paper.

The interviewee who first mentioned the retreat said that to his/her knowledge nothing had been done to follow through with the plans from the retreat. Therefore, most (eight

members) of the top management team said that there was no plan of action. Some of these eight members even stated there might be one, but they were just unaware of it.

The data indicated that the widely accepted, implicit plan of action was to allow the new culture to evolve naturally. Also no one was **really** sure who was supposed to handle this issue. All agreed that the new culture should be a blend of the old, and that because the top management team was largely composed of RVH people, that the new culture would most closely resemble the RVH culture.

*IUM: Corporate Culture/ During-Stage*

The two annual reports, a newspaper insert, and the planning reports all indicated that nothing was being done throughout the during-period to integrate the five cultures (including the Montreal Chest Hospital). According to the data contained in the transcripts, the most popular programs that were implemented included the employee assistance programs (EAPs), psychological services, and a program called “Regenerating the role of the Manager.” Other programs (such as focus groups, consultants, various support mechanism, and work teams) were also mentioned, but only once and they seemed to be relevant only to that interviewee’s directorate. It should be noted, however, that some of these programs had been around prior to the merger and were not directed at the merger per se. Four interviewees mentioned that they were operating with no direction, and on an adhoc basis in complete chaos.

It was mentioned by nine respondents that the new culture would evolve naturally and that it would most closely resemble the one that dominated the top management team. They also said that there was a barely noticeable difference in cultures, and that the place that had changed the most was the MNH, while the least changed hospital was the MCH. This change was accomplished largely through an intermingling of staff on joint committees. While the hospitals were running cross-site, the old cultures were still being encouraged. However, there was mention of an upcoming effort (functional planning) where the employees would be involved in creating the new MUHC, and in this way would be working more closely together. Unfortunately it was mentioned that this initiative had been a reactive, rather than a proactive process.

Five interviewees said that nothing had been done by the time of the interviews. They felt that there did not seem to be an ideal way to manage this period, and indeed they felt powerless to know how or what to do. Two respondents felt that the employees who survived the budget cuts were not resisters but really wanted to be there and would therefore not show signs of survivors' syndrome. This fact would make the employees more likely to jump onboard as they increasingly heard good news about the merger. Two subjects felt the employees were having a rough time adjusting to the new situation, and six thought that the "new" culture was not felt at levels lower down in the hierarchy. Therefore, some of the respondents were clearly expecting problems in this and the post-stage.

### *IUM/ Corporate Culture/ Post-Stage*

Two interviewees were of the opinion that the cultural problems would improve once everyone moved to the new site. Furthermore they felt that it would only be then that a new culture would truly emerge. It was proposed that each pavilion on the new site be given a different hospital name to make the transition easier for the employees.

Five interviewees said that they would deal with whatever issues emerged whenever they came up, and that they would be dealt with on a case-by-case basis. Two respondents were of the opinion that these issues should have been resolved in the during-stage. They also thought that the HR programs in place should help the employees as well as provide them with space and time to adjust. They all agreed that there were no monitoring/reinforcing mechanisms planned.

### *IUM/ Corporate Culture/ Cross-Site*

Working cross-site was the solution proposed and implemented to deal with the interim period between the point when the merger became official and the moment the MUHC moved to the new site. Five interviewees said that this method would make it easier for the culture to evolve naturally. It was also seen as a starting point for creating a new culture because employees would be working together and getting to know one another before moving to the new site. However, two respondents mentioned that this cross-site management plan could be seen as an impediment to really moving forward because it required extra layers, which would have to be removed once they moved to the new site. Yet this solution was retained.

### *IUM: Health Care Issues*

Two respondents were very adamant in pointing out that the merger was completely voluntary on the part of each hospital. They did concede that had it not occurred, some other intervention would have been imposed at a later date to respond to the changing needs of the health care system. Six interviewees pointed out that this was a unique merger in every aspect, and therefore could not be compared with any other merger. One of the defining reasons for the stated uniqueness of this merger was that it took place in an institution. Because this environment was highly regulated, it posed many diverse problems specific to that environment. Furthermore, this system necessarily prevented closed-door discussions, which meant that employees and the public did not have any surprises. There were other communication issues that had to be handled differently because of this system.

The lengthy duration of the merger was blamed on the fact that it was a public institution in the health care system. The Quebec health care system has the reputation of taking longer than normal to affect change as does a public institution over a private one. Two other important factors in the health care system preventing the merger from moving forward more rapidly were the labor shortages and the budget cuts confronting all the hospitals involved.

### *IUM: Communication System*

This code was divided into two sections; the first addressed the coded documents, and the second focused on the coded interview data. In a published article, the hospital received

praise for an excellent job communicating with the external community. The same article showed that the MUHC recognized the complexity and difficulty in effective communication, especially in view of its diverse audience.

Each interviewee agreed that communication was the number one priority; on the other hand, they acknowledged that they had not communicated sufficiently and that their communication initiatives were very poor. It was characterized as very poor, because of their tendency to play things down, to be rather closed, and secretive so as not to raise too much controversy and discussion. They went on to say that communicating with employees was extremely difficult, especially when there were approximately 11 000 employees. Indeed four interviewees felt that it was an impossible task. Collectively, they were more optimistic about the subject because a communications director had recently been (November 1999) hired. Their prevailing philosophy was that communication should be open, honest, transparent, and must contain the good and the bad. One respondent mentioned that the MCH was the only hospital in the merger that had open communication in their culture. Finally, the use of different media was also acknowledged as an effective means of communicating, and when done well, was compared to an art form.

#### *IUM: Communications: Pre-Stage*

According to the same published article, there was an intentional leak about the merger in 1993 to first disseminate the information and get the ball rolling. In that same year, several media were used to relay the merger message (face-to-face to print). The news

media were first told of the merger in a more controlled fashion and in order to reach everyone at the same time. Their stated objective at the time was to garner support for the project. The sample newsletters received did not contain any articles that really discussed the merger or its implications. One of the planning reports indicated that the plans for communication and consultation would be the key features of the during-stage.

Each of the eleven interviewees agreed that the employees and everyone involved knew about the merger discussions. But only five respondents agreed that the employees were informed about the implications of the merger. It was also suggested that communication during the pre-stage was difficult because there was no plan and people did not know what the outcome would be. One document (the published article) supported the idea that there had been a plan for the pre-period, however, there were no documents supporting any plans for the remainder of the merger. Only two subjects felt that communications were good throughout the pre-stage of the merger because the control was not dispersed, yet employees' expectations were uninformed.

*IUM: Communication' Pre: Media-Message*

Each interviewee mentioned that employees were informed about the merger discussions through different media, the two most popular being meetings and newsletters. Seven respondents felt that the employees heard of the news through circulating rumors. The other media employed to announce the merger were: T.V., radio, memos, bulletins, open forums, and private meetings.



The basic message the employees received in the pre-stage was that the hospitals were coming together to discuss the possibility of merging and that negotiations would continue over time.

#### *IUM: Communication: Pre: Rumors*

As mentioned above seven interviewees felt that the employees learned about the merger discussions through rumors. Four of the seven also mentioned a mixture of both rumors and formal announcements. They explained that the rumors arose from a lack of effective communication, from people who did not agree with the merger, and/or from people who were fearful and anxious, who did not understand or were simply unhappy with the idea of a merger. The rumors started depending on where the negotiations were taking place. The most popular rumors at the time were that it was a RVH take-over; that it was a MGH take-over; that the new MUHC would only have 800 beds; that it was the solution to the government budget cuts; that people were losing their tempers; that the MCH was either in or out; that the MNH was either in or out; that there would be many job losses; and finally, that the MCH and the MNH would disappear.

#### *IUM: Communication: During*

A sample of newsletters revealed that the MUHC was disseminating very little information (in each newsletter) that dealt with the merger and even less information that would encourage excitement amongst the employees, clarify issues, and give them an opportunity to cope. The shorter versions of the newsletters (MHUC En Bref) were more informative and relevant to the above issues.

There was no agreement amongst the interviewees as to when and how the merger was announced. This was due to the fact that three participants were not around at that time, and the others were simply uncertain and did not remember. It was discerned through a search of all the documents provided and all the responses to the questionnaires, that the merger became official sometime in 1997 and was communicated to the employees through newsletters, meetings, the communication department, the planning office, and the cost/call center manager meetings. Seven respondents agreed that throughout this stage (during the merger), the employees received very little merger related information. Three said it was ongoing, four said it was more sporadic than that, and the remaining four said that employees only heard news when new developments arose. It was also interesting to note that while six participants said that nothing was communicated when there was nothing new to report, the others generally felt that there was always something new to report. Four interviewees said that they would always respond to questions directed at them and clarify any misunderstandings; while, two respondents said that they would actively try and create enthusiasm for the merger and to encourage an understanding of what was occurring around them which was all part of a plan.

Not one participant agreed about who communicated the most throughout the MUHC. The following list contains those people who were mentioned as communicators: Dr. Scott, the cost/call center managers, the employees' direct supervisor, the planning office as a whole, the director of nursing, and the communications department. It was suggested by one of the interviewees that a hospital like the MUHC was too complicated and diverse to have one general communicator.

The informal opportunities for feedback and employee involvement were: the intranet, numerous question and answer meetings, email communication with top management team members, direct contact with supervisor, and the cost/call center manager. Only two respondents said that they were in need of better feedback loops and monitoring/reinforcing mechanisms. All the participants agreed that communication during this stage was not very good, although they felt that it was very important. Six members of the top management team were unsure if there was a communications plan or strategy, however they felt confident that the new communications director would be an improvement over the past and that things were going to get better. At the time of the interviews the new culture had not yet been communicated in large part due to the fact that they had not identified a new culture. The information that was being communicated in the during-stage concerned the following issues: new developments, the Glen Yards project (the new site), and the problems with the pediatric mission. Two respondents predicted that more communications would occur at the end of August or the beginning of September 2000 when the process redesign and functional planning was slated to begin.

*IUM: Communication: During: Media-Message*

There were three documents coded under this code above. The first, a newspaper insert, came fully addressed and answered typical questions raised by all parties concerning the outcome of the merger. The second document was an article in one of the newsletters. It was a letter written by the editor explaining that the intended purpose for the communication was as a source of information about new developments and personnel at

the MUHC; however, the sample documents indicated that the newsletters did not speak about the MUHC but rather about the individual hospitals and their day-to-day issues and medical accomplishments. Finally, the CEO wrote a letter in the 1997 annual report, and it contained positive, confident, and sympathetic messages concerning the employees.

The messages they received in the during-stage and at the time of the interviews included: nominations, status of the integration, fundraising efforts, new site, progress of the planning effort, new appointments, merged services, success stories, achievements, awards, changes, departures, board decisions, and HRM practices. All of the above information were simply listed and were not elaborated upon by the participants. There were no orienting or directing messages.

The media used at the time (the during-stage) varied widely but most agreed that the important information was transmitted through face-to-face contact while the more regular information was conveyed through less rich media. Seven of the eleven interviewees felt that the most effective lines of communication should start with the director, then move onto the cost/call center managers, then the managers/supervisors, and finally the employees. The media employed in this during-phase were: the intranet, bulletins, the three newsletters (Ensemble, EnBref, Express), the internet, email, various committee meetings, memos, brown bag lunches, public information sessions, T.V. ads, radio ads, newspapers, the annual report, and announcements in the cafeteria. It was noted that the internet and intranet web sites, and the emailing system had to be

improved. Finally, it was felt that the communications effort had to be more coordinated between sites.

#### *IUM Communication: During Rumors*

The message from the executives was that rumors erupted mainly due to a lack of communication. Other possibilities for their appearance were: people picking up hearsay, outside appearances, and people disagreeing with the merger. Seven members from the top management team said they confronted the rumors by either confirming or discounting them. Mainly their goal was to continue disseminating the right information; damage control, and to intervene on a case-by-case basis. One of the interviewees pointedly mentioned that if rumors emerged, he would definitely stop them, but that “you can’t get excited about every rumor you hear because they tend to have a shelf-life of about twenty-four hours.” In reality and according to the literature, this is not necessarily true. On the other hand, becoming overly dramatic and responsive to a rumor also has its own consequences; so that it is important and necessary to match the solution to the severity of the rumor. Some of the rumors mentioned earlier are still in circulation.

#### *IUM Communication: Post*

The four top management team members predicted that employees would experience anxiety and excitement in reaction to the post-stage merger. However, there were no monitoring/reinforcing mechanisms in place to detect the levels of assimilation employees would feel, nor did they foresee any. They were simply relying on the employees talking to their middle/cost/call center managers and having the information

flow upwards. Other possible feedback mechanisms could include the various HR programs, and the open door policy. One possible solution to any sign of negativity would be the involvement of the board and management and the initiation of a communications campaign. One interviewee mentioned that it would most likely be handled on a case-by-case basis since they did not know what to expect in the future.

#### *IUM: Communication: Post: Media-Message*

According to the top management team, there were several ways to refer to the past, namely: “we are in a better position now;” “that was then and this is now,” the present is the focus; with positive references; with respect; as a fact of life that if you cannot accept, you leave; as part of an evolutionary process; incomparable; with the philosophy that the past was easy, small, and simple and the present is big and complicated.

#### *IUM: Communication: Post: Rumors*

One interviewee said that no matter what rumors emerged during this phase, they would be dealt with by emphasizing the truth.

#### *Congruency*

Three interviewees mentioned that they perceived tremendous dedication and commitment from the entire top management team in dealing with any issue or problem that arose, and that once a decision to act was made, everyone was consistent in their commitment to carrying it out.

On the other hand, one interviewee stated that there should be more solidarity and combined work towards a common and strategic response. Two others said the process was chaotic and that each director or department was implementing his/her own plans for integration. This demonstrated that the top management team was not really working as closely as previously thought. One could therefore say that there was no simultaneous initiative that all the directors were undertaking for the merger. Thus five respondents said that although they felt sure there were plans somewhere, they just did not know what or where they were and who was responsible for creating them.

