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A MIDDLE MANAGER'S DILEMMA IN MERGERS

A MULTIPLE CASE STUDY

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Abstract

Problem

Existing theories regarding mergers and acquisitions mainly focus on either strategic issues that the top management has to deal with or how the employees in an organization deal with the uncertain environment when a change get implemented. The majority of theories do not even mention one of the key actors during a merge; the middle manager.

Purpose

The purpose of this paper is to seek an understanding for a middle manager's dilemma in mergers within organizations and why this dilemma occurs.

Theory

The theories that are used in this paper are within the areas organizational change and management. The choices of theories have both been based on the empirical findings, but also a pre-understanding the author gained in the classes the covered those areas.

Method

In this study a qualitative multiple case study have been used in which I have conducted 12 interviews within three different companies. The empirical findings have been described on the basis of respectively case, while the analysis have been structured around the most apparent complications that the middle mangers have faced in their situation.

Conclusions

The conclusion of this thesis reveals the complications a middle managers faces in an organizational change. Middle managers need to support the employees in their handling of uncertainty, provide information and struggle with changing the behaviors of the employees. A middle manager also experiences some individual complications, such as loss of network and reduces in responsibilities.

Key words

Organizational change, merger, middle manager, information, uncertainty, relationships

1. INTRODUCTION	4
1.1 Background	4
1.2 Complications	4
1.3 Purpose	5
1.4 Definitions	6
1.5 Delimitations	7
1.6 Disposition	7
2. THEORETICAL FRAMEWORK	8
2.1 Organizational Change	8
2.1.1 Institutional Effect on Changes	8
2.1.2 Uncertainty	9
2.1.3 Information	10
2.1.4 Corporate Culture	11
2.2 Management approach	11
2.2.1 Managerial Influence	11
2.2.1 Relationships	12
2.2.2 Hierarchy	13
2.4 Theoretical Overview	14
3. METHODOLOGY	16
3.1 Research approach	16
3.2 Research Process	17
3.2.1 Case study design	17
3.2.2 Choice of cases	17
3.2.3 Data collection	18
3.2.5 Analyzing data	19
3.3 Quality of the Research Design	20
4. EMPIRICAL DATA	22
4.1 HighTech	22
4.1.1 Informal Dynamics	22
4.1.2 Satisfactory Information	23
4.1.3 Increased Formalization	24
4.2 BigCredit	27
4.2.1 Traditional Structure	27
4.2.2 Coordinated Message	27
4.2.3 Sneaking Fusion	28
4.2.4 Future Worries	30
4.3 Local Bank	30
4.3.1 Laid-Back Firm	31
4.3.2 Headline in the News	31
4.3.3 Chaotic Ride	32

4.3.4 Clash of Organizations	33
4.3.5 Troublesome Comeback	34
5. ANALYSIS	36
5.1 Organizational Change	36
5.1.1 Middles Managers – In Middle of the Information Flow	36
5.1.2 Can Middle Manager Compete with Culture Influence?	38
5.2 Management Approach	39
5.2.1 The Important Network	39
5.2.2 Loss of Control	40
6. CONCLUSION	42
7. DISCUSSION	43
8. REFERENCES	45
8.1 Literature	45
8.2 Articles	46

1. INTRODUCTION

1.1 Background

During the last two decades mergers and acquisitions (M&A) have become an increasing strategy for companies to carry out. (Krallinger, 1997, Gaughan, 1996, Burke & Cooper, 2000, Heckscher, 1995, Daniel & Metcalf, 2001) The objectives of these strategic changes are to achieve corporate growth, economies of scale, vertical integration, diversification, and even provision of capital for future leveraged buyouts. (Buono & Bowditch, 1989) It is also these types of financial measurements that are mostly discussed and analyzed prior to the decision and the implementation of a M&A strategy, both within the company on the top management level and outside the company by media and investors (Heckscher, 1995). Although there is a high degree of attention on the financial calculations in these strategic decisions, Cartwright & Cooper (1992) show that 50 percent of all acquisitions fail financially. The reason for this is usually that the human factor plays a larger role than what is recognized during the decision process. According to Buono & Bowditch (1989) most of the problems that affect the result occur internally by the dynamics in the new organization. The human factor is therefore an element that should not be ignored during those strategic changes. A merger is not something that happens to an organization, it happens to the people within the organization. The humans are usually labeled the forgotten factor in analysis of mergers. (Cartwright & Cooper, 1992)

Research on mergers and acquisitions has mostly been focused on the economical and financial aspects and how executive managers should think and act in order to achieve the best strategic fit and highest financial benefits. However, research and studies have slowly started to focus more on human, organizational and managerial aspects of mergers and acquisitions. Some of those more “softer” studies have been conducted on corporate culture differences. Other studies have a micro focus on for example the psychological individual strain an organizational reform can convey. Very few have mentioned the middle managers dilemma. According to Buono & Bowditch (1989) managers in the uncertain environment of a merger or acquisition carry a huge responsibility. It is the middle managers who address problems and are challenged to guide and motivate the employees in order to avoid complications with the merger, even though they have not been asked during the decision making process, experience a lack of information and might not even support the change. (Buono & Bowditch, 1989)

1.2 Complications

Because middle managers are the carriers of the information, they have to deal with pressure within the organization, partly from the higher management and partly from the employees and managers below them (Jackall, 1988).

The top management plays an important role in those strategic changes. They are the ones making the decision and setting up guidelines about preferable implementation for the managers further down in the organization to follow. The middle level of management needs to fulfill the higher management request of what to do and how to do it in order to

be able to keep their position, get benefits and in the long run get promoted. Jackall (1989) also writes that the lower management needs to flatter their bosses and give them credit for any success their department has met. It is also essential for the middle managers to deliver good results in order to pave the way for future advancement in the organizational hierarchy. (Jackall, 1988)

Managers in an organization have an important job to make the change implemented and accepted by the employees. Middle managers do not only have the pressure from above to deliver good results, they also have to deal with and try to satisfy managers and employees below them. An organizational change is something that generates uncertainties and worries among the employees and this, as a manager, is something that needs to be addressed properly. It is a challenging task because there are many things beyond a managers' sphere of control and it is impossible to prevent all people's fears, uncertainties and tensions from emerging and to stop them from disrupting organizational processes (Buono & Bowditch, 1989). It is also difficult for one or a few people to influence and control the development of a reform, hence according to Brunson & Olsen (2000) all people in an organization are consciously and unconsciously affected by institutions in the environment around them. Employees affected by an organizational change require answers to reduce their uncertainty that has occurred with the reform. Employees may also intentionally or unintentionally work against the organizational change which clashes with the top management's intentions and plans. The dilemma for the middle managers is that they have a large responsibility to execute the strategies put up by the top management in order to please them, but have no actual authority over these strategic decisions that affects them and the employees. These problems are particularly evident in mergers and acquisitions, which are seen as the most dazing organizational changes. (Cartwright & Cooper, 1996)

1.3 Purpose

Theories about mergers and acquisitions are either concerned about the strategic financial decisions on a high level of the company or how the employees in an organization deal with the uncertain environment an organizational change brings. There is also a big amount of research investigating cultural clashes and integration problems. However, the majority of theories does not even mention one of the most important factors during a merge or acquisition; the middle manager.

Just like the employees, the middle managers also experience uncertainty about their situation in a merger or acquisition (Buono & Bowditch, 1989), but they still have to be the ones offering support and guidance to employees below them in the hierarchy and simultaneously act as a puppet to the top management. The purpose of this thesis is to investigate the middle manager's dilemma by a qualitative study in this specific situation. The starting point of the consideration is the following research questions:

- What complications does a middle manager face in mergers of organizations and why?

1.4 Definitions

The middle manager

There is no accepted definition of a middle manager; both in companies and in research the concept middle manager is used for a wide range of managerial levels. The definition I will use in this thesis has its starting point in the one Heckscher (1995) uses in his research about middle managers who are going through downsizing in their organizations. He defines the middle managers as those under the executive teams in the hierarchy and above the level of supervisors. The upper boundary of the definition used, is the executive team. Whatever formal level or title, executives are the managers that have an integrated and overall view of the organization. The executive team also has the authority to make strategic decisions about the organizations direction in the future and are thinking more in long-term.

The lower boundary of the definition of the middle manager is the supervisors. These are employees that do not have authority to make any strategic decisions or to set up objectives. Supervisors do not typically have any profit or loss responsibility, while middle managers usually are evaluated by their performance. Between these two boundaries lie the middle managers who are holding the business together at a practical and operational level.

Mergers and acquisitions

Literature in organizational theory on mergers and acquisitions proposes that combinations of these two labels are homogenous in nature and typically have the same impact on firms and their employees. In most discussions the terms merger, acquisition and consolidation are used interchangeably. The differences between those terms, however, tend to be more than just linguistics. (Buono & Bowditch, 1989)

A merger is a combination of two companies in which only one corporation survives and the merged corporation goes out of existence. A merger differs therefore from a consolidation, which is a business combination whereby two or more companies join to form an entirely new company. (Gaughan, 1996) To distinguish between a merger and an acquisition is not as simple though, but mergers and acquisitions are legally different transactions. Buono & Bowditch mean that mergers have a higher degree of cooperation and interaction between the partners than acquisitions do. Mergers also tend to involve equal sized companies, while in acquisitions one corporation usually is larger and more powerful than the other. (Buono & Bowditch, 1989)

For analytical purposes, the interviews used in this study originate from a company or organization that is bought by and merged into another company. Thus, the term merger will be used in this thesis as a definition of this process and does neither take into account the legal transaction, the size of the organizations nor the cooperation and interaction between the companies prior the organizational change.

1.5 Delimitations

The study will neither cover acquisitions that are made for short-term investments nor where a company is doing a hostile take-over. The thesis will neither look at acquisitions where there is no integration among the two companies' employees.

1.6 Disposition

The thesis is divided into seven sections. After the introduction, the theoretical framework of organizational change and management concepts that are used in thesis will be presented so the reader gets an overview over the area investigated. In a third step, the methodology chapter introduces the used research approach and process. After that the empirical data will be presented. This fourth chapter is divided into three sections, each describing a separate case. The analysis of these empirical findings will be discussed in chapter five. The paper ends with a section conclusions and a discussion of the main findings.

