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The Necessity for Communicative Engagement Capability in Corporate Mergers and Acquisitions

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THE NECESSITY FOR COMMUNICATIVE ENGAGEMENT CAPABILITY

IN CORPORATE MERGERS AND ACQUISITIONS

A Dissertation

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By

Elizabeth DuWaldt

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ABSTRACT

THE NECESSITY FOR COMMUNICATIVE ENGAGEMENT CAPABILITY IN

CORPORATE MERGERS AND ACQUISITIONS

By

Elizabeth DuWaldt

December 2016

Dissertation supervised by Dr. Pat Arneson.

Frequent organizational change has become inescapable in postmodern organizations. While thousands of articles and texts have been written on the topic of organizational change offering models and strategies for accomplishing planned change, the majority of change initiatives fail to meet expectations (Burnes and Jackson; Keller and Aiken). What, then, is a business leader to do when change is an imperative in the postmodern business world, but the majority of change initiatives fail to succeed in the manner predicted?

Mergers and acquisitions are a common type of planned change organizations pursue to survive in the postmodern, hypercompetitive marketplace. Mergers and acquisitions can make companies larger and more able to cope in the marketplace, allow organizations to enter new markets or grow in existing markets, or acquire technology,

among other benefits (Bastien). Mergers and acquisitions should be a positive organizational action for most stakeholders.

If the parts of change implementation are well known, and if it is true that change should help strengthen an organization so that it can be an ongoing concern, what contributes to the frequent failure of organizational mergers and acquisitions? To help address these questions, this work seeks to understand, "How can an understanding of human communication in organizations aid leaders in implementing successful organizational change during the process of a merger and/or acquisition?" To help answer this question, Pat Arneson's theory of communication, communicative engagement, can help leaders meet the complexity of planned change through a wholistic approach to communication. Some other organizational change approaches recognize the contingent nature of change, but do not provide the type of robust approach that communicative engagement offers.

Communicative engagement foregrounds *theōría-poíēsis-praxis* in a transversal awareness that is attentive to others and all sources of information available in a leader's situatedness. Resources include experiences, traditions, and organizational structures. A leader engages through a body as s/he seeks to create an ethical fitting response to questions and concerns during mergers and acquisitions. Creating a culture with communicative engagement capability is a way to help organizations experience more successful mergers and acquisitions and other significant planned change.

DEDICATION

       This work is dedicated my mother, Elizabeth G. DuWaldt, my deceased father,

Francis A. DuWaldt, and family near and far, those who are with us and those who no

longer are.

       I would also like to dedicate this work to all employees and leaders who do good

work every day.

ACKNOWLEDGEMENTS

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Chapter 1: Developments Leading to the 21st Century Organization

In a postmodern, post-Great Recession, historical moment in which universal laws are challenged and metanarratives of modernity no longer to be believed (Lyotard), it is easy to think organizations engaging in the pursuit of profit are detrimental to society. "Fat cats" on Wall Street, Big Money, Big Pharma, and "too big to fail" organizations are monsters that unfairly target individuals, both consumers and employees. At the same time, organizations are identified as the most significant institutions in peoples' lives. Businesses support communities by providing resources through tax revenues and through employment. Corporations are inextricably linked with politics and political entities. As organizations continue to evolve and gain importance in all aspects of society, citizens have expected economic growth supported by organizations to serve as engines of social good, solving the most crucial issues (Samuelson).

In the profoundly complex global economy, the hypercompetitive business world focuses on gaining customers and market share while keeping costs under control as companies work to survive. Organizational change has become "imperative" because leaders are busy addressing all aspects of institutional and economic life, including "policy, governance, rule of law, philosophy, and distribution of information, rights, and resources; challenges of efficiency effectiveness, quality, and competitiveness; and challenges hinged on shared values, understanding, and cooperation" (Lewis, "Strategic" 1). One way for a company to survive in today's economic environment is to be ready and able to change. Mergers, "the combining of two businesses on a more or less equal footing" ("Merger"), and acquisitions, situations "in which a company buys most, if not all, of the target company's ownership stakes in order to assume control of the target firm" ("Acquisition"), are common types of significant planned change. Mergers and acquisitions can make companies larger and more able to cope in the

marketplace, allow organizations to enter new markets or grow in existing markets, or acquire technology, among other benefits (Bastien).

Hundreds of articles and texts have been written on the topic of mergers and acquisitions, offering models and strategies for planned change initiatives, yet the majority of change initiatives fail to meet expectations (Burnes and Jackson; Keller and Aiken). If we already know the crucial parts of change implementation, and if it is true that change should help strengthen an organization so that it can be an ongoing concern, what contributes to the frequent failure of organizational mergers and acquisitions? What is a business leader to do when change is an imperative in the postmodern business world, but the majority of change initiatives fail to succeed in the manner predicted? To help address these questions, this work seeks to understand, "How can an understanding of human communication in organizations aid leaders in implementing successful organizational change during the process of a merger and/or acquisition?" While communication in organizations and merger and acquisition communication also has been a frequent topic of study, most often it has been from a social-science perspective. This project will approach organizational change communication during mergers and acquisitions from a humanities perspective.

While organizations engaged in commerce have been in existence for almost as long as humanity, this chapter will address how postmodern business organizations have evolved. First, the chapter addresses organizations in modernity, starting with the radical changes Enlightenment ideals represented, because postmodern organizations in many ways continue to be situated in modernity. The role of organizations in society during modernity is addressed. Adam Smith's optimistic case for the free market, which named many of the marketplace phenomena used today, and Marx's belief in the inevitability of the destruction of capitalism are

covered. Frederick Taylor's work applying the scientific method to modern management is also addressed. Second, I recognize that in postmodernity, the role of organizations in society has shifted. The marketplace has changed in response to remarkable pressures from an increasing number of competitors and significant stakeholders participating in economic life. At the same time, as the United States became the industrial engine and parts of Europe were decimated by two World Wars, the belief in the solutions of capitalism flourished (Samuelson). Third, many organizational leaders believed the mechanism of the free market could, would, and should solve serious social problem during a time Robert J. Samuelson terms the *Age of Entitlement*. The optimistic language of the free market is pervasive and often unchallenged, leading to unfair and likely detrimental practices (Aune). Unmet promises of postmodernity create communication patterns that are cynical, narcissistic, and emotivistic from organizational stakeholders. Current business pressures that result from globalization and the growth of technologies have created an environment in which companies must change or perhaps perish. For many organizations, the change often is in the form of a merger or acquisition, which has been a common method to grow an organization. Scholars identify merger and acquisition activity in waves, with the first wave generally starting at the end of the 1800s as modern organizations were emerging out of Enlightenment roots (McCarthy; Vazirani).

<div align="center">The Emergence of Modern Organizations</div>

Organizations and economies have always played significant roles in societies. In Homeric times, trade was a catalyst for travel and intercultural encounters (Cameron and Neal). When trade became more commonplace, it became a catalyst for social change. Business organizations are rooted in the ideals of rationality and progress that started to spread throughout

Europe beginning in the sixteenth century during the Enlightenment. Privileging rationality and progress served as the accelerant for the development of a modern marketplace economy.

This section will introduce Enlightenment ideals that changed societies and led to the development of modern organizations. The role of business in society from the Enlightenment to the early 1900s and the corresponding growth of the marketplace is examined. Finally, developments in employment and employee relations into the early 1900s is addressed.

Enlightenment Roots

Enlightenment ideals of belief in man's inherent reason, coupled with the use of scientific method to gain understanding about the natural world, created a belief in progress: "By destroying the foolish errors of the past and returning to a rational cultivation of nature, there were barely any limits to human welfare that might not be transcended" (Randall 381). Man's inherently rational mind and powers of observation made the world—both natural and manmade—accessible to individuals. The belief that man could use his own experience and reason to better understand the world was groundbreaking.

Rene Descartes saw human reason as the "most evenly distributed commodity in the world" (1). Reason included the ability to judge truth from falsity. After attaining a significant level of theoretical education, Descartes turned to observing others because he felt he could learn more from men reasoning about items that mattered to them than from abstract theory. However, these experiences provided no greater assurance of what was true, either. Descartes then turned to his own observations and reason, because while book learning is useful, it "does not draw as near to the truth as the simple reasoning that can be made naturally by a man of good sense concerning what he encounters" (8). Physicist Baron d'Holbach echoed Descartes, and extended the primacy of reason and experience over the traditional authority of the Church:

The unhappy man is he who is incapacitated to enjoy the benefits of nature; that

is, he who suffers others to think for him; who neglects the absolute good he

possesses, in a fruitless search after imaginary benefits; who vainly sighs after

that whichever eludes his pursuit. It necessarily results, that man in his researches

ought always to fall back on experience, and natural philosophy: These are what

he should consult in his religion—in his morals—in his legislation—in his

political government—in the arts—in the sciences—in his pleasures—in his

misfortunes. Experience teaches that Nature acts by simple, uniform, and

invariable laws. It is by his senses man is bound to this universal Nature. It is by

his senses he must penetrate her secrets; it is from his senses he must draw

experience of her laws. Whenever, therefore, he either fails to acquire experience

or quits its path, he stumbles into an abyss, his imagination leads him astray (12-

13)

During the Enlightenment, man's happiness was understood to lie within his nature and natural

reason and experience; relying on traditional authority would mislead a person.

A focus on science connected thinking about nature, which was the primary subject of

scientific inquiry during the Enlightenment, with the ideas of human capacity for reason and

rationality (Outram). Sir Isaac Newton's mathematical work in describing the universe by

showing that the planetary motion adhered to a formula and that cosmic space was infinite,

shook the understanding that the universe was created and operated by God (Outram). By finding

the method that described mechanical motion and applying it as a universal law to nature,

Newton offered a mathematical explanation of the universe:

Our design not respecting arts, but philosophy, and our subject not manual but natural powers, we consider chiefly those things which relate to gravity, levity, elastic force, the resistance of fluids, and the like forces, whether attractive or impulsive; and therefore we offer this work as mathematical principles of philosophy . . . we give an example of this in the explication of the System of the World; for by the propositions mathematically demonstrated in the first book, we there derive from the celestial phenomena the forces of gravity with which bodies tend to the sun and the several planets. Then from these forces, by other propositions which are also mathematical, we deduce the motions of the planets, the comets, the moon and the sea (Newton x).

Newton provided the idea that there was "rational order" to the universe and to the world (Randall 255). The spread of scientific method principles and the realization that reason is accessible to all humans planted the seeds of the perfectibility of man and society (Randall 381). The belief in the scientific method and human reason also began to change business organizations.

Role of Businesses in Society

Business organizations during modernity played an increasing role in Western societies. From the start of the Enlightenment, when towns and cities started attracting more inhabitants, to the Industrial Revolution and into the twentieth century, employment was growing and shifting Western society's populations from farm-work to factory or small-organization work. The population increasingly moved to the cities to support the growing Industrial Revolution, which allowed for an easier communication of ideas between people in close proximity and resultant societal change.