### *Congruency/ Conflict*

Serious conflict was highlighted in a newspaper article. It focused on the resignation of one member of the top management team citing the difficulties between the pediatric and adult missions. Two interviewees mentioned that besides the pediatric mission, there were many other difficulties as well, and that this process was not without its problems. Several executives expressed their displeasure with the way the merger was being handled<sup>6</sup>. Furthermore, there was a lot of diversity of opinion at the top, with a slowly increasing number in favour to the merger. For a short time top management was actively working against it. However, firing people would have caused too much of a public spectacle and therefore it did not occur.

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<sup>6</sup> The reasons for their displeasure were mentioned off the record and therefore could not be elaborated upon, and the precise number of participants expressing this opinion also could not be revealed.

### *M&A Success*

There were no examples of any true successes within the MUHC, nor was there any department or area where the management team said the merger process was really moving along very well. Whatever success had been achieved was due largely to the type of leadership in place and where flexibility was a key quality. The most frequently mentioned successes were: the nursing department, the consolidation of neuro-surgery, the manner in which everyone came together in times of crisis, the research institute, the creation of one clinical leadership, and the move towards creating one MUHC foundation. There were other successes like the creation of one board of directors, the newsletters, and the way the ERs were working together, but they were only mentioned once.

### *M&A Success: Employee Coping*

For this code the employees' emotions were divided into three sections, the pre-stage, the during-stage, and the post-stage. The pre-stage witnessed such emotions as: uncertainty, insecurity, inability to understand the need for change, fear, tension, some desire to support the change, resistance, positive feelings, energy, commitment, work satisfaction, different levels of enthusiasm, concern, skepticism, some discontent, fatigue, dread, horror, weariness, some favorable attitudes.

The during-stage witnessed other emotions including: insecurity, confusion, unrealistic expectation of speed of process, tension, some resistance, grief, lack of goals, disbelief, the feeling of being taken over, concern, fear, lingering hope, excitement, skepticism,



dread, horror, uncertainty, loss of sense of belonging and identity, anxiety and morale problems. Six respondents agreed that the feelings were more negative at the beginning of this stage and were slowly improving as time went on.

The feelings experienced in the post-stage included: very happy, great, relief, some anxiety, excitement, acceptance, tremendous boost, confidence, self-assurance, dread, horror, nervousness, uncertainty, insecurity, joy, sense of loss, some resistance.

The most negative stage was the during-stage, and the most improved was the post stage. It was clear that the reactions to the change varied considerably across a wide spectrum in all three stages. However it was not clear whether these emotions were due to the budget cuts or the merger.

There was no denying that the top management team was aware the employees were going through a difficult time. Yet only two members mentioned that this had been a very painful process for some employees, while the others had not even been affected.

#### *M&A Success: Symbolic Gestures*

The interviewees exhibited a wide range of openness in their attitude – from very open, honest, helpful and accommodating to very guarded and unaccommodating. The majority (nine in all) expressed the more open, positive approach.

Seven interviewees had very clear ideas of how they could personally help implement the merger. These initiatives included bringing historical documents with them to the new site so the employees could identify with their roots. Others wanted to act as change agents and role models to facilitate the change and encourage the employees to accept it. They also tried to discover new and creative ways to communicate their messages. Being visible and showing confidence vis-à-vis the merger were other suggested methods.

Finally, there were four unrelated symbolic gestures that stood out and should be noted. The first was the accreditation process which the MUHC underwent two months after the merger to signify the importance of the merger. Second, the majority of the top management team came from the Royal Victoria Hospital, indicating where the RVH take-over rumors may have gotten started. Third, Dr. Scott moved his office from the RVH to the MGH a few weeks into this study. Finally, Dr. Scott decided to act as Santa Claus for one day around Christmas<sup>7</sup> time.

The following section will combine all the responses gleaned from both methods, due to the fact that both data reduction and display methods (questions and NVivo) have been set forth.

### Cross Method Analysis

This section focuses on amalgamating and comparing the results gleaned from the two methods employed to reduce and display the data. The aim is to show where these methods yielded similar and new information and to present the results. For the most part, the results show that the coded information and the analysis by questions do

correlate, indicating a high level of reliability for the coding scheme that had been developed. The following results highlight the new information only.

### **New Information**

This section deals specifically with the data from the interviews that, after coding proved to be new information. The data provided valuable new information that may clarify certain merger issues and/or modify the resultant model. In addition, there were two questions for which the answers were dispersed throughout the coded data and therefore need to be analyzed in a more rigorous manner.

The first question addressed the issue of how the new culture had been communicated to all the employees. In actual fact, it had not been communicated, because the new culture had not yet been identified and so everyone was really proceeding with the old cultures from each of the merging hospitals. Furthermore, since some felt that the plan was to allow the new culture to evolve naturally, the new culture could not possibly have been communicated either. Therefore, new information is that the new culture could not have been communicated at any time throughout the merger.

The second question addressed the issue of who were the people creating the plans of action and who was accountable to them. The data indicated that the executives felt certain that it was one or all of them who were responsible for creating these plans of action. They were unsure as to who was ultimately to be held accountable; however, a few did mention that they believed it to be Dr. Scott and the board. The new information

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<sup>7</sup> This was his way of managing by walking around.

here is that no one was certain as to who was responsible for creating the plans of action and who was accountable for their implementation.

The new information was derived from the results obtained from both question analysis and information coding. It could not have been obtained through the analysis only because the participants were very knowledgeable about the merger process, and especially about what the literature recommended for such a change initiative. It also became clear that no one was actively driving the merger forward and that no vision was being projected here. This point is critical to both the communication and corporate culture variables and to the creation of plans of action throughout the pre-stage, and will therefore be discussed later in the analysis section. Next, they felt that there was still a great deal of work left to be done, which was highlighted through the accreditation process which took place two months after the merger became final. Finally, there were too many other problems keeping the executives busy and preventing them from planning for the future.

In terms of the culture at the MUHC, they said that it would most closely resemble the RVH culture because the majority of the top management team originated there. They further went on to say that if there was a cultural change right now, it would most likely be due to the budget cuts rather than the merger. They doubted that the lower levels of employees felt any cultural change and they definitely did not count the merger as their number one priority and concern.

The coded documents also added to this body of available data for analysis. Through a couple of interviewees and documents it became known that there was a top management retreat during the pre-stage for the Montreal General and the Royal Victoria; the Children's Hospital and the Neurological Hospital attended but did not participate. The purpose of this retreat was to sensitize them to the issue of culture in M&As and to help them identify the two hospital cultures. Following this they went on to establish a list of characteristics that they felt the MUHC culture should resemble. As well, groups were formed at the retreat which had to create and present a plan of action, one of those groups was HR. Other documents confirmed that this plan was never elaborated.

One issue that continued to surface among the interviewees was the cross-site system of the merger. It was their priority and they employed it until the new site was built and inhabited. Yet cross-site responsibilities were not being enforced on anyone who did not want them. This system was seen as a great impediment to moving forward with the merger, and would no longer be a factor after the move.

The overall message employees were given throughout the pre-stage was that the hospitals were coming together to discuss the possibility of merging and that there would be negotiations over time. The documents that were provided indicated a minute amount of merger information, and an even smaller amount of merger HR issues, conveyed via the hospital newsletter throughout the during-period. Ironically, the shorter versions of the newsletter were more informative and relevant.

Health care issues were brought up so many times that it became obvious how much of an impact it was having on the outcome and handling of the merger. This new information should be looked at carefully to see if it changes the model in any way.

The data also revealed the fact that in some ways the top management team acted as one unit, and in other ways, they seemed to act as a group of individuals doing their own thing. Therefore, the congruency code was added. It was also interesting to note that it had not only stopped at working individually, there is actual conflict going on that both the internal and external public are not aware of. On the other hand, several of these managers also went beyond personal contribution showing significant symbolic gestures.

The next section, analysis, takes all of the above information (analysis by question, NVivo, and new information) and addresses each of the prescriptives in order to test the model. Once that is accomplished, the new model and the reasons for the modifications are outlined.

## ANALYSIS

A unified model was constructed as a result of amalgamating all the recommendations that were set forth throughout the extensive literature review. Future organizations wishing to undertake M&As, will benefit from following this model because, according to the literature, it will increase their chances of success, will aid with employees' overall adjustment and will decrease any resultant culture shock. Pursuing this model, as well as the financial and legal issues, an institution will have paid attention to the three most important factors when implementing an M&A. This section will be devoted to revising the present model by verifying whether or not the interview data corroborates the literature recommendations. Should inconsistency develop, adjustments to the model will be considered. This section will end with the presentation of the final model.

### Revising The Model

A revision of the original model will take place in the following sub-section by comparing the literature with the obtained results. Each prescription will be revisited and analyzed by weighing the results against the literature to verify whether or not the prescription was followed. The supported items will remain in the model, while the unsupported ones will be deleted.

### **Verifying the Prescriptives**

The following will present each prescription and verify it to determine whether or not it was supported by presenting the evidence obtained through the interviews and comparing it to the literature.

*Prescription 1: The M&A process involves the acknowledgement and implementation of the unified model comprising the three stages: pre-merger, during the merger, and post-merger.*

The literature outlined and defined the three above-mentioned stages by combining the definitions from Ivancevich et al. (1987), Marks (1997), Marks and Cutcliffe (1988), and Schweiger and Weber (1989) and defining the strategies involved in each of these phases as crucial to M&A implementation.

The data revealed that the majority of the senior management team had been very knowledgeable about what the literature purported about M&As and their implementation. While each team member recognized that the M&A process could be divided into different stages, not all of them correctly indicated the number of stages in this change initiative; some believed there were only two stages. When pressed to choose the phase the MUHC was experiencing at the time of the interviews, the majority appropriately selected the during-stage. Therefore, due to the fact that, on the whole, the top management team was aware of the literature, recognized that the merger process proceeded in stages, and properly selected the phase they were in, then the first part (acknowledgement of the model) of this prescription has been followed and will remain part of the model. The second part (implementation) and prescription 1a will be reviewed further along in the section, when the final model will be presented.



*Prescription 2: The people implementing and driving the M&A forward should be the key players, the CEO and the executives. Their leadership will help decrease the chance of M&A failure, will increase the overall adjustment of employees, and will minimize the culture clash.*

The results indicate that the people implementing the merger were the key players; the CEO and the executives. This was evidenced when looking at the responses to question 15C; each senior management team member had answers for how they were running the hospitals in order to fulfill the MUHC's mandate. However, it was interesting to note that each answer was different because it reflected what each member would do for their own individual departments/directorates. As well, from prescription 1a, the implementation of the unified model code, the results indicated that no one person was driving the merger forward, nor was a vision being elaborated.

According to the literature (Canella and Hambrick 1993; Holoweiko 1995; Marks and Mirvis 1997; Pitts 1976; Trottier 1998) the key players of the merger are the merged team executives and the managers and it is through their commitment to the merger that the employees accept and follow it. Furthermore, they have to make the merger clear and personal to the employees to ensure their cooperation and commitment to the organization (Covin et al. 1997). At the other end of the spectrum, these key players are also crucial for communication purposes because by acting as communication champion, they (the key players) will spread the news and address employees' main concerns and make the messages more powerful (Kramlinger 1998; Smeltzer 1991; Young and Post 1993).

It was widely believed that the MUHC's top management team were succeeding, that they all had ideas they wished to implement and were communicating well; unfortunately, they were not doing so as a team. The lack of direction and vision may be the largest shortfall of this merger and may translate into poor results further along in the process. Nevertheless, the importance afforded to this issue (the top management team as the key players) in the literature and partly by the MUHC must not be ignored. Thus, this item will remain in the model, (because the MUHC was partially following the prescription), until further evidence points to its exclusion.

*Prescription 3: The key players involved in the M&A have created the plans of action for both cultural integration and communication in the pre-merger stage of the M&A. Having these plans of action will decrease the chance for M&A failure and culture clash, while increasing the employees' overall adjustment.*

The plan of action for the cultural integration and communication of the MUHC will be addressed first, followed by a discussion of the plans of actions for communication. According to the results, there was one critical document that highlighted the fact that the hospitals had already commenced creating a plan of action for the cultural integration of the hospitals. The retreat was aimed at undertaking the necessary steps to create a plan of action and the numerous files within the document indicated how all the participants at the retreat (seven of the eleven interviewees) were instructed and then advised of the dire consequences of not creating such a plan. Furthermore, tentative plans had been created at that retreat.

One of the planning reports, as well as a report containing the accreditation results also indicated that the top management team was aware of the fact that plans were required to integrate the cultures. However, the interview data revealed that the respondents never followed through with these plans of action. Only two of them had felt that it was necessary to continue this effort after the retreat, while the rest were of the opinion that just by working together across sites the new culture would naturally evolve and be created. The latter philosophy was not to force anything but rather to let nature take its course. Two subjects even believed that they were beyond the point of talking about culture, that phase of the merger was over. They arrived at this decision despite the fact that almost all the management team was familiar with the literature, and had been told at the retreat about the dire consequences of ignoring the issue.

Tetenbaum (1999) really emphasized the importance of the CEO and the human resource department collaborating and creating the cultural integration plans of action. The first step he espoused in creating the plans was to take a cultural audit of the “old” cultures of the merging partners (Canella and Hambrick 1993; Cartwright and Cooper 1993; DeVoge and Spreier 1999; Holoweiko 1995; Marks and Mirvis 1997; Schweiger and Weber 1989; Pitts 1976; Tetenbaum 1999; Trottier 1998; Young and Post 1993). The documents revealed that this had been accomplished at the retreat; however, it was only done for the RVH and the MGH. The MCH and the MNH were not yet official partners, and therefore theirs had not been executed and would still have to be audited.

