

A Work Project, presented as part of the requirements for the Award of a Master Degree in
Management from the NOVA – School of Business and Economics.

Communication in M&A: Understanding the Process and the Outcomes

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A Project carried out on the Master in Management Program, under the supervision of:

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3rd January 2018

Abstract

Mergers and Acquisitions have attracted scholars' attention for several decades, yet the reasons that justify their high rate of failure are not yet entirely understood. Nonetheless, an excessive focus in the financial component of the process, and the lack of studies connecting the several variables of this phenomenon have been cited by authors as two of the main flaws in literature. This paper proposes to address these flaws, conducting an extensive review of papers that have approached Communication in the context of M&A. Based on the findings, a framework linking Communication with several Variables and Outcomes of the M&A process is proposed, in an attempt to provide direction for future researchers.

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Introduction

In the last few decades, several studies have focused on the topic of Mergers and Acquisitions. The social, economic and cultural relevance of this phenomenon is unquestionable, with more than \$3.9 trillion dollars in global volume in 2016 alone¹, and cross-border transactions growing in relevance. As such, the fact that more than 50% of M&As fail appears to be a paradox. Furthermore, the vast body of literature on this topic is still unable to explain what motivates such a high rate of failure. As King, Dalton, Daily, and Covin (2004, pp.196-197) remark in a meta-analytic review of M&A performance, the “existing empirical research has not clearly and repeatedly identified those variables that impact on acquiring firm’s performance.” They concluded: “researchers may not be looking at the ‘right’ set of variables”, a finding corroborated by Cartwright (2005), who proposed a higher emphasis on nonfinancial variables. This appeal has been heard by researchers, who have been focusing their recent efforts in sociocultural and human resources issues involved in the integration of acquired or merging firms (Stahl, Angwin, Very, Gomes et al., 2013; Cartwright & Schoenberg, 2006; Bartels et al., 2006; Van Dick, Ullrich and Tissington, 2006). The sociocultural and HR body of research emphasizes factors such as the role of employees, human resources management practices (HRM), social processes, and cultural integration in M&A (Sarala et al., 2016).

Among this body of literature, Communication is one of the most studied variables. Several works have pointed out to the fact that effective communication brings several positive organizational outcomes in a change scenario such as an acquisition. (Angwin, 2000; Bastien, 1987; Buono & Bowditch, 1989; Cartwright & Cooper, 1992; Gomes, Weber, Brown, & Tarba, 2011). Schweiger & DeNisi (1991) have found that Communication that is frequent, timely and explanatory as to why the process is fundamental for the company helps employees manage insecurity, such as the threat of job loss. On the other hand, when communication is fragmented, inconsistent or lacking, employees will rely on rumour mills information and revert to worst-case scenarios (Bastien, 1987). These rumor mills are often focused on negative, inaccurate information which lead to more anxiety, stress and counterproductive behaviours (Rosnow, 1988), as well as job dissatisfaction, lower trust in the organization and increased willingness to leave (Bastien, 1987; Schweiger & Ivancevich, 1985).

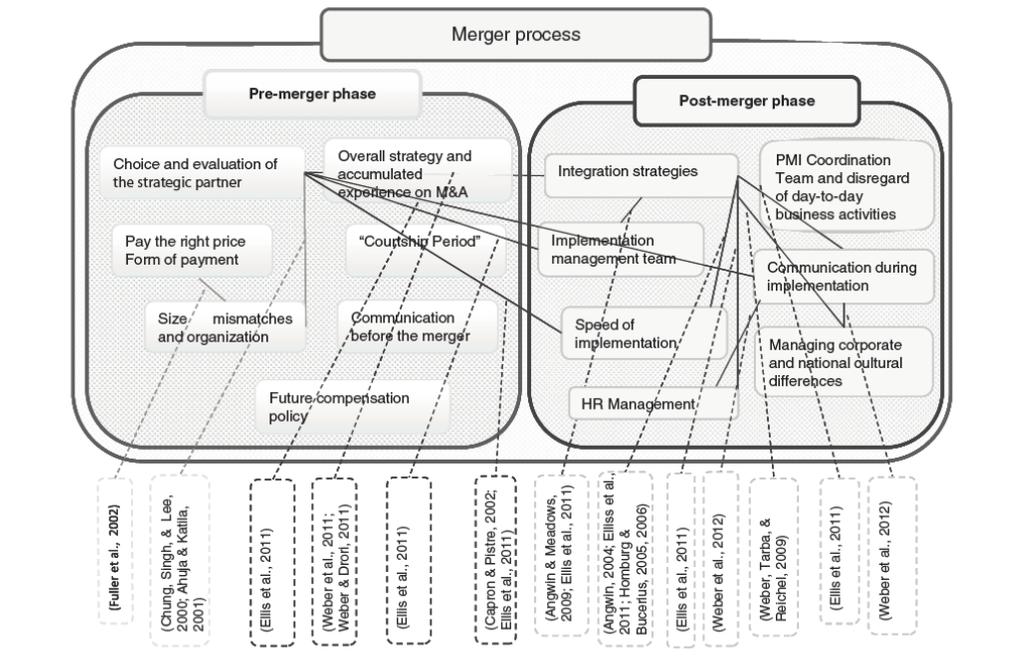
Authors have also highlighted the relevance of the different level of involvement in the acquisition process for communication practices. While top teams are likely to be committed “per se” to acquisitions due to their involvement in the strategic integration of the company, this is less likely to occur for employees, since they will deal with the largest part of the uncertainty, and may be required to change their routines and tasks (Angwin et al., 2016; Allata & Singh, 2011). For this reason, they claim that it is fundamental that managers effectively communicate the anticipated effects of the change, in order to prevent adverse organizational performance (Schweiger & Weber, 1989). Vaara & Tienari (2011) state that the approach to communication must be continuous, incorporating both the pre and post-acquisition stage. They found that the avoidance of information shortages, which lead to a higher reliance on rumour mills, is the main benefit, yet point to the existence of a risk of information overload, where there is too much information for employees to handle.