As commercial-based organizations were growing in societal importance during modernity, the most significant institution before the Enlightenment, the Church, continued its hegemony. Before the Enlightenment, the belief that a God created the universe and continued to have a hand in daily operations was the pervading idea (Outram 105). With newfound confidence in man's reason, citizens did not have to turn to an external authority to understand significant aspects of their world, including their spiritual world. This did not mean, however, that the church we relegated to a lesser status. The church still was the most important organization in Westerners' lives, as it had a strong foothold in social and economic interests (Roberts). As conservative organizations, major Judeo-Christian churches were not supportive of many of the changes suggested by Enlightenment ideals:

> Whether it was because the abuse of sanctuary or clerical privilege stood in the way of judicial reform, or mortmain impeded economic improvement, or a clerical monopoly of education encumbered the training of administrators, or dogma prevented the equal treatment of loyal and valued subjects, the Church seems to find itself always opposing improvement (Roberts 666).

The Church was interested in maintaining the status quo that supported its dogma and fundamental beliefs, rather than support the new ideas about man and man's abilities. However, the Church could only slow the pace of change; the momentum of modern ideals increased as the world changed around the Church.

The Industrial Revolution emerged from Enlightenment ideas of increasing knowledge through questioning and observation and a belief in progress—particularly the kind of progress that science could provide (Roberts). The economy of the 1700s was rapidly changing as areas in Britain, the Netherlands, and northern Italy entered the Industrial Revolution. Economies were

growing and populations were growing and becoming more urban. Communication improved in this environment (Roberts). However, the start of a marketplace society began in a time of fearfulness throughout Western Europe because many poor had nowhere to go except to try to make a living in agriculture, if they were lucky, because lands had been expropriated for sheep when wool was becoming an important commodity (Roberts). Wandering poor people were dealt with severely. which did not allow people to move to where work was; the "commercialization" of labor was "misconceived, feared, and fought" (Outram 33). Dorinda Outram notes that the Industrial Revolution happened organically and it could not be stopped as towns and cities sprung up with commerce and factories, and the marketplace became the engine of society (33).

Fernand Braudel asserted that the Industrial Revolution proceeded along two paths— short-term and long-term. First is a revolutionary path, with changes to towns and cities that were visible as part of "a sequence of short-term events" ("Perspective" 538). Towns grew as "outposts of modernity" that experienced new social, economic and political structures and processes (Braudel, "Structures" 512). Financial and commercial life also gained structure, as Early Enlightenment European towns "organized taxation, finance, public credit, customer, and excise . . . . They organized industry and guilds they invented long-distance trade, bills of exchange, the first forms of trading companies and accountancy (Braudel, "Structures" 512). Second are long-term changes that many observers of the time missed because of the less eventful ways the changes happened, like a growing belief in progress and the lessening of Church influence that slowly transformed society (Braudel, "Perspective", "Structures"). Others observed with alarm the changing society.

A rising population in urban areas drew some concerns. Thomas Malthus's 1798 *Essay on Population* projected cycles of starvation that would result because of exponential population

growth and arithmetic growth in agricultural production (Heilbroner). Although the urban

population did grow, Malthus' dire forecast fortunately did not come true. In fact, a larger

employed population and better communication because of the movement to towns and cities

that offered gathering places, as well as the use of the printing press, helped to grow a consumer

base (Outram).

As more consumers were available to purchase goods, products grew less expensive. The

work of artisan guilds was being replaced by mechanized factories, which could create products

at lower prices (Outram). Trade and commerce were expanding to far-flung British colonies,

such as Indonesia and India. Ocean navigation gave Europe a significant advantage for centuries

(Braudel, "Structures"). Commodity and cultural trade were two-way, making each culture more

familiar with the other. In addition, the ability to pay for the same item as those in more

developed nations like Britain paid created a type of social equality (Outram).

With the change in thinking, it was clear by the end of the 1700s that perceptions of the

world had changed to those of dynamism and flux (Outram). Enlightenment ideals were more

readily shared between nations than at any other time in the world as the printing press was

further commercialized. Printers became itinerant workers:

> Like gunners looking for hire, printing workers with makeshift equipment
>
> wandered at random, settled down when the opportunity offered and moved on
>
> again to accepted the welcome of a new patron . . . . By 1500, 236 towns in
>
> Europe had their own print shops (Braudel, "Structures" 400).

Books printed before 1500 totaled 20 million at a time Europe had a population of 70 million. By

1600, Europe's population had grown to 100 million, and 140-200 million books had been

printed (Braudel, "Structures").

Ideas also were shared through newer institutions like "masonic lodges, learned academics and societies" where an attendee had to be a member (Outram 12). However, urban society also had many outlets—businesses—available to the public, such as "public lectures, coffee houses, lending libraries, art exhibitions, operatic and theatrical performance" that held events available to those who could pay (Outram 12). Coffee shops grew particularly popular in Paris. The Café Procope, established toward the end of the seventeenth century and which is still business, had some of the most famous customers of the day (Braudel, "Structures"). A portrait of its most famous customers of the time included Georges-Louis Leclerc Comte de Buffon, Jean-Baptiste Rousseau, Volaire, D'Holbach, and others (Braudel, "Structures"). Even when requiring attendees to pay, people from different societies encountered one another as they heard the different presenters speaking on new ideas (Outram).

Different types of organizations supported literacy in early modernity. "The increasing volume of goods made and sold include many consumer items such as books, pamphlets, newspapers, pictures" which allowed for more disseminating ideas more broadly (Outram 13). During the Enlightenment, the habit of reading, even by poorer people increased in the eighteenth century:

> Cheap commercial lending libraries allowed man to read 'extensively' who did
> not possess the financial resources sufficient to build up a large private collection
> of books. Coffee houses offered newspapers and journals and some of the latest
> books for the use of customers, for the price of a cup of coffee . . . the very
> existence of such institutions was dependent on the regular trade in colonial
> products, on a rising population and the increasing numbers of people living in

towns. They also made possible the penetration of ideas express in print to both genders and to social strata well outside the elites (Outram 17).

A marketplace solution addressed the poorer rural population that had less access to books and other printed materials; a French printer entered the market with smaller, cheaply produced books sold at county fairs and less-expensive booksellers (Braudel, "Structures"; Outram). Books presented a "source of power" because it stimulated thinking, forced regular contact among peoples and "invigorated" societies (Braudel, "Structures" 401). Printing businesses helped spur other industries and economies in Europe, as well as develop and support the writing profession.

The social status of writers changed from elite to the status as a profession that could disseminate information and influence public opinion. As "knowledge and opinion shapers," writers' roles carried significant societal power (Outram 19). Enlightenment ideas of equality and a freedom from constraints of national boundaries encouraged the growth in numbers of writers and societal importance of the writing profession.

While industrialization was detrimental to many workers, especially early in its development, it also was a mechanism that lifted many people toward a better life. While England might have seemed ready for revolution because of social disparity and horrific conditions in factory towns, it never happened. Perhaps it was a matter of timing, as the world economy improved in the 1850s. The improved economy helped many, although fewer among frontline factory workers based on increased lifespans at the turn of the twentieth century. A group that industrialization specifically benefitted were women, who could perform many factory jobs. These avenues for women allowed them economic freedom from parents and men (Roberts).

Some societies may seem to be better suited to a robust industrial marketplace than others. De Tocqueville's early observations of Americans noted a predisposition to industry, entrepreneurship, and manufacturing. The democratic environment creates the belief in equality that is superior to class or caste systems. To de Tocqueville, the belief in equality seemed to create a population that was inclined to take chances in pursuing industry rather than remain in agriculture, which requires patience. The equal person, who is also fundamentally an individualist, will feel like they want more than what agriculture can give them, so they are comfortable taking the risk and pursuing industry (de Tocqueville).

In the twentieth century, Thorstein Veblen noted that modern society is an extension of the predatory instincts of ancient man. A sense of success and what people have to do for success is related to the evolution of society. Individuals who were the most successful predators had a higher status in that society. People who are more successful indicate their achievement through conspicuous consumption and other trappings. Leisure activities also reflect a higher class status. The symbolic nature of consumer items helps to indicate who the most successful people are. A person's conspicuous consumption—from cars, to homes, to clothes, to spouses—is a way to signify who is in the successful class, the more successful predator. This sort of symbolic behavior spread quickly because of human ability and tendency to emulate what they see. This all becomes a performative act as people see what others have, find the ability to emulate it, and thereby fuel the economy, making the successful typically more successful (Veblen). Consumerism fed manufacturing and the economy.

Those who were writing about economics were considered some of the foremost philosophers, as they considered the state of the world in the eighteenth and nineteenth centuries and the growing influence of the marketplace. While previous philosophers including Aristotle

and Thomas Aquinas addressed money and labor, Adam Smith (1723-1790), Thomas Malthus

(1766-1834), David Ricardo (1772-1823), and Karl Marx (1818-1883), among others, were

vigorously writing about the circumstances of people and potential consequences of the

movement to industrialism and an economy developed around a marketplace.

The Marketplace

Economic man—who exists subsequent to a time that required people to band together

for survival against the elements and predators—is a complex creature. Historically, man has

organized society in three ways: by following rules set forth by tradition, by rule of an

authoritarian leader, or by a set of rules that economists noted were "marketplace" rules, in

which people chose what it was they wanted to do—individually (Heilbroner 20). The

marketplace offered the "pull of gain" (20). This "system" that evolved over time was

"paradoxical, subtle and difficult" (21) but nonetheless seemed to work in all its apparent

randomness. Work for wages and industry had always been "tradition;" it was not until the 1500s

that the world started to move towards one governed by marketplace rules (26). Enlightenment

ideals set the stage for the Industrial Revolution to gather momentum.

Once ignorance, intolerance and parochialism were removed, it was assumed that the

unimpeded operation of the laws of natures, uncovered by reason, should promote the reform of

society. This was thought to be true of everyone except those "wedded to the past by their

blindness or their enjoyment of indefensible privilege" (Roberts 664). These "natural laws"

helped lay the groundwork for enhanced thinking about economic laws (664).

From Smith's optimistic case for the free market to Marx and his belief in the

inevitability of the destruction of capitalism, to twentieth-century economist John Maynard

Keynes, many significant intellectuals turned to examining the marketplace. The marketplace

presented significant opportunity and hope for many people in the Western world. As the United

States became the industrial engine in the 1900s and parts of Europe were decimated by two

World Wars, the belief in the solutions of capitalism flourished (Samuelson).