The second step in creating the cultural plans of action was to create the new desired culture (DeVoge and Spreier 1999). It is most important to understand that the new culture could follow numerous models; however, it must never create winners and losers within the merger (DeVoge and Spreier 1999) and should reflect the new mission and vision for the organization (Lando 2000). This too was completed at the retreat, and should be revised to include the MCH and the MNH. The final step in the creation of these plans of action was to develop the integration plans (Cartwright and Cooper 1993b; Lake 1997; Marks and Cutcliffe 1998; Tetenbaum 1999). This meant structuring the specific steps that the new organization chose to implement and disseminate the new culture to the lowest levels of the organization; so that every employee would know of the new culture and adopt it as his own. This was only marginally accomplished at the retreat, and was supposed to be followed through; however, the results indicated that it was ignored after the retreat. This is reflected in the top management's prevailing philosophy that cultural integration should be left to evolve on its own. And so, because of the importance attached to this aspect of the merger process throughout the literature, and the fact that the top management team did have knowledge about its importance, and they did complete the majority of the steps, the decision was taken to keep this point in the model.

Next will follow a discussion of the actions taken by the MUHC to create the communication plans of action. The top management team's philosophy regarding this issue was that it was extremely important and that it was their top priority. As well it was their opinion that it should be transparent, open, and honest. From the study of the

results, the majority of the team believed that there were no plans of action for communicating all aspects of the merger to the employees. However, the team did point to the newly appointed communications director as the person responsible for creating those plans of action. Furthermore, the pertinent documents dealing with this topic, indicated that there was some type of plan in place to communicate the discussions and the final announcement of the merger yet the plans stopped there. Although this documents supported the fact that there was a communications plan during the pre-stage of the merger, the majority of the top management team did not feel as though it was successful.

The literature indicates that the communications plan of action should be considered as the centerpiece of the change strategy and that it would keep the merger moving forward (Knorr 1993). The aim of such a plan is to relay all the merger messages and information to the employees in a timely and efficient manner (Balmer and Dinnie 1999; Burke 1987; Knorr 1993). The communications department with the help of the HR personnel are primarily responsible for creating these plans, however, the remaining top management team members should also have input and must be actively involved in implementing them (Knorr 1993). The essential points are: to implement them congruently by all team members, and to consider the audience as well as the timing, medium, and message at all times (Balmer and Dinnie 1999; Daniel 1999; Risberg 1997). The first events to be considered for communication in the plan of action are the negotiations and the final announcements (Smeltzer 1991). The results of the study indicated that the top management team considered these points during their merger discussions and the final

merger announcements. However, the plans did not exceed beyond that. They continued to function and communicate without a clear plan of direction until finally a director of communications was hired. Everyone waited for this new person to take charge of the communications aspect of the merger.

Finally, the last item to be included in a communications' plans of action is a framework for two-way communication so that the employees, too, will have a voice throughout the process (Young and Post 1993). This however, was only partially implemented in the MUHC merger. The data revealed that the employees had several different ways to offer feedback, but none of these mechanisms had any formal structure nor were they something that the top management team members could identify unanimously. So again, this part of the communications plan of action was only moderately followed. Because a plan was being followed during pre-merger, because the executives were anticipating the arrival of a communications director to create the new communication plans of action, and because of the importance attached to this issue in the literature, the communications plans of action will remain in the model. By virtue of this inclusion the MUHC's senior management team is following the prescription.

*Prescription 4: Everyone involved in or experiencing the M&A should have a reasonable time expectation for change before the integration begins. This will have the effect of minimizing the cultural clash and chance for failure, while increasing the employees' overall adjustment.*

The interview data revealed that the entire top management team felt that the merger process was long, and that none of them had a common timeframe for such a grand scale initiative for change. However, they seemed to have a good grasp of the extraneous factors present that could delay the process. Although their timeframe from never to a professional generation was large and varied, the majority agreed that the merger was on schedule.

The literature espouses the belief that a merger will take the amount of time the top management team believes it will take, and in many ways that it is like a self-fulfilling prophecy (Pritchett and Pound 1996). Basically, the pace of the change should not be too slow, nor too fast, otherwise it would create too much stress for the employee and reduce the chances for a successful cultural change (Pritchett and Pound 1996). The ideal pace of change during a merger should be smooth and easy, just slightly faster than the usual organizational speed (Pritchett and Pound 1996). The MUHC's expectation that integration will occur the moment the move to one site occurs is too optimistic, especially if they are not following the model correctly. Indeed, their actions seem to be fulfilling their timeline prophesy that the merger will either never be completed or will take a professional generation to complete. If the merger process began in 1992, and eight years later they are still in the during stage of integration, they still have not moved to one site

which they are slated to do in 2005 the process will then have taken 13 years to complete. This is very close to their original statement of a professional generation (12 years). Since the MUHC's expectation of the reasonable time for change is consistent with the literature, this item will remain in the model, and therefore, the prescription has been followed. However, the fact that not all the top management team members hold the same expectation will be discussed in the "implication for management" sub-section.

*Prescription 5: The key players in the M&A should be following the plans of action congruently. The outcome of this concerted effort will be increased employee overall adjustment, and decreased chance of M&A failure.*

The data indicated that the top management team perceived all their members to be very dedicated and committed to the process and willing to work through all the issues and problems together. They explained that once a decision was made they were all persistent in carrying it out. One dissenting member felt that there was not enough solidarity and that they were not working together towards a common and strategic response. This was extremely problematic because it showed that instead of working together, they were actually implementing different integration plans for their own directorates. The results also revealed that there was conflict within the top management team, eventually causing the resignation of one of its members. Some expressed their displeasure with the way issues were being handled and felt that the process was very difficult indeed. Should these issues have been exposed they would have obstructed the progress of the merger. One member even mentioned that initially some of the top management team had worked actively against the merger.



The literature clearly dictates that it is imperative for the top management team to work collaboratively and congruently implementing plans of action or face the resultant confusion, ambiguity, and uncertainty (Balmer and Dinnie 1999; Risberg 1997). Confusion, ambiguity, and uncertainty are contraindicated for a successful merger from an HR perspective. They result in decreased overall employee adjustment, and increased rate of failure. Therefore, with the importance this issue is accorded in the literature, and the fact that top management partially followed this aspect of the merger process the prescription is adhered to and the item will remain in the model. It must be noted that the senior management must work to come together as a team, making it one of their priorities.

*Prescription 6: The M&A negotiations and final announcement should be communicated by taking into account the message, audience, timing, and medium. This will have the positive effect of decreasing the chance for M&A failure and increased employees' overall adjustment.*

As mentioned above in prescription 3, the top management team had elaborate plans for informing the internal and external publics about the discussions, negotiations, and final merger announcements. Although many team members did not believe the implications were known and understood, nonetheless some effort was made and documented. They attempted to inform the employees about the discussions, while tailoring the information to the audience and factoring in the timing as well. However, the medium chosen was not appropriate. The final announcement was made public on television, their rationale being that they wanted everyone to find out the news at the same time, as well as to

receive the exact same information. They felt that this method would minimize any misunderstandings. In the end the majority felt the implications were not known.

The literature points to the importance of first informing the internal public of the discussions and final announcement (Smeltzer 1991). Irving Janis (n.d.; Marks and Mirvis 1986) and Schweiger and DeNisi's (1991) research provides everyone with examples of the benefits from these practices. Janis discovered that when hospital patients were forewarned of the pain of an operation and were provided with a realistic portrayal of their recovery, they healed much faster. With this idea in mind, Schweiger and DeNisi (1991) discovered that providing employees with a realistic merger preview, improved their ability to cope with that change. These two studies indicate the importance of informing the employees about the merger discussions and then properly announcing it. The MUHC's senior management team had this goal in mind and tried to achieve the same. Therefore, this prescription is followed and this item remains in the model.

*Prescription 7: The plans of action should be set into motion in the during-merger stage of the M&A. They will help increase employees' overall adjustment and decrease the chance of M&A failure.*

Since the results showed that there were no plans of action created in the pre-stage of the merger, there was nothing for the team to put into motion. The documents supported the claims made by the team members that nothing had been done to integrate the hospital cultures. They simply wanted to let them evolve, naturally into a new culture. They had

implemented a cross-site management action, which had as its goal people working together in an endeavor to develop the new culture; however, nothing more concrete or structured was ever instituted. Moreover, each director seemed to create his/her own initiatives for cultural integration in his/her respective department. The majority of the interviewees were of the opinion that very little was being done in terms of communicating merger information to the employees.

The literature espouses that the plans of action should be implemented in the during-stage, and must be set into motion by the key players in the merger. It is they who provide direction, orientation, manage conflict and shape the new reality (Daniel 1999; Marks and Cutcliffe 1988). Furthermore, the reason why the plans of action are created in the pre-stage is to enable the team to implement them in the during-stage, thereby providing direction throughout the remainder of the merger (Risberg 1997; Schweiger and Weber 1989). They are also created to address the different communications issues that may arise, and to ensure that the effort never wanes (Schweiger and Weber 1989). Unfortunately, the top management team never created and followed these plans of action. They did look to the newly appointed director of communications to create these plans. But these plans should have been created in the pre-stage, not the during-stage. In this instance, the literature will confirm the fact that this prescription is neither followed nor abandoned, and that the issue will remain in the model until more evidence is collected to retain or delete it.

*Prescription 8: The speed of the M&A throughout the during-merger stage is very important. A merger timetable should be outlined, the scheduled changes should proceed swiftly, and staff should be re-organized as quickly as possible. These actions will minimize a possible culture clash, and increase employees' overall adjustment while decreasing the chances of M&A failure.*

The literature explains that speed is an issue in M&As, to prevent employees from enduring lengthy periods of uncertainty and stress (Daniel 1999). It is also included in the model that the process must move forward swiftly, that the placement of staff must be timely and the creation of merger timetables must be established (Daniel 1999; Marks and Mirvis 1997; Smye and Grant 1989). These last two items aid in reducing employee uncertainty and stress.

The results of the study clearly contradicted the literature, but with valid reasons. The respondents claimed that there were forces beyond their control that prevented the merger from moving forward swiftly. The delay in constructing the new building, the complexities associated with the health care system (labor shortages and budget cuts), the fact that the M&A took place in the public sector (many stakeholders), and the prolonged period of time it took to decide whether or not the MCH and the MNH would become partners with the MUHC, were all forces working to hinder the process. These were obviously unavoidable conditions that prevented the merger from advancing more quickly. In view of this, the conclusion is that the prescription was not followed and, the item will be deleted from the model. Increasing the amount of communications and clarified the situation to the employees have been shown to avoid uncertainty and stress.

By providing more information, replete with explanations for the delay in the merger process, the employees will invariably experience reduced levels of stress and uncertainty. In turn this will reduce the need for speed in the M&A process.

*Prescription 9: The new vision, issues, a direction, should be communicated in the during-merger stage of the M&A. This will have the effect of decreasing the chances of M&A failure, increase the employees' overall adjustment and minimize the possible culture clash.*

It is extremely important to communicate a clear vision and give the employees direction in order to successfully implement the merger and change the culture (Daniel 1999; Lando 2000; Marks and Mirvis 1997). Specifically, they need to be informed of what the new organization will mean to them personally (Litterer and Cisneros 1983). Not only does this provide them with an idea of what to expect in the future, it also reduces their stress level (Daniel 1999; Marks and Mirvis 1997; Smye and Grant 1989). Otherwise, negativity takes over causing decreased productivity while the employees hold on to the old culture (Sherer 1994; Smye and Grant 1989).

The results indicated that the MUHC had not communicated these issues to the employees. This was corroborated by the interviewees who said they felt like as though they were operating with no direction, in the dark, and on an ad hoc basis, while in complete chaos. From a list of topics that the respondents provided about what was being communicated to employees, not one interviewee mentioned the dissemination of any orienting or directing messages throughout the merger. The top management team also

provided a list of perceived employees' emotions including: insecurity, confusion, unrealistic expectations, tension, grief, lack of clear goals, concern, fear, skepticism, dread, horror, uncertainty, no sense of belonging/identity, anxiety, and low morale. This record of negative emotions suggested that a clear vision and direction had not been communicated properly, nor effectively, otherwise the emotions clearly would have been more positive. Furthermore, the respondents themselves admitted that the communication effort was definitely lacking. The bleakness of these emotions pointed to the fact that the prescription was not followed; however, the importance afforded this issue in the literature leads to the recommendation to retain this topic in the model.

*Prescription 10: Coping mechanisms and transition-work teams should be implemented in the during-merger stage of the M&A to decrease the chances of M&A failure and culture clash, while increasing the employees' overall adjustment.*

The documents revealed that nothing had been done throughout the during-period to integrate the five hospital cultures. The transcript results uncovered a list of programs in place within the MUHC, however, none of them were directed at the merger and its surrounding issues. On the other hand, other programs targeting the merger seemed to have been started and adopted by executives for their own directorates. There was also no mention of any formal coping mechanisms in place for the employees, save the EAP programs which were previously existing programs. Two respondents did not understand a need for such courses because the employees were experiencing so many other stresses that this was seen as the least of their problems. The list of employees' negative emotions listed in the during-stage of the merger should not be overlooked or minimized.

The data also made mention the belief that once the functional planning of the hospital got underway, teams of employees would be formed to discuss what the new hospital should look like.

The literature strongly recommends coping mechanisms and transition/work teams in the during-stage. They provide ways to define the new organizational structure and culture, and will help the employees get through this difficult time in their lives (Daniel 1999; Marks and Cutcliffe 1988; Schweiger and Weber 1989; Tetenbaum 1999). The coping mechanisms and work/transition teams keep the M&A moving forward (Daniel 1999), promote learning and problem solving, and help build and implement the new culture (Schweiger and Weber 1989). They are the instruments through which the plans of action created in the pre-stage are implemented, they advise management of what is working and what is not, and they keep the organization steady throughout this tumultuous period (Daniel 1999). Without them, the organization risks losing its focus while busy with its daily functioning (Marks and Cutcliffe 1988). This loss of focus translates into confusion and inactivity that will adversely impact upon the merger (Smye and Grant 1989). Due to the fact that these mechanisms are so important to the overall success of the merger, and that the MUHC hinted at creating the teams for the functional planning aspect of the merger, the prescription is partially followed and the item will remain in the model until more evidence is presented to contradict this outcome.