Despite the vast existent literature, the exact role of Communication and the process through which it influences M&A performance is not well understood (Angwin et al, 2016). Authors have succeeded in linking Communication with specific factors, such as Employee Commitment or Cultural Integration. However, an integrated approach, which considers the M&A process as a whole and the connections between several variables, is still missing. It appears that, unfortunately, as with every other crucial M&A factor, Communication suffers from the lack of connectedness between the several complexities of the M&A process. King et al. (2004) and Gomes, Angwin, Weber & Tarba (2013) found that this lack of connectedness is one of the main reasons why researchers have failed in identifying M&A’s low rate of success. M&A is a multilevel, multidisciplinary, and multistage phenomenon (Angwin, 2007; Javidan, Pablo, Singh, Hitt, & Jemison, 2004). As such, and as pointed out by several authors, it requires several integrative frameworks that can address all of its complexities (Haleblian, Devers, McNamara, Carpenter, & Davison, 2009; King et al., 2004; Pablo & Javidan, 2004; Shimizu, Hitt, Vaidyanath, & Pisano, 2004; Stahl & Voight, 2008). However, interdisciplinary literature reviews of M&A are rare. In fact, Haleblian et al. (2009) state that no comprehensive reviews of acquisition research have been published in the last decade. Furthermore, as Gomes, Angwin, Weber & Tarba (2013) conclude, the various streams of M&A research are only marginally informed by one another- thus fragmenting the body of knowledge. Despite considerable efforts to identify and understand the contribution of critical success factors associated with pre and post

acquisition individually, the M&A field is lacking linkages between the several key variables on each stage, both intra-stage and inter-stage. The ability to manage the transition from preacquisition to postacquisition phase is crucial for the M&A to succeed (Schuler & Jackson, 2001; Napier, Simmons & Stratton, 1989). As such, it appears that researchers are missing opportunities to understand how the several variables involved in the M&A process influence performance outcomes (Chatterjee et al., 1992; Haspeslagh & Jemison, 1991; Jemison & Sitkin, 1986; Weber & Shenkar, 1996; Stahl, Mendenhall, and Weber, 2005; Angwin, 2007; Haleblian et al., 2009).

In line with their previous findings, Gomes, Angwin, Weber & Tarba (2013) established a framework with linkages between several pre and post-merger connection patterns that can be followed.

Figure 1: Summary of Pre and Post Acquisition Phase Critical Success Factors and Studies of Interrelationships (Gomes, Angwin, Weber & Tarba, 2013)



The purpose of this article is to understand the relationship between Communication and other M&A Critical Success Factors and Outcomes. After identifying the two main flaws in M&A literature (historical focus in “wrong” variables and lack of interconnectedness), this paper takes the framework in Figure 1 as a basis to study the interrelationships affecting a key success variable. By conducting an in-depth analysis of the most relevant papers on Communication in M&A and presenting the main findings on the relationships between this variable and other key factors and outcomes, this paper has both academic and practical relevance. Under the first aspect, this paper aims not only to add value to the existent literature on Communication in M&A, but also to contribute to lower the fragmentation of the overall M&A literature. The article seeks to provide a clearer understanding of the context in which scholars must approach this variable within an M&A process. In order to do that, it is crucial to approach this factor under a broader perspective. In terms of managerial utility, the main contribution of this paper is the development of a framework that can help both acquiring and acquired companies understand the most relevant aspects that must be particularly monitored when dealing with Communication.

The remainder of this Review is structured as follows. First, Methodology explains the research and article selection process, as well as the main Variables and Factors analysed. Next, the Findings section describes the existing relationships, while Discussion and Conclusions contains the main aspects of consensus and the implications for theorists and practitioners. Lastly, Limitations and Avenues for Further Research present the main flaws of the present study, topics of disagreement among authors and highlights future directions for Scholars to address in research.

Methodology (Literature Selection)

A) Selection of Articles

In this paper, unlike in most articles under the M&A literature, only one of the studied variables- Communication- is determined beforehand. As such, the first step of Research, which corresponds to the first filter criteria applied, was to include only studies approaching the topic of Communication in the context of M&A. For that purpose, research focused on the keywords “Communication”, “Merger”, “Acquisition” and “Takeover”. The second step of research is defining the main databases for the relevant literature. A wide array of Resources was used,

including EBSCO, Wiley, Emerald Insight, Google Scholar and ScienceDirect. A total of 31 articles was found, present in **Figure 2**.

Figure 2. Description of the Articles Found in Section A) of Methodology

Author	Year of publication	Journal/ Publisher	Database used
Risberg	1997	Leadership and Organization Development Journal	Emerald Insight
Angwin, Mellahi, Gomes & Peter	2016	The International Journal of Human Resource Management	EBSCO
Napier, Simmons and Stratton	1989	Human Resource Planning	EBSCO
Allata & Singh	2011	Strategic Management Journal	Wiley
Davenport & Barrow	2009	Routledge	Google Scholar
Schweiger & DeNisi	1991	Academy of Management Journal	EBSCO
Bastien	1987	Human Resource Management	EBSCO
Vazirani, Nitin; Mohapatra, Sharmila.	2012	SIES Journal of Management	EBSCO
Bansal	2016	Asia-Pacific Journal of Business Administration	Emerald Insight
Balle	2008	Corporate Communications: An International Journal	Emerald Insight
Balmer & Dinnie	1999	Corporate Communications: An International Journal	Emerald Insight
Gutknecht & Keys	1993	Academy of Management Executive	EBSCO
Cornett-DeVito, Friedman	1995	Management Communication Quarterly	Google Scholar
Wagner & Garibaldi	2014	Management Research Review	Emerald Insight
Schweiger & Weber	1989	Human Resource Planning	EBSCO- Business Source Complete
Bartels et al.	2006	British Journal of management	Wiley
van Dick, Ulrich & Tissington	2006	British Journal of management	Wiley
Weber, Moore & Tarba	2011	International Journal of Cross-Cultural Management	Google Scholar
Appelbaum, Karelis, Le Henaff & McLaughlin	2017	Emerald Publishing Limited	Emerald Insight
Schuler & Jackson	2001	European Management Journal	EBSCO- Business Source Complete
Antila	2006	International Journal of Human Resources Management	EBSCO- Business Source Complete
Budhwar, Varma & Katou	2009	The Multinational Business Review	EBSCO- Business Source Complete
Castro & Neira	2005	International Journal of Human Resources Management	Wiley
Gomes, Angwin, Peter & Mellahi	2012	International Journal of Human Resources Management	EBSCO- Business Source Complete
Brahma & Srivastava	2007	ICFAI Journal of Mergers & Acquisitions	EBSCO- Business Source Complete
Papadakis	2005	Management Decision	Emerald Insight
Zhu, May & Rosenfeld	2004	Management Communication Quarterly	ScienceDirect
Björkman & Söderberg,	2006	Emerald Publishing Limited	Emerald Insight
Nikandrou, Papalexandris & Bourantas	2000	Employee Relations	Emerald Insight
Hunt & Downing	1990	International Journal of Human Resources Management	EBSCO- Business Source Complete
Friedman et al.	2016	International Journal of Human Resources Management	EBSCO- Business Source Complete