In Smith's world, it at first seems that individuals have little power over their position in

life. Smith's major ideas of the natural principles of organized, trading nations included division

of labor, private property, laissez-faire leadership, use of money, market-based economies, and

accumulation of stock and capital. Through people's labor nations create wealth, rather than

through the decisions of a few oligarchs. Another factor influencing the marketplace is that

goods are made for the people to consume. Ultimately, the system was based entirely on

individuals and their choices.

Smith saw the marketplace as a mechanism in which man could achieve "perfect liberty"

because he could choose what profession to pursue and to change that profession as he saw fit

(114). For Smith, this was a manifestation of man pursuing self-interest that was guided by an

"invisible hand" of the marketplace. The invisible hand was the idea that supply and demand

within the market would trigger appropriate economic responses and achieve equilibrium, as

long as people were free to pursue their self-interests. This guide in the marketplace ultimately

situates workers where the worker can be served by working (485). Smith argued for free trade

as much as for a free and fluid labor market. To place restrictions on some industries and

countries and to offer monopolies to others inhibited the natural flow of goods, services, capital

and labor, impeding the invisible hand.

As a moral philosopher of the Scottish Enlightenment, Smith understood that while

organizations and the actions taken by leaders of organizations were important, the questions

around a political economy are much larger and are, in fact, societal. He placed economic life

squarely in the center of social life:

> The annual labour of every nation is the fund which originally supplies it with all
>
> the necessaries and conveniences of life which it annually consumes, and which
>
> consist always either in the immediate produce of that labour, or in what is
>
> purchased with that produce from other nations (xxiii).

The labor of a nation's people produces consumable goods that citizens buy or are exported for

other nations' citizens to buy. The consumption represents individual choices and self-interests

playing out in the marketplace, and all the supply and demand and division of labor drives and is

driven by the invisible hand of the marketplace.

The engine of capitalism and the ideologies of free trade were part of a long struggle in

England in the early 1800s. A growing number of economists adopted Smith's argument for free

trade (Roberts 690). While liberals were wary of moving away from the obligations and class

structure and stability of agrarian systems, conservatives pushed for allowing the perceived

"natural laws" of a more free and open market because it would help large groups of people

improve their circumstances (690-1).

Where Adam Smith and others saw that a free marketplace could, and should, help

everyone financially, Ricardo believed the landowner was the true beneficiary in the marketplace

because he controlled the land for which he received rent. Land also was the only place to grow

crops. The landlord's income from rent was not dependent on competition or population and no

matter what the farmer received for his crops, the landlord's rent generally remained unaffected

(Heilbroner). Those with land, who were the privileged few, would have to do nothing as the

farmer worked and hoped for a decent crop and prices at the market. The farmer was at the mercy of the vagaries of the market system to prosper.

Smith noted with concern the potential ramifications that industrialization would have on people, becoming cogs in the "machinery" of a commercial society. Smith worried about the loss of humanity, which Karl Marx echoed. In *Capital*, Marx considered how human history can be viewed through the lens of economic production and how people are used by those who own the modes of production. For Marx, the driving force behind history is the economy; how the culture satisfies the material needs of citizens. In capitalism, the relationship between labor and the capitalist—that is, the owner of the modes of production—are at odds. The capitalist will always try to take exploit labor to make more money. This is possible because modern culture fixates on commodities and money, and the citizens do not care that the system that produces the commodities also places labor at a significant disadvantage and alienates laborers from their nature. Those who own the modes of production are alienated from the people who labor to produce products, and the laborer does not realize his disadvantage in the society (Marx).

Before industrialization humans created products that had use, and the act of creation was natural and rewarding, representing the free play of physical and mental faculties (Marx). Marx contended that this creation is necessary for humanity. In industrialization, which Marx was living through in England, laborers are alienated from the end product of their labor, which is a type of alienation from their humanity. A person's subjectivity changes radically when he is alienated from his own humanity. Social circumstances create a person's reality for him which, in this case, is dangerous for the oppressed and potentially the oppressors. Members of a subordinate class have perceptions of the social relationships around them that conceal the realities of their subordination and exploitation. When the laboring classes do understand the

realities of employment, Marx predicted a revolution in which the capitalists would be overthrown. Since Marx, employee relations have changed with economic changes, and grew to become a topic of research using the scientific method.

Employment

As the marketplace grew in modernity, starting in the Industrial Revolution and up to World War II, employment was inconsistent, often dangerous, and with long hours. At the same time market conditions could change rapidly, and layoffs due to market changes were frequent, so employees could not rely on a consistent paycheck amount (Samuelson). Out of the ideals of reason, progress, and scientific method, a quest for efficiency began in twentieth-century business, where being more efficient meant—and still means—more earnings.

In the first sentence of *The Principles of Scientific Management*, Frederick Winslow Taylor repeated President Theodore Roosevelt's call to remedy inefficiency: "The conservation of our national resources is only preliminary to the larger quest of national efficiency" (cited in Taylor 5). To achieve this in organizations, Taylor called for a break with tradition and recommends the use of "systematic management" to achieve improvements and to have the future achieve its promise (7). Taylor called for organizations to trust their people's manifest rational ability to gain efficiency and move toward progress. Rather than look for individuals with certain qualities, those who run organizations are duty-bound to use man's inherent capabilities to "systematically" train employees (6). At a time when management typically was supervisory rather than professional, the organizational and moral obligation of management was the same: "The principle object of management should be to secure the maximum prosperity for the employer, coupled with the maximum prosperity for each employee" (9). Neither employer nor employee should be disadvantaged.

To interest employees in working harder rather than at the pace of the group, management must treat workers individually, to best develop people to their abilities. No matter how homogenous the group is, people need to be treated as individuals and recognized for their humanity. If the circumstances are inhumane, it is in the organization's best interests to change those conditions so workers can achieve their best (Taylor).

Taylor wanted to treat management as a science rather than rely on the bestworkers to improve inefficiencies rather than employ a systematic view and review of work. This way, he could focus on the goals and responsibilities of management through systematic observation and experiments. Fundamentally, he believed a more peaceful and cooperative relationship between workers and management, a fair wage, and a teammate/educational relationship between the worker and management would benefit the company, the worker, and customers. The systematic way of looking at work allows steps to be taken that achieve a harmonious relationship (Taylor).

Contemporaries of Taylor's also studied the nature of employment from a scientific perspective. Chester Barnard, Henri Fayol, Mary Parker Follett, and Elton Mayo, among others, read Taylor's works and wrote about the challenges of cooperation and interdependencies within organizations. The Hawthorne Studies, supervised by Mayo, operationalized many of Taylor's ideas about workplace dynamics. Taylor is representative of this group, because he provided the foundational, modern ideals in studying organizations.

Enlightenment ideals such as man's ability to reason and a belief in progress changed society and created the modern world. Even though the Church still influenced all parts of society, its grasp began to lessen as people felt they have more control over their world. Populations started to migrate from farms to towns and cities to work at a trade or in factories during the Industrial Revolution. As business grew, so did the marketplace to support the

growing consumer population and to distribute the goods produced. Quality of life for

employees, which Marx believed would result in a worker uprising, was difficult for many. As

organizations grew in number and size, the scientific method was applied to the question of

employee relations. While economies were disrupted by wars, businesses continued to grow

apace, seeking efficiency and progress. However, the events of World War II changed society

and organizational life, even as companies applied modern ideals and prospered.

<div align="center">Postmodern Organizations</div>

As in modernity, the postmodern business world is grounded in Enlightenment ideals.

However, the world has changed. Business now operates in a chaotic environment that holds

practically unachievable expectations for organizational employees. A recent example has

occurred at Wells Fargo, the bank that had been the largest in the United States by market

capitalization (the number of shares outstanding multiplied by the current stock price).

Responding to product sales incentives, Wells Fargo employees created millions of fake

accounts using current customer information. The bank collected fees on the fake accounts

(Gensler). Whereas large corporations before World War I were almost "frozen" in the 1920s

due to the emphasis on stability, then due to the Great Depression in which survival was

paramount, corporations after World War II are "more like tents" because "tomorrow they're

gone or in turmoil" due to changing conditions and chaos of our time (Drucker "Change" 4)

Jean-Francois Lyotard coined the term "postmodern" (xxiii) in the 1979 work *The*

Postmodern Condition: A Report on Knowledge. Postmodernism is characterized by an

"incredulity toward metanarratives" legitimized by modernity (xxiv). A proliferation of

"language games. . . give rise to institutions in patches—local determinism" (xxiv). In

postmodernity, particular narratives localized to an institution or group are more legitimate than a universal narrative.

Organizational leaders in postmodernity continue looking to scientific laws and employing "input/output matrices" to manage and explain the "clouds of sociality" (Lyotard, xxiv). In postmodernity, universal laws are challenged and people must look to language to share localized conceptions and question previously agreed-upon modern conceptions. At the same time, postmodern organizations still promote modern goals of progress, efficiency, and the free marketplace as organizational goods. Similarly, politicians' rhetoric in this postmodern moment also promotes such modern ideals. James Arnt Aune posits that the rhetoric that promotes the universal good of the free market is detrimental to understanding our postmodern time of fractured narratives and significant—and growing—inequality. While most businesses continue to aggressively pursue modern ideals, some organizations have responded to the differences offered by postmodernity.

Thomas J. Peters and Robert H. Waterman, Jr., studied numerous highly regarded organizations to understand what, if anything, they doing differently than other organizations. While reason and analysis are crucial in practicing business in the marketplace, the idea of "rational" has narrowed to support a conservative bias that impedes organizations. Statistical, financial, and operational analyses lead to planning, which becomes an end in itself—making the plan is the action, rather than employees, managers, and leaders acting on a plan. Business based on narrow rationality includes the belief that the goal is to achieve economies of scale, be the low-cost provider, and try to analyze and control as many organizational factors as possible. As long as an organization has a great manager, the manager can be inserted into any business and that person will perform well (Peters and Waterman 42-44).

Peters and Waterman suggest that the primary activities of most business leaders can be categorized as "pathfinding, decision-making, and implementation," with a "misplaced emphasis on decision-making" (Peters and Waterman 52). Peters and Waterman felt some additional "rational analyses" could provide a fuller picture that accounted for practices in high-performing organizations. The authors studied 75 "highly regarded" organizations over four months in 1979-1980 and found emphases that focus both on *praxis* (practice) and *phronēsis* (practical wisdom):

> Our findings were a pleasant surprise. The project showed, more clearly than could have been hoped for, that the excellent companies were, above all, brilliant on the basics. Tools didn't substitute for thinking. Intelligence didn't overpower wisdom. Analysis didn't impede action. Rather, these companies worked hard to keep things simple in a complex world. They persisted. They insisted on top quality. They fawned on their customers. They listened to their employees and treated them like adults. They allowed their innovative product and service 'champions' long tethers. They allowed some chaos in return for quick action and regular experimentation (13).

