The Merger and Acquisition Process

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Abstract[1]

Mergers and acquisitions are not only economic decisions but can also be understood as social processes. Acquisition researchers often have a financial argument to justify their research, no matter their research focus. Social processes are mostly studied to find out why the acquisition failed and to find a formula to avoid future failures. In the literature one will often find representations of acquiring managers rather than the whole organisation. One could therefore describe most acquisition research as single-voiced rather than multi-voiced. Another common focus in the literature is that of integration. Acquisition researchers often describe the acquisition process as a unifying process. They prescribe that managers should manage the integration process so that the merging companies should become one with a consensus culture. The focus of this review is to identify a gap, the lack of certain social processes and of multi-voiced representation in that acquisition literature; that is, statements of ambiguities and ambiguous situations.

[1] This review is based on chapter two and three in Risberg (1999) Ambiguities Thereafter – An interpretive approach to acquisitions. Malmö Sweden: Lund University Press.

The process perspective

The acquisition process has been identified as an important aspect to take into consideration to create a successful acquisition (Jemison & Sitkin, 1986b). The process perspective emphasises that the acquisition process is a factor, in addition to strategic and organisational fit, that affects the outcome. Some researchers emphasise the integration aspect of the process as being more essential for the outcome (Marks, 1982; Haspeslagh & Jemison, 1987; 1991; Shrivastava, 1986). Shrivastava claims that "almost half to two thirds of all mergers simply don't work, and one third of all merger failures are caused by faulty integration" (1986:66). But the acquisition process is not only about the integration; it starts with the first initial contacts between the two companies and ends, well it is difficult to say when it ends[2]. Walter (1985) suggests that it takes up to three to five years after the acquisition takes place until the acquired company has adjusted to the new situation. Jemison and Sitkin (1986a) posit that it is the process itself that affects the outcome of many acquisitions. Haspeslagh and Jemison (1991:164) emphasise the process perspective saying, "although the strategic fit of an acquisition is the basis of the potential for value creation, it is managing the acquisition process well that underlies actual value creation." In short, all parts in the process can be important for the outcome of the acquisition and may influence the performance.

Haspeslagh and Jemison (1991) describe the whole acquisition process from the first decision to conduct an acquisition throughout the integration. They state that every step in the process is vital for the outcome of the acquisition and "...that key differences between acquisition success and failure lie in understanding and better managing the *processes* by which acquisition decisions are made and by which they are integrated" (1991:3). To better understand how acquisitions actually work and how companies can use them as a strategic renewal device, Haspeslagh and Jemison suggest that the research should focus on the pre-acquisition decision-making and the post-acquisition integration processes. Moreover, they argue that "Adopting a process perspective shifts the focus from an acquisition's result to the drivers that cause these results: the transfer of capabilities that will lead to competitive advantage. In the process perspective acquisitions are not independent, one-off deals. Instead, they are a means to the end of corporate renewal. The transaction itself does not bring the expected benefits; instead, actions and activities of the managers after the agreement determine the results" (1991:12). They say that to understand acquisitions one must take a processual perspective. It is not enough to look upon fragments of the process, but one must take the whole process into consideration to understand the parts. Even though most researchers, for practical reasons, focus on one aspect of the process, it is important to have the rest of the process in mind while analysing the results of the research.

I believe it is very difficult to say that the acquisition process ends at a certain time or that it takes so many years before things are settled. Like Levinson (1970), Marks (1982), Larsson (1990) and many other acquisition researchers I believe that the acquisition is an open-ended, ongoing process

[2] Levinson (1970) said for example, "I have observed organizations, even as long as 20 years after a merger, in which there was still residual anger at being taken over. Some employees who had been members of the acquired company were still idealizing the old company and comparing the "new" unfavorably with their former circumstances. In their view, everything had been so much better before" (p. 142). This indicates that it is almost impossible to decide when the acquisition is over and turns into headquarters-subsidiary relations because some parts of the new organisation might cling to the old.

that still affects the organisation years and years after the legal acquisition actually takes place. The acquisition process can therefore be defined as starting when the first contact is made between the two companies and then proceeds from there (if the acquisition is realised). While Haspeslagh and Jemison (1991) claim that one needs to look at the whole process to understand the parts, I would like to add that one must also understand the parts to understand the whole process. The people in the process need to be taken into consideration as well as other aspects of the process because it is the people that are the building blocks of the process and make the process. If one wants to understand what happens to the organisation during the post-acquisition process one needs to understand how the individuals experience the process.

The merger and acquisition process is often discussed in terms of different phases or stages, and different research areas usually focus on different process stages. In the human resource management literature, the effort is put into the post-combination stage, while in the strategic literature a lot of effort is put into the pre-combination stage to find strategic fits. The financial literature, on the other hand, is mostly concerned with the legal combination and the market's reaction to the actual merger or acquisition announcement.

Merger and acquisition phases

Describing the acquisition process in different phases has been quite a common approach in the literature to understand the acquisition process. Marks (1982) identified three different phases of the merger and acquisition process: pre-combination, legal combination, and post-combination. The phase approach was also used by Graves (1981) who identified four different stages: the planning stage, the anxiety stage, the merger itself, and finally, the evaluation stage.

Haspeslagh and Jemison (1991) consider the acquisition process to contain four major phases: idea, acquisition justification, acquisition integration, and results. The first two are referred to as the pre-combination stage, while the last two are referred to as the post-combination stage. During the idea phase, the potential acquisition is suggested and eventual combination partners are evaluated. Thereafter the acquisition must be justified for the rest of the company before the actual decision to go on with the deal is made. When the deal is a fact, the integration starts with a special phase called the stage-setting phase. This phase involves a transition period before the integration actually starts. In Haspeslagh and Jemison's model, the boundaries between the phases are not clear; many of the acquisition questions they raise overlap the different phases. Hence, even though there are different phases during an acquisition, they are at the same time interactive, and the issues arising during the different phases need to be considered together (Haspeslagh & Jemison, 1991).

Buono and Bowditch (1989) identified as many as seven different combination phases. The phases are called precombination, combination planning, announced combination, initial combination, formal combination, combination aftermath and psychological combination. The authors discuss how the decisions in the different phases are affected by ambiguities and uncertainties in the environment. They found that in each phase the ambiguities and uncertainties were more or less salient than in other phases. Buono and Bowditch describe the acquisition process as starting before the actual negotiation. Their model also suggests what initiates acquisitions (cf. Johannisson, 1981).

Different parts of the process have also been divided into phases. Lohrum (1992) divided the integration into different phases to facilitate the understanding of what happens during acquisition integration. In her study of an international merger and acquisition, she identified the following five integration phases. The integration process started with an *observation phase*, where the two parties observed each other and the situation (cf. Haspeslagh & Jemison's (1991) stage-setting phase). This phase affected the managers the most. The next phase was the *planning phase*, where the management of the acquiring firm started the formal and structural changes. The changes stayed at the formal level while the integration of people and cultures were neglected. Then the *execution phase* followed, which brought about a lot of changing activities. The human and cultural integration started in this phase, which also triggered a reaction among the employees in the acquired firm. In the *consolidation phase,* the real sociocultural integration started, when it was important to establish contacts between all hierarchical levels in both companies. When the two corporate cultures had been blended, the last phase started, the *maturity phase*.

All Buono and Bowditch's phases seem to have a view of culture and organisations that belong to ideas about cultural integration as well as cultural differentiation (cf., Martin, 1992). Buono and Bowditch's initial combination phase and the combination aftermath phase describe the integration in terms of conflicts and the acquired company having difficulties accepting the acquiring company. The notion of "we versus them" indicates a cultural differentiation view where the two combining companies are united within the companies but there are conflicts between the companies. The whole notion of integration, which is especially expressed in the formal combination phase and the psychological combination phase, belongs to a view that the two companies should be unified. In Buono and Bowditch's latter stage, one does for example speak about "true integration" meaning that the two companies have fully adapted to each other and a new monolithic culture has arisen. The same notion can be traced in Lohrum's (1992) maturity phase when the cultures have "blended." One could say that researchers with such a view start out with integration as an objective. When "true" integration cannot be realised, when obstacles to integration arise, the researchers move towards a view belonging to a cultural differentiation perspective. The researchers speak about ambiguity, as it exists in the environment outside the company. One could also say that many researchers discussing the acquisition in terms of phases have a managerial bias to the extent that the authors speak about how managers should manage the situation. The employees' reactions are merely described to help the managers manage better.

I see a problem with discussing the process in terms of different phases, as it is difficult to identify when each phase ends and the next starts. It is also difficult to say when the post-combination stage ends, and the relationship between the acquiring and acquired company turns into a headquarters-subsidiary relationship. There is another problem with phase thinking. Phases do not have to correspond with time. Two events occurring at the same time can consequently be referred to as different phases. Different parts of the organisation and different individuals can experience different phases at the same time. Therefore it is difficult to talk in terms of the whole organisation being in this phase or that phase. One can also question whether phases really are sequential. Maybe some parts of the organisation experience a sequence of phases different from those described by researchers; some may skip one phase or enter a later phase before an early phase. Lohrum (1992) made an observation that people at different hierarchical levels experience different integration phases. For example, blue-collar workers only experienced two integration phases–when representatives from the acquiring company worked in the company and when they had left. It is not only difficult to distinguish between phases in reality but also in theory. In Buono and Bowditch's

(1989) theory, the phases are very diffused and even the authors seem to have difficulties keeping them apart. They fail to make clear to the reader the use of all these different phases and the differences between them.

The point of identifying stages has been to distinguish different events and activities of each stage, to further the understanding of the acquisition process and how it can be managed. One of the first phases in the acquisition process concerns how to select a partner. Therefore the next section will briefly walk through research on combination typologies.