It is important to remark that several of the found articles focus on other Social factors as well, but in close articulation with Communication. For instance, Weber, Moore & Tarba, (2011) approach Communication in synchrony with other HR practices during the post-merger period, such as training methods and managerial autonomy, to explain M&A performance. Bartels et al. (2006) and Van Dick, Ulrich and Tissington (2006) studied how a set of variables from Social Identity Theory, such as Continuity and Communication, affect Post-Merger Organizational identification. These articles, despite not including Communication as the sole independent variable, provide important conclusions for scholars and practitioners, as they relate Communication with other M&A variables and outcomes. As such, it was considered that they

meet the first filter criteria for Literature Selection, thus being included in the total number of articles found.

Furthermore, as the goal of this article is to provide a comprehensive review of Communication in M&A, the papers found range from several decades, not focusing only on the most recent papers. For instance, the findings from authors such as Bastien (1987), Napier, Simmons and Stratton (1989) and Schweiger & DeNisi (1991) still hold a very significant impact in the Communication and M&A literature. Nevertheless, it is important to provide an evolutionary perspective of the body of literature, and assess if the findings of these authors still hold to this day. For that reason, frameworks and findings from more recent articles, such as Angwin et al. (2016), Wagner & Garibaldi (2014) and Vazirani & Mohapatra (2012) are also of critical relevance.

B) Most relevant variables

The next methodological step is finding the most relevant variables with which authors linked Communication. As such, the articles found in the first step of research were carefully analysed, and the nature of the links established between Communication and other key variables took into account not only the number of articles in which they were found, but also the nature of the findings of the article in itself. Authors such as Risberg (1997), who focused on the role of Ambiguity and Communication in M&A, Bansal (2016), who linked Communication with Trust, as well as Bartels and Van Dick, Ulrich & Tissington (2006), studying variations of Employee Identification in the Post-Merger period, also mediate the relationship of Communication with other factors, such as Cultural Management and Integration Process. Furthermore, all articles linked Communication with more than one variable, in what constitutes an important starting point to reduce the fragmentation of literature.

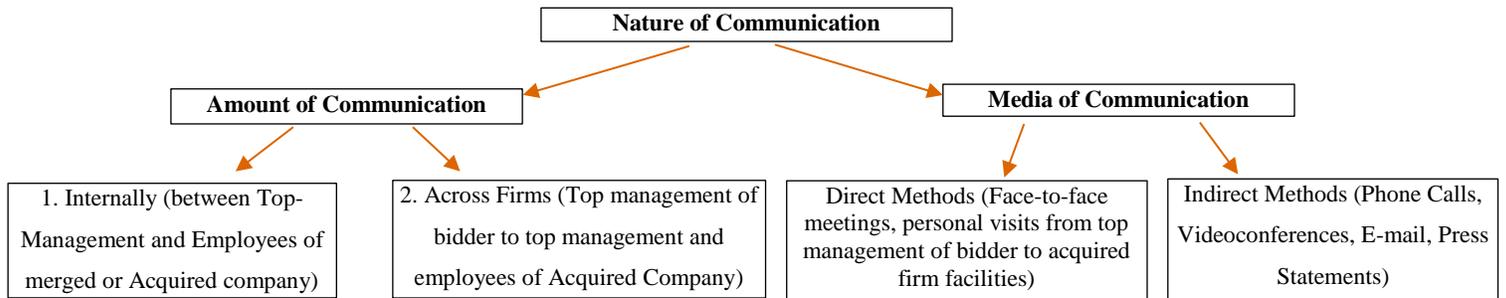
It is also important to mention that some Variables were selected as an aggregate of two or more units of analysis. For instance, **Nature of Communication in M&A**, which will be the first explained variable in the **Findings** section, comes as a junction of **five** different approaches, all of them referring to the way by which companies manage their communication throughout the whole M&A process, making it both practical and safe to assume this variable as one. The approaches reflect those followed by 5 papers. These include: “How workers from an acquiring firm and a target firm Communicate with one another and how their Communication patterns change over time” (Allatha and Singh, 2011); “Communication of the Merger by Phase”

(Nappier, Simmons and Stratton, 1989); “Media, Philosophy and Information of Communication”(Schweiger & Weber, 1989), “ HRM issues and outcomes in African mergers and acquisitions: a study of the Nigerian banking sector”, “How Communication Approaches Impact Mergers and Acquisitions Outcomes” (Angwin et al., 2016) and “Resistance to Change in the case of Mergers & Acquisitions” (Appelbaum et al., 2017). The same aggregation was applied to two more variables: Dysfunctional HR Outcomes and Uncertainty & Rumor Mills. Regarding Dysfunctional HR Outcomes, authors assume a close connection between stress, anxiety, burnout, absenteeism and employee turnover (Bastien, 1987; Gutknecht & Keys, 1993; Wagner & Garibaldi, 2014). This led to the belief that it is pertinent to group all of them in one single variable. As for Uncertainty & Rumor Mills, scholars emphasize that the latter are an inevitable consequence of the first. For that reason, they were presented in the same section. The remaining variables of study most frequently linked with Communication are Integration Strategies, Cultural Integration, Employee Commitment, Employee Identification, Trust and M&A Performance .