The pervading sense, according to Peters and Waterman, was one of intensity "stemming from strongly held beliefs" in the companies studied (16). Focusing on the people affected by the organization and on action more than analyses made high-performing organizations unique and successful. Organizations studied by Peters and Waterman were attentive to local needs and multitude of narratives, indicating a realization of changes brought by postmodernity to society.

Society has become more dependent on organizations in many ways in postmodernity. As organizations grew more prosperous, so did many individuals. The belief that businesses and economies could solve significant societal issues also grew in postmodernity and continues

today. Rampant consumerism in the postmodern world has created a global marketplace. With a primary role in society, organizations have many stakeholders who seek to influence organizational outcomes. However, many stakeholder groups are cynical or suffer from the ills of a therapeutic society, resulting in emotivism or narcissism.

Growing Role of Organizations in Society

In a postmodern historical moment, organizations continue to gain prominence in peoples' lives. In postmodernity, organizations' interests are tied to employees' social needs, organizational and governmental politics and policy-making, as well the educational system (Aune). Whereas the Church was inextricably linked in modernity throughout social systems, organizations have taken its place in significant ways.

The Church is no longer the organization that administers most to less-fortunate people. While faith-based non-profit organizations in modernity provided for the less fortunate in their congregations, there was a pervading sense that the "poor, people of color, and women" throughout society were not being helped as much as possible (Hammack 1660). A proliferation of nonprofits has now assumed much of that responsibility: "Nationally, there had been one formal nonprofit organization for every 1,790 people in 1900, and one for every 2,590 in 1940. But there was one for every 848 people in 1970, and one for every 423 in 1990" (Hammack 1662). Hammack notes that if the increase in nonprofit organizations were due to societal demand, the numbers of people needing some form of assistance would only double, but instead have tripled. In 1997, attendance at houses of worship was at the lowest point since 1940 (Christian Century). Organized religion has become increasingly less important in many peoples' lives.

At the same time, corporations' influence has grown in the educational system, particularly in universities. Corporate-funded philanthropic foundations associated with wealthy families or businesses pay significant amounts of money for naming rights on buildings, specific research, and other educational pursuits. The potential for lessened free speech within departments and colleges is a possible result due to the concern of disturbing a large donor with the unpopular opinion of a researcher. Similarly, the danger of academia serving as an extension of corporate interests by way of funded research could impede independent research. Public policy organizations created to perpetuate more conservative—typically code for business— interests are increasingly common, too (Aune).

Corporations participate in and work to influence political processes. Politicians, particularly Republicans, identify with and often work to protect the societal good of the marketplace. Rhetoric espousing the free market is pervasive in politics, which some think is detrimental to society (Aune). The ability of corporations to participate in campaign finance activities potentially makes politicians receiving the monies beholden to the interests of the organizations rather than the individual voter. Aune's fear is that politicians will pursue policies unfavorable to individual voters.

Since the end of World War II up to 1995, which Robert J. Samuelson calls the Age of Entitlement, Americans have blurred the distinction "between progress and perfection" (xiii). The country has pursued progress rather than understand progress and issues in degrees, and citizens are dissatisfied because, the goal has been perfection, which is unattainable. In fact, Samuelson suggests that progress by degree is difficult for Americans to embrace because of the remarkable prosperity experienced after World War II. Balance is a significant challenge for Americans. The lack of an overriding metanarrative has allowed organizations to gain influence

in several arenas. Organizations have become the most significant social institution for citizens, particularly in America. This is especially true for the time period after World War II.

The United States Marketplace Post World War II

The post-World War II era was prosperous for the United States because it was one of the few nations with infrastructure that had not been decimated in the war (Cameron and Neal). The post-war assistance the Marshall Plan provided the rest of Europe and Russia facilitated the beginning of recovery of war-damaged areas. The ability of the United States to be the supplier for the world allowed businesses to grow with little competition and to be prosperous. For twenty-five years after World War II, virtually all economies grew uninterrupted (Cameron and Neal).

The free marketplace continues to face numerous dilemmas in a postmodern world. World War II left most developed countries decimated except the United States, Canada, and some South American countries. The United States became the producer for the world, which allowed American factories to run at maximum capacity, employees had jobs for life, and the American Dream was born, in which people could expect to do better than the generation before them. As the major—and for several decades, sole—economic power, this was possible. The prosperity allowed government to grow, including placing greater regulations on industries (Samuelson). However, as global competition grew, three circumstances or "convergences" contributed to the turmoil. Two circumstances relate to the emergence of web-enabled business and the changes it made to work, in which people could collaborate from anywhere. The third convergence was the entry of three billion people into the marketplace who had previously been prevented from participating, such as members of the former East Germany (Friedman 176). Internet-enabled technologies have been a disruptive economic force and a massive industry.

Andy Grove, President and CEO and co-founder of the leading computer chip maker, Intel, wrote in *Only the Paranoid Survive* about the time he realized in the 1990s that "something changed" (9). There had been a bug in one of the company's chips that could affect operations once in every 8 million cycles. User groups and the press first wrote about it. Then IBM, one of Intel's major customers, stopped shipping Pentium-based computers (14). Intel had a replacement policy that was based on the assessment of the problem, but this particular problem overwhelmed the company and signaled that business as usual had changed:

> For twenty-six years, every day that we did business, *we* decided what was good and what wasn't when it came to our own products. *We* set our own quality levels and our own specifications, and shipped when *we* decided a product met our own criteria. After all, we had designed and conceived these products, and along with the product came our implicit right—and obligation—to decide when the product was good and when it wasn't. Nobody ever questioned that we had the right to do that and generally we were on target. Over twenty-six years, we pioneered one classic product after another . . . Our products had become the basic building blocks of digital electronics. But now, all of a sudden, we were getting strange looks from everyone that seemed to say 'Where do you get off telling us what's good for us?' What was the hardest to take was the outside world's image of us . . . . Our people still put the interests of the company ahead of their own interests and, when problems arose, employees from all different divisions would still rally around and put in incredible hours without anyone ordering them to do so. Yet now the world seemed to treat us like some typically mammoth corporation. And, in the public view, the corporation was giving people the runaround. That outside

image didn't jibe with my view of us. What had happened? And why now? What

was different this time? Something was, but in the middle of those events it was

hard to tell what (16-17).

To Grove, the lesson learned is the need for employees, especially those at the highest levels of

the organization, to interact with others who know the company and use company products.

These groups include the customers, lower-level employees who should be encouraged to share

evaluations and critiques of their organization, journalists, and investment analysts.

Organizational leaders need to seek information from them about competitors, trends, and any

other significant observable event or circumstance: "As we throw ourselves into raw action, our

sense and instincts will rapidly be honed again" (23). Grove suggests leaders to renew or create

connections with others who are closely involved with an organization as well as with the

outside world to keep up with changes. Professional communicators have served as observers

who also work to assess organizational changes and how a workforce copes with changes.

Professional corporate communicator Roger D'Aprix offers an initial list of the market

forces that influence companies in the 2000s, based on interviewing business professionals:

Globalization and the competitive pressure it's exerting

The resulting intense cost pressures

Demanding customers who want quality at ever-decreasing prices

Technology that changes so rapidly it requires almost continuous leaning to keep

up

Change, change, change, and more change

Shifts from a manufacturing to a service to an information economy, with

subsequent job displacement and creation

Unrealistic shareholder demands for short-term earnings

Unethical competitive practices

Resentment from local communities that feel neglected and abandoned as

companies go global and downsize

Regulation and attacks by groups that mistrust corporate motives and agendas

(xvi)

Organizational managers and leaders have always considered customers, shareholders, employees, and the communities in which companies operate as the main organizational stakeholders. However, with the globalization of the marketplace that provides more options for customers, customers have become more demanding and willing to change products.

Facing increasing flux in the marketplace because of disruptions in industry and fierce competition can make organizational leaders more conservative. Writing more than a decade after Peters and Waterman, Clayton M. Christensen and Derek van Bever assessed whether there is a connection between slow economic growth in the United States and a "reluctance" of organizations to invest in "market-creating innovations" (63). The authors found a connection, and it is in part a result of managers' adherence to the types of measures on which managers are historically expected to focus. The standard measurements of corporate performance drive short-term thinking and cost-cutting measures, such as reducing a workforce or other efficiencies rather than looking to riskier—according to the standard measurements—pursuit of new markets. Other stakeholders, like those who own company stock and stock market analysts, have rewarded organizations with short-term gains (D'Aprix). Creating new markets, while talked about, generally is not pursued (Christensen and van Bever). Indeed, organizational recoveries from recessions generally saw job growth, whereas the past two significant recessions in the

1970s and late 2000s were "jobless," as organizations stayed conservative with their cash. Given the significant amount of cash available to companies, there should be much more investment in new markets. It seems the risk of being wrong is not worth the reward of new jobs because a leader might be putting a company and his own job at risk with stakeholders (Christensen and van Bever).

Organizational Stakeholders

In the postmodern world, the nature of competitive market forces changed because the power of various stakeholders increased significantly. In Michael E. Porter's 1979 article, he proposed a view of twentieth century, postmodern business that shook management thinking. It was a notion that a group of stakeholders determines the ability for an organization to survive and thrive more than almost any other set of circumstances. He outlined "Porter's Five Forces" that stakeholders control: the bargaining power of suppliers and buyers, the threat of new entrants, the threat of substitute products or service, and the rivalry among competitors (80). Porter's ideas are still commonly used in business analyses.

Suppliers, for example, are crucial to organizations. Typically, organizations have to rely on many different suppliers to manufacture products. Depending on the industry and the competitive landscape, suppliers have relatively more or less power. The supplier relationship has become so important that manufacturers sometimes cluster plants near a hub of suppliers, often working together to ensure a smooth relationship of manufacturing process and gain efficiencies in production (Porter).

Porter places a strong emphasis on how these forces can affect the strategy and overall profitability for an organization. However, in this complex world, organizations must also attend to other relationships and circumstances, which Porter calls important "factors" (86). These

factors include industry growth rate, technology and innovation, governmental policies, complementary products and services (Porter). The five forces and four factors start to create a picture of many pressures faced by postmodern organization. Porter's model illustrates how organizations have changed from modernity to postmodernity.

From the end of World War II to the 1960s, the expectation for American workers was to work for a large company: "You probably had a job for as long as the company was profitable. Layoffs were infrequent and usually simply a result of unexpected downturns in company fortune" (d'Aprix xiii). Into the 1970s, American companies were the dominant players in the domestic and global markets, since there was little competition post-World War II. The attitude was "'Here is our product; take it or leave it. It's all the same to us, because if you don't take it, someone else will'" (D'Aprix xiii). The ability to dominate the marketplace meant that companies were quite profitable. This often led organizational management to provide generous benefits to employees, and allow unions favorable increases year over year. Giving employee groups consistent financial increases kept them happy. Benefits included many outside-work activities paid for by the organizations, like company picnics, softball teams, and other social elements. Stability allowed the company's generosity, and it seemed to many people that America economic dominance would never end. A sense of entitlement was born: "better and better was the expectation and not the reality" (D'Aprix xv). Although employees are the reason why organizations succeed (D'Aprix; Peters and Waterman), more is expected from workers on the job in an exceedingly competitive global market.