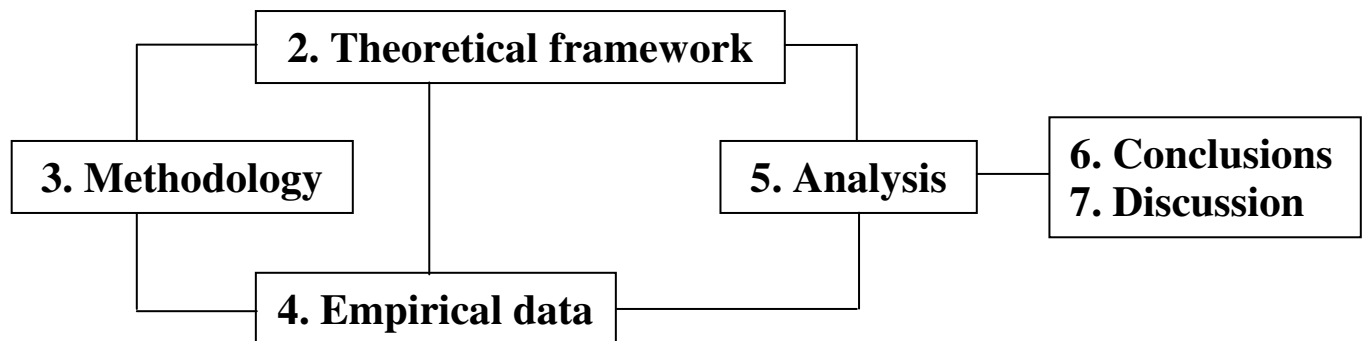


Figure 1. Disposition

The model above visualizes how I have worked my way through the thesis. The sections covering theoretical framework and empirical data have been collected more or less simultaneously and the methodology has supported and guided that process. The sections two through five have interacted with each other during the process and resulted in conclusions and a discussion.

2. THEORETICAL FRAMEWORK

In this section the theoretical framework used in this thesis will be presented. The situation a middle manager goes through when an organizational change is implemented is analyzed from two different perspectives; organizational change and management. The framework is based on these two different areas of theory. Under section 2.1, theories regarding organizational change will be presented. The next section, 2.2, covers theories within management and leadership. I believe both areas are important to cover in order to be able to analyze and explain my empirical findings.

When I begun researching for theories for this thesis, I already had some pre-understanding of the topic. These understandings were gathered during the courses in Organizational Change and Management at Stockholm School of Economics (SSE). Of course the pre-understanding not only guided my choice of research area, it also affected my choice of theories. But it was not until after a few interviews I began to thoroughly search for relevant theories. This facilitated to get some structure of the empirical data that had been collected. The research had its starting point in the course literature of above mentioned courses but was extended to additional literature in the area. The main areas I have searched have been organizational change and management. The organizational change field has been broken down into sub-areas; uncertainty, information and culture. In the theories concerning management I have mainly focused on: how managers influence their surrounding, the importance of relationships, the impact of hierarchy.

Even though the pre-understanding has been the guidelines in my research for relevant theories, the empirical data has impacted the choices within these fields. I have mainly presented the theories that I believed was relevant for analyzing the empirical data.

2.1 Organizational Change

The reality is constantly evolving and changing. All societies, organizations and humans are affected and it does not leave anybody unmoved. Some people see changes as something unpleasant, while others are more hopeful and curious what the change might bring. The common thing is though that change starts from something known and goes toward the unknown and insecure. This is especially prominent at a big structural change in an organization (Sherman, 1998). The following section will cover four different aspects of change within an organization; how institutions impact organizations (2.1.1 Institutional Effect on Changes), the worries that a change brings (2.1.2 Uncertainty), the importance of information (2.1.3 Information), and how corporate culture is affected by changes (2.1.4 Corporate Culture).

2.1.1 Institutional Effect on Changes

As stated above, change is something that starts from something known and familiar. This perceived correct reality has its ground in fundamental institutions that exist in the society. Brunsson & Olsen (1997) explains the resistance occurs due to institutions. They conclude that organizations are active in environments that are institutionalized and when organizations are viewed as institutions, it means that their behaviors are affected by

cultural rules and norms. This results in certain routines of actions, which contribute to the creation of regular behavior and meaning in that context. Organizations have histories and when time passes by, assumptions are developed to what is regarded as important tasks and good results and how these results can be achieved. Some approaches and ways of thinking are taken for granted and eliminate therefore other interpretations and actions. Well-developed institutions create a good atmosphere for action-taking and facilitate the cooperation in an efficient way. (Brunsson & Olsen, 1997) But deep beliefs and assumptions can also create slowness and resistance in a restructuring project. (Brunsson & Olsen, 1997, Daniel & Metcalf, 2001)

An institutional perspective assumes that sudden and huge changes, which contradict the organizational identity are quite rare and that they are a result of a crisis or strong expectation of a crisis. It can be difficult to change an organization's physical structure and important symbols, but it is even harder to change behaviors. (Brunsson & Olsen 1997) When applied to mergers and acquisitions strategies, an acquiring company tends to be the one dictating the structure, function, policies, culture, and processes of the resulting organization. This typically means that the buyer only incorporates a few desired aspects of the acquired organization. (Daniel & Metcalf, 2001)

2.1.2 Uncertainty

When incorporating new aspects to an organization it almost always results in uncertainty and worry for the future. Organizations answer with developing internal and external strategies to better meet and absorb this uncertainty that exist around and within them. In an organizational change these strategies can become capsize and the constituencies usually experience uncertainty about what will happen in the future. Issues concerning strategy are difficult to handle because it often involves a lot of uncertainty. Strategies are based on assumptions about the future which, of course, is not known at present. (Jakobsen & Thorsvik, 1997)

According to Sjöstrand (1997) uncertainty is the reason for the existence of leaders, since unexpected situations and actions otherwise would be hard to handle in a daily operation. Managers differ in their capacity to cope with uncertainty. A leader is behaving in a dual way, both rational and irrational. (Sjöstrand, 1997) Jackall (1998) agrees that managers typically are irrational and inconsequent, but also states that they must show rational and consequent actions in order to gain legitimacy. Both the rational and irrational behaviors are necessary components to cope with the uncertainty that is constantly surrounding managers. (Sjöstrand, 1997) According to Mintzberg (1973) a leader's task is to maintain order in a chaotic environment and act in a way that can be described as a calculated chaos. The leader can also be described as a filter that converts the surrounding's chaos to order for the company.

Sjöstrand (1997) defines uncertainty as the difference between necessary and possessed information. The difference is not quantitatively measurable; it is determined by independently connected individuals. If the uncertainty is regarded as a subjective phenomenon, an individual's self-confidence is determining how a certain situation will

be coped. (Sjöstrand, 1997) Next section will cover the importance of information during a restructuring process.

2.1.3 Information

Information can almost never be provided too much when an organizational change is taken place. (Daniel & Metcalf, 2001) It should also be considered how the information is communicated within the organization. Even though rumors always spread faster, information cannot be spread too early anyway. It is therefore better to provide the existing and known information, even though it might not be all possible information. If there passes by long time period without new information, rumors will arise to fill this gap of informational uncertainty. It is hence important to continuously inform the organization and its members about what is happening. However, it can also be beneficial to adjust and filter the information, which means that the information flow can change during specific situations or be adjusted for a specific receiver. (Eriksson, 1998)

Thus, Daniel & Metcalf (2001) imply that it sometimes can be difficult for the managers to communicate satisfactory information because the variety in the change process. All that can be communicated at that period of time is what is really known to that point. The difficulty lies in that the managers appear indecisive and not in control because of this changing environment they themselves have no control over. This is especially true for the middle managers that are “living in a glass box”. (Daniel & Metcalf, 2001, pg 83) Another reason why middle managers can be experienced as indecisive is that they might not have the fully answer on the question “why”. Croft & Cochrane (2005) state that the most important message to communicate to the employees is why the change is happening and to answer the question what exact results should be achieved or refer to future desired effects. (Brunsson & Olsen, 1997)

However, uncertainty cannot totally be avoided among the people in an organization and the employees will never feel entirely informed; it is quite simply too much outside the management's and the employees' control. With this knowledge it is important to legible inform the employees and focus on packaging the message in a way that it creates a legitimate merger for the involved. (Buono & Bowditch, 1989)

Informal communication is continuously happening within organizations. Research show that rumors are often more correct than incorrect. (Jakobsen & Thorsvik, 1997) Rumors take especially place in all organizations that are going through a transformation. Usually these rumors are a result of anxiety and a sign that the internal dialogue prior to the change has not been satisfactory and that the formal communication is not adequate. The management cannot be quiet; they have to meet these rumors with what is true or false. (Eriksson, 1998)

The informal communication can have a negative effect on the organization and its efficiency, due to decreased working morals and collaboration between the employees. If this negative situation occurs, it is important to rebuff these rumors with formal communication and information that concern the direct cause of the rumors. Jakobsen & Thorsvik (1997) also conclude that rumors can influence the situation positively. Rumors

can reduce anxiety by giving the situation a meaning when the formal information is insufficient. (Jakobsen & Thorsvik, 1997) Small talks within organizations interpret and reinterpret people's perception on what is right or wrong and good or bad. This appears because the small talk contains value-components. The majority of the small talks are form to what can be labeled moralized concerning what is good and desirable. The moralized small talk is a norm reproducing functions. (Ekman, red Sjöstrand, 1999)

If it is important what type of information is delivered and how the information is spread during an organizational change, it is also important to understand that the setting information is spread within. Next section will deal with this dimension, Corporate Culture.

2.1.4 Corporate Culture

Organizational culture can be seen as a product of history of successes. Cultural differences are seen most easily in artifacts, such as labels, physical things, certain language, and behaviors. An instruction manual is not getting issued for learning these matters and they usually only become obvious when compared with other cultures. Before that, they are "just the way things are". (Daniel & Metcalf, 2001 sid 28)

According to Schein (1985) the culture is found on three levels: on the surface with artifacts, under the surface are the values and norms for behaviors and on the deepest level, in the core, is fundamental understandings and assumptions found. The deepest level is what pervades the culture. Jakobsen & Thorsvik (1997) also state the culture is a shared set of elementary assumptions.

Hatch (1997) means that the most obvious sources of external influence on an organizational culture are found inside the organization, the employees, while Schein (1985) has another view. He proposes that cultures are changing, but only when new values reach the culture from the outside. The new values will be incorporated with the fundamental assumptions first when they appear to be suitable for and in line with the desired result set up by the organization. When the members discover the advantages of the new values, they will be taken for granted and sink into to the deepest level of the unaware assumptions. (Schein, 1985)

2.2 Management approach

Management is used as the aggregated definition regarding all executive operation that is used in companies. Management includes foremost developing strategies, obtaining, organizing, transforming and liquidating resources to refine a company's going concern. The following section will cover different aspects of management theory; how managers influence their surrounding (2.2.1 Managerial Influence), the importance of relationships (2.2.2 Relationships), the impact of hierarchy (2.2.3 Hierarchy).