Combination typologies

The acquisition literature discusses the selection of partners and different kinds of combination typologies. Combination typologies are developed to determine the strategic or organisational relationship between the combining partners. I will in this section focus on strategic fit and organisational fit as the company's basis for selecting a potential combination partner.

Strategic fit

The American Federal Trade Commission (FTC) scheme has been a common starting point for many strategy researchers (see Lubatkin, 1983) maybe because, as Walter (1985) suggested, the FTC scheme is useful when organisational issues are studied. The FTC scheme describes the different acquisition types as horizontal, vertical, product and market concentric, and conglomerate mergers and acquisitions. Larsson (1990) improved the FTC typologies into a systematic framework (Figure 1), which provides a good description of each type.

Another way to study strategic relationship is to look at the firms' previous acquisition experience and their relative size (Lubatkin, 1983). If the acquiring company is a frequent acquirer, the outcome of the acquisition is expected to be more positive than if they are inexperienced. When it comes to size, large-scale entries into new ventures are expected to outperform small-scale entries (Lubatkin, 1983). This view is supported by Shelton (1988) who contends that larger target firms provide potential scale economies. These two characteristics, experience and size, classifies the acquisition according to its expected outcome, while the FTC classification classifies the acquisition according to what the firms look like at the time of the actual combination (i.e., combination types).

These three ways to plan the acquisition, the FTC, experience, and size, seek to indicate a certain level of strategic fit between the merging companies and a strategic purpose behind the acquisition (Napier, 1989). Each of these classification schemes expects certain acquisitions to make more sense than others; especially according to how the marketplace rewards the merger or the acquisition (Lubatkin, 1983). For example, Lubatkin (1983) studied if mergers with different strategic characteristics created different returns for the shareholders.

Production Relation	Market Relation: Same	Market Relation: Different
Same	Horizontal M&A	Market Extension (concentric technology) M&A
Long-linked	Vertical Backward M&A	Vertical Forward M&A
Unrelated	Product Extension (Concentric Marketing) M&A	Conglomerate M&A

(from the perspective of the focal organisation)

Figure 1. A systematic framework for the FTC typology of M&A.

Source: Larsson (1990:207).

The FTC classification has been criticised as not being very clear and that managers in acquiring companies do not think in those terms (Howell, 1970). Howell developed a new classification of acquisition based on growth strategies. According to Howell, a company can choose between three growth strategies: financial (market- and product-unrelated acquisition), marketing (market-related acquisition), manufacturing (product-related acquisition). Other researchers distinguish between only two types of acquisitions: related and unrelated (Salter & Weinhold; 1981).

Shelton (1988) developed Salter and Weinhold's classification scheme into four categories to describe how an acquired business changes the product-market opportunities of a bidder business. The four classes are related-complementary, unrelated, identical, and related-supplementary. The scheme is used to measure how the strategic fit of assets affects the value creation of the acquisition. The motive for this scheme is that it provides managers with a clearer idea of which types of asset combination create value and which do not.

Haspeslagh and Jemison (1991) identified different types of strategic acquisitions. What they call strategic differs by the type of capability the acquisition transfers, its relation to corporate strategy, and its contribution to business strategy. Their types seem to some extent include all the types of acquisitions mentioned in this review.

The first type addresses the differences in the type of capability transfer that underlies value creation in acquisitions. They identified four types of capability transfer: combination benefits, resource sharing, functional skill transfer, and general management skill transfer. The second type distinguishes acquisitions in terms of their contribution to corporate-level strategy. The acquisition is viewed in terms of its relation to the acquiring company's existing domain. Haspeslagh and Jemison's third type relates to an acquisition's contribution to a specific business strategy. They distinguish three broad types: acquiring a specific capability, acquiring a platform, or acquiring an existing business position.

Strategic fit does not really consider cultural issues, but the notion of fit can nevertheless relate to assumptions of integration. Strategic fits are expected to lead to synergies when the two companies are combined. The idea behind fit is that one can find a partner that fits one's own strategy, a partner that is alike, that shares similarities. In such a case one expects some kind of homogeneity on a strategic level after the acquisition. One can thus say that the notion of strategic fit rests on assumptions represented in an integration view (cf. Martin, 1992). However, there are other ideas of fit represented in the acquisition literature, ideas of organisational and cultural fit.

Organisational fit

The classifications above are made to describe different types of strategic fit. But the literature suggests a search for different kinds of fit, for example, organisational compatibility, financial fit (Salter & Weinhold, 1981), business style fit (Davis, 1968), fit between assets (Shelton, 1988), similarity in management styles (Lubatkin, 1983; Marks, 1982), cultural fit (Nahavandi & Malekzadeh, 1988). Companies should, according to the literature, seek for fit, especially cultural and organisational fit, in order to avoid conflicts.

Quite a few researchers emphasise organisational fit (e.g., Buono & Bowditch, 1989; Datta, 1991; Leighton & Tod, 1969; Marks, 1982; Sales & Mirvis, 1984) as important for the acquisition outcome. While strategic fit has been defined as the degree to which the target firm augments or complements the bidding firms strategy, and thus makes contributions to financial and non-financial goals, organisational fit has been defined with a different emphasis. Organisational fit focuses on the match between administrative and cultural practices and how the personnel characteristics between the two merging firms may affect the ways the firms can be integrated (Jemison & Sitkin, 1986b). Chatterjee et al.'s (1992) findings suggest that both strategic fit and cultural fit are important to create shareholder value in related mergers. Still, Datta (1991) claims, research on organisational fit is very limited, fragmented, and anecdotal. Nevertheless, most merger and acquisition researchers strive to find an optimal formula to make acquisitions successful, whether it is strategic, organisational, or some other kind of fit.

However, finding strategic or organisational fit and a potential synergy does not necessarily mean that the two organisations will behave as expected when merged. Organisations are made of people–people who do not always behave in a certain way just because the organisations have synergy potential. A fit does not automatically lead to beneficial acquisition outcomes. I have difficulties relating to the kind of research that talks about fit between the organisations. It is almost absurd to think that one can simply find another organisation whose culture and organisation will fit one's own and thereby solve all acquisition problems. Even though the organisations may look alike, there is no guarantee that they will co-operate well, or that they will make a good combination. Such a focus on fit leaves out so many other aspects and processes of the combination. The notion of fit seems to subscribe to an idea that organisations are homogeneous cultures, and that after the combination, the two companies should reach a cultural consensus. Ideas such as organisations being representations of diversity are left out. The researchers state that if the combining companies do not fit culturally, conflicts between the two cultures are expected to arise. This view is in accordance with a cultural differentiation perspective where the two merging companies can be seen as islands of clarity and the conflicts or ambiguities are channelled in the interstices of the companies. (see Martin, 1992 for further description of the differentiation perspective)

Nahavandi and Malekzadeh (1988) classify acquisitions according to the acquiring company's implementation strategy. They suggest that it is the motive behind the acquisition and the characteristics of the acquired and the acquiring companies, such as cultural similarity or difference, that influence the choice of the acquiring companies' implementation strategy. One can thus say that they also use a notion of fit (or unfit). To describe the implementation strategy, they use the anthropological concept of acculturation, also used by Sales and Mirvis (1984). Acculturation is defined as a cultural change initiated by the unification of two or more autonomous cultural systems (Berry, 1980). The degree of acculturation is thus dependent on the type of acquisition, the acquiring company's degree of multi-culturalism, the acquired company's attractiveness to the acquirer, and the acquired company's wish for preservation of their culture.

The four identified modes of acculturation are integration, assimilation, separation, and deculturation. "These modes define ways in which two groups adopt to each other and resolve emergent conflicts. In the case of mergers, the characteristics of the acquired and the acquiring companies determine which mode of acculturation will be triggered" (Nahavandi & Malekzadeh, 1988:82).

Nahavandi and Malekzadeh talk about the congruence between the two companies preferred mode of acculturation. They prescribe that the acquiring company should find out which acculturation mode the acquired company's members prefer. When it comes to the acquiring company, it is the degree of multi-culturalism and the type of mergers that will determine the mode of acculturation. Yet, what will happen if the acquired firm prefers separation and the acquiring firm has a low tolerance for cultural diversity? Nahavandi and Malekzadeh point out such a situation leads to stress. However, it is most likely that it still is the acquiring firm's preferences that will rule, despite stress for the acquired company. Another striking thing in Nahavandi and Malekzadeh's model is that, in those cases where changes will take place, they always presume that it is the acquiring company that will impose its practices and culture on the acquired company. Their model strikes me as both idealistic and unrealistic. For example, they say that assimilation occurs when the acquired company has been unsuccessful and wants to abandon its dysfunctional culture and practices. But would the unsuccessful organisation really believe their culture to be dysfunctional? Would they just want to "change" culture because of that? How could one be certain if it is the culture and the practices rather than environmental factors that has made the organisation unsuccessful? And would *everybody* in the organisation agree that it is his or her culture and practices that are wrong? Moreover, Nahavandi and Malekzadeh's model suggests that culture is a variable that one can decide if one wants to change or not. They also assume that the acquiring company will first listen to the acquired company and let them decide on the degree of acculturation. Kleppestø (1993) made a point about a related acquisition. He asked what would happen when the acquired company finds the acquiring company attractive, however, they still want to keep their own culture and at the same time the acquiring company is unicultural?

Sales and Mirvis (1984) used Nahavandi and Malekzadeh's acculturation model in a case study and observed that several acculturation modes occurred at the same time in the acquired company. Sales and Mirvis discussed some problems when managing acculturation and made the observation that acculturation following an acquisition is often marked by conflict. First of all, an acquisition involves a large power differential between groups, where the acquired company does not always have the option to choose how it will relate to the acquiring company. Second, the cultural flow is often unidirectional from the dominant company (read acquiring). Third, the subdominant company, the company being acquired, often resists the acculturation, perhaps feeling they are giving up their identity in the process of giving up their culture. These variables present problems not only with managing acculturation; they are also complex as to defy using such a model for analysis at all.