Cynicism, Emotivism, and Narcissism

As organizations and organizational environments have undergone changes since World War II, so have the individuals who constitute the organizations, from leaders, to employees, to

other stakeholders. An emphasis on the self in a therapeutic culture that is unmoored to a tradition and even the present has led to cynicism, emotivism, and narcissism: "Economic man himself has given way to the psychological man of our times—the final product of bourgeoisie individualism" (Lasch 22). A focus on the subjective has become habit for many in today's society, and particularly effects organizations.

Ronald Arnett and Pat Arneson caution of the therapeutic culture that privileges "unreflective cynicism" as a response so common in this historical moment that it has become routine (12). Cynicism is an attitude centered in the individual and connected to circumstances of the present rather than understanding the present through the lens of the past. Individuals long for stable market forces and lifelong employment of their grandparents' generation. In an "unrealistic sense of hope employees are either not listening to, or are misinterpreting, the historical moment" (14-15). Cynicism is just one of the maladies of postmodern individuals.

Narcissism is also centered on the individual, disconnected from the future and the past (Lasch). Narcissism is not simply selfishness, but a profound lack of connection with the world. A work ethic formerly connected to a "calling," or "life-task" (Weber 79) by which Protestants pursued a productive life so that they would be worthy to have a good afterlife is no longer present in the workplace. The calling was initially connected to the growth of capitalism because a serious work ethic applied to a life-task made organizations prosperous. How seriously one went about their calling was an indication of how seriously they were committed to salvation (Weber). In a narcissistic culture, personal success is "ratified by publicity" (Lasch 60). The focus is no longer on skill and attributes other than personal traits: "The welfare of the organization . . . no longer excites the enthusiasm it generated in the fifties. . . . [T]he upwardly mobile corporate executive . . .advances through the corporate ranks not by serving the

organization but by convincing his associates that he possesses the attributes of a 'winner'"

(Lasch 60). Lasch blamed the shift to consumerism away from production and toward the idea of

success and the qualities that successful people possessed.

Not only does the new *Organizational Man* (Whyte) have to exhibit traits to make others

see workers in a certain light at work, employees have to have a private life that also reflects the

life of a "winner." The new worker creates a persona to deliver success, one in which s/he has

an:

> eagerness to get along well with others; his need to organize even his private life in
>
> accordance with the requirements of large organizations; his attempt to sell himself as if
>
> his own personality were a commodity with an assigned market value; his neurotic need
>
> for affection, reassurance, and oral gratification; the corruptibility of his values (Lasch
>
> 63-64).

One can imagine how communication in the workplace is affected by cynicism—the focus at

work would be less on building something together, and more on individuals' emotional and

material needs.

Alaisdair MacIntyre notes that emotivism occurs when "evaluative judgments and more

specifically all moral judgments are *nothing but* expressions of preference" (11-12). With a lack

of connection to a metanarrative, emotivism has become prevalent in developed nations.

Emotivism can create challenges for managers, who are also driven by emotivism. Postmodern

organizations still are composed of hierarchies and roles, but emotivism has moved moral agency

into the self rather than basing moral agency on societal or organizational roles (MacIntyre). An

environment in which individuals consider that they have little connection to the past, present, or

future create challenges for change implementation in the contemporary workplace.

The modern idea of progress drove technological innovation. The expectations for Americans' lives to steadily improve in every way—from personal freedoms, to the eradication of social ills, to having enough wealth for everyone to live comfortably (Samuelson). Samuelson notes that in reality, the American Dream became the "American Fantasy" and that 1995 was the end of an era, when he published his text (xiii).

Some scholars note the mismatch between the rhetoric that promises prosperity for all people in free markets and the reality of a growing divide between those who are well-off and those who struggle economically. "Technical economic rhetoric has been allowed to trump the moral and cultural meanings of community, nature, work, and the market" even when fiscal policies fail to deliver on their rhetorical promises (Aune xiii). The rhetoric that promises all things to all people sets expectations for organizations, employees, and society that are impossible to achieve.

There is reason to hope against cynicism, emotivism, and narcissism. This hope stems from the workers. Interestingly, even while employees offer a long list of concerns—from globalizations to severe job insecurity and the challenges of constant change—there is still room for excitement and optimism in the workplace. D'Aprix's interview of professionals who provided a daunting list of organizational challenges also felt a certain connection to their work and the excitement of constant change. He included comments from employees who express hope:

> [E]xcited about the challenges of change
>
> Motivated to help the company succeed
>
> Glad to have a job with a dynamic and changing organization
>
> Dedicated to do a job regardless of the adversity they face

Anxious to contribute if they only understood management's expectations and

future plans (xviii).

Optimism seems necessary for employees to survive in a chaotic organizational world in which communication has been shrouded by cynicism and emotivism.

Promises of continual progress colored modernity and created an impossible vision to fulfill. The atrocities and inhumanity exhibited during World War II caused a break from the Enlightenment ideals of modernity. Universal narratives have given way to a multitude of metanarratives in which the individual is celebrated. However, not every aspect of society embraced the contingent nature of postmodernity.

Organizations have continued to follow modern ideals and thrive to various degrees. The United States experienced one of its most prosperous times after World War II because the nation's factories and farms served much of the world market that had been decimated in the war. American families increased their standard of living as the world recovered. The facility with which organizations solved market and societal challenges made different stakeholder groups believe organizations owed society. Individuals also have changed in postmodernity, and have changed into those who focus on individual needs paired with unreasonable expectations., a combination that creates an environment in which people are cynical, emotivistic, and narcissistic.

Conclusion

Modern ideals from the Enlightenment have guided organizations for hundreds of years. Following the ideals of progress and efficiency created a prosperous society for many millions of people. However, modern ideals have not solved every problem. Postmodern ideals that privilege

the metanarrative of local institutions and groups over the universal are now part of the fabric of our current society, which now faces numerous crises.

Workplaces change significantly every decade. For example, organizations in the 1990s were radically different than just 10 years before (Drucker "Change" 2). Organizations also are serving more societal needs, from employment to nonprofits that serve those in society who have pressing needs. At the same time, the great majority of organizations adhere to the modern ideals of progress and efficiency; few recognize the current postmodern historical moment.

The goal for contemporary organizations is to weather ongoing turbulence by getting stronger. Mergers and acquisitions have proven to be important for the survival of organizations in a postmodern era. Pursuing mergers and acquisitions allow organizations to continue to focus on existing lines of work with little disruption to ongoing operations. If an organization does not engage in a merger and/or an acquisition, they might weaken to the point of closing, which would greatly affect employees, suppliers, customers, and other stakeholders. However, many mergers and acquisitions do not meet the goals set by leaders and result in divesting the organizations. Furthermore, mergers and acquisitions create difficulties for employees in the effected organizations. The question of why mergers and acquisitions are so challenging when they are generally positive business moves is the topic of the next chapter.

Chapter 2: Organizational Communication in Mergers and Acquisitions

Merger typically refers to the joining of two companies into a single company. Acquisition refers to a company or portion of a company being absorbed into another company or portion of a company. Mergers and acquisitions are the most intense, disruptive types of planned change in which a company remains an ongoing concern (McCarthy and Dolfsma; Pepper and Larson). All industries participate in mergers, and deals worth over $1 billion have been commonplace since the 1990s (Tetenbaum). The largest merger in history was the 1999 combination of telecommunications giants Vodaphone and Germany's Mannesman, for $180 billion ("Biggest"). In October 2016, a $106 billion merger closed between beer manufacturers and distributors Anheuser-Busch InBev and SABMiller (Nurin). Organizational mergers have occurred daily for some time, but waves of intense merger activity have been ongoing for more than a century as a result of different global and industrial changes (Krug; McCarthy and Dolfsma).

The sixth wave of mergers, for example, occurred during 2000-2010 and was largely due to venture capitalists searching for returns (McCarthy; Vazirani). During this time McCarthy and Dolfsma calculate that 289,254 mergers were announced and completed worldwide, representing a cost of $18.73 trillion to the participants (1). Most recently, in the aftermath of the Great Recession that started in 2008, governmental regulations and fiscal actions that were designed to prevent the recurrence of massive economic disruption triggered another wave of mergers: "History tells us that recessions lead to efficiency and to the accumulation of internal cash, and that cash leads to mergers (McCarthy 29). Bankruptcies and divestitures by companies looking to survive the aftermath have led to yet another round of organizational mergers.

Mergers and acquisitions are considered a "sign of progress and improvement" (Lewis, "Strategic" 21) as organizations pursue significant business opportunities. Mergers and acquisitions are organizational actions based on the rationale that according to some measure two organizations would be stronger as a single organization. The intent of a merger is to create synergies, which is "the concept that the value and performance of two companies combined will be greater than the sum of the separate individual parts" ("Synergy"), so the resulting organization can benefit (Krug; Mirvis and Marks; McCarthy and Dolfsma; Tetenbaum). While growing larger is often important to survival in the postmodern marketplace, the goal is to create more than the two separate companies offer individually. Much of the academic scholarship and professional writings on mergers and acquisitions reflect this theoretical approach.

Large-scale complicated organizational change efforts like mergers and acquisitions positively affect many facets of organizational life. Mergers and acquisitions help strengthen organizations, thereby offering employees new as well as ongoing opportunities. Strengthening organizations allow products or services to be continued or improved for customers. For physical laborers at plants, there is a hope that a large but poorly performing facility would remain open when acquired; the acquiring company likely will implement practices and/or invest in the plant. Innovative practices might be able to create exponential growth, at least for a short time, based on shared practices. If acquired, the work of smaller organizations whose survival was doubtful in the chaotic, hypercompetitive present-day marketplace can continue (McGuckin). Organizations that have sold off a part of a business will have resources to improve remaining operations. However, implementing change in the form of combining with or acquiring another organization can be particularly challenging.

This chapter will first review the benefits and drawbacks of mergers and acquisitions. Second, obstacles such as paradoxes and dualities that create uncertainty and other aspects that challenge employee sensemaking will be considered. During certain large-scale changes, organizational communication is constrained, which creates uncertainty for practically all stakeholders involved in mergers and acquisitions. Finally, an examination of the rhetoric used during mergers and acquisitions to help address obstacles and reshape organizations is offered. The theoretical construction of a new organization is considered through the organizational communication theories of social construction, Communication Constituted Organizations, and organizational culture.