2.2.1 Managerial Influence

Some researchers mean that it is not just the institutions that affect the organization; they mean that leaders, both formal and informal, have a part of it. According to Sjöstrand (1997) is uncertainty the reason for the existence of leaders, and Smircich & Morgan

(1982) states that the leader defines the reality thus has an important function as model and norm creator. (Sjöstrand, 2000). Managers have due to their high position a natural legitimacy and therefore power (Bolman & Deal, 1997) and it is narratives, not fact, that guide the thinking. Byrne (2005) means that data on declining market share or quality problem will not get employees to change what they do. Rather, appeals rooted in emotion are what best inspire people to alter course. (Byrne, 2005)

A leader is, through its right of speaking and expressing opinions, an advocate in interpretation processes that occur when texts and instructions are transformed into practice. A person can become a leader either by being appointed by the authority or by being allotted power from a group of members without having a formal position or title, so called informal leader. (Ekman, red Sjöstrand, 1999) Ekman (red. Sjöstrand, 1999) claims that the members listen more to the informal leader than the real managers.

According to Ekman (red. Sjöstrand, 1999), organizations are not lead by neither managers nor texts. An important part is developed from the small talks, i.e. discussions between colleagues on informal arenas. In the small talk attitudes are created regarding different phenomenon in the organization that never reaches the highest management. The small talk also creates informal norms that lead to utilization of sanctions. (Ekman, red. Sjöstrand, 1999) These informal small talks also result in different grouping and create relationships within the organization.

2.2.1 Relationships

The majority of people's actions happen in relation to other people. Individuals are dependent on other people and because most of these are unknown, the individual has a rationale how to handle these situations. This is explained by that the human has limited resources and it is impossible to know and have a personal relationship with everybody. (Ekman, red Sjöstrand, 1999) The rational approach is by Sjöstrand (1997) labeled as calculative. The gaps in time and location require an individual to use a calculative rationale and in these situations the individuals only know each other as positions or functions and are incoherent with each other on other levels. They neither can nor want to get to know the individuals and therefore, according to the rational approach, solely use others to gain economical benefits. (Sjöstrand, 1997)

There are situations when an individual are behaving irrational in their interaction with other individuals. In genuine relationships the relationship itself gets a meaning and the persons become indispensable. The genuine relationship helps the individual to handle the uncertainty without rational thinking. Relationships that are based on same ideals and values can also decrease uncertainty and this is categorized as the second type of non-rational relationship. Sjöstrand's (1997) third non-rational is based on physical force or violence. The coercive relationships should not exist in organizations, but usually do in shape of threats, blackmail etc.

Sjöstrand (1997) also brings up collective forms for uncertainty absorption. One example can be to spread the uncertainty among a lot of people to reduce the individual uncertainty. Routines can work as uncertainty decreasing tools and the same result can be

reached with decoupling. The latter can be created by decentralization, where responsibility are pushed further down in the organization and result in that the uncertainty is spread on different level in the hierarchy. Another collective form for uncertainty absorption is trust. Trust can either be built up between individuals within the organization or be built up by the organizational track record. The trust between the people in the organization is created due to mutual expectations on each others behaviors. The institutionalized trustworthiness differs because it does not supply the mutuality that personal trust relationship offers. (Sjöstrand, 1997)

To survive in an organization one has to create contacts and build a network. An employee or a manager needs to please the bosses above them in the hierarchy. This is important because it is the managers that are promoting and hiring new managers and they choose individuals they feel comfortable with and who they can trust. Moreover, people need to be aware of that others in the surroundings are forming plans how to get succeeded in the organization and climb the hierarchy. Therefore, it is beneficial to have a mentor that protect and embellish you for the managers further up in the organizational ladder. Not everyone can succeed; one's failure is another one's opportunity. But for manager there is an unspoken rule in those situations, which states that you should treat others good on the way up, so they will treat you well on the way down. (Jackall, 1989)

According to Jackall (1989), managers are living in a big uncertainty. They never know when there will be a big restructuring. It is therefore important it have strong social contacts. A manager with a good social network usually turns out better in big changes than managers with no network. Managers are aware of the complex level of conflict within their environment and are constantly reminded that it can quickly collapse. (Jackall, 1989)

2.2.2 Hierarchy

The definitions of management and leadership are extremely many and diverse. A leader's most important task is to influence and form the operation they are active in. (Jakobsen & Thorsvik, 1997) The manager's role is seen as a process. The middle managers are especially important for the communication functions within the organization. They can also possess certain symbolic effect depending on the size of the gap between the top management in the organization and the operational level. Depending on the level of manager there are different requirements they responsible for. (Jakobsen & Thorsvik, 1997)

According to Jackall (1989), are firms steered by management by objectives. An organization contains of different profit units that are reporting to the top manager, e.g. the CEO. The system is creating a chain of commitments from the CEO to the lowest supervisor. For the managers that have people above them, is it important to follow norms and implicit rules in order to climb the hierarchy. The skilled subordinate manager learns how to act so that his boss appears good. The general rule is that the subordinate get rewarded in terms of protection from its manager. The characteristic for this system is that details are pushed downwards, while appraisals are pressed upwards. (Jackall, 1989) This also is pointed out by Sjöstrand (1997) who means that when responsibilities are

pushed down, it reduced the uncertainty because it is spread on different levels in the hierarchy.

The tension that appear in the organization when these forces occur, create a huge pressure on the middle managers. They are aware of that they have to deliver good news couple with the knowledge they have about the details in the operation. The middle managers have to act in a way that protects the highest management, their nearby bosses and themselves. In good times the middle managers become the point man and the potential fall guys if something goes wrong. The risks to become the fall guy have consequence in that the people in the organization generate schemes of the colleagues. The result is a very subjective assessment that does not have to be true, but the scheme is used to construct the career path. The conflicts that are discussed above are usually covered up by a comfortable and caring environment in order to attract and retain employees. The top management provides nicely designed facilities, neat offices, private cafeterias and costly receptions. It is called impression management. (Jackall, 1988)

One research has discovered that middle managers perception concerning an organizational restructuring is different than the top management. The top management has a more positive view concerning the outcome of the restructuring and believes in larger extent that loyalty, morale, motivation and sense of job security has increased compared to the middle managers perception. The authors also discovered that the statement “people are our most important asset” is exposing a clear lack of sincerity to many managers that have gone through an organizational restructuring program. (Burke & Cooper, 2000)

2.4 Theoretical Overview

The theories that are covered above will be use in the analysis phase when the empirical findings are investigated and evaluated in order to answer the research question. The theories are summarized here below.

- Institutional perspective states that everything in the society is affected by institutions. These institutions can work against a change.
- A change creates uncertainty and leaders are needed to decrease anxiety that uncertainty results in.
- Information can never be provided to much during a change process and information need to be adjusted and filtered to its receivers.
- Corporate culture is built on values and assumptions. It can take long time to get gain acceptance for a new culture.
- Some theories state that managers are able to influence the organization, while other researchers mean that organizations are affected in more informal ways.
- Relationships are crucial within an organization, far from everything is formalized.

- It is important for a manager to understand the organization's politics in order to gain support for ideas and thoughts.
- It is essential for a manager knowing how to climb the in the hierarchy.

3. METHODOLOGY

This section outlines the methodology that has been applied in order to answer the research question.

3.1 Research approach

The methodology is a work plan on how to collect, organize and analyze data and how it will result into a specific end product. (Merriam, 1994) An interpreted approach illustrates the social phenomenon from the actors' perspective and investigates how they interpret the world; the essential reality is how the humans understand and interpret their own reality. (Andersen, 1998) Research methods range from quantitative to qualitative method. Quantitative methods primarily use statistical analysis and the main purpose of such a method is to provide explanations. Qualitative methods, on the other hand, aim at deeper knowledge of a problem to create understanding instead of providing explanations. (Yin, 1994) In order to be able to describe and analyze the middle managers' dilemma in a specific situation, a qualitative research method has been used. Therefore, I decided to interview managers with experience of mergers and acquisitions to answer my research questions, but also other actors involved in the change to get a better view over the situation. This allowed me to observe and study the behavior; what they say and do as a result of how they define their reality. Merriam (1994) means that the reality is a very subjective history that needs to be interpreted rather than measured.

There are three different research approaches that can be adopted during a research study; inductive, deductive and abductive. Inductive approach is when an observation of a specific phenomenon is followed by a derivation of a new model or a new theory to describe these observations. (Wiedershiem-Paul & Eriksson, 1991) The advantage of this process is that a researcher might find things that have not been discovered and presented in research studies before. If a researcher has read too much into theories beforehand of the data collection, he/she might not see things that differ from these. This might also imply that the researcher search for the issues that support the models and theories that have been studied before the data collection. (Goldkuhl, 1998) The deductive approach has its origin from a general rule and supposes that the rule can explain a certain phenomenon. The disadvantage with this approach is that it assumes that the general rule is valid. (Yin, 1994)

In this study an abductive approach has been used. The abductive approach takes its starting point in empirical facts but does not reject theories. The paper originates from actual observations of phenomenon occurring for a middle manager that has experience of a merger. Parallel to those observations theoretical concepts have been gathered in order to get structure and understanding of the empirical data. This procedure of mixing empirics and theory is beneficial because it facilitates detection of pattern of the dilemma a middle manager goes through. (Merriam, 1994)

3.2 Research Process

3.2.1 Case study design

When institutions and organizations are observed and studied it is very rare that a researcher can work with it as an experiment. There are too many factors that a researcher can not control for. To describe, understand and explain what is happening in an organization it is often necessary to work with many factors simultaneously. In order to be able to conduct a study with reasonable resources used, the amount of research objects is reduced. Many variables and few study objects is what characterize a case study. (Andersen, 1998) Yin's (2003) definition of a case study is coherent with the aim of this thesis and the case study design will therefore be used here.

Case studies can be based in single or multiple cases. Multiple cases are characterized by that they contain more than one case and are conducted on different places under different circumstances. In this thesis multiple cases have been used in order to produce a more generable result than a single case can provide. According to Yin (2003) the multiple case study design is preferable because the analytical benefit from having multiple cases is substantial and the analytical conclusion will be more powerful.