Findings

1. Nature of Communication

As previously stated, Nature of Communication is an aggregate variable that explains how the companies involved communicate throughout the M&A. It includes an evolutionary perspective of the amount of communication between: 1. top management and employees within each company (Internal Communication); 2. acquired and acquiring company in both pre and post acquisition (Cross-Communication). It also reflects the media of communication used and the type of information conveyed to employees, with a division between Direct and Indirect Methods. Media of communication influences greatly the perspectives of the workforce regarding Communication and the outlined outcomes in **Literature Selection**.

Figure 4. Framework for “Nature of Communication”

Although communication is fundamental during both pre and post-acquisition, Allatha and Singh (2011) point to the fact that most studies tend to focus on the post-acquisition stage, a finding that is corroborated by Angwin et al (2016). As Schweiger and Weber (1989) explain, in the pre-acquisition stage, little information is available to employees in both sides of the transaction. These authors assert that when news that their company is either acquiring or being acquired appear, employees seek to be informed, but information is extremely restricted at this point. Furthermore, they state that given that control hasn't yet shifted, the top management of the acquiring company can't do much at this stage regarding the target firm's employees. As such, it is the responsibility of Directors and Management of the target firm to communicate with their employees. On the other hand, in the Post-acquisition stage, information is more abundant, as the outline of the unified company becomes clearer. As such, Management of the Acquiring firm assume a role of higher relevance in this stage. Schweiger & Weber (1989), Napper, Simmons & Stratton (1989) and Gomes et al.(2012) show that in both stages, more direct and personalized communication methods, such as face-to-face meetings are more effective than indirect methods. Furthermore, these methods allow an open, two-way communication, which not only reveals care for employees but also makes them involved in the change process (Angwin et al., 2016; Appelbaum et al., 2017; Gomes et al., 2012). Authors have also demonstrated that repeated communication and contact by top management is crucial to handle uncertainty, and employees in different levels within both firms require different types of information and different procedures to adjust their daily routines (Napper, Simmons & Stratton,

1989; Appelbaum et al., 2017, Bartels et al., 2006). In fact, Allatha and Singh (2011) found that routines of employees are slow to change even in the course of such transformative event. This justifies the need for a clear message and availability of management to clarify employee doubts, with a special emphasis on the personal aspects.

2. Communication and Integration Strategies

According to Davenport & Barrow (2009), there are four commonly accepted alternatives in terms of integration strategies: 1. preservation of the old ways in both organizations ; 2. assimilation of the target into the new parent company (ex: Alphabet, which has acquired over 200 companies¹); 3. integration using the “best of both worlds” (ex: GSK); 4. and the creation of a completely new company(ex: Aviva). These authors provide a framework for the required level of communication- both between and within firms.

Figure 5. Framework for required level of communication within Size and Degree of Integration Required (Source: Davenport & Barrow, 2009)

	Target is much smaller than bidder	Target is nearly as big, bigger or the same size
Little integration planned	<ul style="list-style-type: none"> • Little communication necessary in the bidder. • Most communication in target can be left to local management with some reassuring messages from the centre. • Rationale for not integrating must be repeated again and again. 	<ul style="list-style-type: none"> • There will be considerable concern in both parties, and communication will need to be consistent across the parties even though there is little integration planned, as there is bound to be informal communication across the companies and people will be looking for news. • Rationale for not integrating must be repeated again and again; people will be reluctant to believe it.
Much integration planned	<ul style="list-style-type: none"> • There must be much more communication from the bidder to the target's people. 	<ul style="list-style-type: none"> • The biggest communication challenge. Everyone will anticipate change and some will fear it. • There will be a great thirst for communication.

As the framework shows, the level of communication depends on the level of integration required, and on the size differences between companies. Cross-communication needs vary positively with level of integration required (higher in methods 3 and 4), and negatively with size difference. Brahma (2007) demonstrates that Communication is a more relevant predictor of Acquisition success when the degree of integration is higher. Allatha & Singh (2011) corroborate this finding- as task interdependency increases, so does the frequency and amount of communication transmitted. Regarding internal communication, it is mostly required in the target

firm, yet it also varies in the same directions as cross-communication (positively with level of integration required and negatively with size difference).

Nevertheless, employees and managers will always have questions to be addressed (Schweiger & DeNisi, 1991; Schweiger & Weber, 1989). Several authors (Risberg, 1997; Davenport & Barrow, 2009; Balmer & Dinnie, 1999; Vazirani and Mahapatra, 2012; Balmer & Dinnie, 1999; Balle, 2008) point to the fact that managers must carefully approach both cultural differences and factual aspects of the merger. In early stages of integration, questions tend to focus on topics such as employee's new tasks, company structure and policies, and on who is responsible for decision-making. As Schweiger & Weber (1989) point out, information is frequently not available in these stages. As such, when information becomes available, clarity, consistency and continuity are three fundamental characteristics of a good communication strategy (Balle, 2008; Angwin et al., 2016). Communicating clearly lowers the reliance on rumor mills and dysfunctional behaviors- and creates the sense of vision, where workers find comfort (Schweiger & DeNisi, 1991; Schuler & Jackson, 2001). These findings are corroborated by Antila (2006), who found that specifying and communicating the goals of the acquisition is fundamental for top management to avoid rumors. Consistency creates credibility- information deemed as untrustworthy will increase suspicions and employees will revert to rumor mills and become more anxious, which may lead to increased turnover. In their study of key HR practices determinant for M&A success, Schuler & Jackson (2001) show that employees from companies acquired by the American multinational Johnson & Johnson were particularly satisfied with the consistent communication. Furthermore, in a study of three Finnish industrial organizations, Antila (2006) found that Acquiring companies that consistently update information on the integration process (in the case, through an intranet page) will also have higher employee satisfaction. As for continuity, the consensus is that it is important to be regular throughout the whole process- in both pre and post-merger, avoiding communicating too much in either phase in detriment of the other (Napier, Simmons & Stratton, 1999; Schweiger & DeNisi, 1991; Angwin, Gomes et al., 2016; Gutknecht & Keys, 1993; Risberg, 1997; Balmer & Dinnie, 1999).