<div align="center">Transaction Characteristics of Mergers and Acquisitions</div>

Mergers hold financial, strategic, and practical benefits as well as challenges for organizations (Krug; Mirvis and Marks; McCarthy and Dolfsma; Pepper and Larson; Tetenbaum). Mergers are problematic due to the inherent complexities of the marketplace, the requirements of regulatory agencies on publicly traded companies, and the inability for organizations to communicate fully during decision-making. This section will address the benefits and drawbacks of mergers and acquisitions as experienced by employees within the organization.

<u>Mergers</u>

A merger is the combining of two or more companies by purchasing the stock of one of the organizations (the target company) by the other. The buyer and seller agree to a price that is a certain amount more than the target company's price at the time of the agreement. This is often paid for by offering the stockholders of the target company stock in the acquiring company. Debt also can be used to purchase the stock of the target company. The decision is usually mutual

between both firms, with the Board of Directors of each company agreeing to and then informing shareholders of the proposition. A shareholder vote is scheduled for each organization, so the owners of the two companies, whether public or private, can approve or reject the purchase offer (Mergers and Acquisitions). Many stakeholders—from the executive team, to the Board of Directors, to shareholders—have to agree to the merger proposal based on the expected benefits or reject the offer.

Benefits

Mergers benefit organizations by growing a company. Growth is achieved by creating value—that is, increasing the revenue and profit or reducing costs of the organization (Haleblian et al.; Krug; McCarthy and Dolfsma; Mirvis and Marks; Tetenbaum). A merger can increase the market share of a merged entity because one company has bought a competitor (Sinha and Sinha). Strategic benefits include entering new and growing markets that might be outside the organization's current industry. Another strategic benefit is that by merging, an organization can become too large to become an acquisition target, thereby placing organizational leaders in a position to determine what happens to their company (Sinha and Sinha).

Creating a larger organization can also increase an organization's competitiveness because of cost savings. Savings can come from a lower tax bill; lay-offs of duplicate administrative, staff, and executive positions; and streamlined administrative costs (Krug; McCarthy and Dolfsma; Mirvis and Marks; Tetenbaum). Cost savings go directly to a company's profit, so there are more financial resources. More financial resources can be used to invest in new equipment, other mergers or acquisitions, in hiring more employees, or for additional opportunities for current employees, or a mix of some or all four options.

A growing company offers greater opportunity for employees that continue with the company. Resources for innovation, professional development and additional training, travel or relocation for promotions, and additional career paths in an organization are benefits of a merger. Typically, additional jobs are created. When a firm grows, more employees have to be hired to support the additional work (McGuckin; Sinha and Sinha). Surrounding communities also can prosper as an organization grows due to a merger. However, mergers offer drawbacks as well as benefits.

Drawbacks

One significant drawback to a merger is that this activity creates hopeful expectations on the part of both companies. The rhetoric used in mergers often refers to a "merger of equals" which likely means that there are many questions about whose practices will be adopted. In a merger virtually all organizational processes can be up for debate.

The decision for two organizations to enter into a merger is sometimes based on aspects other than the best interests of the organization. This strategy immediately jeopardizes the positive results of joining two companies. Managerial motivations for a merger include additional compensation for upper-level executives and managerial "hubris," in which executives buy other companies to satisfy a need driven by egos (Haleblian et al. 475; Mirvis and Marks). These motivations can drive higher expectations for the merged entity while potentially overlooking aspects of a merger that could make the possibility of failure more likely (Haleblian et al; Mirvis and Marks).

If an economic downturn is coincident with the closing a merger, or governmental policies create significant uncertainty in an industry or economy, a newly merged organization might become especially conservative as the independent companies are integrated into a single

unit. The added uncertainty of the new organization would cause leaders to wait to hire new employees or perhaps pursue innovations as circumstances settle. Necessary training might be skipped (Sinha and Sinha). Excellent employees might be laid off or leave voluntarily due to the uncertainty and conservative approach to the combined organization (Krug; Sinha and Sinha).

Numerous drawbacks are a part of mergers. Some are difficult to detect, such as managerial hubris, until it is too late and the two companies are combined (Sinha and Sinha). Other drawbacks create significant uncertainly for employees. Job uncertainty can affect a person individually, such as someone who is worried about keeping a job. The uncertainty can also affect the entire organization by creating an environment of distracted employees that are less productive. Acquisitions, another type of significant planned change, can create similar organizational issues.

<u>Acquisitions</u>

An acquisition is a situation in which one company purchases most, if not all, of the target company's ownership stakes in order to assume control of the target firm. If an entire organization is acquired, it ceases to exist. Acquisitions are often paid in cash, the acquiring company's stock or a combination of both (Aiello and Watkins; Mergers and Acquisitions).

Acquisitions can be either friendly or hostile (Aiello and Watkins; Mergers and Acquisitions). Friendly acquisitions occur when the target firm expresses its agreement to be acquired, whereas hostile acquisitions do not have the same agreement from the target firm and the acquiring firm needs to actively purchase large stakes of the target company in order to have a majority stake. In either case, the acquiring company often offers a certain amount more, called a premium, on the market price of the target company's shares in order to entice shareholders to sell (Mergers and Acquisitions).

Acquisitions have suffered from the same failure rate as mergers, with one exception. According to Robert J. Aiello and Michael D. Watkins, leveraged buyouts, which generally were performed by financial acquirers with little operational experience in the target company's industry, did well financially 80 percent of the time between 1984 and 1994. Leveraged buyouts met financial goals even though synergies were generally not a consideration and even when competitive bidding increased the price of the purchase. Aiello and Watkins determined that leveraged buyout acquisitions were financially successful because financial firms that pursued such acquisitions treated them as a "core part of their business conducted by a permanent group of experience executives, and they have well-established processes that they stick to" (24). Firms that create capabilities for acquisitions stand a better chance of gaining benefits from such planned change.

Benefits

Acquisitions can benefit both companies (Aiello and Watkins). Benefits for the acquirer include the relative precision an acquisition provides the acquirer, the time and money likely saved, and the risk mitigation. Such transactions can benefit the target company because of the cash gained, the narrowed scope of operations if a portion of a venture is sold, and the opportunity to grow the business (Aiello and Watkins; Krug). Finally, an acquisition can provide an exit strategy to entrepreneurs (Wennberg, et al).

Acquisitions are often made as part of a company's growth strategy because it can be more beneficial to take over an existing firm's operations and niche compared to the acquiring company expanding on its own. Acquiring an organization or a piece of an organization, typically for a product or service, is beneficial because it is far more complicated for an organization to invest the time and money creating the expertise or product in-house (Aiello and

Watkins). In the so-called "new economy," in which entering markets quickly is crucial, acquisitions allow a company to enter a market much more rapidly. The offerings of acquired companies can benefit from the resources like more support staff, processes, more robust distribution systems, better supplier networks, money, and certain expertise of the acquirer (Aiello and Watkins; Krug).

Another benefit of an acquisition is the clarity of the organizational power structure. While this might not be a true benefit, it provides target-company employees early clarity about organizational-wide services and processes that will be adopted, such as human resources. This clarity is also helpful; since an employee of the target company performs a redundant service to one in the new company, that person can take action regarding employment. However, acquiring companies often retain many employees because employees of the target company already have the expertise in the ongoing product or service (Aiello and Watkins; Krug).

Acquisitions also benefit entrepreneurs, according to Karl Wennberg, et al. Often those who are talented at developing new services or technologies are less skilled at long-term management. Once an entrepreneur grows a company to a certain point, an acquisition is an attractive exit. Acquisitions are an exit strategy in which entrepreneurs can harvest monies to pay off initial investors and move onto the next project (Wennberg et al.). While an acquisition offers benefits, there are also drawbacks, including several similar to merger drawbacks.

Drawbacks

Many drawbacks of acquisitions pertain to employees. While mergers present challenges to employees, the term implies a merging of two groups in which there is hope for keeping excellent people, regardless of the originating organization. Depending on the nature of the acquisition (an entire organization or a portion), many employees might hold positions that are

duplicative to those in the acquiring company. Administrative, non-operations staff are particularly at risk of losing their positions. Sometimes the changes are "drastic" (Kirkpatrick 5).

As with mergers, talented employees might leave voluntarily, particularly executives of the acquired company who might not want to work for another organization. The company executives of the acquired company might be expected to take a position that is perceived to be lower than the one held in the target company (Krug). Also similar to mergers, the decision to acquire might be based on aspects other the best-interests of the organization. Managerial self-interest or managerial "hubris" also affect the success of acquisitions (Haleblian 475).

Acquisitions and mergers share similar benefits and drawbacks. Growth through a merger or acquisition often strengthens an organization, which can support additional resources for employees. Cost savings and synergies support company growth. Laying off employees is a common way to save costs. The uncertainty employees feel is inherent in a planned change like a merger or acquisition. In addition to employee anxiety due to the transaction characteristics, other obstacles to mergers and acquisition are common. For example, paradox and duality within organizations create questions that often cannot be answered in a timely matter. In addition, the challenge of making sense of the information shared during substantial organizational change creates significant anxiety.

<div align="center">Obstacles to Shared Meaning during Mergers and Acquisitions</div>

Mergers and acquisitions present unique situations that have significant obstacles both in the transaction characteristics as well as during the integration phase. Virtually all research on mergers and acquisitions note the disruptive nature of this type of planned change. Deetz, Sarah J. Tracy, and Jennifer Lyn Simpson estimate that one in four employees has been affected by mergers and acquisitions at some point in their work life. Mergers and acquisitions are

characterized by disruption, "efforts, expectations, and upheaval" (Pepper and Larson 49), are

"comprehensive and challenging" (Cornett-DeVito and Friedman 46), and "indeterminate"

(Cornett-DeVito and Friedman 61). "Merger madness" has been coined to indicate a "syndrome"

resulting from the merger or acquisition announcement that is characterized by high levels of

uncertainty in employees (Marks and Mervis 2). Employees want to know what mergers and

acquisitions mean for them, and the answers are seldom easily or quickly obtained.

Ambiguity creates significant uncertainty for employees and other stakeholders and also

brings into question the legitimacy of the merger or acquisition. The numerous highly publicized

financial, operational, and ethical crises in recent years related to management decisions have

damaged corporate legitimacy for virtually all organizations (Castelló and Lozano). Overall

distrust of organizational leadership can lead to uncertainty and questioning the new

organization.

The public provides legitimacy to institutions by supporting and believing in them.

Institutions that should have legitimation, such as the government and corporations, now have a

crisis of legitimation in postmodernity because these systems no longer offer meaning for the

public (Habermas). Organizations undergoing mergers and acquisitions can lack meaning for

employees and other stakeholders because plans take time to develop, or leaders cannot address

employee questions due to legal requirements at certain times during the changes. Uncertainty

can result from the relative lack of communication during the event, or from tensions of

paradoxes and dualities (Howard and Geist; Seo, Putnam, and Bartunek).