3.2.2 Choice of cases

Due to the benefit of having multiple cases I decided to try to find and get access to different companies that recently went through a merger. The aim was to find companies that had been acquired and merged into another organization and not the other way around. This decision was made with the hope to have cases that put the middle managers in similar situations. Cartwright & Cooper (1997) mean that it is a difference for the managers and employees in an organization whether it is acquiring and is being acquired. I wanted to have different sizes of the cases, to drive the hypothesis that no matter what size a company has, the middle manager would experience the situation similar. This way of choosing cases is what is called literal replication. (Yin, 2003) Therefore I contacted an old manager of mine, which company went through a billion dollar deal recently. This transaction involved an integration of 40.000 employees at the acquired firm into the 300.000-employees multinational firm. In contrast to the giant multinational merger, I found by help from contacts a small start-up company that had been acquired by a slightly bigger firm. Here the arrangement affected 70 persons who were getting merged into a firm with 4000 employees. After these two choices I thought I would have an acquisition that was neither as gigantic nor as little as the two other cases. After some searching through databases, news and talking to contacts, I met a girl that had been writing her thesis about the financial impact of the acquisition. The case matched good to my other two cases regarding my requirements concerning the size of the transaction.

This replication for a multiple case study is according to Yin (2003) the choice to make, in comparison to sampling logic which would be misplaced. He means that if sampling logic would be used in all types of research important topics would not be empirically investigated.

3.2.3 Data collection

Below you can follow the steps in the process that led to this thesis empirical data. The empirical data is based on primary data which means that the researcher has collected the data via interviews and observations and on secondary data. The secondary data mainly collected from the internet has been qualitative information about the different case companies in the news.

Pilot study

Because I had a vague understanding for the research area I aimed to study I chose to have an interview with two managers independently of each other that had been going through a fair amount of mergers and acquisitions during his career. This type of pilot study gave me both some practice of interviewing and an understanding for the field I was going to study. After the discussion with these two and the areas we covered I designed an interview guide.

Interview guide

All interviews were conducted in a semi-structured fashion in order to get the interview more like a conversation. This enables the interview object to become more relaxed and in the continuation hopefully feel more comfortable about sharing their experience in the merger even if these might be difficult matters to talk to someone about. In an interview the researcher can process people's stories about themselves, their reality and with their own words. An interview is a technique to get information about how the reality is experienced from the interview object's perspective. I had help from a booklet (intervjuteknik-häfte från Mats) concerning investigating techniques when planning and getting prepared for the interviews.

It is suggested that a researcher should have a structure and a direction in the research question. (Kvale, 1997) Therefore the same interview guide was used for all interviews. Because the interviewees had experience from different companies and had gone through different types of mergers, I decided to use an interview guide instead of a questionnaire. In this way the interview was more open and I, as a researcher, did not direct it in certain directions. During the different interviews various issues were emphasized depending on what the interview object experienced as most important.

Choice of interviewees

Initially I had three different contacts in respectively case companies. After meeting these three managers, they put me in contact with other interview objects that in their turn provided contact information to additional sources. It can be said that I used the "snowball approach" to find more interviewees that had experience of mergers and acquisitions. I used the first three contacts as a gate way to get access to the companies where they worked. The advantage to this approach is that the interviewees are not chosen by a manager that can otherwise decide an employee he or she thinks is appropriate. It can also facilitate to get more sensitive information because the objects might not feel that they are giving the interviews for the reason that they are told so by their boss; they do it on their on spare time. In order to get an understanding for the

different cases both managers and employees were interviewed. However, the focus was on the middle managers experience.

The collection of empirical data has been done through a total of 11 interviews with managers and employees at the different case companies. Some complementary interviews have been conducted over phone and informal meetings. The initial interviews have been held in a time period of 2 months and were lasting between 45 minutes to 2,5 hours. All interviews were conducted in English which meant that some issues had to be thoroughly described in order for the researcher to fully understand the interview object's explanations. The interviewees at each case were:

HighTech:

- Director of engineering
- CTO
- Manager
- Employee

BigCredit:

- Senior manager
- Manager
- Manager

LocalBank:

- Regional manager
- Office manager
- Manager
- Student who wrote a thesis about the acquisition

3.2.5 Analyzing data

After the empirical data was collected the hard work to analyze it begun. Because it is a qualitative study the data needs a qualitative analysis. The purpose is to gain deeper understanding and knowledge in the field that is studied. (Patel & Davidsson, 2003) According to Merriam (1994) it is important to do continuous evaluations of the collected empirical data, which can be beneficial for how to proceed with the study and if something needs to be modified in the methodology that is used.

The empirical data has, as already mention, been collected in a qualitative way. This requires a qualitative approach to analyze the material. Analysis means that in order to facilitate interpretation of the data it is important to get structure and order of the data. The interpretation in its turn means evaluation in relation to the research questions and theories. (Repstad, 1999) The compilation of the interviews was done in two steps. First the interviews were written done. After all interviews within one case were conducted, the transcript was read over and over again to get a good view of the situation in the company. Later the work resulted in three different stories about the restructuring phase at respectively case company.

The analysis in its turn in this thesis was done during the time the theories were gathered and after the interviews were compiled. According to Merriam (1994) it is beneficial to look for regularity and occurrence that take place in the information gathered. After reading through the material countless times, I work on to group the data into different areas that the middle managers in all three cases had experienced as complications. It ended up to be four different categories that were typical characteristics in the different cases. Patel & Davidsson (2003) claim that after the emerging of the characteristics, it is important to find good labels. The labels will give a clarification to the reader how the author has interpret the empirical data. The complications that are faced by the middle manager in the case companies in this thesis and that caught my interest are concerning the areas information, culture, relationships and loss of control. These are the labels that will structure the analysis.

3.3 Quality of the Research Design

In a qualitative study it is especially important to present the procedure of the research process because it affects the conclusion and the result of the research. There is no general way of how to conduct a qualitative study, which makes it even more important to present how the conclusions were reached. (Patel & Davidsson, 2003) The quality of the research design can be measured by the two concepts of validity and reliability.

Internal validity measures the trustworthiness of the study. Yin (2003) explains that the concept concerns establishing causal relationship, whereby certain conditions are shown to lead to other, as distinguished from spurious relationship. To reach strong internal validity I have been attentive with my data collection and read the interviews over and over again until I was sure I could not interpret the interview objects' responses in some other ways. Complementary interviews have also be conducted in fields were I felt I wasn't sure about how the situation was experienced, which has contributed to the internal validity.

External validity refers to whether a study's findings are general applicable beyond the immediate study. (Yin, 2003) Single case studies are often criticized for being poor basis for generalization, but in this thesis three cases have been conducted which produce a relatively strong external validity. Also, because I have been interviewing persons from three different mergers and found some distinct patters for all of them, I believe that the external validity for this study is strong because the result thereby can be relatively generalized. The cases are representing three different sizes of mergers which furthermore contribute to the external validity. The choices of case companies would thereby probably reduced the size specific factors in the research result.

The objective of reliability is to be sure that a later study that is processed in the same way, would reach the same results. Thus, the goal of reliability is to reduce the errors and biases in a study. (Yin, 2003) One general way of approaching the reliability problem is to make as many steps as operational as possible and always be aware of the choices that are made through out the conduction of the thesis. To strengthen the reliability in this study, all contacts have been carefully documented. The interviews were as soon after they were conducted written down and summarized. When presenting the findings I have

made the effort to maintain as objective as possible. Still, it is inevitable that parts are subjective since my findings are interpreted through me. However, because the documentation and thought-through procedures, I perceive the study as having a high level of reliability. The language barrier was not a problem in this study, instead it forced the interview objects to explain and describe their experience even clearer.

4. EMPIRICAL DATA

In this section the empirical findings will be presented. As stated in the methodology section the thesis consists of three cases. The first case is about a small high tech firm that was acquired in 2003. In the second case a big credit card firm is portrayed. After a few years of struggling, the company got acquired in 2003 by a multinational banking corporation. The last case also describes an organization within the financial sector. This firm was in 1996 was abruptly taken over by a similar sized competitor.

4.1 HighTech

In March 2003 the acquisition was a fact; the privately held company that had struggled to survive during the IT crisis did no longer exist. The company was a small start-up that had grown fast. During the three years before the acquisition it had grown from 15 to around 70 employees. But the recession in the IT industry made the future for the company and its employees very uncertain. After an intense negotiation the CEO accepted an offer to get acquired. According to the interviewed managers and employees at this company, the acquisition was mainly a people acquisition and not a product acquisition that is the usual kind in this industry. In this thesis the acquired company is called HighTech.

The acquiring company with almost 4000 employees was founded in 1986 and had during the past 17 years grown from a one-product start-up to a diverse company. Throughout its history, it had accelerated its technology strategy by adding to its internally developed products with technology gained from mergers and acquisitions. The acquiring company and High Tech used to be bitter competitors in the same market and they used to “steal” customers from each other. The company presented here is the acquired company and just one of many of the acquisitions that have been made by the larger corporation in the last couple of years.

4.1.1 Informal Dynamics

The CEO of the company was the founder and the owner and made the strategic decisions about the future. Although the higher management was highly influencing decisions made and acted like a ball plank for ideas towards the CEO, it was the CEO who had the last saying of everything. According to one manager the CEO was good at listen to all his employees, and because of the nature of the industry, the CEO realized that someone else might have better understanding and therefore is better suited to take a certain decision.

The managerial power was not directly related to the formal manager position. Some employees with rare skills for example could be responsible over the product development in a specific field. Informally these employees had the power to direct and control engineers and make sure that they followed ideas and guidelines. According to employees at the firm, these people were seen as gurus who everybody (not just within the company but also throughout the industry) looked up to and admired.

The managers at High Tech had in average between five to twenty employees under them. Most of the employees were directly chosen and hired by the managers they were

reporting to. The philosophy at the company was that “choosing the employees who were going to work for you, made it a lot easier to get people you can trust and that think in the same way as you”. Of course, some managers realized that this strategy has its downsides, but believed it had more benefits.

All decisions were closely made related to revenues. Because of the uncertainty this type of business brought at that time, the urge and requirements to stay in business affected all the employees and they work hard every week, because they never knew when the next sale would occur. The results were measured every week and all the managers had a good overview of the entire operation in the company due to close collaboration with the other departments.