However, an acquisition is not only about choosing a combination partner and purchasing another company. According to acquisition theories, the acquiring company must decide whether to integrate the new company into its business or to allow it to remain autonomous. Some scholars argue that it is not the fit between companies that is vital for the ultimate performance but the integration process. For example, Larsson (1993) and Kleppestø (1993) contend that it is not the initial similarities between two merging corporate cultures that facilitate the integration, but how the integration is managed.

Having discussed phases in the acquisition process and the selection of a partner, I will now turn to the integration phase and look at how different researchers consider how integration should be managed.

Integration typologies

Integration is highly emphasised as important in acquisition research. “Integration is the key to making acquisitions work. Not until the two firms come together and begin to work toward the acquisition’s purpose can value be created” (Haspeslagh & Jemison, 1991:105). It is after the transition that sustainable economic value is created (Haspeslagh & Jemison, 1987). The primary objective of the integration is to make more effective use of existing capabilities (Datta, 1991). The combining firms can take advantage of economics of scale by reducing unit costs in production, integrating similar departments, sharing sale forces, etc. Hence, integration seems to be very important to get full value from the acquisition. According to Schweiger and Weber (1989), the integration must be carefully planned if synergies are going to be achieved. If left to chance, clashes between the firms will likely occur and destroy the potential for a successful outcome. On the other hand, Weber and Schweiger (1992) contend that the higher the degree of integration, the more severe will be the effect of cultural differences. That is, more integration will lead to more cultural clashes in the form of negative attitudes and higher degrees of stress and anxiety. Weber and Schweiger further propose that the acquired top management teams will develop negative attitudes towards co-operation with the acquiring management. They are thus saying cultural clashes will make integration more difficult, even hazardous, and moreover that it is this resistance and reaction from the acquired management that will hinder the expected acquisition outcomes. There seems to be no simple solution to insure that acquisitions will work, and the researchers are not unanimous regarding how a successful acquisition should best be accomplished. On the one hand, integration is needed for a successful outcome; on the other hand, integration will lead to cultural clashes and will therefore obstruct a successful outcome.

The integration process has been approached differently in the literature. Three different approaches will be discussed below: the motive behind and purpose of the integration; how and where integration takes place; and finally a processual view of integration.

Strategic intent

Napier (1989) states that the motive behind the acquisition affects how the integration is managed. She suggests that motives for an acquisition and characteristics of the merging firms relate to a specific type of acquisition, in terms of degree of integration. The different acquisition types may in turn affect the organisation in each firm differently. Napier defines three types of acquisitions: extension, collaboration, and redesign. During the integration in extension acquisitions, the acquired firm is left virtually undisturbed with few or no changes. In collaboration acquisitions, merging companies can either both benefit from exchange of skills or specific skills can be transplanted back from the acquired company to the acquirer. Finally, in redesign acquisitions, one firm adopts the policies and practices of the other.

Also Pritchett (1985) discusses categories based on motive even though he does not discuss the specific effects motives have on integration modes. His acquisition types, however, implicate and indicate integration strategies. His categories – rescue, collaborative, contested, and raid – take as a starting point the relations of co-operation and resistance between the two companies. Rescue being the most co-operative interface between acquiring and acquired firms and corporate raid the most adversarial.

Haspeslagh and Jemison (1991), claims the interactions taking place during the integration can be of three types: substantive, administrative, and symbolic (cf. Shrivastava, 1986). The substantive interactions involve efforts to transfer capabilities, while the administrative interactions focus on developing information and control systems to bring the acquired firm into the overall corporate fold. Symbolic interactions are attempts to promote or influence certain beliefs. All three aspects of interaction were found to be important to the studied firms. Haspeslagh and Jemison (1991) contend though that senior managers usually focus on how value will be created, that is, on the substantive aspects.

Sometime during the integration process, problems usually occur that may obstruct or delay the integration. Haspeslagh and Jemison (1991) found three problems that may hamper the ability to create the right atmosphere for integration. If the acquiring company clings to the original justification, even though the circumstances for the acquisition have changed, it is called *determinism*. Even though plans and justifications are important, it is also important to be flexible if the reality confronting the acquisition is changing. Another problem is *value destruction*; the acquisition itself can actually destroy value for individual managers and employees, for example in the form of a changing reward system, an expected promotion that was cancelled due to the acquisition, etc. This kind of value destruction can cause resistance among people working in the acquired company and turn them against the integration. The last problem found was a *leadership vacuum* that is the lack of appropriate leadership to articulate a new purpose for the combined firms. Usually the top management's attention peaked at the time of the deal; when it came to post-acquisition, they typically moved on to other matters calling for their attention. In Haspeslagh and

Jemison's (1991) study, these problems, taken together, explained to a large extent the failures in acquisition integration.

Based on the need for strategic interdependence or organisational autonomy, Haspeslagh and Jemison (1991) suggested four different approaches for integration: absorption, preservation, symbiosis, and holding (Figure2). They also indicated that different types of acquisitions should be combined with one certain integration approach. For example, they suggest that domain-strengthening acquisitions should use an absorption approach.

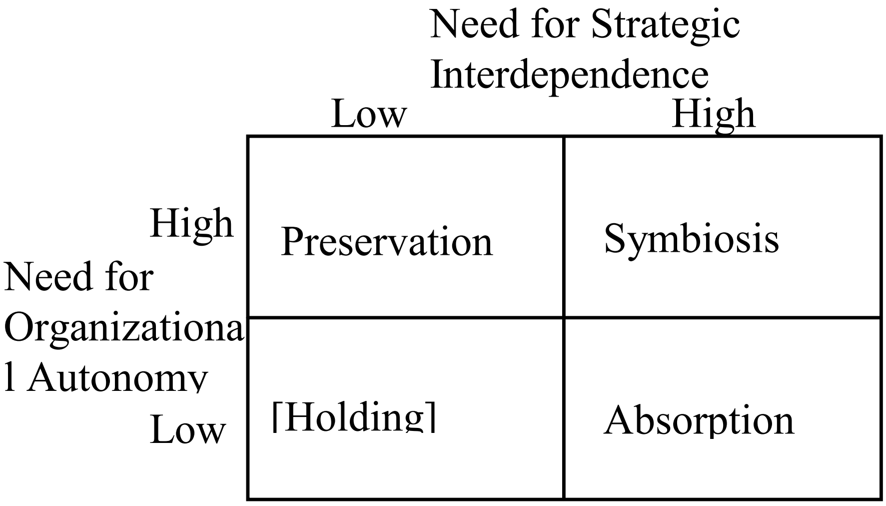

Figure 2. Types of acquisition integration approaches.

Source: Haspeslagh & Jemison (1991:145)

The two needs, strategic interdependence and organisational autonomy, were the most important factors observed in Haspeslagh and Jemison's (1991) study for determining the integration approach. The quality and the size of the acquired firm were also found to be important. For example, the acquisition of a healthy and profitable company was more likely to have a favourable outcome than the acquisition of a company in bad shape. Haspeslagh and Jemison found that it was especially the quality of the general management team in the acquired company that was important for the acquisition outcome. They define the quality of the general management team "in relative terms as the ability of the acquired company's management to bring about the strategic purpose of the acquisition" (p. 150). However, what Haspeslagh and Jemison do not mention is that this task is not solely dependent on the acquired management's actions. If the acquired company's management is not informed about the strategic purpose of the acquisition, they have difficulties executing it. Nor can the acquiring management take for granted that the acquired management will perceive the strategic purpose of the acquisition the same way, as they themselves understand it.

Haspeslagh and Jemison do not raise the question of how the acquired company might perceive issues. Their suggestions stay on a strategic level and do not refer to employees' perceptions and experiences of the acquisition. Their book does bring up the notion that integration does not have to mean, "make them look like us" and that one should take the other company's capabilities into consideration. They leave it at that, however, and do not take other issues into consideration, for example what the managers or other employees in the acquired company might think about the integration.

Integration levels

In addition to phases, integration has been discussed in terms of levels. Shrivastava (1986) says that the primary problem in effectively managing merging firms is to integrate them into *a single unit*. The post-merger integration can take place on three different levels depending on the acquisition situation. According to Shrivastava, the size of the merging companies will influence the post-merger integration needs: the larger the size, the more difficult the integration, but also, the larger the organisation, the greater the need for integration because of the greater number of units that need to be co-ordinated.

The first integration level, according to Shrivastava, is the *procedural*, where the objective of the integration is to homogenise and standardise work procedures at operating, management control, and strategic planning levels. This integration will in turn facilitate the communication between the acquired and acquiring companies. One of the most basic procedural integration's is to combine the accounting systems, creating a legal entity. Other management procedures and control systems can also be integrated at different functional levels.

The second level is *physical integration*, where product lines and production technologies are integrated. A typical problem at this integration level is that some assets become redundant and need to be re-deployed. Related to the integration of new production technologies is the issue of integrating existing plants and equipment, which in turn may cause relocation of both facilities and employees.

The last level of integration is the *managerial and sociocultural integration* that involves merging corporate cultures and managerial viewpoints. At this level, top managers, middle managers, and staff personnel are transferred between the two companies, especially from the acquiring to the acquired company, to ensure control of the acquired business. Transfer of personnel from the acquired to the acquiring company can also be done to facilitate cross-fertilising the two firms. Shrivastava posits that managerial transfers are not always easy because many managerial skills are not transferable. To transfer key managers alone will not ensure a managerial integration. Shrivastava argues the transfers must be supplemented by integration of social norms and cultures, which is probably the most difficult integration to achieve. The transfers could help to develop an understanding of the respective companies' norms, values, and decision-making procedures to ultimately achieve a homogeneous way of doing and seeing things. Another important part of the sociocultural integration is to gain management's commitment and to motivate personnel. Shrivastava asserts that this could be gained to a large extent by open communication. Finally Shrivastava emphasises that the acquired firm's management may not accept the top management in the acquiring firm, and therefore a set of conditions that can direct the integration must be established in the form of strategic leadership. The use of the integration strategies should vary in each acquisition situation according to Shrivastava.