3. Communication and Cultural Integration (Managing Corporate and Cultural Differences)

If M&A's are a process of enough complexity on their own, its complexity increases when the companies involved have different organizational cultures. Weber, Moore & Tarba (2011) have shown that cultural differences, such as nationality, can affect M&A outcomes differently. They found differences in performance from Japanese and German acquirers, with Communication influencing positively in the first case and, contradicting most findings, negatively in Germany. In fact, cultural clashes are one of the most common explanations for M&A failure (Buono and Bowditch, 1989). These come about when companies do not find similarities in their corporate cultures, instead emphasizing the differences between them. Furthermore, theory acknowledges that in the process of an M&A, the acquiring company, which is often seen as the "dominant" one, will force the acquired to assimilate into its culture (Risberg, 1997). Davenport & Barrow (2009) criticize this perspective, and conclude that it is vital to assess cultural aspects of both parties in the deal, and not just the target company. This is corroborated by Balmer & Dinnie (1999) and Piekkari, Vaara, Tienari & Santti (2005), who concluded that dominant players give little relevance to cultural issues. These authors have found that a significant mistake made by managers of acquiring companies, especially in the context of an international acquisition, is communicating ambiguously. By not taking into account the context of the acquired company, two dangerous scenarios may occur: firstly, a failure in presenting the "new" company's vision and goals. Second, getting "lost in translation"- a scenario where the acquired company does not understand the effects of the desired intentions of the bidder (Risberg, 1997; Schweiger, 1989; Davenport & Barrow, 2009). In order to avoid ambiguity, corporate communications must commence as soon as organizations agree to the M&A (Balmer & Dinnie, 1999; Schweiger & DeNisi, 1991), requiring efforts from both parties to understand the background of one another. Piekkari et al. (2005) and Vazirani & Mohapatra (2012) corroborate this finding. The first point to the relevance of respecting all employees in decisions such as establishing a common corporate language. In their context, of a merger of a Swedish (Nordbanken) and Finnish (Merita Bank) banks, there was an adverse employee reaction to the choice of Swedish as dominant language. These authors also highlighted that the language choice put extra pressure in the part of the workforce that was familiar with Swedish, acting as "translation machines" with work overload. Regarding Vazirani & Mohapatra (2012),

their case-study approaches Glaxo and SmithKlineBeecham, who merged to form GSK in 2000³. The different national cultures (UK and USA) didn't stop the merged company (GSK) from highlighting the best aspects of both companies, rather than reinforcing the negative aspects. As such, the authors concluded that the communication strategy employed was one of the main reasons explaining the merger's success. By answering employee doubts and reasons for change through several different media, such as newsletters, interactive sessions, and monthly meetings, a new organizational culture emerged. With most changes were communicated face-to-face, the message proved effective, and GSK continues as a major player in the pharmaceutical industry to this day.

4. Communication and Uncertainty

Employees face large uncertainty when confronted with extreme events such as an M&A. If this uncertainty is not reduced, it will lead to a higher reliance on rumor mills. Authors agree that proper communication is fundamental to prevent this from happening (Angwin et al., 2016; Schweiger & Weber, 1989; Schweiger & DeNisi, 1991; Bastien, 1987; Wagner & Garibaldi, 2014; van Dick et al., 2006; Gomes et al., 2012). There is a second consensus among these authors: reliance on rumor mill is most frequent in the pre-acquisition period. This may derive from a lack of available information (Schweiger & Weber, 1989), or by management choosing not to communicate (Schweiger & DeNisi, 1991; Gutknecht & Keys, 1993). Nevertheless, this leads to a redundancy- rumor mills carry in themselves a high degree of uncertain, rarely realistic information (Schweiger & Weber, 1989; Weber et al., 2014). It is also important to notice that they focus mostly in worst-case scenarios, and tend to increase employee's fears, which include being laid-off or demoted- thus resulting in anxiety, stress and counterproductive behaviors (Bastien, 1987; Buono and Bowditch; 1989). For that reason, management must ensure, from an early stage, the ability to communicate promptly and effectively. This creates confidence in the new vision for the company (Schweiger & DeNisi, 1991), and can enhance positive behaviors (Wagner & Garibaldi, 2014). In fact, these authors show how effective communication methods are crucial in dealing with uncertainty. They do not point to an immediate reduction, but emphasize the positive aspects instead. In the first case, the perceptions of trustworthiness, honesty and caring all improved. The second case demonstrates that employees of the acquired

company felt “important”, because executives of the acquiring firm “came to our town to talk to us(...)they shook hands with us”- pointing to the relevance of rich channels of communication (in this case, face-to-face) as a mechanism for increased confidence (Wagner & Garibaldi, p.279). On the other hand, Budhwar et al. (2009, pp. 97-98) demonstrate the dangers of not communicating from an early stage. In the case-study of Indian acquisitions, authors emphasize two very different scenarios. In the first, there was an “outbreak of the merger syndrome” in the target firm, due to the inability of the acquirer to communicate and prepare employees for changes in leadership, downsizing or task authorization. This inability led to a higher reliance on rumors, which in its turn generated high employee turnover. In contrast, the acquirer on the second scenario informed employees of both companies on the new vision, benefits and changes that would derive from the acquisition, and managed to prevent counterproductive behaviors.