*Prescription 11: The communications throughout the during-merger stage should be constant, timely, efficient, and truthful through the use of the appropriate medium. The*

*outcome of this will be the decreased chance of failure and better overall employee adjustment.*

This aspect of the model is of great importance because there are a great many issues arising in the during-stage that require clarification (Haspeslagh and Jemison 1991; Risberg 1997; Schweiger and Weber 1989) and proper communication (Schweiger and Weber 1989). Furthermore, the information should be disseminated in a continuous, timely, and efficient manner (Balmer and Dinnie 1999; Schweiger and Weber 1989; Young and Post 1993). Continuous communication means that the employees must be informed whenever something new arises or when nothing particularly new is happening (Balmer and Dinnie 1999; Risberg 1997; Young and Post 1993). The new information should be communicated in as rich a medium as possible, while the older information could take the form of a less rich medium (Graves 1981; Lenge and Daft 1988; Marks and Mirvis 1986; Napier et al. 1989; Schweiger and Weber 1989; Smeltzer 1991). Finally, the top management team must never distort the facts to spare the employees pain and suffering. At one point they will have to learn the truth and then the distorted facts will have unnecessarily created tension and distrust for the organization on the part of the employees (Daniel 1999).

The documents indicated that there was very little merger related information being disseminated throughout the during-period. On this issue there was total agreement between the interviewee group and the document findings. The majority mentioned that the communication was sporadic, and that there was none when there was nothing new to report. They also mentioned that they employed the full range of media when



communicating with the employees. While they admitted that the communications effort was poor and that more had to be done, they did make excuses for the poor flow of information, for example, they felt that there was a limit to how much they could communicate and that it was difficult to communicate with 11 000 employees. It must be noted that the literature is explicit in pointing out that communication overload does not apply during these times (Greenhalg 1983). The prescription was not followed, however the evidence supports the fact that communication with the employees is clearly so important for M&A success and because the top management team agreed that their communication was very poor and needed improvement, the item will remain in the model.

*Prescription 12: Top management (the key players) should be accountable for all the actions taken or not in the during-merger phase of the M&A. As a result, the employees will experience better overall adjustment and the M&A will have a decreased chance of failure.*

Top management should be accountable for ensuring that the plans of action are properly implemented, so that tracking the effectiveness of the flow of information and the communication efforts can be properly assessed (Young and Post 1993). Although the literature clearly espouses the importance of top management accountability, the respondents stated emphatically that no one was accountable to date for anything that occurred throughout the merger process. The majority looked to the communications director as the one who should be creating the plans of action and should, therefore, be held accountable for their implementation. They further mentioned that the

communications director should also be the person responsible on behalf of the rest of the top management team and Dr. Scott, who in turn was responsible to the board. The lack of a clear understanding of who should be accountable for the implementation of the plans of action lead to misunderstandings of where the employees are in terms of the merger and how they are coping with the change. Therefore, although the prescription is followed, this aspect of the model will remain until further evidence to the contrary is presented.

*Prescription 13: Employees need to be on the receiving end of information about the new organization throughout the during-merger stage. This should be fully explained to them and their losses should be explored openly. Thus, employees will experience better overall adjustment and the M&A will have decreased chance of failure.*

The senior management team agreed that the employees were not constantly on the receiving end of information about the merger, especially what the merger would mean to them and to the public and what losses they would incur. In fact they received very little information about the merger and that the communication effort was very poor. Furthermore, the information they received did not really concern their personal merger issues. Finally, there were no formal and consistent messages being disseminated throughout the MUHC about the merger.

This is contrary to what the literature says should be communicated to the employees in the during-stage. The literature suggests it is constructive for the employees to have their real and perceived losses brought out in the open (Borson and Burgess 1992; Bridges

1991; Maurer 1996). By acknowledging these losses as well as expressing concern and sympathy for them, the top management team demonstrates an identification with the way they feel, which can lessen their loss (Daniel 1999). Ignoring the loss only has the opposite effect; it exacerbates the problems and heightens their feelings of loss (Borson and Burgess 1992; Bridges 1991; Maurer 1996). It is also important to inform the employees of what the new organization will mean for them personally and what it will mean for the organization as a whole. This provides them with deeper information, which is more than simply telling them and selling them on the advantages and the merger in general (Litterer and Cisneros 1983). Since the MUHC has not done this and the employees' emotions are rather negative in the during-stage, and based on the importance it is given in the literature, it could be inferred that the employees are in dire need of these types of messages. Therefore, although the prescription has not been followed, the evidence in the literature and the negative emotions of the employees indicate the topic should and will remain in the model.

*Prescription 14: The key players must ensure that the HR department is strong and efficient; otherwise the chance of M&A failure increase and the employees' overall adjustment will decrease the impact of a culture clash.*

This prescription will be analyzed in a different format than the previous prescriptives to ensure that the confidentiality pact will not be breached. The literature extols the importance of this issue because it is critical that the employees feel comfortable approaching the HR department and counselors, to help them cope with the situation when they cannot (DeVoge and Spreier 1999; Smye et al. 1989; Schweiger and Weber

1989). The HR department reflects the organization willingness to work for or against the employees.

The documents provided (the retreat file, the accreditation report, and the annual reports) all indicated that the HR department did not follow up on the cultural plans of action. This is something the literature has identified as a critical factor in the success or failure of the merger process. Furthermore, all the respondents mentioned other HR programs, but not one of those programs specifically targeted the merger in helping the employees cope with the particular changes. Finally, the HR department's intranet web site was also mentioned, which directed employees to different areas to seek help, however, here again there was nothing specifically set up for the merger. Even though the HR department did have many great programs for the employees, they are given a 50% effectiveness rating because they had done nothing extra to respond to the special needs of the employees as the result of the merger. With all the available literature and resources, this department had had the opportunity to have done much more for the employees in this respect. Therefore, in view of the literature recommendations and the slight value given to this issue by the HR department the issue will remain in the model, although the prescription was not followed.

*Prescription 15: Measurement methods and feedback loops must be in place in the during-merger stage of the M&A so that the organization can get a big picture of how well the employees are handling the change. This will also have the outcome of decreasing the chances of failure and increasing the employees' overall adjustment.*

Due to the fact that tension and distrust are cited as two emotions expressed immediately after the announcement of a merger, it is beneficial to implement measurement methods and feedback loops quickly to track the effectiveness of the dissemination of the communication to the employees (Knorr 1993). Depending on the effectiveness of the communications, the plans of action should be reviewed and adjusted accordingly (Knorr 1993; Risberg 1997). The feedback loops are also important because they give employees an opportunity to voice their opinions, suggestions, and concerns (Daniel 1999; Risberg 1997), which helps them feel more a part of the new organization.

The top management team was not able to provide consistent responses to these questions. Some of them mentioned that several opportunities were offered to employees to give their feedback, i.e. open door policy, intranet, email, and Q&A periods after meetings. However, not all the interviewees mentioned them. This indicates that there is not one constant, official place employees could turn to air their worries. Some respondents felt that there was a need for improved feedback loops and opportunities for involvement. As a result of identifying this need from the interviewees themselves, and the significance it holds in the literature this aspect of the model will remain, although the prescription was not followed.

*Prescription 16: The key players (senior management team) must treat the past with respect in the post-merger stage of the M&A. This will ensure a decreased chance of M&A failure, and culture clash while increasing the employees' overall adjustment.*

The top management team must treat the past with respect to avoid the employees feeling devalued in the post-stage, feeling as though their past work years were insignificant (Sherer 1994), and experiencing the loss so deeply that they could take the situation as a personal attack on their identities (Bridges 1991), while thinking that somehow they had done something wrong and should have done something else (Sherer 1994). Treating the past with respect, as well as giving employees reasons to move forward, will help them overcome these feelings (Daniel 1999). Senior management must always remember that it is the past that placed the organization in its current situation and only with some changes will it continue to flourish as a new entity (Bridges 1991; Daniel 1999). Finally, disrespecting the past also encourages resistance, because the employees who liked and identified with the old way of doing things, will hold on to it will be less likely to want to move forward if their feelings about the past is denied (Daniel 1999).

The results were very encouraging. All but two interviewees responded with very positive and constructive ways with dealing and speaking about the past. Taken together, all the responses could yield for a very uplifting message. As long as the top management team congruently relays this message to the employees, they will have followed this prescription and retained the item in the model.

*Prescription 17: Monitoring mechanisms should be in place by the post-merger stage of the M&A to track the effectiveness of the plans of action throughout the process. Their effectiveness will be defined by the level of culture clash the employees experience and their level of overall adjustment. If these two are at desired levels then the chances of M&A failure are reduced.*

Continuously monitoring the communication effort and determining whether or not it is achieving the expected results, is still very important throughout the post-stage of the merger, especially because this period could witness many problems of adjustment and these mechanisms would be the only way to detect them (Borson and Burgess 1992; Daniel 1999; Knorr 1993; Marks and Cutcliffe 1988; Marks and Mirvis 1997; Marks and Mirvis 1992). Should discrepancies be detected, changes could still be made to adjust for them, and remedy the issue. Three such monitoring mechanisms are employee surveys, feedback sessions, and an integration audit (Marks and Cutcliffe 1988).

However, most of the participants were almost 100% certain that there were no monitoring mechanisms in place, nor did they foresee any being implemented. They were simply relying on the employees talking with their middle/cost/call center managers and having the information flow upwards from there. Some suggested various potential monitoring mechanisms for example, to measure staff morale, to personally listen to feedback, to look at general statistics representing the state of the organization, and to determine through the annual reports whether or not annual goals were met. However, none of these mechanisms were directly related to the merger and none measured the level of assimilation employees would feel in the new hospital. Other interviewees felt

that whatever was in place was enough. On the basis of the literature, the item will remain in the model. Further evidence is required to verify whether or not it belongs there because the results indicated that the prescription was not followed.

*Prescription 18: The post-merger stage should witness the introduction of reinforcing mechanisms to ensure the employees retain what has changed and have internalized these changes. This will result in decreased chances of M&A failure and cultural clash, as well as increasing the employees' overall adjustment.*

Employing reinforcing mechanisms may be another way to reduce the “merger” reactions discussed in the post-stage of the culture literature (Daniel 1999; Marks and Cutcliffe, 1988; Marks and Mirvis 1997; Mirvis and Marks 1992). Some of these mechanisms are also known as role modeling (where the managers are the role modelers) (Daniel 1999; Marks and Mirvis 1997), creation of symbols to tangibly show the employees that they are moving into a “new” organization (Bridges 1991; Daniel 1999), and the provision of time to heal (Daniel 1999).

The participants of the study all agreed that there were no reinforcing mechanisms in place at the MUHC, nor did they foresee any being implemented in the post-stage of the merger. Aside from this statement, the mechanisms mentioned above were viewed in different ways by them. The managers were provided with the option of participating in a course called “Regenerating the Role of the Manager.” This course simulated the idea of role modeling, but because it was not mandatory, not all managers would know the “proper” behavior to be modeled, also it was only offered to the managers and excluded



the lower level employees. There were many symbols created to tangibly show the employees that there was a new organization being created, for example there were signs posted outside each hospital identifying it as part of the MUHC. Finally, top management sent the message out that they recognized that the employees had been through a rough time and that they needed time to heal. It is believed that the MUHC has adopted some reinforcing mechanisms without knowing it. With this in mind the issue will remain in the model because the prescription was followed.

*Prescription 19: Top management must help the employees cope with the loss they are experiencing to decrease the chance of M&A failure and cultural clash and to increase employees' overall adjustment.*

According to Sherer (1994) employees have been known to experience the merger as a loss of a loved one, or may see the situation as a personal crisis and experience panic. This panic and experience of loss may manifest itself in a number of ways such as listlessness, apathy, a preoccupation with the past, lack of commitment to the new culture, and/or active resistance to the new system (Mirvis and Marks 1992). The employees clearly need help and guidance to overcome their grief and panic.

The majority of the MUHC's top management team agreed that they expected to have a variety of reactions to the merger in the post-stage. On the other hand, only three felt that they were beyond the stage of witnessing reactions. Each of these respondents proposed different methods to reduce employee reactions. The methods mentioned were mostly positive and constructive, with some uniformity in that they all proposed to tackle the

problem collaboratively. Conversely, their answers were quite vague and non-committal, adopting a wait-and-see attitude. Due to the fact that they demonstrated a desire and willingness to help the employees overcome their negative emotions, the prescription was followed and the item will remain in the model. However, it would benefit the top management team to begin considering what steps they would take in the event the employees experienced the merger as a loss and panic.

*Prescription 20: Dramatizing a new beginning in the post-merger stage will have the effect of enhancing the employees' overall adjustment, while reducing the chances of M&A failure.*

Dramatizing a new beginning in the post-stage to show employees what has just ended and to help them bring closure to the old way of doing things is a very effective tool (Bridges 1991; Daniel 1999). Such a dramatization could take the form of burning the rules of the old organization and showing that whatever rules were not burnt would be the “new” rules of the new organization (Bridges 1991). In this case the MUHC has not yet reached the post-stage, and therefore has not yet had the opportunity to dramatize the new beginning. However, some of the interviewees had several ideas for showing the employees how the organization can move forward. One participant suggested that the pavilions in the new hospital be named after the original merging hospitals. Another suggested bringing all of the historic documents, paintings, and other artwork to create a museum dedicated to the old hospitals so that the employees could identify with their roots. Since the literature does not really emphasize this as being crucial to the implementation of the merger in the post-stage, and since the top management team did

not really give this too much thought, the item will be labeled optional because the prescription was not followed.