Shrivastava's view of integration breathes an assumption of consensus, homogeneous, and monolithic culture. The underlying assumption is that to achieve a successful outcome of the acquisition, the two companies must become homogeneous through integration. It is only if they become one, if they become identical in procedures both physically and socioculturally, that the acquisition will work. There is no space for diversity in this view. I believe that much of the potential in the acquisition and in the combining organisations will be missed by such a consensus view. And I do not believe that is the only way to achieve a successful acquisition outcome.

The integration process

In a study of acculturation barriers, Larsson (1993) found that initial cultural similarities or differences did not affect the acculturation outcome of the acquisition. Instead he contends that it is how the integration is managed that matters. Larsson suggests three different approaches to integration from the acquiring firm's perspective. The most commonly discussed in the literature is what he calls the "hard" or the "soft" way. The hard way is when the acquiring company is imposing its culture and practices on the acquired firm "to forcefully break the cultural maintenance mechanisms as quickly as possible in order to socialise the other firm into the dominant culture" (p. 10). If the acquiring firm is choosing a soft integration, they use an avoiding integration approach "to mollify cultural maintenance by interfering as little as possible, maintaining the other firm's integrity, and hoping for it to appreciate this treatment enough to gradually accept the combination and willingly co-operate" (p. 10). In addition to these two approaches, Larsson suggests a third one he calls the supportive approach that is aimed at positive interaction. "Rather than attempting to break or mollify cultural maintenance, it tries to prove isolationist and condescending we versus they attitudes wrong by showing the benefits of working together" (p. 10). His findings indicate that the supportive approach was more beneficial for achieving high degrees of acculturation, and thereby high acquisition performance.

Birkinshaw, Bresman and Håkanson (2000) describe the integration process using a model similar to the level model of integration. Drawing from previous acquisition research they claim that the integration process consists of two parts: task integration and human integration. They found that the integration was not as linear as expected but that it took part in different time phases. Moreover they found that the acquired companies were left rather autonomous in the beginning and that human integration had to precede task integration for a successful acquisition outcome.

Until now the literature discussed above has focused on domestic acquisitions or acquisitions in general. The literature on international acquisitions is not very large compared to the more general literature. I would like to explore if there are other issues significant in international acquisitions that have not been considered in the current body of acquisition research. The following section will take a closer look at international acquisition literature to determine if and how international acquisitions differ from domestic acquisitions.

International mergers and acquisitions

Is an international acquisition different from a domestic one? Does each type need to be managed in a different way? There are many new factors influencing the management of companies acting in new national arenas. It is not only the component known as national culture, but also legal, macro-economic, and political aspects and other related considerations, which affect management. One can, for example, compare international acquisitions to unrelated acquisitions versus related acquisitions. In a related acquisition the parent company is more or less familiar with the business and the industry (e.g., Salter & Weinhold, 1981). This familiarity may lead managers to believe that related acquisitions are less risky than unrelated acquisitions–a misconception according to Salter and Weinhold (1979). In unrelated acquisitions, however, both the business and the industry are often unknown to the parent company, causing them not to intervene significantly with the acquired company's business and management. This inexperience with the business can have further impacts. For example, in unrelated mergers or acquisitions, the parent company might make themselves more dependent upon the target's managers because they are not familiar with the company's business; they are more interested in retaining the existing management (Walsh, 1988;1989). For international acquisitions, the parent company might be quite familiar with the industry, but not with the particular market. Following the same logic the acquiring company could then be more dependent on the acquired company's management than in a domestic acquisition. Another implication of such a comparison is that international acquisitions may increase the acquiring management's awareness of possible differences between the companies.

Not surprisingly, a common focus in international merger and acquisition research is on national cultures. Weber, Shenkar, and Raveh (1996) establish that culture researchers usually define only one level of culture. Therefore, they argue, the bodies of literature on national and corporate culture seem to exist in a state of isolation from each other. Others have established how the difference between how national and corporate cultures influences people; the national culture forms one's values while the corporate culture involves the acquisition of organisational practices and symbols (Hofstede, Neuijen, Ohavy & Sanders, 1990). Weber et al's study found that national cultural differences predict stress, negative attitudes towards the merger, and co-operation better than corporate cultural differences do. In international acquisitions, the differences are expected, and the managers of the acquired company are therefore less likely to resist changes and loss of autonomy due to those differences. These findings are consistent with those of Larsson and Risberg (1998) where the highest degree of acculturation between merging firms from different countries was found among those with the highest cultural differences. Those results were interpreted to occur because of a heightened cultural awareness in international acquisitions. Also Morosini, Shane and Sing (1998) suggested that cultural distance would not hinder but enhance cross-border acquisition performance. Their explanation was that cross-border acquisitions provide access to a new diverse set of routines and repertoires embedded in national culture.

Very, Calori, and Lubatkin (1993) made a study of French-British acquisitions. Their main result is that in addition to corporate cultural differences there might also be national cultural differences that can affect the financial outcome of the acquisition. They suggest that managers need to take the fundamental differences into consideration to understand the acquired company and to deal with potential conflicts. Therefore managers of the acquiring firm "should pay particularly close attention to issues of cultural compatibility, and try to establish when possible leadership styles, rules of conduct, and administrative procedures /.../ are consistent with the national values of the employees at the acquired organization" (p. 343). Calori, Lubatkin, and Very (1994) used the same material to see if national administrative heritage had any influence on the control of the acquired company. They found that to some extent the national heritage did influence the control mechanisms. Their suggestion is that consciousness of national difference can help anticipate cultural problems in the acquired company.

Olie (1994) came to conclusions similar to Very et al.'s finding that appropriate leadership, organisational structure, and compatibility of merger motives are necessary for acquisition success. He concluded that in addition to firm and industry-specific circumstances, obstacles to integration and performance could be of national culture origin. To overcome such obstacles Olie states "the willingness and strength to build a new common future and the way the integration process is managed are just as important to encourage identification with the new company" (p. 404).

International acquisition research, like domestic acquisition research, focuses to a great extent on cultural differences and cultural clashes and what management can do to overcome them. In addition to corporate culture fit, strategic fit, etc., it is suggested that the acquiring companies must pay close attention to national culture. According to this research, the international aspect seems only to provide another dimension to take into consideration while managing the acquisition. The main goal is to find and chart variations in management and employee practices, behaviour, attitudes, etc., across countries and companies. If the differences or similarities can be identified, the possibility exists to know how to manage the differences and to predict the outcome. Thus the approach to international acquisitions is very similar to domestic ones. It could be said that one difference is that rather than focusing on fit, the managers are instructed to be aware of differences. One assumes there are more differences between two companies from different countries than between two companies from one country.

Some studies (cf. Larsson & Risberg, 1998) indicated that heightened awareness of differences gave better acquisition outcomes. Perhaps it could be that the emphasis and focus on fit fools researchers and managers into missing other important aspects of the acquisition–differences, diversity, and ambiguity. However, one should not only focus on differences as a source of oppositional and dichotomous thinking; awareness of differences can also create acceptance and openness to diversity.

The review has so far focused on strategic and organisational acquisition literature. It has mainly discussed different phases within the integration phase, what they might mean, and strategies for integration. The next section will further penetrate the acquisition process to see what effects it may have on the organisation and its members and penetrates deeper into behaviourally oriented acquisition literature. The focus is on acquisition aspects such as employee reactions and communication and how they have been discussed in the literature in order to provide a more detailed theoretical platform for the coming formulation of the study's specific research acquisitions.

Reactions towards the acquisition process

It is not a bold conclusion to draw from the literature that acquisitions have a great effect and create a lot of stress on managers and employees, particularly during integration. Common reactions discussed in acquisition literature are anxiety, uncertainty, ambiguity, etc., reactions that were, for example, mentioned in Buono and Bowditch's (1989) combination phases. Ivancevich, Schweiger, and Power (1987) summarise different uncertainties claiming they affect the organisational members. The first uncertainty, they point out, is the major event that is happening, the acquisition, which the employees have little control over. Second, employees perceive an uncertainty about their future because they do not know anything about the objectives of the acquisition. Third, they may face changes in jobs, work, and family relationships that affect their lives. Furthermore, Ivancevich et al. point out that each employee cognitively appraises and interprets an acquisition; thus perceptions of what is happening during the acquisition differ from person to person. They say that some people may perceive the situation as a threat while others may see it as an opportunity. This would thus mean that the opinion of the outcome of the acquisition differs between individuals.

Buono and Bowditch (1989) contend that the outcome of the acquisition is determined by employees' combination expectations. To them outcome does not only refer to the financial performance but also employees' reactions and attitudes to the acquisition. Employee expectations are to some extent built upon pre-merger information that comes via the rumour mill, from top management announcements, or other information channels. Marks (1982) posits that it is how the acquisition is implemented and managed, for example in planning and communication, that determine the employees' attitudes and in turn the acquisition outcome.

The literature states that managers may react quite differently from other organisational members to the acquisition (e.g., Marks & Mirvis, 1985, Mirvis & Marks, 1986, Walsh, 1988). Marks and Mirvis (1985) call these reactions to the acquisition "the merger syndrome." They describe the merger syndrome as something happening to executives by "a combination of uncertainty and the likelihood of change, both favourable and unfavourable, that produces stress and, ultimately, affects perceptions and judgements, interpersonal relationships and the dynamics of the combination itself" (p. 50). If the syndrome is not managed, Marks and Mirvis propose it may cause poor financial and overall acquisition performance. Whether one is working as a manager or an employee in the acquired company, it is likely that the acquisition causes stress. Sinetar (1981) points out that this stress occurs as the acquisition unsettles the ordinary life conditions and provides a feeling of uncertainty for all persons concerned.