5. Communication and Dysfunctional HR Outcomes

Dysfunctional HR outcomes include Stress, Anxiety, Job Absenteeism and Turnover. Their relationship with Communication appears to be linear: the more effective the Communication strategy, the lower the level of dysfunctional HR outcomes to be expected. This conclusion is both intuitive and empirically confirmed (Schweiger & DeNisi, 1991; Nappier, Simmons and Stratton, 1989; Wagner & Garibaldi, 2014; Gutknecht & Keys, 1993). Still, Schweiger & DeNisi (1991) reached an interesting conclusion in their study. They found that a company that communicates its main predictions for changes expected to occur after the merger (realistic merger preview) will have lower dysfunctional HR outcomes- even if some of these changes don't occur. This led them to question the relevance of the content of communications in itself, emphasizing the symbolic value of the simple act of communicating. As such, they hypothesize that revealing care for employees might be just as important in diminishing stress, turnover and job absenteeism as the content of information. Balmer and Dinnie (1999, p.187) corroborate their findings- “even if you have nothing to say, at least tell the staff what you are working on”. In order to assess the relevance of the “content” of communication, Gutknecht & Keys(1993) emphasize two factors to reduce negative behaviors. Firstly, the relevance of communicating a strategic plan. By allowing employees to understand the changes as part of an integrated plan, relationships between employees of acquiring and target firm will likely improve, and the impending changes will not be perceived as threats. Secondly, avoiding “mixed

messages”. They provide the example of Steel Company’s acquisition of Petro to demonstrate what must be avoided. Prior to the acquisition, Steel Company terminated several contracts and laid-off employees, which let the experts in Petro to voluntarily leave before risking to be fired. Therefore, the acquisition was completed, but without the experts that made the firm desirable in the first place. Wagner & Garibaldi (2014) also attempted to explain the relevance of content. They found that acquiring companies must deploy an integrated communication approach to minimize dysfunctional HR outcomes. That is, they must consider all dimensions of the work environment, including support networks, career paths, working relationships, geographic specificities and job security. Furthermore, Zhu et al. (2004) point to the fact that if information isn’t carefully designed and delivered purposefully, stress and dissatisfaction will increase among the workforce. As such, the general agreement is that when employees are responsible for dealing with managing stress and acquiring information, especially those of the acquired company, the levels of stress and anxiety will increase. Authors also agree that continuity of communication is a crucial aspect to prevent dysfunctional HR outcomes. As such, top management, especially of the acquiring company, must communicate throughout the whole process and monitor employee responses to the changes that occurred (Gutknecht & Keys, 1993; Angwin et al., 2016; Nappier, Simmons & Stratton, 1989).

6. Communication and Employee Commitment

According to Bateman & Strasser (1984), organizational commitment corresponds to the employee’s loyalty to the organization, willingness to exert effort on behalf of the organization, degree of goal and value congruency with the organization, and desire to maintain membership.

In research literature, it is frequently divided in three dimensions: affective, calculative and normative commitment (Meyer & Allen, 1991). The first refers to the employee’s attachment to, identification with, and involvement in the organization. As such, it reflects the employee’s desire in achieving goals in favour of the organisation (Breitsohl & Ruhle, 2012). Employees that have strong affective commitment continue employment with the organization because they want to do so (Meyer & Allen, 1991). Regarding calculative commitment, it is considered as the “costs associated with leaving the current employer, of physical and psychological nature” (Meyer, Stanley & Parfyonova, 2012). In previous literature, calculative commitment was also named “continuance commitment”. It refers to the awareness of the costs

associated to leaving the organization, which are commonly linked with investments or side bets and alternative employers (Meyer & Allen, 1991). Lastly, normative commitment describes the feeling of “obligation” to remain in the organization, be it because of normative pressures from family or the organization, “rewards in advance” (such as paying college tuition), or significant costs incurred by the organization, such as training costs (Roxenhall & Andresen, 2012). Most studies (Angwin et al., 2016; Bastien, 1987; Schweiger & DeNisi, 1991; Balmer & Dinnie, 1999; Bansal, 2016) assume the concept of Employee Commitment as a whole, yet some authors, such as Wagner & Garibaldi (2014) have concluded on the role of communication towards Affective and Calculative Commitment separately.

In terms of the relationship between the two variables, Bastien (1987) highlights the relevance of active listening by top management of acquiring companies, respecting not only the hierarchical equivalent in the target company, but all employee levels, in order to increase Employee Commitment to the organization. This finding is corroborated by Wagner & Garibaldi (2014) and Angwin et al. (2016). In the first case, authors have found that in the earlier integration scenarios, calculative commitment is likely to prevail, due to the fear of lay-off or demotion. Then, transition to affective commitment occurred due to an effective and realistic communication strategy: “the interviewees considered that the proactive role of company A managers and company A’s communication strategy was key to this transition as recruitment increase and training opportunities were greatly valued” (Wagner & Garibaldi, 2014, p. 274). This led to the success of the acquisition, with higher production, consumer satisfaction and low turnover. Regarding the second case, Angwin et al. (2016) emphasize the relevance of quality information, in order to explain the reasons behind the merger, but also of communicating continuously. Continuity avoids confusion about the interpretation of information and the meaning of the merger, besides generating higher Commitment. Failure in quality or continuity, as their findings suggest, can result in failure of the merger. Other authors (Schweiger & DeNisi, 1991; Balmer & Dinnie, 1999; Allatha & Singh, 2011) also point to the relevance of communicating throughout the whole process in order to increase Employee Commitment and avoid adverse outcomes.

7. Communication and Employee Identification

Employee Identification to the organization is a variable that measures the degree to which an employee is attached to the company's values. In the context of M&A, Lipponen (2016) states that employees often fail to identify with the newly formed company, due to a change in their status, a low degree of pre-merger identification or to a perception of injustice in the process conduction. Van Dick et al. (2006, p.77) posit that clear communication plays a significant role in avoiding this failure, claiming that communication that addresses "all issues of potential job losses but also consistently stress the positive elements of the merged organization" is fundamental to increase Identification, and reduce uncertainty. These authors also claim that communication must be "genuine", with the risk of manipulative communication backfiring and leading to dysfunctional behaviors. Furthermore, Bartels et al. (2006) have shown that Identification is positively affected by higher quality and amount of information transmitted, as well as by open, two-way communication that involves employees' doubts and accepts their ideas.