*Prescription 21: Top management must be seen practicing what they preach especially in the post-merger stage of the M&A. By doing this they decrease the chances of M&A failure, and increase employees' overall adjustment.*

According to Daniel (1999) the top management team must be seen “practicing what they preach,” meaning that they have to be seen as well as heard throughout the whole merger process. In this respect, the respondents felt that there was not one general communicator, but rather each director was communicating with his/her own directorate. There seems to be a concerted effort on the part of the top management team to show the employees that the merger was not a take-over by one hospital and all their actions confirmed this fact. For example, although the top management team is largely comprised of employees from the RVH, the CEO’s office is at the MGH. In this instance the literature and the results of the study match, therefore, the prescription was followed and the item remains in the model.

*Prescription 22: Communication in the post-merger stage should take different forms to reinforce the messages that are being sent to the employees. This will decrease the chances of M&A failure while increasing the employees' overall adjustment.*

Noer (1995) emphasizes how employees become “information junkies” throughout a merger, because not providing them with enough information forces them to manufacture it themselves in order to fill their insatiable need. Furthermore, communicating in

different formats avoids the risk that the employees will perceive the information as too rehearsed. Should this occur they might lose trust in management, which would ultimately affect the newly merged organization in a negative way. The problem is that the top management team is unaware of how to guide themselves, and so they decided to handle each situation on a case-by-case basis. That brought them back to the initial and most detrimental problem, the absence of plans of action. The results of the study did not provide enough information to draw a final decision, therefore, the topic will remain in the model until further research can support or nullify the fact that the prescription is followed.

At this point most of the prescriptives have been analyzed and they have either followed or disregarded. Since the majority of prescriptives were followed, one item in the model will be removed, while another will be deemed optional. Four prescriptives still require further research for support. The remaining two prescriptives (second part of prescription 1 and prescription 1a) will be discussed in the following section.

#### Final Model

Before the final model is presented two issues still need to be clarified; the second part of prescription 1, and the implementation of the unified model comprising the three stages of a merger; and prescription 1a, the top management team must follow the unified model congruently. They will be analyzed at this point because 1) they represent the “unified” model in its entirety and 2) it is possible to answer them once all the other prescriptives have been addressed.

It will be said that the second part of prescription 1 is followed because the majority of the other prescriptives were adhered to for implementing many of the strategies outlined in the literature and the model throughout the three stages. This was the case despite their difficulty in predicting what they would do in the post-stage.

*Prescription 1a: Organizations must follow the proposed unified model congruently. Those who follow the model will decrease their chances of M&A failure. Those who fail to adhere to the model will encounter problems with their employees (inability to cope with the changes), and thereby create difficulties for the M&A.*

As mentioned earlier, the top management team must congruently follow the plans of action (unified model), otherwise employees will experience confusion, ambiguity, and uncertainty, which would ultimately lead to difficulties for the M&A (Balmer and Dinnie 1999; Risberg 1997). Even though the literature advocates congruency amongst the top management team, it is clear from the results that this was not the case with the MUHC. Three respondents made it clear that they were not really implementing the merger congruently, that in fact each executive was doing his/her own thing. Their responses that they were sure there were action plans created somewhere, but they just did not know where they were, was consistent with this conclusion. Had they been working together, everyone would have known what and where the plans were. Other interviewees confirmed that the team was not working congruently as evidenced by the reports of the process being difficult to endure. There was also reports of some members of the top management team actively working against the merger.

From these responses the executives indicated that they perceived the employees to be having a hard time adjusting to the change. The only reason for these negative responses would be poor implementation of the merger, and improper application of the model. The suggestion is that the senior management team begin working more closely together as a team and executing the merger congruently, following the revised version of the model profiled below.

The new model closely resembles the original model outlined in the literature with a few changes. Due to the fact that not all the prescriptives were followed the model was modified. Speed, which could be found in the during-stage of the model, will be removed because prescription 8, which was associated with it, was not supported. Also, since prescription 20 was only weakly followed, the decision was taken to make dramatization of a new beginning optional. Finally, as mentioned above, there were some prescriptives that were neither followed nor abandoned (four), and will therefore remain in the model until future research is conducted. The following page contains both the old and new model to make comparing and contrasting the differences easier.

Figure 5: The Old M&A HR Model

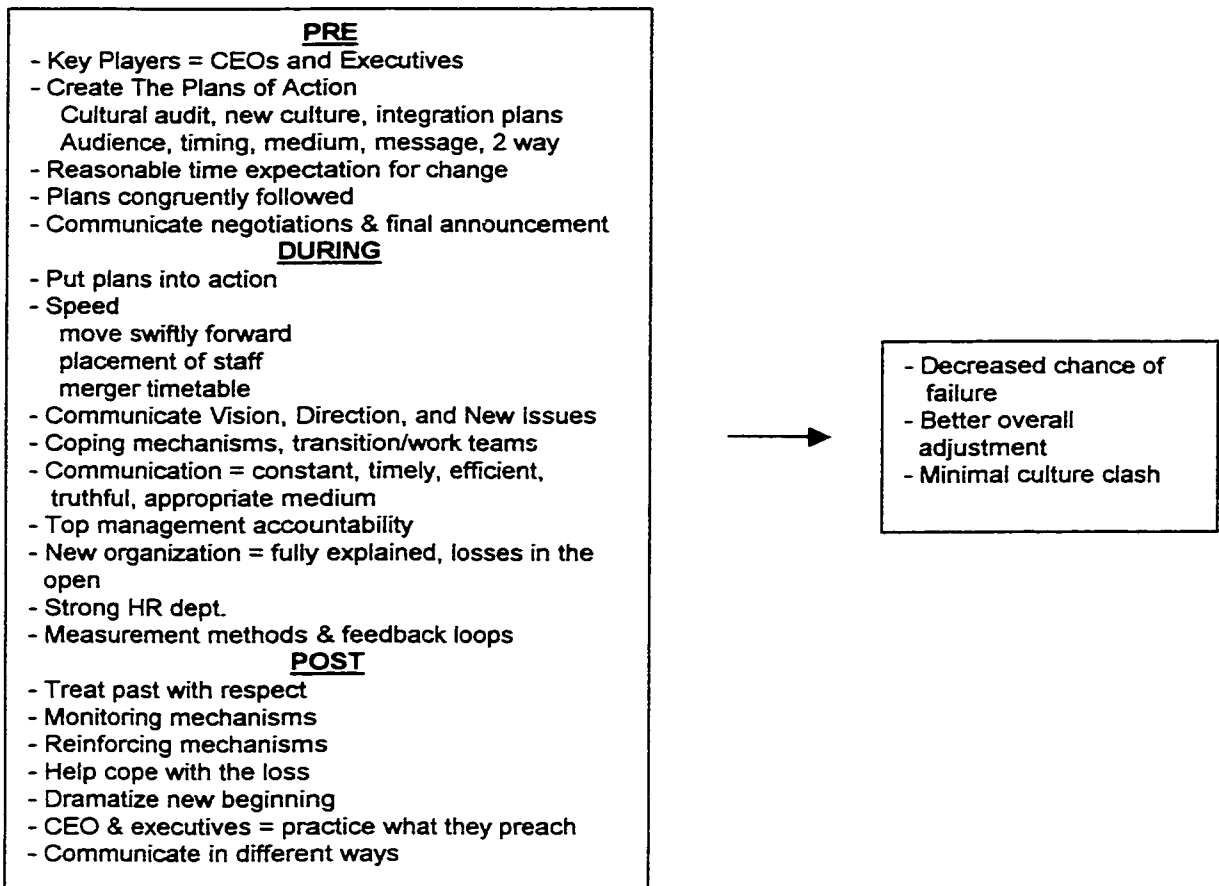
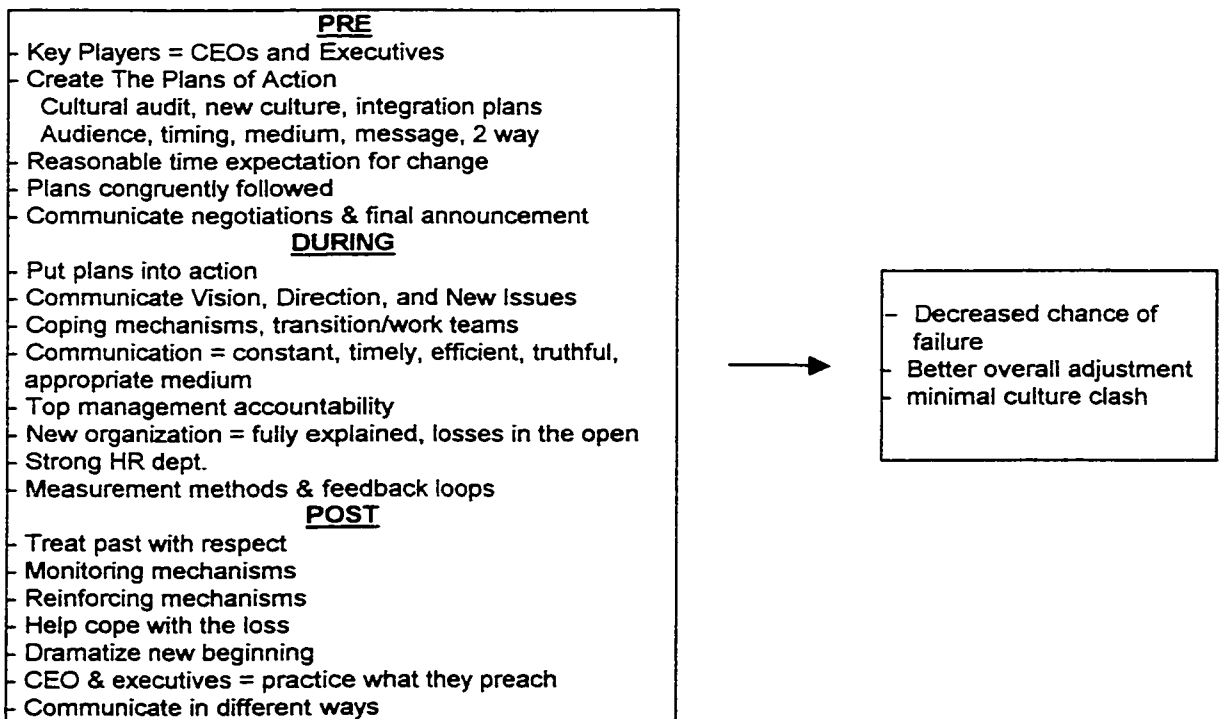


Figure 6: The Revised Unified M&A Model



## CONCLUSION

Earlier a model for implementing the process of M&A from an HR perspective was created from an extensive literature review. Then the results of the interviews with the eleven participants of the MUHC was presented yielding a large data base for analysis. The analysis revealed the need for a few modifications to the original model. An outline and discussion of the methodology employed throughout the study followed. In this final section, the conclusions of the study will be presented in three sub-sections. They will include all the implications and recommendations for managers and management to pursue; the limitations of the study and directions for future research; and finally, the concluding remarks where further elaboration on the process and procedure of M&A will be presented.

### Implications & Recommendations for Managers and Management

The following sub-section will briefly highlight some of the main implications and recommendations for managers and top management as to the implementation of M&As from an HR perspective as well as the model and the importance of adopting and adhering to it. The more general implications will be presented first, followed by the more specific recommendations.

First, it is important to note that no matter how unique an organization may feel about its merger compared to other mergers (all organizations feel they are unique), it cannot be exempted from taking all the necessary steps to implement the M&A properly to ensure its success (Tetenbaum 1999). Every organization that decides to undertake a M&A must undergo certain financial and legal procedures. It must also attend to the HR issues of the



merger with equal diligence. HR issues must be considered equal in importance to the financial and legal details, and must be afforded due diligence. It is this diligence that will enforce the application and adherence of the unified HR model as it was intended. To reiterate, no matter how unique the MUHC feels its merger is, it is imperative that the top management team adopts the unified model and proceeds accordingly.

Second, there are no steadfast rules or blueprints to plan for and implement a M&A (Lando 2000). The model is simply a guide to follow. It is the responsibility of the organization to create its own mechanisms and specific plans of action that respond to its culture and situation. Failing that, it is important to respect good business management and the practice of good organizational behavior, that is to develop shared values, a clear vision, a detailed plan of action, and a way to evaluate the progress (Balmer and Dinnie 1999; Lando 2000). The top management team at the MUHC must dedicate its efforts at developing these four issues in their organization.

Thirdly, as was mentioned above, it is critical to have a good HR department and team in place throughout this period. The HR executive must know what practices best impact business strategy and the bottom line (DeVoge and Spreier 1999) and should be capable of implementing them. Otherwise, he is robbing the organization of its competitive advantage, and the organization should replace him immediately (DeVoge and Spreier 1999). According to the results, of this study the HR department of the MUHC has considerable progress to affect for the merger to succeed. It is therefore the

recommendation of this researcher that they follow the model as outlined in the “Results” section.

Lastly, it is important never to refer to this time as, business as usual (Marks 1999). Doing so destroys the credibility of top management and impedes the efforts of employees trying very hard to cope with the changes going on around them. Although at time they do require reminders they still have their jobs to do, they need help in reestablishing their priorities, goals, and milestones (Marks 1999). The MUHC has more work to do in this area. Because the merger has been so lengthy, the tendency to play it down and allow the organization to get carried away with the day-to-day functioning is great. Although the daily running of the hospital is essential, it is equally important for the MUHC to continue talking about merger issues and reinforce the change messages.