The time before the acquisition was characterized by flexibility. Individual engineers' ideas were not difficult to get approved by the other directors and implemented in the product lines. At HighTech the managers worked within the production and implementation together with their employees. Sometimes they even developed and implemented everything on their own. One thing that was a critical issue was that the amount of financial resources usually did not agree with the modifications and development that they felt was necessary in order to make the firm competitive.

The management style at HighTech was very direct and explicit according to the interviewees. The managers talked to their employees on an everyday basis and they applied management-by-walking-around style. All employees knew each other incredibly well and what they were capable of delivering. The entire company also had a fair amount of activities outside work, such as social events and happenings.

4.1.2 Satisfactory Information

Even though the higher management was not part of the actual decision regarding the acquisition, it had a lot of influence over it. The CEO was the person who took the decision after discussing it with the other managers in the firm. Just a few days after the decision was made, the manager informed all their employees by one-to-one talks. The information was overall positively accepted by the employees. “Of course all the engineers had different preferences with their jobs and where it was going to take them, but most of them felt relieved that the week-to-week hunt could stop. The bigger company could give them another type of security than [HighTech] had offered.”

Some managers were glad when the acquisition decision had been made. The former company was “fun and challenging but a bit too insecure” to work for in the long run. Right after information about the purchase was spread to the employees at the company one manager remembered that some employees came to him to talk about it; not necessarily to get all their questions answered or complain about it, but to check out his attitude and thoughts about the situation. He felt that he possessed the necessary information in order to provide his and the firm's opinion about the reason for the acquisition and about the future.

The CEO and the other managers in the company were very good at sharing and spreading accurate information. The interviewees considered the close relationship between all employees as a reducing uncertainty factor. People trusted the information that was provided by the managers and the family atmosphere made the employees feel that they did not have to go through the change alone.

4.1.3 Increased Formalization

Most managers from HighTech actually dropped down one or more management levels in terms of titles. However, today most of them have the same, possibly slightly more, responsibilities that they had two years ago before the acquisition. One of the managers believes “it is a thing you have to deal with during mergers with bigger companies” when I asked about his reaction of starting over again at a lower management level. A few managers actually transferred to the same level position although they did not have the same extensive and overall responsibility as before. The work was characterized of much narrower responsibility; just for one or a few products and not as diverse decision areas. Some managers believed their work became more of a routine manner.

HighTech terminated their office and moved in at the acquiring company’s site. The headquarters were located at another site and in order to climb the management level more than one step it would involve a lot of work and also the willingness to move where the headquarters were. To most managers a promotion at this level is seen as very difficult. “People have to sacrifice a lot to be able to reach up to the top”, one middle manager explained.

Measurements

The measurements and results at the current corporation were not evaluated on weekly basis instead they put up target levels each year. Compared to how HighTech worked during the time before the acquisition, where all employees were constantly aware of their fragility, this was different. The old approach made them work and think extremely close to the “real world” while this line of action made some employees not aware of the importance of always being able to deliver. At new company people felt safer and therefore work with less focus and forgot about the importance of being profitable. One manager admitted that he trusted the old guys more, because they have the right mind-set, which the people at the acquiring company did not have.

Today none of the manager has any control over the decision of the level of the targets. The goals are set at the business level. One manager said that he had no veto power to reject a decision as he had before, but says that he has learned how to influence the higher level of management to some extent. This influence of the managers over him is mainly done outside the official meeting and in more informal settings, such as after work or other social events. Also the ability to have an overview of the other business units had got lost because of the merger. This had the effect that some managers that used to have a pretty good view over HighTech felt frustrated that they did not know if all units were working in the same direction.

Trust

The majority of the old HighTech managers are responsible for more employees today. But they cannot do the same kind of face-to-face management and get to know their employees as well as they did at the old smaller company. One reason that some of them cannot apply the same management style is that they now manage teams on different sites, but not the only reason. Today most managers agree that they use different management styles when they approach their employees, one towards the “old” guys that used to work for them before the acquisition, and one towards the “new” guys that they “inherited” from the new company. One manager even uses the old guys as “spies” (as he labeled it) on the new guys and managers under him to control how they actually are performing.

Most employees at HighTech still have close contact with each other, both within and outside work. The trust issue seems to depend on whether the employees used to work for HighTech or not. One manager admits that he has more trust towards these people and therefore gives them more free hands to solve issues of their own. He knows their capabilities, compared to the guys he inherited he says.

The managers experienced that they do not work as close with their employees now as they used to do and therefore is it a bigger gap between management and the operating employees. One manager believes that it is harder to motivate the inherited employees under him because of the isolation you have as a manager in the larger company. The employees at HighTech he had hired and chose by himself. However, he is in a way forced to work with and manage the new employees from the acquired company and has no ability to not include them into his group. The orders are coming from above. Another manager thought that the more impersonal relationship in the current company is a result of the size of the company. The company is ten times bigger revenues-wise and therefore tasks have to be handled differently and a bit more standardized. The bigger size of the corporation also leads to a different style in management, meeting and procedures he said, and is not just a result from the merger.

The bigger-sized matter has also lead to a different attitude towards the company. The managers do not feel same responsibility towards the owners today as they did before. Before they knew and worked closely with the founder and owner HighTech, which absolutely had an affect on the loyalty toward the owner and the company. Then the loyalty was not something that had to be built up, it was obvious from the beginning.

Politics of the new corporation

The managers mentioned that they had been forced to learn and be aware of the politics of the new company. One example of was to understand in what way to present an idea in order to get a satisfactory decision, but also to be aware of other people’s agenda. A bigger company has of course a more unwieldy system compared to a smaller one. Most managers brought up the importance to build up a new network in the new company, especially with other managers. A good network has a lot of advantages; “Through that one you can get things proved much faster than if you have to go the formal way”, both regarding operational prospect and individual career paths.

Two of the managers were placed at different business unit after the acquisition but still informally worked closely together. They had very close contact in the new company and together they pushed the product development in the present company towards where they wanted it. They influenced the people in respective unit. In that way they were able to affect the company from two different directions and towards product goals they had at their old company and towards a way of working that suited the routines they were used to.

Most managers also brought up the possibilities to start up and implement a project. Right after the acquisition it was hard to get the trust from the managers further up in the organization. The discretion the managers had before was gone and one manager said that he felt he needed to prove himself and show what he was capable of more than once. Another manager also brought up the term “sunk” projects that developed that year after the integration. Sunk project is a project that is set up and run without being accepted higher up in the company. At first he did not lead any sunk projects, but during the last six months he gained some confidence and projects were initiated by him without the higher management awareness. “When you do that, you have to figure out how to defend it or in the best way how to make it looks like the approval was there all the time if something goes wrong.” So far all of the sunk projects have been successful and he believed that the company gains from them. These projects would eventually have been approved by the higher management he thought, but during the time of the decision process the opportunity might have been lost.

All managers agreed that control was one of the biggest changes. At the old company they could influence different matters more directly. Some of them felt a bit frustrated over the tighter control in the new firm and believed that the new company was behind in terms of product development even though the capabilities existed. The bureaucracy restrained the entrepreneurial spirit. One idea took on average 18 month to get approved and launched. He estimated that the same process to go from idea to an actually product in HighTech would have been around a few weeks. It was also harder to get the ideas through now because of the longer decisions way it has to travel in the bigger company. The resources were there compared to HighTech but the trust for the solutions was not the same as before. One manager said that he was still building trust from the higher management after one year; a trust that his ideas would be beneficial to the company. As stated before, the network needed to be rebuilt.

Today

All the employees had to sign a two year agreement that stated a clausal that they would not start working for a competing firm within two years after the acquisition. To most of the employees this was not a big deal, but for some of the managers it felt like a trap. Now they feel like they finally have a chance to leave and get the challenges that a small start-up can offer. The uncertainty a start-up gives and the challenges as a professional is what entice. One of the manager said he missed the challenge of always be on the edge and his current work had started to get into a routine. He confessed that being a manager in a bigger company has advantages, such as security and good salary, but that the

smaller companies was more fun to work in and gave him more freedom. He pointed out the control part as one of differences he had to adjust most to. Another manager said “I’m really enjoying what I’m doing right now” and had no plan to leave the firm.

4.2 BigCredit

Similar to the IT sector, the banking industry is also known for mergers and acquisitions over the last decade. The most common growth strategy for these corporations is to acquire other banks and financial institutions around the world. This case presents a huge multinational banking corporation with around 300,000 employees, mainly based in Europe and Asia, which acquired a large US credit institute (here called BigCredit) in March 2003. The credit institute was founded 140 years ago and had more than 30,000 employees before the acquisition. This acquisition was not entirely a people acquisition as the case presented above. The parent corporation explained that the strategy also involved to gain access to a new market and to develop the knowledge and competence that BigCredit possessed in the credit card business.

4.2.1 Traditional Structure

The management style at BigCredit before the acquisition was characterized by top-down management style. Many of the routines and procedures in the company were written and it was rare that middle managers actually had to make decisions without guidelines. Some blame this on the age of the company and that the culture in some areas was old fashioned. One example is the complex hierarchy in the company.

The company had many layers of management. The middle managers interviewed had between three to eleven people that reported to them. Due to the small size of the teams the managers’ relationships with the employees was pretty close. The cubical offices increased that type of atmosphere. The managers and the employees knew their colleagues on a personal level, whether they wanted to or not. A phone call could be overheard by at least four others and some of the managers at a lower level had cubical among their staff.

The hierarchy built into the organization resulted in slow processes when decisions had to be made. Also, the implementation of a new procedure took long time and was often met with resistance. Even though most interviewees seemed slightly frustrated over all the procedures and routines, some of them saw advantages; for example the company’s different sites and departments strived in the same direction and towards common goals due to the extensive documentation. BigCredit felt like a collaborative company according to one of the employees.

4.2.2 Coordinated Message

Before the acquisition there were rumors and talk about mergers in general. The company had recently bought another financial corporation where the transition period had gone smooth and people felt relatively positive about the integration. In general employees were aware that there would be more mergers in the near future; “that is how this industry works”. When the decision was made about the acquisition of BigCredit and the information was spread, people at the office did not feel worried or insecure one manager

said. He thought that it was because the way the information was spread and the smooth, respectful approach that the CEO at the multinational banking corporation used together with that the employees were prepared for a merger after all discussion both at the office and within the banking industry.

Another manager had a different view of the information prior to the merger. The issue was discussed within the teams both at meetings and in informal settings. The senior management and executives were not involved in these talks. He meant that rumors about the future were spread throughout the company and the senior management used a “hush-hush” strategy and did not really give any clear answers what was going to happen and how their work situation would be affected. He tried to be open for questions and he informed his employees as well as he could. He felt like he did not want to be “one of those on the top” who isolated themselves from the actual operation, although he eventually admitted that he sometimes distorted information to make it sound better than what he had received.