8. Communication and Trust

Authors have quoted trust to be a relevant element in post-merger integration process (Papadakis, 2005; Nikandrou, 2000). However, according to Bansal (2016), there is little research on how this variable relates with Communication in the context of M&A. Castro & Neira (2005) state that communication is a good predictor of trust and collaboration, which is fundamental for knowledge transfer from the acquirer to the target firm. Furthermore, in an attempt to narrow the gap he identified, Bansal studied how Trust is affected by Communication, Cultural Convergence and HR initiatives (such as training, talent management and workforce planning). Communication was measured through relevance of information, frequency and adequacy to target groups. His findings show that despite being positively linked with trust, Communication practices were less explanatory of Employee Trust in the new organization than the two remaining variables. This is due particularly to the higher relevance of cross-cultural training in building employee's level of trust. By doing this, the acquiring organization shows transparency and reliability, two of the main predictors of trust. However, given that this study focuses only on the Post-Acquisition stage, the relevance of communicating from earlier stages of integration is overlooked. This conclusion demonstrates the need for further research to

properly assess the relationship between Communication and Trust, especially in the Pre-Acquisition period. Nevertheless, Nikandrou (2000) demonstrated that frequent and useful Communication in the pre and post-acquisition period plays an important role in increasing employee trust in the post-acquisition period.

9. Communication and M&A Performance

M&A performance is a complex variable, which can be measured in Subjective terms (that take into account cultural differences, integration, employee behaviors or knowledge transfer) or Objective (based on pure accounting data and publically available information from Sales, Profit, Stock Value). Interestingly, authors have reached several different findings concerning this variable, perhaps due to the fact that several different definitions of performance are used (Meglio & Risberg, 2010). Brahma (2007), in a study of five Indian acquisitions, and utilizing a Subjective measurement, positively linked Communication with Acquisition Performance. In what concerns the success of the implementation of the M&A, Papadakis (2005) found, in a study of 72 M&As which took place in Greece, that the existence of a Communication plan is one of the most significant factors to justify performance, as well as frequency of communication. Surprisingly, the timing of construction of the Communication plan did not influence performance, contradicting other findings, such as those from Gomes et al., (2012) and Angwin et al (2016). These authors found, in the context of a merger wave in the Nigerian banking sector, that all banks with “detailed and continuous” communication practices survived, emphasizing both quality and timing of Communication as relevant factors. On the other hand, the findings from Weber, Tarba & Moore (2011) prove the mediating role of Culture in M&A performance, with Communication affecting performance differently depending on the nationality of the Acquirer (for instance, more in Japan and Belgium than in Germany). In an attempt to further link Communication with M&A performance, Friedman et al. (2016) proposed a model to assess the relevance of Communication Climate on overall M&A Performance. These authors defined Communication Climate as the “communicative elements of a work environment, where parties engage in communication characterized by openness and trust, significant participation in decision-making and strong support” (Friedman et al., 2016, p. 2352). Taking these findings in consideration, and the positive relationship between Communication

and the previously discussed M&A outcomes, it is possible to conclude that Communication positively influences M&A performance.

Discussion and Conclusions

This Literature Review presents a framework (**Figure 6**) where Communication is linked with several other variables and outcomes. The findings regarding the role of Communication in M&A are diverse in nature and in range. Consensus among authors is clear in some aspects. This section focuses on these widely accepted findings, which also contains the main implications for theory and practice.

Figure 6. Framework establishing the main relationships between Communication and other M&A variables and outcomes.

Communication linked with:	Nature of Communication	Integration process	Cultural Integration	Uncertainty and Rumor Mills;	Dysfunctional HR Outcomes	Employee Commitment	Employee Identification	Trust	M&A Performance
Authors	Angwin, Mellahi, Gomes & Peter(2016)	Davenport & Barrow (2009)	Vazirani, Nitin; Mohapatra, Sharmila.(2012)	Angwin, Mellahi, Gomes & Peter(2016)	Napier, Simmons and Stratter(1989)	Angwin, Mellahi, Gomes & Peter(2016);	van Dick, Ulrich & Tissington (2006)	Bansal (2016);	Gomes, Angwin, Peter & Mellahi (2012)
	Appelbaum, Karelis, Le Henaff & McLaughlin (2017)	Balle (2008)	Weber, Tarba & Moore (2011)	Bastien(1987)	Bastien(1987)	Bastien(1987);	Bartels et al. (2006)	Nikandrou (2000)	Angwin, Mellahi, Gomes & Peter (2016);
	Napier, Simmons & Stratter (1989)	Balmer & Dinnie (1999)	Balmer & Dinnie (1999)	Balmer & Dinnie (1999)	Gutknecht & Keys (1993)	Wagner & Garibaldi(2014);	Lipponen (2016)	Neira (2005)	Weber, Tarba & Moore(2011);
	Allata & Singh, (2011)	Schuler & Jackson (2001)	Davenport & Barrow(2009)	Wagner & Garibaldi(2014)	Wagner & Garibaldi (2014)	Schweiger & DeNisi (1991);			Papadakis (2005)
	Schweiger & Weber(1989)	Allata & Singh(2011)	Risberg(1997)	Schweiger & Weber(1989)	Zhu et al. (2004)	Balmer & Dinnie (1999)			Brahma (2007) Friedman et al. (2016)

The first aspect of consensus among authors is the fact that M&A’s always give rise to uncertainty (Angwin et al., 2016; Risberg, 1997; Buono and Bowditch, 1989; Schweiger & DeNisi, 1991; Napier, Simmons and Stratton 1989; Balmer & Dinnie, 1999; Allatha & Singh, 2011). Uncertainty is the main factor that will lead to rumor mills, which contain low quality information, and lead to dysfunctional HR outcomes in employees, such as increased stress,

anxiety, job dissatisfaction, absenteeism and turnover (Schweiger & DeNisi, 1991; Napier, Simmons and Stratton, 1989; Balmer & Dinnie, 1999; Zhu, 2004). These findings lead to several conclusions in terms of Nature of Communication. As explained in the homonymous section, this variable includes the timing and frequency of Communication between the two sides (cross-communication) and within each company. Authors agree that the earlier Top Management, especially of the acquired company, starts to communicate with its employees, the better (Balmer & Dinnie, 1999), and communicating often is key to avoid reliance on rumor mills. From an early stage, Management can communicate through realistic merger previews (Angwin et al., 2016; Schweiger & DeNisi, 1991) and detailed strategic plans (Gutknecht & Keys, 1993). These are two great methods to stabilize and reduce uncertainty, as these authors found, but also generate increased employee commitment and lower dysfunctional behaviors. However, a major barrier for these managers is the fact that information isn't always available in the pre-acquisition period. For that reason, communicating is in itself an action that will increase confidence in the "new" firm (Balmer & Dinnie, 1999; Schweiger & DeNisi, 1991; Wagner & Garibaldi, 2014). As such, in the cases where there is not much information, simply informing employees on the new vision for the company and the reasons for the M&A, or approaching them to address their main doubts and concerns, is an effective way of showing care, leading to increased employee commitment in the organization.