This section addresses employee uncertainty that results from organizational

circumstances once a merger or acquisition is announced. Uncertainty results from several

elements. Employees feel unsure with the introduction or exaggeration of organizational

paradoxes and dualities, the potential of conflicting organizational cultures that will be joined, and working to make sense of the rhetorical cues presented during mergers and acquisitions.

<u>Paradoxes and Dualities</u>

Paradox and duality are inherent in postmodern organizations. Paradox and duality are significant dynamics in planned change efforts, such as a merger or acquisition. Whether paradox and dualities produce tensions that are in the foreground or background, they affect how change proceeds (Seo, Putnam, and Bartunek). Mergers and acquisitions, in particular, force employees to simultaneously address the contradictions of change and stability (Howard and Geist).

Paradoxes and dualities produce tensions that characterize mergers and acquisitions. These tensions are a source of uncertainty for employees. Mergers in particular "exacerbate the contradictions ever present in organizational systems" (Howard and Geist 110). Employees wrestle with such contradictions as stability-change (Barge et al.; Howard and Geist); empowerment-powerlessness (Howard and Geist), inclusion-exclusion and superiority-equality (Barge et al.); and identification and estrangement during a proposed utility merger (Howard and Geist). Others include the dualities of collaboration-competition and consensus-command (Pepper and Larson). Seo, Putnam, and Bartunek suggest that leaders encourage employees to embrace poles and work to achieve "transcending opposites, reframing situations, and integrating dualities" (100) in paradoxes and dualities, rather than attempt to privilege one aspect of a duality over another. Kevin J. Barge, Michael Lee, Kristy Maddux, Richard Nabring, and Bryan Townsend assert linking the poles through integration, transcendence, and connection. Integration melds the poles to bridge the dualities. Transcendence provides a "reformulated whole" through synthesizing the poles (368). Connection relates the opposing ideas (Barge et al.;

Seo et al). The tactic chosen by an organizational leader can vary, but communication is how the leader interprets the dialectic for employees.

Gerald L. Pepper and Gregory S. Larson propose approaching employees about organizational tensions to uncover actionable information for organizational communications during a merger. Practitioner Balle also advises communicating explicitly about changes. For example, communicating about the loss of an old culture, or of employee layoffs, or what is lost in the new reality that is envisioned for the merged organization, could help employees with the changes (62). To study the dialectic during mergers and acquisitions, Lisa A. Howard, and Patricia Geist apply Giddens' structuration theory because the framework supports contradiction as a primary element of the principles of structure.

Howard and Geist studied two companies proposing a merger in the traditionally stable utility industry; their work brings the paradox of stability and change to the fore. During a postmodern historical moment in which change is embraced and should be viewed as positive for organizations, the security of the utility workers was shaken, even when the merger seemed to be positive. They offer an example in the rhetoric of different employee levels. Mid- and high-level managers talked about the benefits, whereas lower-level employees resisted the potentially positive aspects of the merger. One manager commented explicitly about a merger benefit, finding and implementing the best of both organizations in the new one: "They're not dumb at SGC, they're very smart. They're not just going to come here and just change everything. They want the best of both" (120). By contrast, a lower-level employee doubted the intentions and results of the merger: "I don't feel the kinds of changes they're talking about will really help here" (117). Organizational members' responses to contradictions create a condition that supports both change and stability. Employees often respond to tensions during merger

uncertainty by positioning themselves either for or against the merger because of the lack of information pertinent to employees. These positions often change as the merger progresses due to changing information and other events.

The paradox of empowerment and powerlessness is experienced during mergers and acquisitions. Postmodern managers, including those at the merging utility companies in Howard and Geist's study, may encourage employees to take responsibility for their work and others' work during times of non-merger, steady-state operations. Particularly during the past few decades, empowering employees has been a managerial and human resources pursuit. However, the nature of mergers and acquisitions places the power and decision making in relatively few people's hands, thereby making employees unable to be empowered, to the point of feeling powerless (Howard and Geist). Other communication scholars have also investigated mergers and acquisitions.

Michael W. Kramer, Debbie S. Dougherty, and Tamyra A. Pierce performed a longitudinal study of pilots during an airline acquisition to assess 16 aspects of pilot work-life for measures of uncertainty over time. The study attempted to determine whether the communication provided from the start of the merger to six months after pilot orientation helped to reduce pilot uncertainty. The uncertainty for pilots generally was not decreased, but the pilots continued to enjoy their work. The pilots appeared to be able to focus on their professional duties and have a lesser organizational "orientation" (Kramer, Dougherty, and Pierce 97). Kramer, Dougherty, and Pierce caution about the emphasis leaders place on organizational communication to solve internal merger and acquisition issues, warning that communication will not always have the "desired impact" that many expect or hope (98). Communicating during a merger or acquisitions

is crucial, but ensuring that employees understand the intended meaning of the communication is often an obstacle.

Even as stability might be considered an organization good, the complexity of the environments that exist result in almost constant change. Some changes are minor and unplanned, while others are major and planned, such as mergers and acquisitions. Constantly changing environments and organizational responses to shifts result in paradoxes, dualities, and contradictions. While inevitable, paradox, duality and contradiction create tensions within organizations. During planned change that is already filled with employee tension about continued employment, managers and leaders need to explain circumstances so employees can make sense of paradox, duality, and contradiction.

Sensemaking

Mergers and acquisitions present a sensemaking exercise for employees (Marmenout). The creation of meaning is an "attentional" process. When we attend to something that has happened, we can make "sense" of it by making meaning out of it (Weick 20). Karl Weick's sensemaking is based on seven related ideas.

First, Weick asserts that sensemaking is "grounded in identity construction" (18). An employee's situatedness in an organization undergoing a merger or acquisition takes from others' communication and nonverbal cues how to act and what to think while at the same time contributing to the organizational environment with their actions and words. Often, these contributions are meant to influence their environment. Employees are trying to understand how changes will affect them and who they will be afterward.

Second, sensemaking is retrospective: "The problem is that there are too many meanings not too few. The problem faced by the sense maker is one of equivocality, not one of uncertainty.

The problem is confusion not ignorance" (Weick 27). The sensemaker is assessing new cues in the environment against one's past experience and knowledge. Stopping to reflect interrupts the "flow" and sets events apart for examination to gain meaning (Weick 25).

Third, Weick refers to the "enactment of sensible environments" (30). This provides people in changeable environments with options for actions. Those actions create and recreate the communicative environment. Reflection can be a part of enacting sensible environments. An employee gains understanding of the constraints of the environment in enactment.

Fourth, sensemaking as "social" indicates that understanding is done at the social, organizational level, in addition to the individual level (Weick 38). When a person is making sense of a situation, understanding is always "contingent on others" (40). Social also indicates more interactions than just sharing what one understands. All the opportunities for sharing and interaction should be attended to, such a stereotypes and prototypes.

Fifth, sensemaking lacks a beginning, middle, and end; it is "ongoing" (Weick 43), not unlike Martin Heidegger's idea of a thrownness in Being-in-the-World. Heidegger suggested that we are thrown into our Being-with-Others and Being-in-the-World, and we encounter it as entering a stream ("Being and Time"). While there is an ongoing flow of society, people experience interruptions, which signal changes in the environment.

Sixth, sensemaking is "focused on and by extracted cues" (Weick 49). Since sensemaking uses cues from the environment, the question is what cues are noticed, to what degree, and how much the sensemaker "embellishes" the cues (49). The cues that are extracted and attended to "evoke action" (54). An awareness is crucial for a person to be able to perform sensemaking.

Finally, sensemaking to be "driven by plausibility rather than accuracy" (Weick 55). A need for accuracy could invite too much data when considering an action to take. Sensemaking

"is about embellishment and elaboration of a single point of reference" (57). One's ability to make sense of a situation depends on the extracted cue a person choses to bring meaning to because there are too many potential interpretation.

"Sensemaking is about plausibility, pragmatics, coherence, reasonableness, creation, invention, and instrumentality" (Weick 57). Ultimately, sensemaking is the work of enlarging the "small cues" available that employees use to "compare notes" and seek context to ascribe meaning to often ambiguous situations (133). The seven ideas that comprise sensemaking are intended to list aspects that must to be attended to in order to fully and plausibly create sense about a selected cue.

Employee sensemaking during mergers depends on several aspects, including the amount of integration planned for the merging companies; how the companies go about the process; whether the employee's organization is the stronger or the weaker one; and the dissimilarity between cultures (Marmenout). However, as mergers and acquisitions are plans for creating future organizations, sensemaking becomes more complex because we cannot make meaning out of the future; we must turn our attention to events in the past (Weick). Often a large amount of equivocality exists in organizations, especially during mergers acquisitions.

The nature of work-life in postmodernity already has a level of ambiguity, even without merger and acquisition activity. When paradox, duality, and contradictions are part of an organization, additional tensions surface for employees. Managers and leaders need to help employees make sense of the changing work environment. Furthermore, an information or knowledge economy offering services is significantly different than work on an assembly line producing widgets. Even though public rhetoric is limited at certain times during mergers,

communication is still the best way to gain meaning and understanding that helps legitimate a new organization and helps address the dualities and uncertainties present during mergers.

<center>The Rhetoric of Mergers and Acquisitions</center>

The study of communication in organizations has many names: rhetoric, organizational communication, and discourse, among others. Rhetoric alone has had many definitions during the thousands of years it has been studied. Some include:

> The practice of oratory; the study of the strategies of effective oratory; the use of language, written or spoken, to inform or persuade; the study of the persuasive effects of language; the study of the relation between language and knowledge; the classification and use of tropes and figures; and . . . the use of empty promises and half-truths as a form of propaganda (Bizzell and Herzberg 1)

Rhetoric has traditionally been narrowly defined. However, in postmodernity, rhetoric serves broader purposes. Mergers and acquisitions present a unique rhetorical situation (Bitzer) that requires persuasion and leadership interpreting organizational situatedness to help employees understand strategic changes. Scholarly studies of the use and influence of organizational rhetoric during mergers and acquisitions is included. Organizational narrative also is addressed as an important form of rhetoric during mergers and acquisitions.

<u>Organizational Rhetoric</u>

During mergers and acquisitions, organizational communication is both crucial and constrained at times. However, the rhetoric leading to an initial merger announcement and immediately after the merger is positive. Organizational leaders talk about "improvement, continuous improvement, progressive, innovations, 'pushing the envelope,' being 'edgy'" (Lewis, "Strategic" 22). By contrast, stability is often referred to negatively: "stagnant, stale, old

<center>51</center>

fashioned, 'yesterday's news,' 'behind the times" ("Strategic" 22). Rhetoric during mergers has

been labelled an antidote to the "madness" because of its promise to provide a path forward in

uncertainty (Ballmer and Dinnie; Marks and Mervis) even though the promise is rarely fulfilled.