In the acquisition literature it is often stated that one of the worst things the acquiring management can do after the acquisition is just to wait and see instead of initiating some action (e.g., Pritchett, 1985; Schweiger, et al., 1987; Schweiger & DeNisi, 1991). Haspeslagh and Jemison (1991) assert that most organisational behaviour and culture oriented acquisition research have an assumption that when an acquisition takes place, the acquired company should not be disturbed. They say that this may cause the acquiring company's managers to promise autonomy too hastily and lose sight of the fact that the strategic task of the acquisition is to create value. Therefore they fall into the "no changes expected" syndrome. On the other hand "Managers and employees in acquired firms are too smart to be fooled by this syndrome" (Haspeslagh & Jemison 1991:143).

It is thus common among top management in acquiring firms to tell the staff of the acquired firm that nothing will change, that everything will remain the same (see e.g., Austin, 1970). The intention of these statements may be to avoid worries and anxiety among the staff, but the effect is often the opposite. Levinson (1970) propounds that sometimes management from the very beginning intends to impose their controls and practices on the other company, but do not reveal their intentions during the negotiations. Instead they woo the target company by promising nothing will change. As employees often expect changes a declaration from the top management that nothing will happen, could make the employees believe the management have something to hide. Such behaviour from the top management could undermine their credibility with the staff (Buono & Bowditch, 1989). To leave the new subsidiary totally alone could lead to increased anxiety and ambiguity. Haspeslagh and Jemison (1991) claims that these kind of ambiguous statements may not only cause confusion and insecurity among the employees; it could also cost unrealised synergies from the combination.

The acquisition literature has thus established that acquisitions can be traumatic experiences for both managers and employees working in the acquired company. One can also assert that researchers intend that the acquiring management should be open and frank with the acquired company and tell them their intentions rather than pretending nothing will change. Another issue that has been frequently discussed in the literature is how managers react to the acquisition.

Managers' reactions and management turnover

Many researchers have emphasised the fact that managers working in an acquired company tend to leave the company after the acquisition. It is suggested that different management styles between the two merging partners lead to a high level of apprehension among managers in the acquiring firm (Datta, 1991). These managers may react defensively by clinging to their own beliefs and approaches in an attempt to reduce the uncertainty and to preserve their identity, something that can be interpreted as resistance from their side.

Mirvis and Marks (1986) found that target management often turns into crisis management as a reaction to the acquisition and as a manifestation of the merger syndrome (Marks & Mirvis, 1985). To manage the situation, the target management centralise the decision-making and start to make decisions in an authoritative mode. They tend to reduce their accessibility for employees and colleagues and lessen the flow of communication. A motive for this reaction could be that the managers sense a loss of independence in their company (Marks & Mirvis, 1985) and want to reassure themselves of some sort of control. Something else increasing the managers' stress after a merger is the insecurity of job loss due to either redundancy or simply not fitting into the parent company's organisational structure, which in turn may cause an increased turnover.

These findings are in accordance with Walsh's (1988) study where he found that top management often deal with the uncertainty in an acquisition by leaving the company. He concluded that acquisitions cause an increased turnover among top management compared to ordinary conditions. In a follow up study, Walsh (1989) tried to find explanations to the increased turnover rates. His findings seem to indicate that different take-over approaches cause different turnover behaviour. Walsh found, for example, that unrelated take-overs and hostile take-over negotiations cause abnormal degrees of turnover. As a result of the study, Walsh could establish the fact that nearly fifty percent of a target company's top management turnover within three years of an acquisition. He wanted to find out why top managers leave the companies after the acquisitions, but he could not establish why. Neither in his 1988 nor 1989 study could Walsh establish why the top management turnover is so high. His study could only establish certain relationships between different factors; it did not provide any understanding of the underlying reasons why the managers leave.

In 1999 Lubatkin, Schweiger and Weber, continued in this tradition, but now testing the theory of relative standing. They tested how perceived cultural differences and how perceived losses of autonomy, affects top management turnover. They found that "the relationship between relative standing and turnover not only explains executive turnover after a merger, it may also predict it"

(1999:73). That is, how the managers perceive their new position in the company after the acquisition (in this case cultural differences and autonomy) will affect their behaviour (leaving the company). The authors, however, admitted that they did not get a deep understanding of why the managers actually left the company and suggested a more in dept study where one asks the affected managers.

Ivancevich and Stewart (1989) take a different approach to management turnover. Instead of trying to establish why managers leave, they make suggestions how to stop them from leaving. More exactly, they suggest management appraisal as one solution to diminish management turnover. They contend that if the acquired management is not effectively and fairly appraised, they tend to leave the company to avoid uncertainty, the risk of getting a job at lower level, or the risk of getting laid off.

Walter (1985) also discusses managerial turnover in acquired companies. He argues that if acquisitions are best understood as manifestations of corporate control, it would lead to increased control over the acquired company from the acquiring company. The control can take the form of, for example, increased reporting, acquiring managers transferred to the target company, that limit the acquired management's action. The limitations of managers' freedom cause the most talented and self-directing managers, those most needed and wanted by the acquiring management, to leave, according to Walter. Control does not have to make people uneasy however. In a study of the total population of a merger, Graves (1981) expressed that "in times of anxiety, employees may actually welcome strong central control because it crystallizes a need to impute coherence to what is essentially a destabilization of their social process" (p. 112). However, Graves declares, too much control is inhibiting. Instead he suggests that the top management shall come to terms with the need to let people in the acquired company do things their own way.

There are in the literature other explanations for managers' reactions. Jemison and Sitkin (1986b) suggest, for example, something they call parent firm arrogance. They identified three forms of organisational chauvinism based on managerial differences: interpersonal arrogance, cultural arrogance, and managerial arrogance. When representatives from the acquiring firm show interpersonal arrogance, their attitude says, "since we acquired you, we are smarter than you are" (p.159). This attitude is often accompanied by a presumption that the acquiring company's style, values, beliefs, and practices are superior to the acquired company and should thus be imposed on them. Cultural arrogance brings about the fact that key symbols in the acquired company that provide continuity and meaning for the employees are cast aside without an understanding of the effect of such action. Finally, managerial arrogance is indicated by a presumption that the administrative or operating systems of the acquiring firm are superior and should therefore be uniformly adopted by the subsidiary.

Top management turnover, then, is a problem many acquiring companies face. The literature posits that managers leave the company when they face too much uncertainty, or when they perceive the acquiring management as being too different from their own, either different in managerial styles or culture. While researchers can establish that top-management turnover is a problem, they cannot understand why the managers leave the company. There are suggestions that it may be because of the acquiring management's attitude, negotiation climate, or cultural differences, but we do not get any further understanding of how the managers actually might experience the acquisition. The greatest concern with this issue in the literature is that the acquiring company is losing parts of what they acquired when people with valuable skills and knowledge leave the company. This will in turn affect the strategic value creation of the acquisition. The research remains at a strategic and rather instrumental level, where people are more or less viewed as value-creating factors and resources. If one could get an understanding of how top-managers perceive the acquisition, it might lead to a better ultimate acquisition outcome. But it is not only the top management that is affected by the acquisition. Other organisational members will also be affected and have various experiences.

Employees' reactions

In many acquired companies there is not much attention paid to the concerns of the employees. The top management in some companies were found to be so caught up in their own survival that they did not offer enough time and attention to how the employees were taking the acquisition (Schweiger et al., 1987). "Even when employees were considered, management faced so much uncertainty and ambiguity about the future that they were not always clear about what actions needed to be taken and by whom" (p. 133).

Schweiger et al. compare the reaction of employees in an acquired company to "the loss of attachment experienced by the child that is separated from her mother" (1987:127). In their study of an acquired firm, they found five major personal reactions among the employees. People experienced a loss of identity when they no longer could identify themselves with their company. This loss of identity confused them as their successful self-image changed. Lack of information and anxiety was something that almost all organisational members in the study mentioned. During the acquisition there was a shortage of timely and accurate information about the future, something that created a lot of anxiety for the employees. Survival became an obsession for many people as they were spending more time protecting themselves from changes or worrying about their own personal futures than doing their work. Because many people could not stand the uncertainty, the loss of attachment, and the changes, they left the organisation, resulting in the loss of talented people. Family repercussions occurred as many employees involved their families in the psychological dynamics of the acquisition. The acquisition affected the employees on both a professional and a personal level.

The employees' reactions can in turn affect the organisation, either by loss of good people or by people less engaged in their work (Schweiger, Ivancevich & Power, 1987; Haspeslagh & Jemison, 1991). At the personal level, the employee can experience lowered self-confidence and self-esteem because of the changes the acquisition brings about (Sinetar, 1981). The stress created through the acquisition can also lead to a sense of loss, psychosomatic difficulties, and marital discord (Buono & Bowditch, 1989). At the professional level the reaction can show itself as lowered commitment and productivity, increased dissatisfaction and disloyalty, high turnover, and power struggles among managers (Buono & Bowditch, 1989).

Employees experience several negative reactions connected with the acquisition announcement. Initially, the workers can experience shock, disbelief, and grief, as if someone close had died (Sinetar, 1981; Marks & Mirvis, 1985). The employees need to grieve for the company if they think it will lose its identity due the acquisition. Moreover, Sinetar found these emotions to be followed by resentment, anger, and/or depression.