The specific recommendations for the managers and management of the MUHC as they continue the merger process are the following. The top management team of the MUHC must arm themselves with and become familiar with the unified model as outlined in this study. They must agree to follow the model congruently, to ensure that the employees do not become confused and experience ambiguity and uncertainty which would ultimately lead to difficulties for the M&A process (Balmer and Dinnie 1999; Risberg 1997). Allied to these issues is the idea that the people implementing and driving the M&A forward are the key players, the CEO and the executives (Balmer and Dinnie 1999; Boroson and Burgess 1992; Cannella and Hambrick 1993; Covin et al. 1997; Holoweiko 1995; Kramlinger 1998; Lengele and Daft 1988; Marks and Mirvis 1997; Pitts 1976; Risberg

1997; Smeltzer 1991; Trottier 1998; Young and Post 1993). The results indicated that the MUHC understood these issues.

The key players should be the people responsible for creating the plans of action for both the cultural integration and the communication effort throughout the entire merger process (Balmer and Dinnie 1999; Fralicx and Bolster 1997; Burke 1987; DeVoge and Spreier 1999; Knorr 1993; Legare 1998; Sirower 1998; Tetenbaum 1999). The top management team must remember that there should be a reasonable time expectation for change while they are creating those plans of action, and integrate this timeframe into the plans (Pritchett and Pound 1996; Sherer 1994). As mentioned above, the team must follow these plans of action congruently (Balmer and Dinnie 1999; Risberg 1997). Employees need to be informed about the merger negotiations that are taking place; therefore, when planning for these communications, as well as the final merger announcements, the message, audience, timing and medium must be taken into account (Bridges 1991; Burke 1987; Daniel 1999; Lenge and Daft 1988; Levinson 1996; Lewis 1999; Young and Post 1993). The results indicated that the MUHC did have plans in the pre-stage, but did not follow through with them in the following stages. The strong recommendation therefore is that they find the plans or create new ones to be congruently implemented throughout the remainder of the merger process.

It is important to remember that the plans of action that were created in the pre-stage of the merger must be implemented in the during-stage of the merger (Daniel 1999; Marks 1999; Marks and Cutcliffe 1988; Smye and Grant 1989; Tetenbaum 1999; Young and

Post 1993). Until more research is done and the model remains, it is very important that the MUHC not omit this step. It is crucial to communicate the vision, direction, all new issues, and information about the new organization with the employees. Equally important, the employees' losses should also be brought out into the open (Boroson Burgess 1992; Bridges 1991; Daniel 1999; Litterer and Cisneros 1983; Maurer 1996). This will decrease the chances for M&A failure, increase employee overall adjustment, and minimize the possible culture clash. An added measure to ensure success of the merger is the implementation of coping mechanisms and transition/work teams (Daniel 1999; Marks and Cutcliffe 1988; Schweiger and Weber 1989; Tetenbaum 1999). Tracking the effectiveness of these mechanisms should be accomplished with the execution of measurement methods and feedback loops (Daniel 1999; Knorr 1993; Risberg 1997). To ensure that all of these steps are followed, the entire top management team must be held accountable for their implementation (Young and Post 1993). All of these strategies can be best achieved with a strong and efficient HR department (DeVoge and Spreier 1999; Schweiger and Weber 1989; Smye et al. 1989). Due to the fact that the MUHC is currently in the during-stage of their merger, they should pay particular attention to these issues and ensure that they are implemented.

The main import of the post-stage is the treatment of the past with respect, so as not to cause any resistance in the employees (Bridges 1991; Daniel 1999; Sherer 1994). Top management should also employ strategies to help the employees cope with the loss that they are experiencing (Kubler-Ross 1969; Sherer 1994; Mercer in Sherer 1994). One way, but only an optional way, to achieve this would be to dramatize a new beginning

(Bridges 1991; Daniel 1999). Reinforcing mechanisms, such as acting as role models for the employees will also assist the latter make the difficult transition (Daniel 1999; Marks and Cutcliffe 1988; Marks and Mirvis 1997; Mirvis and Marks 1992). Related to this idea is that the top management team must be perceived as practicing what they preach, as a way of reinforcing what they have been told (Daniel 1999). Monitoring mechanisms should still be in practice to detect whether or not the employees feel a high level of assimilation (Boroson and Burgess 1992; Knorr 1993). Communicating to them in different ways should also increase the chances that they will feel a high level of assimilation (Maurer 1996; Noer 1995). Since the MUHC has not yet entered this stage, it is recommended that they absorb the proposed post-stage strategies, incorporate them in the plans of action and follow through with them.

Clearly, it is apparent how important it is to follow the model. It will decrease the chances of M&A failure and culture clash, while increasing employees' overall adjustment. There are other implications with regards to this model which the above subsection sought to clarify. For example, the uniqueness of an M&A does not excuse an organization from undergoing its due diligence and implementing the M&A properly. This model is to be used as a guide; management must still understand that there is a lot of leeway in the actual implementation of the M&A. It is also important to have a strong HR team in the organization, without which all the preparations and planning will be for naught if there is no one qualified to implement them. Finally, the period in which an organization is enduring an M&A should not be referred to as business as usual. While

employees have work to do, they should also be given the time and voice to cope with this tumultuous change in their lives.

#### Limitations of Study and Directions for Future Research

Although a concerted effort was made to ensure the strictest scientific rigor and highest reliability and validity of this study, it still contains some limitations that need to be addressed. The purpose of the next sub-section is to outline these limitations and turn them into a list of directions for future research.

First, due to the fact that this is a case study and not an experiment, there is an inherent lack of control over the situation in which the investigation is taking place. The new merged entity is subject to many outside influences. For example the recent provincial budget cuts have had a significant impact on the atmosphere in which the employees work (survivor syndrome fallout). This negative impact can bias the responses, and may be, as it has been stated, the reason why the employees are experiencing stress and are not coping well; the interviewees themselves admit to this fact. In an attempt to minimize this impact, it was decided to use a managerial/strategic approach and interview the administrators instead of the employees. The questions that were posed concerned the impending merger only and sought factual occurrences as to the steps taken throughout the M&A process up to this research, and what they expected would be taken in the future. The objective was to discover what actions, if any, were taken to communicate with the employees.

A complete study would also assess the opinions, perceptions, and feedback of the employees experiencing the M&A. Future research should attempt to follow Schweiger and DeNisi's (1991) example and assess the attitudes of the employees, through questionnaires, following this unified HR model. In the end, it is they who are experiencing this event and it is their responses that would clarify any misrepresentation of the effect that the organization's actions and implementation efforts were having on their experiences. To overcome this limitation, the top management responses were compared to the literature (model) thus an attempt was made to infer what the employees real responses would have been had they been included in the study. This would give top management an idea of how their actions affect the employees overall adjustment throughout this tumultuous time in their lives.

Second, a study that looks at only one point in time is very limited, especially for a topic that is known for its duration. M&As are known to take many years to complete (Sherer 1994), therefore, simply asking questions at one time period does not provide researchers with enough information. The optimal study would be longitudinal, one that would ideally commence before the M&A was announced to the public and would finish when it was clear that the final stage had been completed. Another ideal study would be to conduct research into several different organizations, each at a different stage of the merger process. An attempt to minimize this limitation was made by ensuring that all questions addressed specific stages and remain factual; or that all responses reflected events that occurred/did not occur within the organization. Future research should attempt to delve further into this area.

Third, related to the above limitation is the fact that this research depended in large part on the participants' memory and forecasting abilities. Studies show that peoples' memories are not 100% accurate and therefore should not be relied on (Loftus 1975; Loftus and Hoffman 1989; Yin 1994). This limitation did not pose a big threat to the research because supporting documents were sought to confirm or discount the data. Furthermore, the participants affirmed their uncertainty about their opinions of the post-stage atmosphere and said that only time would tell. Future research should aim at finding three different organizations undergoing mergers, one in each stage, in order to question their top managers and employees at each stage so that their answers would not be dependent upon employees' memories and/or forecasting abilities.

Another limitation associated with the interviewees is the fact that many of them were not present during the pre-merger stage, some even joining the MUHC a few years into the during stage. Their responses to the questions may have been influenced by things they had observed or heard and not what they actually witnessed first hand. As mentioned above, this was corrected by asking factual questions about what concrete actions had been taken vis-à-vis the merger, what documents were used, so as to confirm what was said; and by relying more heavily on the data from those present in the pre-merger phase.

The fourth limitation concerns whether or not this case study can be generalized to other M&As. In response to this Yin (1994) states that "case studies, like experiments, are generalizable to theoretical propositions and not to populations or universes (Yin 1994, 31)." The goal of this study is to expand and generalize a theory and not list its



frequency (Yin 1994). As well, this study concerns a type of organization that may have different effects and ramifications than a small, medium, large, or multinational company. Furthermore, the difference may be attributed to the country of origin. Canadian hospital mergers (due to Medicare) may be drastically different than U.S. hospital mergers. Further research should address this issue to clarify the differences and highlight the similarities.

Future research should also attempt to get more supporting evidence for the following prescriptives that were only partially supported in this study; prescription number 2, 6, 17, and 22. Unfortunately the responses obtained did not make a strong enough case to really support the items remaining in the model. They will remain there solely on the basis of their importance in the literature. Further research will hopefully confirm or discredit their place in the model.

Finally, and perhaps most important, future research should seek to test the model statistically. This would provide a fuller perspective on the issue and may clarify other areas of the model that may require modifications. The next sub-section will present final thoughts related to this case study.

### Concluding Remarks

The past two decades have witnessed a steady, rapid increase in M&As around the world (Tetenbaum 1999). Research indicates that they usually have a negative impact (Cartwright and Cooper 1993a,b; Marks 1999; Tetenbaum 1999), in fact, 60-80% of them fail (Marks 1999; Marks and Allen 2000; Tetenbaum 1999). It has become increasingly

apparent that the failure rate is due in large part to the lack of attention paid to HR issues (DeVoge and Shiraki 2000).

The present study sought to discover a reason for the failing mergers with the hope of preventing future unnecessary failures. Through an in-depth literature review, a model was created which outlined key actions that organizations must take throughout the M&A process (three stages). The model consists of two variables that are identified in the literature as important to a M&A's ultimate success: communication and corporate culture. The literature also indicates that the merger process involves three stages: the pre, the during, and the post; therefore, the model incorporates them as well. In brief, organizations can take actions to properly implement the merger process recognizing the importance of each variable, at each stage of the M&A.

A case study of the newly merged McGill University Health Centre (MUHC) was conducted to test the proposed model. The CEO, eight directors, and two managers were contacted and agreed to meetings. They were interviewed and answered questions about the hospital's practices regarding the implementation of the M&A. The resultant data was then reduced in analyzable form through two methods: a summation of the answers for each question, and through a coding procedure with the aid of the NVivo research software.

The results provided support for the model with slight modifications. Although the MUHC is not implementing the M&A exactly as the model espouses, it did apply a few

of the recommended actions, and has some plans for the future that lend support to it. Organizations must bear in mind the implications of not adhering to the dictate of the model when undertaking such a long and arduous process. They should follow the proposed model as seriously and diligently as they do the financial and legal issues of a merger to reduce the risk of M&A failure. If merging companies adhere strictly to this model and more research shows that compliance reduces failure rates then the true validity and reliability of the model will be realized.

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## APPENDICES

### APPENDIX 1: COVER LETTER

The following is the cover sent to the executives, of the four English speaking Montreal hospitals, to enlist their participation in the study. The cover letter originally sent to Dr. Scott for his participation was essentially the same with a few minor changes. Furthermore, the letter was sent on Concordia University letterhead paper.

2075 Lincoln Ave. Apt 11  
Montreal, Quebec  
H3H 1J1  
(514) 931-9991  
jgande@hotmail.com

To whom it may concern,

My name is Joy Gandell and I am presently completing my Master's of Science in Administration at Concordia University. I am specializing in Management with an added specialty in human resources. My main interest and chosen topic of my thesis is mergers and acquisitions. I have recently completed a journal article, to be published shortly, on this same subject from a human resource perspective. For both these projects, Dr. Steven H. Appelbaum has been and continues to be actively involved in supervising my work.

At this time I would very much like to embark on a study of the upcoming merger of the four English speaking Montreal hospitals and in specific to investigate the effects of communication and corporate culture on the employees throughout the entire merger and acquisition process.

Towards that end, I am writing to you in the hope that you will be kind enough to accord me an interview. Dr. Hugh Scott has already approved the project and will participate. Each interview will be structured, should not last longer than an hour, and most importantly, will be kept strictly confidential. Finally, a report outlining the results of this study will be presented to Dr. Scott and forwarded to you, so that you can observe the progress of the merger.

There is very little actual empirical research being conducted on this topic. Your participation can significantly enhance the current scientific body of knowledge. Hoping that we will work with each other shortly,

I remain yours sincerely,  
Joy Gandell  
MScA student

## APPENDIX 2: CONSENT FORM

The consent form was presented to the participants of this study for their signature before the interview began. It was signed by all eleven interviewees.

Dear Participant,

This is to certify:

- 1) that you have been informed about what is to be expected of you in this interview, i.e. answer the questions; and
- 2) that you have been advised as to your course of action should you feel uncomfortable with the questions, i.e. discontinue the interview or refrain from answering certain questions.

Furthermore, you understand that this interview will last no longer than one hour, will be conducted in English and will be taped so that it may be transcribed. Finally, your confidentiality will be strictly upheld and your name will never be linked to any response given.

Participant's name: \_\_\_\_\_

Signature of participant: \_\_\_\_\_

## APPENDIX 3: QUESTIONNAIRES

The following is the list of questions posed to the participants during their interviews.

The first set of questions asks more general background questions, while the second set is a more specific questionnaire regarding the literature review and the model.

### Interview Questionnaire

1. At what point do you feel the hospitals are at in the merger process (**Pre** = during the negotiation stage, **During** = implementation of the merger phase, **Post** = once everything is done and everyone is trying to cope with the newly merged entity)?
2. What was it like around here before the merger was announced to the public?
3. What was/is it like around here during the merger?
4. What do you think it will be like once the merger is over?
5. What do you feel you can personally contribute to the smooth running of the merger (from the employees' perspective)?
6. Could you tell me any notable instances (critical instances) concerning the smooth running of the merger?