The CEO for the acquiring company sent a video film with his greetings and welcome aboard-wishes. None of the middle managers had much to do with the communication to employees; everything was handled on a much higher level than their managerial level. In the video the CEO said that the new acquisition was very important to the entire corporate group and that they highly valued the new resources in terms of competence. Because the low activity in the US prior to the acquisition most employees felt there was little reason to worry. They believed that BigCredit was extremely good of what they were doing and that the parent company could not “compete” with those skills.

4.2.3 Sneaking Fusion

The integration of the two companies went very slow, at times almost unnoticeable. The existing sites in the US were kept due to the parent company’s physical absence on the North American continent. One manager thought it was a good strategy. He also believed that the parent company had a feel for the culture and consciously left BigCredit the way they used to be. The acquiring company did not try to do dramatic changes and seemed to focus on the individuals and their contribution to the corporation’s endurance. The CEO of the acquiring corporation said in his speech to employees at BigCredit that every individual was important to make the company successful. He emphasized the company’s desire to let as many employees as possible have training and join career development programs. This was even something the old company emphasized and after the acquisition BigCredit actually kept the old career development program parallel with the new company’s employee developing program.

Before the acquisition it was a company policy to let any employee that wished to through training to do so. A manager could get into trouble if he/she refused an employee such a request. However, what usually happened was that the manager encourages an employee to join a development program. This policy has got even stronger after the acquisition. A few people at BigCredit even got the possibilities to have international careers.

The group dimensions did not change much; most teams did not have new employees merged into them, but the few teams that got employees from the parent company were slowly integrated into the organization. More common was that the different departments got new managers. Although all the interviewees seemed satisfied with the process, one of the middle managers started out on the wrong foot with his new manager. On the very first day he said he realized that it was going to be tough cooperation. He emphasized that he thought it did not have anything to do with the fact that she is from the acquiring company; rather more of a personal issue. Even though most seemed satisfied with the people integration, a few interviewees brought up the issue that they were unsure whom to turn to higher up in the organization. Some felt like they had to establish new contacts when the senior management was restructured in order to get idea approved and implemented and to get question answered. To get new contact was beneficial to future career development according to one middle manager, but required a lot of effort. After the acquisition he felt he had lost a chance to be promoted. He believed that the time he had put into networking got to waste and he would have to start from scratch.

One middle manager pointed out a weakness with the slow integration. He also believed that the acceptance of the existing culture had downsides. He corrected himself by saying “it is not really a downside, more like a trade-off”. It had to do with confusion over who had the responsibility and he explained that using an example that fell under his group’s area.

BigCredit had skills and competences in their customer service and their evaluation process of their customer services was very extensive. Before the acquisition they had call centers in different locations in the United States and one in India. The multinational corporation on the other hand had a small call center in Manila and in august 2004 BigCredit took over the evaluation process there. As the entire integration process, this process went slow too. It was a challenging situation when BigCredit took over the functions, because it wasn’t clear who was actually going to be responsible over the operation. The group from BigCredit was convinced they were better suited because of the higher knowledge they possessed in this certain procedures. Manila office saw themselves as the obvious managers because they were a part of the acquiring company. The Manila site refused to use the new system or learn the new tools. According to the middle manager at BigCredit the employees at the Manila site resisted the change because of their lower knowledge in the area customer evaluation and that they felt threaten that BigCredit was going to take over their business and make them redundant. The Manila site defended their routines and systems in anyway they could. It took three to fours times as long time to integrate the Manila site into the operation than initially planned.

Otherwise the integration was mostly about artifacts, such as the new logo on the sign in front of the buildings and the e-mail addresses were changed. The employees were proud to be part of the new company and at very few places there were something negative spoken about the merger. One manager thought and explain that the reason for that was the absent of the consolidation factor. With this he meant the duplication in responsibility that usually occurs when to companies merge, where for example IT- and HR- and

finance functions might not be beneficial to keep at the both locations. These duplicate functions usually get reduced in a merger. In this merger this did not happen and the employees did not have to worry about losing their job.

Not much was actually changed regarding work tasks. Because the old company has been efficient and profitable of what they have been, the purchaser did kind of leave them to do their own thing. This strengthened the confident of the entire company and the employees within it. Even the new employees who were integrated into the organization were very positive received and the one employee meant that it was “great to get in some new blood once in a while”. Even though BigCredit was the acquired company, it was mostly the parent company that had to adapt to the corporate culture and routines in the existing organization in the US.

4.2.4 Future Worries

Every month the multinational banking corporation sends out a magazine with information of what is going on in the rest of the company at different departments around the globe. It seems to be important for the new owner to inform people about what is going on at other sites and locations in the world. The employees see this as a positive thing and feel like they belong and are an essential part of the gigantic financial corporation. Also the size of the company can lead to more professional and wider range of opportunities according to some managers. It is not just that they now could climb the hierarchy much further; they can also grow through the extensive training and professional training program the company offered. The merger can also be seen as a carrier move because it looks better on the resume to have a well-known company name among your former employers.

Even though the worries for this acquisition were almost non-existent, the future for the employees does not look as bright. Rumors say that the Europe and Asia based multinational corporation is not done with its acquisition strategy in the US. The employees fear that next time it will be with at company similar to theirs and then the merger will not flow as smoothly. The rumors are very detailed and the acquisition object is talked about among the employees. Some of them think they know exactly what financial institute the corporation is negotiating with. One manager is deeply worried over their existence, but then he adds; “it might be because of the uncertainty”.

4.3 Local Bank

The acquired company (here called Local Bank) was an Oregon based bank with offices around the state as well as in twelve other states. Local Bank was founded 40 years ago and had at the time of the acquisition almost 28,000 workers at a total of 1,140 offices.

The acquiring company on the other hand was a Los Angeles and San Francisco based bank and had nearly 20,000 workers nearly all concentrated in California. The company was founded more then 150 years ago and is the end-result of more than 2,000 mergers and it was the numerically the most acquisitive bank in the 1980's. At the time of the merger it had almost 1000 banking locations.

The acquisition presented in this case took place in 1996. The reason for the acquisition was mainly that the company wanted to grow and to gain access to the Oregonian market. When the acquisition took place thousands of customers walked due to queues, administrative snarls, and missing records and 350 branches closed because of consolidation reasons. Although the big chaos in 1996 the banking corporation has acquired more companies, in Oregon and the rest of the US. Below is a more thorough description of the situation at one of Local Banks offices in 1996.

4.3.1 Laid-Back Firm

Before the acquisition the corporate culture was characterized in the laid-back style that Oregon culture is known for. Although the company had goals for the employees to reach, the pace was not an essential factor in their work. The employees were told that the customers were the most important factor in the business and the company emphasized close customer relationship.

The local offices were located close to each other which facilitated close collaboration with each other. If it appeared a problem at one office it was not rare to ask for consultation with another office. Even within the different offices the atmosphere was characterized by a team spirit; if someone needed help it was always easy to get assistance from a colleague.

The creation of rules and company policies never felt far away and one middle managers felt that she had a big influence at her office to create a change if so was needed. But on the other hand some of the routines were very old fashioned due to the history of the company and these routines or procedures at Local Bank were not questioned by anyone.

4.3.2 Headline in the News

The information about the merger reached the employees through the news. Less than a week after the initial external information the upper management informed about the organizational change. The time between the headlines in the news to the internal information was spread one manager remembered it to be a chaotic environment at the offices. No one at the local offices really knew what was going to happen, not even the offices or district managers. A rumor said that the top management had made this strategic choice to impress the stockholders and never really realized what huge impact it would have on the two organizations.

One manager recalled that she felt insufficient to be a manager, because of the lack of information. All the employees had plenty of questions, but she did not have answers to a single one. The week before she got internal information about the acquisition was very stressful; the worst week in her entire career. I asked how she dealt with the situation. "I smoothed it over as much as I could, even though I didn't know much of it". The week of uncertainty was even worse than the following weeks where she had to inform her employees about lay-offs. At least she by then knew what was going to happen. It was the uncertainty that was the worst she said.

It was decided by the upper management that most of the local stores were going to be closed down. Most employees was offered severance packages which was up to two years paid depending on how long they had worked. A predominately part of the employees was close to retirement age. A middle manager together with a few from the upper management had talks to each employee separately. That part of the transition the interviewed middle managers thought was handled very well. The company put on resources to support the employees that wished to accept the package. The resources were for example job recruitment seminars and subsidies to fairs.

Everybody in the office talked about the merger, even the managers on lower level were a part discussion with the employees. The managers higher up in the hierarchy felt more concern than the employees what was going to happen. The explanation that was provided was that “the higher up you are in the hierarchy the more you lose in salary, benefits and so on. It is a higher alternative cost for them.” One manager believed it is easier to adopt a change lower down in the company, not just because they have to in terms of obedience, but because of money and benefits. “They just don’t have that much to loose.”

4.3.3 Chaotic Ride

The merger was not welcomed either of the acquiring company’s employees or of Local Bank’s employees. It was a difficult transition where the preparation was only two months and the physical merger happened over a weekend. One Monday morning the employees at Local Bank had to deal with new systems, new technology, new working groups and new procedures. Everything changed without any sufficient information or education.

People were being afraid of what was happening and was going to happen and the abhorrence among both employees and customers was huge. It is estimated that almost 35% of the customer left the company and up to 50% of the employees at Local Bank left the company, voluntarily or forced. The company limited the double management that occurred after the merger. Even months after the acquisition, the turnover of employees at Local Bank was essential, while the turnover in the bigger company was close to zero.

The company had tried to support and cheer the employees with items like t-shirts and coffee cups. One interviewee did not believe that the effort from the company was to any help. Her experience was that her employees needed someone to talk to, “someone that listened and cared. People need emotional support and communicating is very important when you are going through a change, especially with all the craziness we had around us.” The middle managers interviewed, talked to most of their employees daily and one emphasized to the employees that they needed to be honest to themselves. “Is this what I what?” Another middle managers experienced that the employees all handled the change differently and the relationship she needed to provide to each of them was unique. She says that she felt like she could not control the situation enough and that she sometimes right after the merger came home feeling frustrated about the situation. After a while she realized that she could not control everything and she therefore try to give as much support as possible to her employees.