Moreover, Sinetar (1981) found that the following behaviours could be observed during the acquisition. There may be increased dysfunction where people become very ineffective. People may take a large amount of time to solve minor issues or take time off work, and they spend a lot of time gossiping and worrying about what is happening. The anxiety can disturb the operations as people's minds are not on business, but on their own situations and anxieties. There may be an increase in depression that leads to a decrease in productivity. People feel burnt-out, and all the emotions they feel bring productivity to a standstill. Sinetar's findings indicate that acquisitions can create serious personal and emotional problems for the members of the organisation, problems that may even lead to illness. However, she also points out that not all persons react negatively to the acquisition. Some may see the situation as an opportunity to examine what they really want to accomplish in life. In the final phase of the merger period, most employees finally "recovered" from the acquisition reactions.

Marks and Mirvis (1985; Marks & Mirvis, 1986; Mirvis & Marks, 1986) have labelled employee and managers' reactions to acquisition as "the merger syndrome." They say that "the merger syndrome is triggered by the often unavoidably unsettled conditions in the earliest days and months following the combination and encompasses the executives' stressful reactions and development of crisis-management orientation" (Marks & Mirvis, 1985:50). They set out to do more than merely identify the merger syndrome and discuss its roots, causes, and manifestations. Marks and Mirvis (1985) state that for executives, a combination of uncertainty and the likelihood of change create the syndrome. This situation produces stress and affects perceptions and judgements, interpersonal relations, and the dynamics of the combination itself. The syndrome is "a total anathema to a successful integration" (p. 51). Mirvis and Marks (1986) provide ways to minimise the syndrome, claiming several times that the best way is open and full communication throughout the post-acquisition phase. They say that full communication means "providing all information, be it positive or negative, as soon as legally and practically possible."

Mirvis and Marks (1986) found other signs of acquisition effects on employees. They declare that the employees' reactions are caused, or at least heavily affected, by the managers' reactions. The way the management in the acquired company reacts in turn influences their subordinates. One study found that the managers withdrew from daily operations after the acquisition. This in turn made the employees feel alienated from the company. They did not recognise their "old" company and felt that they did not belong there any longer. This withdrawal by management can also lead to a decline in the working moral and the employees' feeling less committed to the company (Sinetar, 1981), which in turn can lead to less efficiency, perhaps less productivity, and ultimately to a drop in sales (Marks & Mirvis, 1985). If the management cannot give proper directions, often because they are not sure themselves about the directions from the new parent company, the subordinates may feel even more lost and uncertain in the new situation. In some cases, this uncertainty and unfamiliarity may lead to employee turnover.

Other reactions by the managers, like top management turnover discussed earlier, can affect employees. If the company's leader leaves the company, the employees are no longer sure of what to expect as former organisational norms and expectations may not be appropriate for the new organisation (Buono & Bowditch, 1989). What seems to be important here is that the subordinates' reactions are affected by their supervisors' actions. The employees watch their supervisors carefully, interpreting their actions and reactions as guidelines for their own. Further, these reactions of both management and staff toward the acquisition many affect not only the internal matters in the organisation, i.e., relations between hierarchical levels, but also efficiency, sales, and possibly quality.

Top management turnover as well as crisis management can lead to a leadership vacuum. Haspeslagh and Jemison (1991) defined a leadership vacuum as “the lack of appropriate leadership to articulate a new purpose of the combined firms” (p. 122). A leadership vacuum typically can appear, for example, under any of the following conditions: when top management leave the company after the acquisition is consummated; when top management do not know what is going to happen after the acquisition because they do not understand the objectives for the acquisition; when they get too involved with their own survival to help their subordinates; if the top management receives no information to delegate. If the top managers do not seem to understand and are doubtful about the acquisition, their responses will influence the rest of the employees who will regard top management’s behaviour closely and turn to them for guidance. Thus employees are affected by the acquisition in several ways. First, they are affected by the event itself; secondly, they can be affected by their manager’s reactions; moreover, they can also be affected by rumours and gossip. This final effect of rumours and gossip can play a very important role in the outcome of an acquisition and will be discussed later in this chapter.

All these reactions–turnover, merger syndrome, uncertainty, anxiety and lowered working morale–have been offered as explanations to disappointing acquisition outcomes. What I find missing in the literature is an attempt to understand how people experience the acquisition process which could be a way to understand particular acquisition outcomes. Even though Marks and Mirvis (1985) claimed to discuss roots and causes of the merger syndrome, they never really went that far. They came to a conclusion that the best solution to acquisition reactions is full and open communication. Previous acquisition researchers’ perspectives on acquisition reactions are permeated by an assumption that these reactions are diseases that must be cured. Such a view is not a very positive way to perceive the people working in the acquired company and it will most likely affect preconceived attitudes and assumptions about acquisition. There must be a more positive way to view and understand employee reactions and acquisitions.

Ambiguities and uncertainties following an acquisition

Ambiguity is quite often discussed in the acquisition literature. Already one of the earlier studies of the human side of acquisitions by Costello et al. (1963) found a wide range of attitudes and equivocal meanings in a bank merger. Jemison and Sitkin (1986a) contend that many of the ambiguities that occur during the acquisition process arise immediately during the negotiations. To close the deal, the parties often agree to disagree for the moment. Jemison and Sitkin mean that during the negotiation process, ambiguities are useful to close the deal. But they also claim these same ambiguities can become a source of problems and conflicts after the agreement is finalised wherefore they have to be resolved.

Jemison and Sitkin say that, if these ambiguities remain, the expectations for post-acquisition performance may not be met. This in turn may lead the parent management to intervene more directly in the subsidiary’s affairs. In response, the subsidiary’s management may defend their autonomy against all parent requests, fuelling the parent’s need for control. Jemison and Sitkin (1986a) suggest that the ambiguities and uncertainties should not be eliminated; rather management should focus them. According to them, the managers should decide which of the ambiguities must be solved and agreed upon and which can be left ambiguous or resolved later. Thus ambiguities are here seen as problems that must be solved now or later. Some of the problems are not that important and can be ignored, at least for a while.

Schweiger et al. (1987) found three human resource-related issues that significantly affect people's perception and behaviours regarding the acquisition situation; issues that were perceived as ambiguous by the employees. The first issue related to how terminations were addressed by the management. People did not worry so much about termination *per se*; most of them understood the reasons for termination. Instead employees complained about how management handled decisions to terminate and the amount of time they took to make and communicate these decisions. These factors caused a great deal of uncertainty and anxiety; people did not know who would be the next person to go.

The second issue Schweiger et al. found was that the merging of corporate cultures often resulted in culture clashes. There were three main points regarding the cultures that concerned the employees: "What are the expectations for my performance in this organization?" "What kind of behavior will generate the kind of rewards that I prefer and need?" "What are the does and don'ts of social conduct within the firm?" (p. 131). The researchers mean that these questions can result in ambiguities for people who do not know how they are expected to behave. The third human resource issue noted by Schweiger et al. was regarding the reward systems. They state that without a clearly established and communicated reward system, it may be difficult to attract, motivate, and retain people. Schweiger et al. concluded that it therefore is necessary to clearly communicate the reward system to create a successful acquisition.

Sinetar (1981) found that employees view acquisition as a major life change that negatively affects their behaviour. She states that major shifts in our normal lifestyles act as triggers for stress and insecurities. Uncertainty about the future can in turn produce lowered self-esteem, and ambiguity causes the employees to question their ability to deal with the events. As soon as we leave our comfort zone, Sinetar writes, we face ambiguous roles and circumstances for which we may not have mental role models. She contends that acquisition, by its very nature, introduces ambiguity into the organisational member's life, and this may reduce that individual's effectiveness.

Some Scandinavian research has contributed to ambiguity issues in acquisitions. Johannisson (1981) early pointed towards varying and discrepant interpretations among employees in a questionnaire study of three mergers and acquisitions. ”Even when considering forgetfulness, blunt questionnaire formulations, and time pressure when answering the questionnaires, the views of different ”facts” regarding the respective merger are so varying among the employees that they must be limited by factors such as, the individuals lacking cognitive picture of, and commitment to the company" (Johannisson, 1981:226, own translation). Johannisson did not use the term ambiguity but his findings show ambiguous interpretations among the employees.

Another Scandinavian researcher Kleppestø (1993) does in his critique of cultural acquisition research in part apply Martin's (1992) fragmentation perspective to question conventional functionalist views of culture clashes. In addition to viewing organisations, like cultures, as ”ambiguous, fragmented and ever-changing phenomena" (p. 233), he highlights issues of social identity and communication as more powerful ways to understand the acquisition process than traditional explanations based on cultural differences. Lohrum (1996) also contributed with probably the first full three cultural perspective (see Martin, 1992 and; Martin & Meyerson, 1991) study of acquisitions. She found that all three cultural perspectives broadened the understanding of employee reactions, especially the differentiation perspective. While many ambiguities were found, her cultural focus on especially the group level provided more pronounced differentiation findings.

Anxiety, stress, uncertainty, ambiguities etc. are often mentioned as effects of the acquisition process. Ambiguity has however mostly been treated as obstacles to the acquisition, as effects of the acquisition that cause problems. I believe this to be a key point. In the literature, ambiguities are treated as something bad, as a threat to the acquisition outcome. Ambiguity is seen as something that must be resolved. But is ambiguity always something bad that must be made clear? Jemison and Sitkin claimed that ambiguity should not be eliminated but focused. However, their focus on ambiguity was intended to resolve some ambiguities and ignore others. They saw ambiguities as useful during the negotiations but issues that have to be resolved later when the deal is closed. The way ambiguity is treated in the acquisition literature indicates assumptions of clarity, consensus, and heterogeneity in the acquisition theories. As ambiguities are viewed as something problematic, different views of the world and different interpretations of the acquisition are not always acknowledged. Ambiguity does not have to be negative in an organisation and can instead be viewed as representing diversity, multiplicity and homogeneity among the people working in the organisation, something that can be positive for the organisation (cf. research on multiculturalism, e.g., Fine, 1991; Larkey, 1996). One could also see it, as ambiguity is something that is almost always present in the organisational life and that is sometimes viewed as bad and sometimes as good (for a further discussion of ambiguity and acquisitions see Risberg, 1999; 2001; 2003)

Researchers have stated that communication may cause ambiguity (e.g., Frost et al., 1991). Still it does not necessarily mean that communication is a device that can be used to decrease uncertainty, anxiety, and ambiguity, as it often has been treated in acquisition literature. The next section will look at communication in the acquisition literature.