### Questionnaire

Pre – Merger

1. What was the exact date the merger was announced to the employees? How was it announced? How much time did the announcement take? What date was the merger announced to the public?
2. Originally, how much time did you feel the merger would take to complete? Why?
3. Why do you feel you are on track, behind or ahead of schedule?
4. A) What was your philosophy concerning communication with employees?  
B) What was your philosophy concerning the new “corporate” culture (is it something that is an issues here)?  
C) Was/is there a plan of action for integrating the four hospitals cultures? If so, who was involved in creating it? If not, why not?

D) Was/is there a plan of action for communicating all aspects of the merger with the employees? If so, who was/is involved in creating it? If not, why not?

E) Are the people creating the plans of action the key executives? If they are, are they accountable for ensuring that the plans of action are properly implemented? If they are not, who is?

F) What are the plans of action for employee communication?

5. A)How are you managing/implementing the plans of action for integrating the 4 hospital cultures?

B)What was the final proposal for integrating these cultures?

6. A)How is the new proposed culture drastically different from the cultures of all institutions?

B)In what way, and how has the new culture been communicated to all levels of employees?

7. A)Were the employees told in advance of the merger and told of its implications?

B)Had the employees learnt of the merger from the rumor mill? If so, how do you know?

C)Could you think of any you have heard?

D)How do you think these rumors got started?

E)Will you take steps to stop them if they exist? If so, what steps will you take?

#### During the Merger

8. A)Who is the person who communicates the most to employees?

B)What merger related information is being communicated to employees (layoffs, different benefits, etc...)?

C)When is merger related information being communicated to employees (only when there are new developments, all the time, etc...)?

D)How much merger related information is currently being communicated to employees at this time?

E)In what format (face-to-face, email, memos, videos, etc..) does the information, being disseminated through the hospitals, take?



- G)What do you do when there is no new merger related information to report?
9. A)How long did it take to create the top hierarchical structure of the new MUHC, and why did it take that amount of time?
- B)How long do you think it will take to merge the remaining hierarchies?
- C)Until they are merged, how are the hospitals being managed to fulfill the MUHC's mandate while ensuring the smooth running/transition of the merger (for employees)?
10. What steps are you taking to ensure the receivers of information are properly interpreting it e.g.: opportunities for employee involvement and feedback?
11. A)Have you designed work teams to help the employees deal with the transition? If so, what can you comment about them? If not, why not?
- B)What types of employee coping mechanisms do you have in place?

#### Post - Merger

12. A)What monitoring/reinforcing systems do you have in place that will detect whether or not the employees feel a high level of assimilation and have adopted the new culture?
- B)What actions will you take in the event you do not see the expected results to ensure the smooth post-integration?
13. What types of reactions (resistance, uncertainty, insecurity, etc...) are you expecting to see from the employees as a result of the merger and what steps are/will you take to reduce those reactions?
14. How will you refer to the way things were before the merger?

#### APPENDIX 4: LINK BETWEEN THE LITERATURE (MODEL), PRESCRIPTIVES, AND QUESTIONS

The following table illustrates how the literature, the prescriptives and questionnaire are linked. A few points require clarification. First, some of the interview questions, as explained in the methodology section, were not created from the literature but from a desire and need to have general background information. They, therefore, do not reflect the literature as well as other questions. Second, some of the questions are related to several aspects of the literature/model, and therefore will be repeated in several places. Finally, some of the questions are in the “wrong stage” of the model because the specific issue was present in both stages and was related to more than one item. It was, therefore, consolidated into one stage to make it flow better and shorten the length of the questionnaire.

| <b>Literature/Model</b>  | <b>Prescription</b>   | <b>Questionnaire</b>   |
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| 1. The literature indicates that mergers consist of three stages: pre, during, and post, which comprise the unified model (Ivancevich, Schweiger, & Power, 1987; Ivancevich, & Power, 1987; Marks, 1997; Marks & Cutcliffe, 1988; Napier, Simmons, & Stratton, 1989; Pritchett, 1985; Schweiger, Schweiger & DeNisi, 1991; Schweiger & Weber, 1989; Siehl et al., 1990). | <p>Prescription 1: The M&amp;A process involves the acknowledgement and implementation of the unified model comprising the three stages: pre-merger, during the merger, and post-merger.</p> <p>Prescription 1a: Organizations that do not congruently follow the proposed unified model will encounter difficulties with their employees (who cannot cope with the changes), creating difficulties for the M&amp;A. Those that follow the model will decrease their chances of M&amp;A difficulties.</p> | <p>At what point do you feel the hospitals are at in the merger process (Pre = during the negotiation stage, During = implementation of the merger phase, Post = once everything is done and everyone is trying to cope with the newly merged entity)?</p> <p>Are the people creating the plans of action the key executives? If they are, are they accountable for ensuring that the plans of action are properly implemented? If they are not, who is?</p> |
| <b>Corporate Culture</b>   |   |  |
| <b>Pre – Merger</b>  |   |  |
| 1. The first issue the literature mentions in the pre-stage is that the Key Players = CEOs & Executives (Cannella & Hambrick, 1993; Covin et al., 1997; Holoweiko, 1995; Marks & Mirvis, 1997; Pits, 1976;   | Prescription 2: The people implementing and driving the M&A forward are the key players, the CEO and the executives. Their leadership will help decrease the chance of M&A failure, will increase the overall   | Are the people creating the plans of action the key executives? If they are, are they accountable for ensuring that the plans of action are properly implemented? If they are not, who is?   |

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| Trottier, 1998).   | adjustment of employees, and minimize the culture clash.  |   |
| 2. The next issue in the pre-stage of this model is for the key players to have a reasonable time expectation for change (Pritchett & Pound, 1996; Sherer, 1994).  | Prescription 4: Everyone involved in/ or experiencing the M&A should have a reasonable time expectation for change before the integration begins. This will have the effect of minimizing the cultural clash and chance for failure, while increasing the employees' overall adjustment.                        | Originally, how much time did you feel the merger would take to complete? Why?<br><br>Why do you feel you are on track, behind or ahead of schedule?  |
| 3. The last item in the model in the pre-stage is to create the cultural integration plans of action (Bolster & Fralicx, 1997; DeVoge & Spreier, 1999; Legare, 1998; Sirower, 1998; Tetenbaum, 1999); such as the cultural audit (Canella & Hambrick, 1993; Cartwright & Cooper, 1993; DeVoge & Spreier, 1999; Holoweiko, 1995; Marks & Mirvis, 1997; Schweiger & Weber, 1989; Pitts, 1976; Tetenbaum, 1999; Trottier, 1998; Young & Post, 1993), creation of a new culture (DeVoge & Spreier, 1999; Lando, 2000), and creation of the integration plans (Cartwright & Cooper, 1993b; Lake, 1997; Marks & Cutcliffe, 1988; Tetenbaum, 1999). | Prescription 3: The key players involved in the M&A have created the plans of action for both cultural integration and communication in the pre stage of the M&A. Having these plans of action will decrease the chance for M&A failure, and culture clash, while increasing the employees' overall adjustment. | What was your philosophy concerning the new "corporate" culture (is it something that is an issues here)?<br><br>Was/is there a plan of action for integrating the four hospitals cultures? If so, who was involved in creating it? If not, why not?<br><br>Are the people creating the plans of action the key executives? If they are, are they accountable for ensuring that the plans of action are properly implemented? If they are not, who is?<br><br>How are you managing/implementing the plans of action for integrating the 4 hospital cultures?<br><br>What was the final proposal for integrating these cultures?<br><br>How is the new proposed culture drastically different from the cultures of all institutions? |
| <b>During the Merger</b>   |   |   |
| 4. The first issue that must be addressed in the during-stage of the model is to commence putting the plans of action into action (Daniel, 1999; Marks, 1999; Marks & Cutcliffe, 1988; Smye & Grant, 1989; Tetenbaum, 1999).   | Prescription 7: The plans of action should be set into motion in the during-stage of the M&A. They will help increase employees' overall adjustment and decrease the chance of M&A failure.   | Until they are merged, how are the hospitals being managed to fulfill the MUHC's mandate while ensuring the smooth running/transition of the merger (for employees)?  |
| 5. The next item that must be implemented is to communicate the vision and direction of the  | Prescription 9: The new vision, direction, and all new issues should be communicated in the   | Was/is there a plan of action for communicating all aspects of the merger with the employees?   |

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| <p>new organization (Daniel, 1999; Lando, 2000; Marks &amp; Mirvis, 1997; Smye &amp; Grant, 1989).</p>  | <p>during-stage of the M&amp;A. This will have the effect of decreasing the chances of M&amp;A failure, increasing the employees' overall adjustment and minimizing the possible culture clash.</p>  | <p>If so, who was/is involved in creating it? If not, why not?</p> <p>In what way, and how has the new culture been communicated to all levels of employees?</p>  |
| <p>6. Following the previous step, the top management team must consider the issue of speed (Daniel, 1999); more specifically moving swiftly forward (Daniel, 1999), and the placement of staff (Daniel, 1999; Marks &amp; Mirvis, 1997; Smye &amp; Grant, 1989).</p> | <p>Prescription 8: The speed of the M&amp;A throughout the during-stage is very important; it should move swiftly forward, the staff should be placed as soon as possible, and a merger timetable should be outlined. These actions will minimize the culture clash that could result, increase employees' overall adjustment while decreasing the chances of M&amp;A failure.</p> | <p>How long did it take to create the top hierarchical structure of the new MUHC, and why did it take that amount of time?</p> <p>How long do you think it will take to merge the remaining hierarchies?</p> <p>Originally, how much time did you feel the merger would take to complete? Why?</p> <p>Why do you feel you are on track, behind or ahead of schedule?</p>  |
| <p>7. Transition/work teams should be implemented at this stage because they are very helpful in integrating the cultures (Daniel, 1999; Marks &amp; Cutcliffe, 1988; Schweiger &amp; Weber, 1989; Tetenbaum, 1999).</p>  | <p>Prescription 10: Coping mechanisms and transition/work teams should be implemented in the during-stage of the M&amp;A to decrease the chances of M&amp;A failure and culture clash, while increasing the employees' overall adjustment.</p>   | <p>Have you designed work teams to help the employees deal with the transition? If so, what can you comment about them? If not, why not?</p>  |
| <p>8. Associated with transition/work teams is the idea of implementing coping mechanisms to help employees adjust to their new environments (Daniel, 1999; Marks &amp; Cutcliffe, 1988; Schweiger &amp; Weber, 1989; Tetenbaum, 1999).</p>                           | <p>Prescription 10: Coping mechanisms and transition/work teams should be implemented in the during-stage of the M&amp;A to decrease the chances of M&amp;A failure and culture clash, while increasing the employees' overall adjustment.</p>   | <p>What types of employee coping mechanisms do you have in place?</p>   |
| <p>9. Finally, it is of paramount importance to have a strong HR department, especially throughout the merger process (DeVoge &amp; Spreier, 1999; Schweiger &amp; Weber, 1989; Smye et al, 1989).</p>  | <p>Prescription 14: The key players must ensure that the HR department is strong and efficient; otherwise the chance of M&amp;A failure increases and the employees' overall adjustment will decrease the impact of a culture clash.</p>   | <p>It was very difficult creating a question for this aspect of the literature because it would ultimately identify one of the participants. The questions that correspond with this issue are the following.</p> <p>Could you tell me any notable instances (critical instances) concerning the smooth running of the merger?</p> <p>Have you designed work teams to help the employees deal with the transition? If so, what can you comment about them? If</p> |

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|  |  | not, why not?<br><br>What types of employee coping mechanisms do you have in place?  |
| <b>Post – Merger</b>   |  |  |
| 10. The first item that should be implemented at this stage is the addition of monitoring mechanisms to ensure successful assimilation of the new culture (Daniel, 1999; Marks & Cutcliffe, 1988; Marks & Mirvis, 1997; Mirvis & Marks, 1992). | Prescription 17: Monitoring mechanisms should be in place by the post-stage of the M&A to track the effectiveness of the plans of action throughout the process. The effectiveness will be defined by the level of culture clash the employees experience and their level of overall adjustment. If these two are at desired levels then the chances of M&A failure are reduced. | What monitoring/reinforcing systems do you have in place that will detect whether or not the employees feel a high level of assimilation and have adopted the new culture?<br><br>What actions will you take in the event you do not see the expected results to ensure the smooth post-integration?   |
| 11. Should trouble be detected in their coping, the employees then have to be helped to cope with their loss (Kubler-Ross, 1969; Sherer, 1994; Mercer in Sherer 1994).   | Prescription 19: Top management must help the employees cope with the loss they are experiencing to decrease the chance of M&A failure and cultural clash and to increase employees' overall adjustment.   | What do you think it will be like once the merger is over?<br><br>What do you feel you can personally contribute to the smooth running of the merger (from the employees' perspective)?<br><br>What types of employee coping mechanisms do you have in place?<br><br>What types of reactions (resistance, uncertainty, insecurity, etc...) are you expecting to see from the employees as a result of the merger and what steps are/will you take to reduce those reactions? |
| 12. Treating the past with respect is also very important to do at this time (Bridges, 1991; Daniel, 1999; Sherer, 1994).  | Prescription 16: The key players (senior management) must treat the past with respect in the post-stage of the M&A. This will ensure a decreased chance of M&A failure, and culture clash while increasing the employees' overall adjustment.  | How will you refer to the way things were before the merger?   |
| 13. The final issue that must be addressed in the post-stage in the cultural integration model is the implementation of reinforcing mechanisms to fortify the acceptance of the new culture (Daniel, 1999; Marks & Cutcliffe, 1988; Marks &    | Prescription 18: The post-stage should witness the introduction of reinforcing mechanisms to ensure the employees retained and internalized the changes. This will result in decreased chances of M&A failure and cultural clash, as well as increasing the  | What monitoring/reinforcing systems do you have in place that will detect whether or not the employees feel a high level of assimilation and have adopted the new culture?   |