Some top managers received the severance package and decided to leave the company. Most of the middle managers were also offered the packages. Even though the offer was generous most of the middle managers had no really wish of leaving the company. Some though felt it was nice to take some time off, but the interviewees were all of the same opinion that they then would have had to start all over to climb the hierarchy latter. The career was much more appealing than taking time off.

4.3.4 Clash of Organizations

The corporate cultures of the firms were very different and the whole atmosphere dissimilar. The evaluation and measurements of the delivered result got more controlled. The new company was more aggressive. Before the evaluation processes had been more an overall view how well responsible areas was performing. After the merger, instead of look at a whole product's profitability, every key line was controlled. Even if it took sometime to get used to the new way and get rid of the feeling that someone was always checking, one manager believed that those types of tight control is necessary in order to be competitive on the market today.

All the top management positions were taken over by the manager from the acquiring company. In the beginning this created some drivel among the employees at Local Bank but it disappear promptly when theses managers proved and exceeded the expectations from employees at the local stores. Of course this change of new managers affected everything to a certain extent. A new manager could for example pass by the office and say "how come you didn't look at it in this way?" The new manager questioned their routine and the way of working and the employees at Local Bank had to adjust to the new company's procedures. Overall it was good to get another perspective in order to be able to deliver better result, even if it was a bit annoying sometimes according to a former Local Bank employee; "You have to face that you are not always right". The responsibility the middle managers at Local Bank used to have somewhat became narrowed down and the numbers of employees under them decreased. But their wages and benefits did not change.

The way of working changed because of the completely different philosophy the acquiring company had. The different philosophy also led to that all employees including the middle managers had to learn a lot of new applications, procedure and policies. One interviewee felt that she went from to be an independent manager that controlled her staff and offices in a certain routine, to an employee who had to adapt to the way the new company used to do their work. The management style used before the merger was challenged and changed a bit because of the company's way of tightly supervises delivered results. But the company provided a good support to carry out the more aggressive management. The new company compensated and awarded employees and departments that exceeded their goals, which helped the middle managers to get motivated in their modified manager roles.

One manager recalls that he sometimes felt insufficient to be a manager, when he did not know himself what he was doing. It was a little stressful to not be able to answer

questions ask by the employees under him. He described is like being in the learning mode. There were new policies and procedures and more steps to go through than before.

As a manager at the new company the middle managers had to become more flexible. “You are not going to be there as fast as before, everything takes longer time.” The politics at the new company was different and therefore it took some time to get to know how to push for a certain decision and get ideas through. Sometimes the ideas “came to a dead end” and the owner of the process had to abandon the standpoint in the question. Another reason for this difficult way to get through ideas was that the middle managers did not have the same managers to turn to as before the merger. They needed to some extent recreate their network in order to get some managers above that believe in their ability to create profitable projects in order to get funding for these projects. One manager estimated that it took one year to rebuild her network in the way it was before the merger.

It was also a bit more frustrated with the new procedures because it became more structured. The way the ideas had to go was longer and more bureaucratic. Things like reports and approvals needed to travel through many offices and hands of managers before a decision could be made. One middle manager defend it with that this is a typical process in bigger companies compared to smaller ones. And the acquiring company was growing very fast and therefore needed more standardized processes in order to work as a company. This frustration is normal in all changing situations, either if it is through a merger or for example changing job, he meant.

4.3.5 Troublesome Comeback

The middle manager job used to be around 55 hours week, but became after the merger 65 hour weeks. Some middle managers were not willing to do that and compared their situation with people working for the state that had 40 hour weeks and had a secure job situation. The big turnover of employees was to some extent a result of not being willing to commit.

Seven months after the acquisition one middle manager felt that she could not handled her job situation combined with her private life. She worked 12 hours days and had two small children at home and a long commute to work. She therefore changed to a smaller store closer to her home. Even though she was overqualified for the job, she felt that she needed to get some balance in her life and prioritize her needs. The amount of work she put down at the time was not worth it. The transition had taken too much time and she felt that she could not anymore give the company what they requested. She had asked her self the questions “am I willing to do this?”

After the merger the teams and departments contained of employees from both companies. It was important to integrate the employees as fast as possible and make them work as one team. There were no notions of any clashes between the people except that employees from Local Bank had to learn the new way of working.

According to one interviewee “you initially stick to the old working colleagues”. The definition of the timeframe for initially was a couple of years. After those years he

remembered that his contact base got bigger and that he started to interact with colleagues from the acquiring company even under other circumstances than when he was required through work to do so. Because of the force to work together the employees had to intermingle extensively with the “new colleagues” even if they did not want to. This helped the integration process among the employees. He believed that the first tension among the employees was not just because of the uncertainties but also how the situation used to be between them as competitors. “Now all of a sudden we had to work together and not against each other.”

Today a fair amount of the employees that choose to accept the severance package are back and working for the new company but none of the middle managers have entered the company on the same level as they left, they have less responsibility and lower titles.

5. ANALYSIS

The analysis consists of two different sections: organizational change and management approach. The respective sections are in turn divided into two different parts. The analysis focuses on the most discussed and interesting problems from the presented cases. The first section is handling the complications around information and corporate culture; the second about relationship and loss of power that affects a middle manager in a merger.

As the cases have shown, no merger is similar to another. Even if the planning and structuring of the merger process is conducted in the same way, the outcome can turn out in many different ways. A merger affects organizations and organizations consist of people and people react and behave in different ways. (Daniel & Metcalf, 2001)

The cases portray different situations; from a quite smooth integration to a more chaotic environment with uneasy feelings and conflicts. As Meyer & Rowan (1991) pointed out, is it important to possess a good reputation to attract its constituencies. BigCredit and HighTech managed to keep their good name, both among their employees and in their surrounding environment. In contrast, LocalBank had a hard time to remain and radiate a façade towards key actors and more peripheral constituencies. The uncertainty is the difference between the necessary and possessed information, and one can easily conclude that at LocalBank this gap was enormous. Not even the leaders, who were supposed to be present in tough times to reduce the uncertainty (Sjöstrand, 1997), knew how to handle the situation or possess essential information. The huge resistance that occurred in LocalBank can also be explained by the contradicting organizational identity that was in conflict with its own identity (Brunsson & Olsen, 1997). It was not just the artifacts that needed to change; it was also the behavior of the employees. Even though HighTech faced some uncertainty for the future, it was not due to the lack of information but rather a consequence of general anxiousness for what lay before them. In BigCredit the uncertainty was neither as much about the future nor the lack of information, the organization could keep their usual approach in their operation and did not worry about the consolidation factor.

5.1 Organizational Change

An organizational change can range from involving a small part of the organizations up to a transformation that affects thousands of people in different organizations geographical areas. Literature all agree that a merger or an acquisition is the most tumbling kind of changes that can affect an organization. However, as we have seen in the case studies, even those types of changes can be result in various outcomes.

5.1.1 Middles Managers – In Middle of the Information Flow

The three companies investigated in the empirical section all handled the information regarding the acquisition in various ways and on different levels. The middle managers in respective firms were involved in the announcement process in very diverse ways and had also to meet various expectations from the higher management with regard to how to take care of and manage the situation.

As shown in the HighTech case, employees never feel completely informed even though the management is trying hard to provide information throughout an organization. (Buono & Bowditch, 1989) Because the middle managers were working especially close with the absolute top executives, they were fully informed during the negotiation process, and therefore possessed as much information as possible about the present. However, the uncertainty that occurred could be explained by Daniel & Metcalf (2001) hypothesis that the middle managers in HighTech did not completely know themselves what the future would look like and that the employees hence felt this insufficient confidence radiated. But one reason that could have helped to reduce the uncertainty among the employees was that the middle managers in HighTech. They had knowledge and understanding for the executives' motives and therefore could answer these questions with assurance. The managers did not express any concern when interacting with the employees about the transformation.

LocalBank, unlike HighTech, did not provide any information internally to the employees or to the managers in their branches; it was spread externally through the news. The lack of information led to a vast amount of rumors which were a result of anxiety for the future and worry of the security in their employment. The rumors could also be labeled as small talks. These small talks have a value-component and in this specific case it might even have gone further. The small talks created a norm reproducing function. In the prolonging this function might have affected the outcome of the merger. Accordingly to Jakobsen & Thorsvik's (1997) theory, the worrisome rumors amongst the employees and managers at LocalBank deserved their names. The chaotic environment the internal actors were afraid of became reality. It was not of much help that the middle managers could not answer any of the employees' questions. Instead they tried to smooth it over with own beliefs which fed the rumors even more. The middle managers acted as filters for the chaotic surroundings by trying to create some sort of order for the firm. However, they had a hard time to fulfill that task.

Another complication caused by lack of information was the difficulty for the middle managers to support the employees. Because they did not have any information at all to rely on, they had to interpret the rumors that surrounded them and the formal external release from the top management and translate them into actions. This also created a filter in another dimension, the middle manager filtered information internally, between the executives and the employees.

The BigCredit was somewhere in between the two discussed cases in terms of involved of the middle managers. Information was spread, but the on a much higher level than the middle managers'. Although it existed some hush-hush due to the insufficient information the middle managers never experienced stressful moments as the middle managers did at LocalBank. They did not have full control or possessed a view over the situation, but they felt secure anyway. Even if the situation seemed very calm compared to the circumstances at LocalBank, the middle managers still distorted information to make it sound better. The reason for this can lay in the fact that employees had question which they directed to their nearest boss. Instead of research for an answer and get back

to the employees, the middle managers immediately gave an answer. Did this happen because they did not want to lose their face and admit to the people below that they actually had no control over the situation? Maybe that would have affected their future authority and made them vulnerable? Another thought could be that they wanted to have a part of the change and therefore put up a façade that radiated that they had answers to the employees' questions. The perception that they had control, gave them control in the eyes of the observer.

Conclusion: The middle managers are the carrier of information, and it does matter to a certain extent how much information the manager distributes. But there will always be an uncertainty component for the manager to support no matter how much information the employees receive.

5.1.2 Can Middle Manager Compete with Culture Influence?

Another area that the interviewees brought up as an essential difficulty in the merger was issues concerning the corporate cultures. This was an area that affected them as it affects every person in an organization who is going through a change, and also impeded them to manage their teams and departments efficiently. The new procedures, measurements, artifacts, and behaviors were something the middle managers had to adjust to and accept; it was not anything that could be affected and changed solely by their will.