Communication during the acquisition process

Communication has been recognised in acquisition literature as being important in the acquisition process, especially to effect integration and change. However, communications is often treated as a one-way, rational transfer of information that management can use as a tool to achieve desired acquisition outcomes. Communication is not only about transfer of information but is a more complex process that has to do with interaction. I will below describe communication in acquisition literature to later discuss my opinion of communication.

Open communication between the companies and within the acquired company has been suggested as a way to minimise ambiguity during the acquisition process. According to Schweiger and DeNisi (1991), it is not the changes after acquisitions that are stressful to the employees; it is the uncertainty about the future. When nothing is communicated about the future, it leaves the employees with great uncertainty, and they will seek answers to their questions one way or another, even if there is no communication from the management (Napier et al., 1989). If the employees seek their own answers, it can lead to rumours and other informal communication (e.g., Sinetar, 1981;

Mirvis & Marks, 1986). However, rumours are expected to have the effect of adding fuel to the anxiety instead of reducing it. Left to rumours, employees often create worst-case scenarios, which can in turn create an obsession with the acquisition and its impact on their lives (Marks & Mirvis, 1985). Marks (1982) posits that most post-merger problems develop from the lack of sufficient information and these problems could be avoided by communicating with acquired personnel throughout the whole merger process.

In Schweiger et al.'s (1987) study, almost all individuals interviewed in an acquired company were concerned with the shortage of timely and accurate information regarding the future, for both themselves and the company. Top managers mentioned that they had difficulties providing information because they themselves did not know what was going on. The top managers perhaps were not involved in the acquiring firm's plans; they were involved in broader issues of the acquisition, or they were just unaware of what information to communicate. A lack of information created a reduced sense of security and, ultimately, anxiety for the employees. Moreover, they found that as the uncertainty continued and rumours heated up, there was typically a flow of conflicting information. Rumours were followed by more rumours, resulting in a lack of clarity, validity, and logic in the rumours that produced frustration.

It has been suggested that managers communicate to the employees (Bastien, 1987) as soon as possible (Schweiger & DeNisi, 1991) to manage anxiety and uncertainty. The rumour mill may start early in the acquisition process, when pieces of information about the negotiation start leaking out. In order to reduce the rumours and the anxiety, communication should start early in the acquisition process (Marks, 1982; Shrivastava, 1986). Managers should provide complete and realistic information to form a genuine basis for action other than rumours and to avoid uncertainty and anxiety for the employees. That basis will in turn reduce uncertainty (Schweiger & DeNisi, 1991). Marks and Mirvis (1985) suggest that if managers are informed about the burdens and possible problems that the acquisition will bring about and how the managers might be affected in advance, they will be able to handle the acquisition situation better. Birkinshaw, Bresman and Håkansson (2000) found that in companies where the integration process at first was perceived as problematic, the acquired companies first got autonomy while the communication increased at the same time. After a while the problems disappeared and the autonomy decreased. Schweiger and DeNisi (1991) claim the communication process symbolises the organisation's concern for its employees. The symbolic value of communication may be as important as its actual content. The notion of the importance of communication during acquisitions is not only about actually providing accurate information, but an opportunity for the acquiring company to show their concern for the newly acquired company.

Shrivastava (1986) propounds that communication should begin immediately in the pre-merger phase. The acquiring company should communicate to all relevant stakeholders, including the employees. This is not always easily done if the company for some reason wishes to keep the acquisition a secret. The employees should, at least, be informed that something is going on; if the managers have nothing to say, they should say that (e.g., Mirvis & Marks, 1986; Schweiger & Weber, 1989). A negotiation cannot go on completely unnoticed; there tend to be rumours flourishing in most target companies. Honesty is highly valued by employees Schweiger et al., (1987) writes, and they appreciate receiving information, both positive and negative. If no information is provided, the employees may perceive it as a sign that the management is hiding something or as Marks (1991) writes no news is bad news.

When it comes to layoffs, the literature suggests people want open and frank information about the situation. Even people who are not laid off will relate their own situation to how the people being let go are treated (Mirvis & Marks, 1986). If the laid off people are treated fairly, attitudes toward the acquiring management will be more positive. Thus, the researchers have found that employees require full and frank communication at all times whether the information is positive or negative (Mirvis & Marks, 1986).

In a case study of behaviour and communication during acquisitions, Bastien (1987) discovered three central issues. First, he concluded, almost all people in the acquired company perceived some kind of uncertainty during the process. Bastien suggests that the acquisition process should best be managed through communication. He moreover found that people's attempts to cope with the uncertainty included sudden switches between opposing viewpoints, for example, between very negative and very positive future scenarios. Finally, he concluded that cultural shock is by definition present in acquisitions. Communication did, in these cases, set the climate for either uncertainty or assurance. Extensive formal or informal communication about the situation was important to reduce uncertainty. When there was a shortage of communication during certain periods, personal uncertainty peaked, and many of the members turned their focus to alternative jobs in other companies.

Sinetar (1981) argues that to communicate throughout the whole process, managers need different communication strategies for different acquisition phases. Likewise, Ivancevich et al. (1987) use a phase approach to acquisition communication, a framework later used by Napier et al. (1989). Their framework consists of four acquisition phases: planning, in-play, standstill/transition, and stabilisation. This framework provides a structure of what type of communication occurs during the acquisition and how employees react to it.

In a study of two merging banks, Napier et al. (1989) found that in the planning stage, neither bank provided its employees with specific official information about the merger. Despite this, employees claimed they had heard about the merger before the official announcement. Even though the management did nothing to prevent stress, employees in one bank did, almost unconsciously, seek information everywhere they could find it to reduce stress. The official communication of the merger did not commence until the in-play phase. By then, management from both banks informed their employees about the merger, its likely impact, and the expected timetable for changes and future activities. After this initial communication activity, the employees felt they received little information. The shortage of information affected the employees' attitudes about the merger and created a lot of anxiety. When the merger was official, the transition period started. During this period, one of the banks adopted the other bank's policies, names, procedures, etc. The primary information was, for the adopting bank, focused on how to do things. Consistent with Ivancevich et al.'s (1987) suggestions, Napier et al. (1989) found that employees took much of the responsibility for managing stress and acquiring information. Three main conclusions came out of Napier et al.'s study. First of all, there never seems to be enough communication. Second, it is important to have continued and repeated communication and contact from top management. Third, the type of communication may need to be varied among various groups of employees.

Even though employees seem to have a never-ending need for communication during the acquisition process many researchers speak about communication as, a one way transfer from top management to employees (e.g., Sinetar, 1981; Ivancevich et al., 1987; Napier, et al., 1989). Researchers also claim that communication should be full, frank and early (e.g., Mirvis & Marks, 1986; Shrivastava, 1986; Bastien, 1987; Schweiger & DeNisi, 1991). But what does full and frank really mean? Most often the full and frank communication is described, as a one-way process where the employees are expected to interpret the management is communication exactly as the sender intended. It has been noticed that there never seems to be enough communication (Napier et al., 1989) but the reason for this lack has not really been discussed. It could be so that the employees interpret the management information in another way than the management intended. Open communication and a lot of communication does not mean the problem with insufficient communication is solved if the employees perceive they have not had the right information.

Jemison and Sitkin (1986a) propose that discrepancies between experienced information at different levels in the organisation can be avoided by early involvement of middle and operating managers and open communication with all employees throughout the merger and acquisition process. The communication from the acquiring firm has been found to be more extensive with acquired employees at higher organisational levels than at lower organisational levels (Schweiger & Weber, 1989). It was also found that some information was not communicated to certain groups because they were not affected. Mirvis and Marks (1986) suggested that to avoid crisis management during the integration, the top management should use open and full communication, and they should involve people at all levels in the combination process. Hence, if the people who are supposed to run the everyday activities are involved at all stages, including the initial ones, the value of the acquisition could continue, and such open communication could provide cumulative knowledge and experience.

Young & Post (1993) recommend communication to decrease employee resistance towards changes after the acquisition. Their results indicate that the initiative for communication must come from top management and that communication should be continuous throughout the whole change period. Researchers stress the importance that there is no discrepancy between action and words (Bastien, 1987) as too often “the implicit messages that managers send contradict the official messages as conveyed in formal communications” (Young & Post, 1993:36). Moreover findings indicate that if the employees are informed about the motives behind the changes, they will be less inclined to resist them (Napier, et al., 1989; Young & Post, 1993). Thus, communication is regarded as an important tool to manage a change during acquisitions but it must be consistent to prevent people from becoming confused. If communication is viewed as a one-way process and that it is only one ”correct” way to understand the communication. Thus, according to such a view, communication can be used as a tool to achieve certain responses from the employees by management. Communication is seen as variable that management can intentionally use to manage the acquisition process. Young and Post did however notice that communication could be difficult as they observed that communication could be contradictory. Still they assume that if only done right the communication will be understood ”correctly” and effective.

This research states that inconsistent communication could be detrimental during the first phases of the acquisition process as many people form their opinions about the acquiring company early in the process. To reduce the anxiety following the acquisition, Siehl et al. (1988) contend that the employees want to hear directly what the new management stands for. The employees may then wait and see if the management acts in a manner consistent with their spoken words. In addition to espoused values, Siehl et al. suggest that more indirect communication is equally important.