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| Mirvis, 1997; Mirvis & Marks, 1992).   | employees' overall adjustment.   |   |
| <b>Communication</b>   |  |   |
| <b>Pre – Merger</b>  |  |   |
| 1. The first issue that must be dealt with in this stage is the acknowledgement that the key people in the merger are the CEO and the executives (Balmer & Dinnie, 1999; Boroson & Burgess, 1992; Kramlinger, 1998; Lenge & Daft, 1988; Risberg, 1997; Smeltzer, 1991; Young & Post, 1993).  | Prescription 2: The people implementing and driving the M&A forward are the key players, the CEO and the executives. Their leadership will help decrease the chance of M&A failure, will increase the overall adjustment of employees, and minimize the culture clash.   | Are the people creating the plans of action the key executives? If they are, are they accountable for ensuring that the plans of action are properly implemented? If they are not, who is?  |
| 2. The second most important thing that must be accomplished during this stage is the creation of the communication plans of action (Balmer & Dinnie, 1999; Burke, 1987; Knorr, 1993). Specifically, these plans of action should include consideration of: audience, timing, medium, message, and the two-way communication set up (Bridges, 1991; Burke, 1987; Daniel, 1999; Lenge & Daft, 1988; Levinson, 1996; Lewis, 1999; Young & Post, 1993). | Prescription 3: The key players involved in the M&A have created the plans of action for both cultural integration and communication in the pre stage of the M&A. By having these plans of action will decrease the chance for M&A failure, and culture clash, while increasing the employees' overall adjustment. | What was your philosophy concerning communication with employees?<br><br>Was/is there a plan of action for communicating all aspects of the merger with the employees? If so, who was/is involved in creating it? If not, why not? What are the plans of action for employee communication? |
| 3. The key players must also remember to congruently follow the above plans of action (Balmer & Dinnie, 1999; Risberg, 1997).  | Prescription 5: The key players in the M&A should be congruently following the plans of action that were created. The outcome of which will be increased employee overall adjustment, and decreased chance of M&A failure.   | Are the people creating the plans of action the key executives? If they are, are they accountable for ensuring that the plans of action are properly implemented? If they are not, who is?  |
| 4. It is important to communicate the negotiations and the final announcement to the employees (Ivancevich et al, 1987; Marks & Mirvis, 1985; Marks & Mirvis, 1986; Risberg, 1997; Rosnow, 1988; Schweiger & DeNisi, 1991; Schweiger & Weber, 1989; Sinetar, 1981; Smeltzer, 1991; Young & Post, 1993).  | Prescription 6: The M&A negotiations and final announcement should be communicated, taking into account the message, audience, timing, and medium. This will have the positive effect of decreasing the chance for M&A failure and increased employees' overall adjustment.  | What was the exact date the merger was announced to the employees? How was it announced? How much time did the announcement take? What date was the merger announced to the public?<br><br>Were the employees told in advance of the merger and told of its implications?                   |
| 5. Employees constantly need to be on the receiving end of information to avoid the eruption and promulgation of rumors (Bastien, 1987; Greenhalgh, 1983; Hayes &  | There were no prescriptives created for this item in the literature because it did not indicate any action that top management should take. It just provided information on what   | Had the employees learnt of the merger from the rumor mill? If so, how do you know?<br><br>Could you think of any you have heard?   |

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| <p>Hoag, 1974; Ivancevich et al, 1987; Litterer &amp; Cisneros, 1983; Marks &amp; Mirvis, 1985; Pepper, 1942; Rosnow, 1988; Risberg, 1997; Schoennauer, 1967; Schweiger &amp; Weber, 1989; Sinetar, 1981; Smeltzer, 1991; Young &amp; Post, 1993).</p>  | <p>happens when employees do not receive adequate levels of information. Questions were created because the researcher wanted to see if there were rumors present in the hospitals as a test for the level of communication being disseminated.</p>  | <p>How do you think these rumors got started?</p> <p>Will you take steps to stop them if they exist? If so, what steps will you take?</p> <p>When is merger related information being communicated to employees (only when there are new developments, all the time, etc....)?</p>  |
| <p><b>During the Merger</b></p>   |  |   |
| <p>6. The first issue that must be addressed in this stage is the creation of a merger timetable so that the employees will know how long they will be facing uncertainty and stress (Daniel, 1999).</p>  | <p>Prescription 8: The speed of the M&amp;A throughout the during-stage is very important; it should move swiftly forward, the staff should be placed as soon as possible, and a merger timetable should be outlined. These actions will minimize the culture clash that could result, increase employees' overall adjustment while decreasing the chances of M&amp;A failure.</p> | <p>Originally, how much time did you feel the merger would take to complete? Why?</p> <p>Why do you feel you are on track, behind or ahead of schedule?</p> <p>How long did it take to create the top hierarchical structure of the new MUHC, and why did it take that amount of time? How long do you think it will take to merge the remaining hierarchies?</p> |
| <p>7. It is necessary for the top management team to be accountable for their actions throughout this time. Especially to make sure that the plans of action are being implemented (Young &amp; Post, 1993).</p>  | <p>Prescription 12: Top management (the key players) should be accountable for all the actions taken and not taken in the during-phase of the M&amp;A. As a result, the employees will experience better overall adjustment and the M&amp;A will have a decreased chance of failure.</p>   | <p>Are the people creating the plans of action the key executives? If they are, are they accountable for ensuring that the plans of action are properly implemented? If they are not, who is?</p>   |
| <p>8. Communication throughout this stage should be described as constant, timely, efficient, truthful, and using of the most appropriate medium (Balmer &amp; Dinnie, 1999; Daniel, 1999; Lingle &amp; Daft, 1988; Marks &amp; Mirvis, 1986; Schweiger &amp; Weber, 1989; Smeltzer, 1991; Young &amp; Post, 1993).</p> | <p>Prescription 11: The communications throughout the during-stage should be constant, timely, efficient, truthful, and use the appropriate medium. The outcome of this will be decreased chance of failure and better overall employee adjustment.</p>  | <p>Who is the person who communicates the most to employees?</p> <p>When is merger related information being communicated to employees (only when there are new developments, all the time, etc....)?</p> <p>How much merger related information is currently being communicated to employees at this time?</p>   |

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|  |   | <p>In what format (face-to-face, email, memos, videos, etc..) does the information, being disseminated through the hospitals, take?</p> <p>What do you do when there is no new merger related information to report?</p> |
| <p>9. The important messages employees should be hearing at this time are the explanations of what the new organization will mean, and the losses they will experience should be brought out into the open (Boroson &amp; Burgess, 1992; Bridges, 1991; Daniel, 1999; Litterer &amp; Cisneros, 1983; Maurer, 1996).</p>      | <p>Prescription 13: Employees need to be on the receiving end of information about the new organization throughout the during-stage, it should be fully explained and their losses should be brought out into the open. Therefore, employees will experience better overall adjustment and the M&amp;A will have decreased chance of failure.</p> | <p>What merger related information is being communicated to employees (layoffs, different benefits, etc...)?</p>   |
| <p>10. Finally, measurement methods and feedback loops should be implemented at this stage so that the employees will have opportunities to voice their concerns and opinions, while top management will be able to measure the effectiveness of the communications campaign (Daniel, 1999; Knorr, 1993; Risberg, 1997).</p> | <p>Prescription 15: Measurement methods and feedback loops must be in place in the during-stage of the M&amp;A so that the organization can get a big picture of how well the employees are handling the change. This will also have the outcome of decreasing the chances of failure and increase the employees' overall adjustment.</p>         | <p>What steps are you taking to ensure the receivers of information are properly interpreting it e.g.: opportunities for employee involvement and feedback?</p>  |
| <p>Post – Merger</p>   |   |  |
| <p>11. The first item that should be highlighted at this point is the fact that top management should dramatize the new beginning for the employees so that it becomes a reinforcing mechanism (Bridges, 1991; Daniel, 1999).</p>  | <p>Prescription 20: Dramatizing a new beginning in the post-stage will have the effect of enhancing the employees' overall adjustment, while reducing the chances of M&amp;A failure.</p>   | <p>What do you feel you can personally contribute to the smooth running of the merger (from the employees' perspective)?</p>   |
| <p>12. Next, the CEO and executives must never disrespect the past, because doing so is equal to disrespecting the employee (Bridges, 1991; Daniel, 1999).</p>   | <p>Prescription 16: The key players (senior management) must treat the past with respect in the post-stage of the M&amp;A. This will ensure a decreased chance of M&amp;A failure, and culture clash while increasing the employees' overall adjustment.</p>  | <p>How will you refer to the way things were before the merger?</p>  |
| <p>13. The organization should always be monitoring the employees' level of understanding of the communication messages aimed at them (Boroson &amp; Burgess, 1992; Knorr, 1993).</p>  | <p>Prescription 17: Monitoring mechanisms should be in place by the pot-stage of the M&amp;A to track the effectiveness of the plans of action throughout the process. The effectiveness will be defined by the level of culture</p>  | <p>What monitoring/reinforcing systems do you have in place that will detect whether or not the employees feel a high level of assimilation and have adopted the new culture?</p>  |



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|   | clash the employees experience and their level of overall adjustment. If these two are at desired levels then the chances of M&A failure are reduced.  |   |
| 14. The top management team must be seen practicing what they preach (Daniel, 1999).  | Prescription 21: Top management must be seen practicing what they preach especially in the post-stage of the M&A. By doing this they decrease the chances of M&A failure, and increase employees' overall adjustment.                        | What do you feel you can personally contribute to the smooth running of the merger (from the employees' perspective)?   |
| 15. Finally, they must also be communicating in new and different ways as well as changing the messages; this will have the effect of reducing resistance (Maurer, 1996; Noer, 1995). | Prescription 22: Communication in the post-stage should take different forms to reinforce the messages that are being sent to the employees. This will decrease the chances of M&A failure while increase the employees' overall adjustment. | What types of reactions (resistance, uncertainty, insecurity, etc...) are you expecting to see from the employees as a result of the merger and what steps are/will you take to reduce those reactions? |

## APPENDIX 5: THE DEFINITION OF THE CODES

The following list provides definition for the terms used to encode the data employing the NVivo software.

1. Acknowledgement of unified model: This code applies to any unit of information that suggests that the interviewees *understand* and *accept* the idea of a unified merger model to be followed by organizations undergoing mergers.

1a. Merger Timeline: This sub-code applies to any unit of information describing the length of time the merger should take to complete.

Merger Phase: This sub-sub-code applies to any unit of information that describes the phase the interviewee feels the merger is in relative to the timeline.

2. Implementation of unified model: This code applies to any unit of information that suggests that the interviewees have put the unified merger model (or aspects of it) into practice.

2a. Corporate Culture: This code is applied to any unit of information that addresses the issue of corporate culture, the MUHC culture, or the cultures of each of the five merging hospitals.

Pre- merger: This sub-code applies to any unit of information that addresses the issue of corporate culture, the MUHC culture, or the cultures of each of the five merging hospitals *before* the merger was signed on paper.

During- merger: This sub-code applies to any unit of information that addresses the issue of corporate culture, the MUHC culture, or the cultures of each of the five merging hospitals *during* the integration of the hospitals to become the MUHC.

Post- merger: This sub-code applies to any unit of information that addresses the issue of corporate culture, the MUHC culture, or the cultures of each of the five merging hospitals *after* the integration of the hospitals takes place and life as the new entity begins.

Cross-site: This sub-code applies to any unit of information that deals with the way the MUHC is being managed until they are amalgamated on one site.

2b. Health Care Issues: This code applies to any unit of information that deals with extra issues (health care) that must be dealt with, specifically, when they coincide with or affect the merger.

2c. Communication system: This code applies to any unit of information that addresses the issue of communication with any of the stakeholders, especially the employees.

Pre- merger: This sub-code applies to any unit of information that addresses the issue of communication *before* the merger becomes official.

Media: This sub-sub-code applies to any unit of information that addresses the issue of whether or not communication with employees has been disseminated through different media and/or message to ensure better understanding and acceptance of the merger in the pre-stage.

Rumors: This sub-sub-code refers to any information that is related to or contains rumors in the pre-stage of the merger.

During- merger: This sub-code applies to any unit of information that addresses the issue of communication *during* the integration of the hospitals to become the MUHC.

Media: This sub-sub-code applies to any unit of information that addresses the issue of whether or not communication with employees has been disseminated through different media and/or message to ensure better understanding and acceptance of the merger in the during-stage.

Rumors: This sub-sub-code refers to any information that is related to or contains rumors in the during-stage of the merger.

Post- merger: This sub-code applies to any unit of information that addresses the issue of communication *after* the integration of the hospitals takes place and life as the new entity begins.

Media: This sub-sub-code applies to any unit of information that addresses the issue of whether or not communication with employees has been disseminated through different media and/or the message to ensure better understanding and acceptance of the merger in the post-stage.

Rumors: This sub-sub-code refers to any information that is related to or contains rumors in the post-stage of the merger.

3. Congruency: This code applies to any unit of information that addresses whether or not the interviewees are implementing the same actions to ensure the eventual success of the merger from an HR perspective.

3a. Conflict: This code applies to any information that contains insight into any types of conflict, especially between top management throughout the merger process.

4. M&A success: This code applies to any unit of information that points directly to the end result of the merger. It encompasses any action taken on behalf of the employees to help them cope and to ensure their adjustment; it also addresses any notable successes that have occurred.

4a. Employee Coping: This sub-code applies to any information that provides insight into how the employees are feeling throughout the merger process.

4b. Symbolic Gestures: This sub-code applies to any information regarding actions aimed at helping the employees cope, ensuring their adjustment, and encouraging team spirit/unification.