In BigCredit the change was almost unnoticeable and not as discussed as in the other two cases. The culture was mostly changed on the surface level, e.g. new artifacts. Even though new managers joined the preserved organization, it was more or less the parent company had to adjust to BigCredit. The middle managers did not have to struggle with conflicting assumptions. In the other two cases the transformation was more obvious, which had implication on the middle managers position. It was not just the surface level that they had to adjust to; they also needed to learn the new organization's values and norms. Some of the fundamental assumptions also differed between the merging firms and created frustration for the middle managers' previous management style.

In HighTech the middle managers complained over the new employees' insufficient knowledge of how the real world acted and the demand. The distance between the operation and the market created this gap and the incentives that served in the earlier firm, did not have any effect when implemented in the new organization. This is a proof that the values in this matter were not identical between the merging corporations. In HighTech this mindset was taken as obvious, but when compared to the acquiring company approach the differences became apparent. Even today the middle managers do not see how the new organizational procedures achieve desirable results, and therefore are the culture has not been adopted entirely by the "old" guys from HighTech. (Schein, 1985) Another issue that disturbed the middle managers in HighTech was the bureaucracy in the new organization. All the proposals had to travel a long way before a decision could be reached. In one way this could have to do with the size of the company, but the middle managers also felt a lack of trust within the organization.

At LocalBank the employees had to handle even more adjustment. Not only did all their old artifacts disappear, they also had to adjust to new values, norms and core assumptions. This was extremely difficult for the middle manager that partly had to adjust to the new situation at a personal level and partly support the employees under them in their assimilation process. Not only was this a hard task to fulfill, it also took a lot of effort and energy. According to Schein (1985), the fundamental assumption of a culture is incorporated only after it agrees with the organization's desired result. The tighter control and more supervised atmosphere that first felt uncomfortable, later was experienced as a good support, when striving for achieving the organization's and the different departments' objectives. As Schein states, the new values will be taken for granted and sink into the level of unaware assumptions when the members discovered the advantages with them. This is what has happened in LocalBank; today the control functions and the fundamentals they build on are taken for granted and not questioned anymore.

Conclusion: The more levels of the culture that get affected, the harder it gets for the managers to influence the employees in a pre-determined way.

5.2 Management Approach

The organizational theories used in this thesis state that institutions affect organizations to large extent and this indirectly means that the managers have little or almost no control over the situation. According to management theories, this view is not fully true. The following section will describe how a manager impacts his/her surroundings.

5.2.1 The Important Network

As Jackall writes, it is important to have a wide network within and outside the organization in order to succeed with the future career. The network helps in various situations such as getting ideas through, getting promoted, gaining social acceptance and so on. This was also something that all the interviewed middle managers pointed out. The loss of the network was constantly discussed in the interview sessions and an issue that troubled all of the interviewees.

In the HighTech case, for instance, it was hard to get projects and ideas approved. The reason for this was the formal and bureaucratic decision process. This resulted in that many of the projects got delayed or denied. Without a contact further up in the organization it was hard to make oneself heard. This was not a problem before when the managers had had a personal relationship with the final decision maker. These genuine relationships did not exist anymore due to the merger. As Jackall (1989) claims, it is important to have a mentor who creates attention further up in the hierarchy. If managers higher up in the ladder are aware of a lower manager contribution, it is easier for the latter to get promoted or compensated. Also the collective form of uncertainty absorption, trust, had to be rebuilt after the merger. (Sjöstrand, 1994) Both of these rationales take time to create and are not easily restored after a big reconstructing, which the managers in HighTech experienced.

The trust was also a matter in the relationship between the middle managers and their employees. The way the middle managers struggled with gaining credibility and attention further up in the organization, was similar to the employees effort to be noticed by their managers. The middle managers did not trust the “new” guys they had inherited from the acquiring company. Initially the middle managers bounded with the old guys who they already had a genuine relationship with or where trust already had been built up during a long period of time. On the other hand, the middle managers from HighTech became informal leaders for the “old” guys. The “old” guys listen more to their old managers even though the latter did not have the formal authority for this. Sjöstrand (1997) states that trust can be created due to mutual expectations of each other’s behavior, but to build a personal network is time consuming. This type of trust can be seen as the norms that are occurring within organizations. Managers are supposed to support the managers above them and give them as much credit as possible.

The network for middle managers at LocalBank all disappeared in the course of the merger. The consequence was that managers left the company and the few who stayed were all given new and/or different positions. This resulted in that almost every one of the remaining middle managers got new bosses to report to. This was frustrating partly because of the ruined network that would facilitate a career progress and partly because it became difficult to know who to turn to in order get information about their responsibility areas. In a typical organization details are pushed down in the system and appraisals are pressed up (Jackall, 1985, Sjöstrand, 1997) which creates tension between that the middle managers need to deliver good results and that they have a knowledge over the details in the operation. This is exactly what happened in LocalBank.

None of these behaviors discussed above are of the type that Sjöstrand labels “rational”. Even though the careers are important for the interviewees in this thesis, they seldom use a calculative approach, but rather use the non-calculative technique to climb the ladder. Even though they might try to make the appearance of being rational manager, they tend to extendedly use an irrational approach. In accordance with Jackall’s research result, the middle managers in the case companies all valued contacts and network as the top two ingredients to become successful.

Conclusion: This conclusion supports the existing theories; the more restructuring in the organization, the harder it becomes for the middle manager to retain their network.

5.2.2 Loss of Control

Not only did the interviewees lose their network and everything that it brings, most of them also faced the situation of being demoted when merged into the acquiring company. This resulted in a lower managerial level and less responsibilities. In neither HighTech nor BigCredit a conflict was occurring, which might be explained by the fact that the power based was pretty uneven in the new situations to start with. (Jakobsen & Thorsvik, 1997) The middle managers had nothing to negotiate about or fight over; the deals were already set. Jakobsen & Thorsvik show that conflict happens when a person or a group are in state to influence a situation. The employees and managers at LocalBank on the other hand, had a more chaotic surrounding and felt like having a chance to gain,

at least little, in the battle over power. But, as Cartwright & Cooper show in their research, there are clear winners and losers in an acquisition and in this case LocalBank was the loser. The formless distribution of power could be one of the reasons why the merger faced so much resistance and where the middle managers tried to hold on to their authority as long as they could.

In HighTech the middle managers reacted on reduced responsibility differently. Instead of fighting to gain formal power, they chose another way. The complications of not being able to initiate a project the formal way resulted in that the middle managers set up own project, as they called “sunk” project. In this way they had the total power of these projects because no other member higher up in the organization knew about their existence.

In all three cases the middle managers acknowledged that they had got narrowed down responsibility after the merger. This also resulted in that the middle managers lost some of the overview of how the company was doing and managed, e.g they became less important in the information torrent. The consequence that a manager might lose the position of possessing important information, create frustration. This can be shown in the LocalBank case where the middle managers felt like they did not have sufficient knowledge or information to guide and support the employees. The new formal routine how to evaluate the employees’ performances was complicated and in order not to lose the ability or authority to manage the people below, the managers had to rely on social action to control. In this case they could still be manager even though they did not have the superior informational position anymore.

The managers in HighTech felt like they lost control because the gap between them and their employees had got bigger after the merger. The managers and workers did not work as close as the middle managers were used to from the HighTech time.

Conclusion: The middle managers got their control decreased due to the merger due to two matters; they became less important in the information torrent and had narrowed down responsibility areas.

6. CONCLUSION

In this section the conclusions of the thesis will be summarized. In the introduction chapter I presented the research question which is the following:

- What complications does a middle manager face in mergers of organizations and why?

After collecting theories and empirical data concerning the research area, the analysis was conducted and from that section I have drawn the following conclusions:

- ❖ *Conclusion:* The middle managers are the carrier of information, and it does matter to a certain extent how much information the manager distributes. But there will always be an uncertainty component for the manager to support no matter how much information the employees receive.
- ❖ *Conclusion:* The more levels of the culture that get affected, the harder it gets for the middle managers to influence the employees in a pre-determined way because the persons need initially to structure the reality around them before they can take in influence from others.
- ❖ *Conclusion:* This conclusion supports the existing theories; the more restructuring in the organization, the harder it becomes for the middle manager to retain their network.
- ❖ *Conclusion:* The middle managers got their control decreased due to the merger due to two matters; they became less important in the information torrent and had narrowed down responsibility areas.

7. DISCUSSION

I hope that you as a reader also have noticed that one important complication that the middle managers from the different case have faced is the lack of information. Without information from the top management a middle manager has a difficult time to manage and guide its employees and team members. They cannot answer questions and feel insufficient to manage their people.

So why is the lack of information creating difficulties for the middle managers? Jackall (1989) states that middle managers are the carriers of the information and the link that connects the strategic objectives with operational goals. When a change like a merger occurs, the information torrent might change and confusion appears which result in uncertainty and anxiety.

The disruption of the prior information flow might also create a dilemma seen from HR perspective. When the middle managers are not involved in the decision process, they might even lack in motivation to actually take the information to heart and spread it. Some manager might not even care about the chaotic situation.

One factor that might facilitate the information flow and hence reduce uncertainty is a well established relationship between the employees and managers within the firm. This is clearly shown in the HighTech case. The managers and the top management had a personal relationship with the employees and this was maybe a factor that helped both when the managers were delivering the message and when the employees received it. It might not have been that unexpected that HighTech managed their information in a better way than LocalBank.

Another aspect that should be discussed is if the size matters for the middle manager's situation, e.g. does it matter if it is a small or large company? It might seem to be harder to have a genuine dialog in larger companies due to the lack of resources. On the other hand larger companies might have a more developed and formalized process to communicate information. Today, technology makes it easier to coordinate information flows. A good example is the BigCredit case, where the acquirer was a worldwide operating corporation. The acquirer in that case had a well thought-through strategy to inform its employees. This may indicate that they have learned from prior acquisition processes. A different outcome could be observed in the LocalBank case. Although the acquiring bank had profound knowledge and experience in acquiring and integrating other companies, it still did not manage to handle the complexity of the information flow in a satisfying and success achieving way. A reason for this might have been that they had grown too fast, which hindered the development of a formal internal process of integrating new companies and communicating with the new members of the organization.

This conclusion might also be applicable for other companies and other situations. In most middle-sized companies the middle managers are the link between strategy and operation. All cases portrait that information is a crucial matter for the middle managers

during the transformation phase and this can be related to other firms as well. I believe that the same is true for other situations. No matter if a company goes through a huge organizational change or just trying to cope with the changing environment surrounding them, it needs to have satisfactory information torrents to get the company to work properly.

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