"Employees of the acquired organization are likely to be unusually alert to signals from the acquirer, and may read more into specific behaviors than is appropriate" (p.56). Actions by the acquirer are often read as intentional communications even though they were not intended as such (Bastien, 1987). It thus seems to be important that communication during an acquisition is not left to chance, but is carefully managed.

The unified message from acquisition research appears to be that to make a merger work, one should offer timely, full, and open communication early in the process: the more communication the better. But who decides if the communication is enough? Who decides if it is timely, open, and full? While it seems to be good advice to communicate a lot, there are some problems. Even though management may perceive that they have communicated much information and been very open, the employees may not perceive that the communication is sufficient. The employees can interpret what to the management seems to be very clear and straightforward communication very differently. An employee who expects redundancies may interpret a message about reorganisation as an indication that a lot of people will be let go even though the management might have meant reorganisation with no redundancies.

It may also be hard for different reasons for management to communicate their plans with the acquisition. Maybe they do not have everything planned. Maybe the plans will change, and if they have once made a promise or statement, it could be difficult to change later (cf. Eisenberg, 1984). Giving out too much information initially could hinder management as the merger progresses and plans change.

The view of communication as a means to achieve an acquisition end embodies a concern with the effects or consequences of communication (cf. Putnam, 1982; Manning, 1992). It addresses the manner in which communication serves to enhance the performance of employees and effective means of achieving outcome in acquisition. Communication is not only about information. What in the acquisition literature reviewed above seems like a simple solution to many acquisition problems is more complex than that. Not all problems will be solved by simply more or open information. As the openness in communication has been so emphasised in acquisition literature I will now give a view of communication that differs from the common view about open communication in acquisition literature.

Openness in communication or not

Lack of full and frank communication has been said to lead to rumours and other informal communication (Sinetar, 1981; Mirvis & Marks, 1986). Schweiger et al. (1987) found in a study that almost all the people interviewed were concerned with the shortage of timely and accurate information regarding the future for both employees and the company. Thus, the provision of realistic information to the employees will give them a basis for action other than rumours and speculation (Schweiger & DeNisi, 1991). Marks (1982) posits that most post-merger problems develop from the lack of sufficient information, problems that could be avoided by communication with acquired personnel throughout the whole acquisition process. Providing what Marks calls realistic information could thus reduce the uncertainty.

In a study of culture and communication, Brown and Starkey (1994) found that a lack of planned communication policy often leads to the increase of informal grapevine communication. Rumours were almost certainly bolstered by poor downward vertical communication. In their study, the parent company communicated little information to the subsidiaries' managers, who in turn neglected to disclose information further down the hierarchy. Brown and Starkey's conclusion is that the very top management must settle the communication policy and customs within a company. Schweiger and DeNisi (1991:111) reason that "the only way for managers to deal with the anxiety that follows a merger or acquisition announcement is to communicate with employees as soon as possible about all the anticipated effects of the change." Timeliness is vital, according to them. The managers should communicate what they know when they know it, instead of trying to resolve every detail first (Young & Post, 1993). If the managers wait too long, it is more likely that everybody already has formed opinions, and the grapevine is in full swing. The cost of not communicating in a timely manner could be loss of trust.

The relative importance of actions over words was indicated in Bastien's (1987) study. Actions by the acquirer that were not intended to be communicative interpreted as such by the acquired organisation. Communication is important during acquisitions but inconsistent communication may make people confused. Inconsistent communication, Bastien found, could be detrimental during the first phases of the acquisition process as many employees form their opinions about the acquiring company early in the process.

While many acquisition researchers prescribe open communication to solve organisational change related problems other scholars argue the opposite. Eisenberg and Witten (1987:422) contend that "overly explicit communication can affect task related decision and attributions about character. Indiscriminate explicitness limits options and can endanger plans." The top management may have good reasons not to communicate their intentions. Managers may, for example, intentionally deliver vague and ambiguous information to give themselves some room for play regarding decisions made later on (Eisenberg & Witten, 1987). If the manager is not explicit from the beginning, she does not have to remain consistent with previous announcements. Eisenberg and Witten say this will provide the manager more flexibility to respond to a changing environment. They also point out another risk that being overly explicit may cause. When missions are expressed in unequivocal terms, conflict may arise. Ambiguous statements will instead allow divergent interpretations to coexist, and they are more effective in allowing diverse groups to work together. Moreover, they suggest that "All societies require a degree of value-consensus in order to survive; as a rule, this consensus is engendered through the creative use of communication. /.../ In communities whose members strive for extreme levels of communitas, ambiguity is absolutely essential for the maintenance of a sense of common understanding." (p. 423).

According to Eisenberg and Witten, it is not only managers who gain from ambiguous statements. They contend that members at all levels of the organisation will gain from the use of ambiguity. By using ambiguous statements, people can express their feelings and opinions while still having the opportunity to deny specific interpretations should they arise. This view is emphasised in Levine's (1985) work. He suggests that the use of ambiguity provides the person with the possibility to better express herself while still protecting herself.

> Univocal verbal communication is designed to be affectively neutral. /.../ Univocality works to strip language of its expressive overtones and suggestive allusions. Ambiguous communication, by contrast, can provide a superb

> means for conveying affect. By alluding to shared experiences and sentiments verbal associations can express and evoke a wealth of affective responses. /.../
> Univocal expressions enable, if not force, speakers or writers to communicate openly and clearly, and to hold back nothing of their intentions. Ambiguous expressions have the contrary property of enabling their users to conceal, more or less deeply, what is really on their minds. Such concealment may be in the passive vein of withholding information for the sake of privacy or secrecy, or in the more active mode of seeking to deceive others for the sake of tact or some defensive strategy. One might expect, therefore, to find a marked aversion to ambiguity in societies or groups that place a high value on openness as opposed to secrecy. Secrecy is favored in societies organized on a strongly hierarchical basis. Sharply stratified societies make considerable use of secrecy – elites in order to maintain their privileged status through possession of esoteric knowledge, nonelites in order to defend themselves against intrusive encroachments. Egalitarian societies have an affinity for the value of openness and publicity. (Levine, 1985, pp. 32-33)

From Levine's statement I draw the conclusion that the view of communication, open or not, depends on the type of organisation. Hierarchical organisations would thus prefer ambiguous, or less clear communication, while more flat organisations should prefer open and frank communication. However, one can infer from Levine as well as Eisenberg and Witten that ambiguous communication is a part of the negotiation of meaning between two parties. The formulation of the common meanings may be a bit ambiguous to reach meanings that involved parties can agree upon. Thereby the individuals can use their own interpretation while still being able to co-operate. There can be other, more practical reasons though why managers communicate ambiguously. Managers may hesitate to give frank and open information because they do not know the intentions and future plans.

There seem to be some conflicting needs in the organisation, but also conflicting arguments about the value of openness among researchers. The employees require frank and open communication about intentional changes to be able to deal with their uncertainty, while managers want to be more implicit in their communication because of an uncertain future. Providing ambiguous information gives managers an opportunity to respond flexibly to changes during an acquisition. If the managers have not made any promises, they can make decisions more consistent with the changing environment (Eisenberg & Witten, 1987). However, one could argue that the people working in the company have to live and deal with the changes; therefore, openness should be vital to enable them to work with the changes instead of against them. It seems like communication is a good way to help people accept changes, as people who believe they have been treated fairly become more favourably disposed toward the situation (cf. Greenberg, 1990). Moreover, if change is constructed in the communication process, communication must take place for the changes to happen. The changes will thus take place in the interaction process that the communication initiates. This process cannot take place without any communication. The two opposing views can be summarised as; manager strive for ambiguity in communication partly because of future decisions while subordinates demand unambiguous communication to decrease uncertainty and anxiety.

Any kind of interaction with people may be dysfunctional at both extremes. Absolute openness in communication would probably be neither possible nor desirable. Even in the most intimate personal relationship such as marriage, absolutely open communication could destroy the relationship (Eisenberg & Witten, 1987). There are no solutions to these opposite positions, no "yes" or "no" answers. We can instead learn that while openness is not the only or best answer to communication, neither is ambiguity. Each situation needs its own solution; sometimes ambiguity serves better than openness. It is not the sender who decides whether the information is open or not. Communication is a more complicated process of the creation of meaning, which is constantly renegotiated by both sides. One could imagine that in tense situations as acquisitions, employees feel the need for some clear answers to cope with their anxieties and tension, while the organisation may best be served by leaving some answers ambiguous.

Literature that proposes early, full, and open communication as a solution to merger problems seem to be a rather simplistic view of communicative processes. While important, open communication is not always easy in acquisition processes and it can increase as well as decrease problems, uncertainties, and ambiguities. The normative advice for managers is to communicate to employees and rarely includes listening to the employees. Should it be just a one-way action when communication, and negotiation of meaning seem to be a relational multi-way process?

Conclusions

This has been a rather broad review of acquisition literature with focus on strategic and behavioural aspects with some focus on the more 'classic' acquisition texts. While the literature is vast, what we can learn about mergers and acquisitions from it is rather unanimous. Most acquisition scholars are focused on finding out why acquisitions so often fail, or how to achieve successful acquisition performance. The literature often takes the view of managers, even though employee reactions are frequently discussed. In the behavioural oriented literature communication is often mentioned as being important. That was the reason for a whole section on communication, as well as a different perspective regarding openness in communication or not. This review shows that new research perspectives on acquisitions are needed in order to gain further understanding of the process. Nordic scholars have to a great extent done this the last ten years, with a decrease the last few years (e.g., Kleppestø, 1998; Gertsen and Søderberg, 2000; Risberg, 2003; Vaara, Tienari, Santti, 2003). Hopefully a broad range of research perspectives can help us to better understand what is happening in organisations during acquisitions.

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