Authors also agree on the relevance of Communication for cultural and process integration. In terms of culture, they emphasize a dangerous assumption: that of a "superior" culture, often the one of the acquiring company, especially in cross-border acquisitions (Risberg, 1997; Gutknecht & Keys, 1993; Balmer & Dinnie, 1999; Davenport & Barrow, 2009). When companies don't attempt to know the background of one another, there are two severe risks: that the message from top management of the acquiring company to employees of the target company will not be understood (Risberg, 1997); and that employees from the acquired company will feel disrespected (Balle, 2008; Piekkari et al., 2005). Cross-firm communication is, for that reason, a fundamental aspect of cultural integration. As for process integration, although the level of communication required varies with the integration strategy deployed, information must be communicated with clarity, consistency and continuity (Balle, 2008; Gutknecht & Keys, 1993). Scholars have shown that this reinforces credibility and stops employees from relying on rumor mills, generating increased employee commitment (Bastien, 1987; Buono and Bowditch; 1989)

and increased identification (van Dick et al., 2006; Bartels et al., 2006). As previously mentioned, all these aspects contribute positively for M&A performance.

The findings presented in this Review have several implications for both scholars and practicing managers. For researchers studying the role of Communication in M&A, the framework establishes effective links with two other major M&A variables (Cultural Integration and Integration Processes), but also with six major outcomes: Uncertainty (and reliance on Rumor Mills), Dysfunctional HR Outcomes, Employee Commitment, Trust, Employee Identification and M&A Performance. The findings confirm not only the relationship between Communication and each of them, but also highlights the process whereby communication influences each variable, and how a “domino” effect can occur due to the relationship among the studied variables and outcomes. For instance, uncertainty is the main cause for rumor mills, which in their turn lead to dysfunctional behaviors. On the other hand, when uncertainty is lowered, Employee Commitment and Identification tend to increase, which leads to an overall better M&A performance. These relations point to the previously reinforced need of connectedness among variables in M&A literature, in order to understand the process as a whole and in different stages. This article implies that Communication, as one of the main human factors influencing M&A, is not an exception.

There are also four main implications for practicing managers. Firstly, communicating throughout the whole process is important, starting as early as possible. In the pre-acquisition stage, explaining the reasons behind the M&A and the new “vision” is fundamental for reduced uncertainty and increased employee commitment. Consistency throughout the process must be kept, in order to achieve the proposed goals of the acquisition, and to foster Employee Identification with the new organization. Second, respecting the counterpart is also fundamental, and cross-communication is required in order to know their cultural background. This is due to the threat of M&A failure in the case of prevalence of a “superior culture”, which must be carefully managed. Third, information communicated through direct means provides the best outcomes from employees (face-to-face communication is proved to be the most effective method). Fourth, communicating regularly in order to monitor employee commitment and dysfunctional HR behaviors is important. This way, managers get a global perspective on the evolution of workforce outcomes, which not only influence performance directly, but also have

implications in terms of talent acquisition. An employee with higher levels of Identification with the organization and Commitment is likely to be more motivated and more productive. The effect of a productive workforce is reflected in a better financial and strategic performance, leading to a higher reputation of the “new” company. In turn, it will become easier to attract and retain talented employees.

Limitations and Avenues for Further Research

The present study has several limitations. Firstly, the framework of relationships between Communication and the key variables approached was not tested on a practical case. The initial purpose of the study was to test, through a survey questionnaire conducted with employees of a Portuguese company in the Airlines Industry undergoing M&A activity, the relationship between Communication and Employee Commitment. This was not possible due to lack of authorization from the company to provide such information, causing a severe time constraint for this Review.

A second limitation is the possibility of bias in the selection of Variables to include in the Findings section. Arguably, other criteria could be included in the selection, such as the length of the studies or their citation impact. Longitudinal studies were not treated separately from shorter-length studies (those that focus mostly on the first two years after the Acquisition), although Meglio & Risberg (2010) remark that longitudinal studies differ greatly in terms of temporal duration and data collection techniques. Future scholars may include this distinction of short-term and longitudinal studies in order to study if the relationship between Communication and these variables shifts significantly as years pass and companies consolidate.

Third, there are topics that remain underexplored in M&A Literature, such as Trust and Employee Identification. This may affect the validity of the Findings presented in this paper. A direction for future research is to test the relationship between Communication and these Outcomes. Looking into topics with higher specificity, cross-communication among low and mid-level employees of both acquiring and target firm is only partially covered (Allatha & Singh, 2011; Garibaldi & Wagner, 2014). Scholars have provided guidance for top management, but there is a lack of studies on the role of mid and low level employees of merged firms, especially in the post-acquisition period. Future studies can enrich the body of Literature by assessing the role that low and mid-level employees from the involved companies have in Communications.

Lastly, future researchers may attempt to resolve conflicts in certain aspects of Literature. An example is the case of “excess of communication”. Although there is a consensus on the fact that communicating often is positive, it appears that the boundaries in terms of frequency of communication are not defined. Some authors point to the negative effects of overcommunicating (Vaara & Tienari, 2011; Angwin et al., 2016; Zhu et al., 2004), while others assume that “there never seems to be enough communication” (Nappier, Simmons and Stratton, 1989), or “even if you have nothing to say, at least tell the staff what you are working on”. (Balmer & Dinnie, 1999). This aspect remains unexplored by theorists, yet it has relevant implications for practicing managers, as it may influence several outcomes of the M&A.

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