Calvin O. Schrag notes that we are always in rhetoric because someone is always

persuading another about something (Schrag, "Praxis"). For Pat Arneson, rhetoric moves to a

"universal communicative aspect of human experience" that is also in concert with hermeneutics

that provides an opening to engaging with others (14). This is in contrast with much business-

oriented rhetoric based on modern ideals that is reductive and often ends conversations

(Arneson). While organizational members believe rational analysis can provide an answer, or a

"truth", that is depending on working with accurate premises (Jost and Hyde 11). Rhetoric

viewed broadly allows employees to arrive at "answers" and "solutions"—or at least a path

forward in the postmodern organization that often operates in ambiguity (Jost and Hyde 11).

Elise Comtois, Jean-Louse Denis, and Ann Langley studied specific rhetoric that

provided reasons during a series of five hospital mergers in Canada. At various times, three

different types of rhetoric were offered to employees. "Managerial fashion" rhetoric, such as the

reasons the industry is consolidating; regulatory and budgetary reasons; and "political strategy"

to communicate how the merger will benefit the circumstances of each hospital, such as growing

a hospital (306). Typically, scholars and practitioners alike assume the amount and quality of

organizational communications will result in employees who have more certainty about the

significant organizational change a merger or acquisition brings.

Scholars writing about merger communications often try to assess the effect rhetoric

about a merger has on employees, seeking connections between persuasive communication

efforts and the merger meeting organizational and financial goals (Cornett-DeVito and

Friedman). In a study of newly merged organizations, Cornett-DeVito and Friedman developed categories for the types of rhetoric that are typical of mergers: "participative," "supporting," informative," and "directive" (54). The assumption was that interviewing and giving questionnaires to employees who were part of mergers that met financial and performance goals would rate merger communications useful to understanding the reasons for the merger, while those in mergers that struggled would rate communications inadequate. However, the findings did not support the hypotheses, leading Cornett-DeVito and Friedman to conclude that rather than view communication as a "global" concept, merger rhetoric should be viewed as "nuanced" and "precise 'tools'" during a merger (60). Narratives are often the significant form of organizational rhetoric studied during mergers and acquisitions.

Organizational Narrative

Scholars view narrative differently. David M. Boje sees the postmodern organization as a "hybrid of premodern, modern and postmodern grand and petit narratives and stories" (44-45). Communication scholar Walter Fisher defines man as *homo narrans*, rhetorical beings who are "as much valuing as reasoning animals," revealed in the stories people live, tell, interpret, and witness. Fisher's narrative paradigm builds on Kenneth Burke's enlarged view of rhetoric as a crucial part of all expression and action. Fisher's definition of narration is "symbolic actions— words and/or deeds—that have sequence and meaning for those who live, create, or interpret them" (58). People are authors and co-authors who creatively read and evaluate texts. The texts are the narratives that institutions provide even as the organization is constantly in the process of creation and re-creation. Narrative rationality uses values as well as reasons to satisfy humans' communication needs Fisher asserts that narrative are ontological, as the basis of all human communication, while others, such as Boje, view narrative as fundamentally epistemological.

Narrative and stories are a rhetorical and symbolic way to maintain organizational tradition. Rhetorical aspects of organizations, including organizational missions, myths, and sagas are central to merger and acquisition narratives.

Narratives hold a particularly important role in organizations as "central discursive resources in the time of change" (Tienari and Vaara 320). Narratives have an "organizing function" for companies because stories are part of an organization's creation and continue to constitute organizations (Søderberg 402). Organizational narratives also have been examined by scholars adopting a critical perspective. Organizational narratives help uncover as well as perpetuate power structures, struggles, and ideology in organizations: "Narratives provide members with accounts of the process of organizing" as well as information about who is left out of the narrative (Mumby 113).

Stories are as important as narratives, and postmodern organizations are full of story fragments that offer information about an organization. Boje named "fragmented, non-linear, incoherent, collective, unplotted, and improper storytelling" antenarrative (1). Janne Tienari and Eero Vaara's research ground the study of a merger in Boje's antenarrative and Bakhtin's (1981) dialogism by seeing organizational storytelling as an ongoing story that is a part of other ongoing narratives and voices that influence it. When organizational members are interviewed, discourse often emerges as fragments of stories. Jari Syrjälä, Tuomo Takala, and Teppo Sintonen interviewed employees of a Finnish electric company merger to use discourse told through stories to understand personnel well-being during the organizational change. Antenarrative was used to address and assess the story fragments that employees shared during interviews. Boje's antenarrative research complements other research on organizational narratives.

Philip T. Roundy suggests that a merger and acquisition narrative could improve employees' commitment to their organization because narrative addresses emotional, motivational, and behavioral aspects of a job. An individual's "regulatory focus," that is, the tendency to pursue pleasure and avoid pain (88). If a merger narrative can be developed to help employees understand the personal benefits of a successful integration, employee commitment to helping make the merger work could be improved. Andrew D. Brown and Michael Humphreys studied of the merger of two small United Kingdom colleges using the social constructionist approach to organizational narratives and sensemaking. The senior management team felt the merger had been accomplished and set up the new entity for success, largely because of the efforts of the management team. At the same time, non-managers from both organizations thought "the merger had been ill-planned and poorly executed by an incompetent, uncaring, and careerist senior management team" (Brown and Humphreys 122). Interpretation and sensemaking of narratives during mergers and acquisitions is seldom sufficient for organizational needs, and based on an individual's situatedness, interpretations can be vastly different.

During mergers, the "soft issues" that include communication and culture are considered to be more critical and more difficult than any financial issues but are given less emphasis (Keller and Aiken 2). Scott Keller and Carolyn Aiken assert that of the 70 percent of large-scale change efforts that fail, 70 percent of the failures "are due to culture-related issues: employee resistance to change and unsupportive management behavior" (3). The managerial point of view that privileges rationality characterizes much of the rhetoric during mergers and acquisitions (Lewis, "Strategic"). The justification for major planned changes means little to employees after the initial announcement. Organizational narratives are a form of rhetoric used by all employees to make sense of merger decisions and progress in constructing a new organization.

Creating Organizations

In the late nineteenth and early twentieth century, organizations were studied as if they were machines or systems, based on Frederick Taylor's scientific management. In this approach, organizational communication was viewed as a conduit that transmitted information (Tompkins and Wanca-Thibault). The study of "modern" organizational communication began in the late 1930s and has grown in popularity as organizations have grown in importance in society (Tompkins and Wanca-Thibault xviii). New organizations emerge out of mergers and acquisitions. This section addresses how new organizations emerge from a communicative perspective.

In the late 1970s, some business management scholars began to advocate studying members of organizations as having the ability to act symbolically:

> The rationale for studying organizational symbolism stems from the recognition
> of this all-important fact: that organizations are not simple systems like machines
> or adaptive organisms; they are human systems manifesting complex patterns of
> cultural activity . . . . Members of an organization are able to use language, can
> exhibit insight, produce and interpret metaphors, are able to vest meaning in
> events, behavior, and object, seek meaning in their lives—in short, can act
> symbolically . . . . This symbolic capacity is enhanced by their association in
> formal organizations so that institutions develop a history, a common point of
> view, and a need to express such complexity though symbolic means. (Morgan et
> al. 4)

The move to a symbolic perspective opened a large amount of research into organizations at the end of the twenty-first century (Tompkins and Wanca-Thibault). Studying organizational

communication symbolically opens the topic to focus on rhetoric and how communication creates new organizations. The next section will address some approaches to organizational communication theory focusing on how organizations emerge from rhetoric and language. These theories include social constructivism, the Montreal School approach to Communication Constituted Organization, and organizational culture.

Social Construction of Reality

Peter Berger and Thomas Luckmann's theory of the social constitution of reality had an almost immediate effect on organizational communication and other scholarship when it was published in 1967. Berger and Luckmann observed that everyday interactions with others produce knowledge and meaning. The social construction of reality is also reinforcing; individuals create their realities and influence their environments as they interact with others, and social environments influences individuals in the setting (Berger and Luckmann).

People's social experiences help them construct their realities. The study of a person's organizational life benefits from a phenomenological approach that suggests that people employ a reduction in consciousness to understand their experiences (Husserl 168). While the reality of everyday life is subjective because we experience it as the subject, phenomenological analysis privileges the ability to bracket out aspects of our subjective nature to engage our experiences differently: "Common sense contains innumerable pre-and quasi-scientific interpretations about everyday reality, which it takes for granted" (Berger and Luckman 34). Berger and Luckman note the tendency to attribute causes, notice internal anxieties, or place subjective judgements on experiences, rather than focus on the experiences themselves. Focusing on experiences themselves while engaging others in organizations allows for an engagement with and the construction of reality. A rhetorical approach that encourages employees to focus on actual

experiences and a phenomenological bracketing of the anxiety created by mergers and acquisitions could help employees during merger "madness" (Marks and Mirvis; Mirvis and Marks).

Communication has a crucial role in the social construction of reality as one seeks to make sense of organizational change: "An understanding of language is . . . essential for any understanding of everyday life" (Berger and Luckman 37). Conversation is "the most important vehicle of reality maintenance" (152). While nonverbal communications certainly are important, speech is privileged for Berger and Luckmann. However, the work of maintaining reality is based in the implications of the conversations and rarely the explicit statements.

Laurie K. Lewis observes that change literature often views change as "immutable" ("Change and Innovation" 513). The interactions among employees and external stakeholders influence all aspects of communicating about a change. As stakeholders work to make sense of the change, they enact Weick's sensemaking to select the aspects of communication that fit their understanding of the change (Lewis). Stakeholders account for oral and written communication, as well as the materiality of an institution as they work to understand organizational change. The Montreal School of Communication Constituted Organizations (CCO) theories are grounded in social constructionism and include the structure and the role of materiality in creating organization.

Communication Constituted Organization

The Montreal School of Communication Constituted Organizations (CCO) theories include the material nature of organizations to view organizations emerging from a complex interaction of organizational communication and the structure of an institution like a company (Putman, et al.; Taylor and Van Every). Some researchers offer variations on CCO, but James R.

Taylor's version will be used as the representative example. CCO theories are based on Anthony

Giddens' structuration theory (Putman, et al.; Taylor and Van Every). Structuration theory uses

the duality of structure to understand human agency and social institutions. Rules and resources

within a social structure are used by social agents to interact (Giddens). Marshall Scott Poole and

Robert D. McPhee provide a library example to clarify some of structuration's fundamental

terms:

> Structure is the rules and resources drawn on by actors in taking part in system
>
> practices. A rule is any principle or routine that guides people's actions. For
>
> instance, the library's shelving areas might be called the 'dungeon'; that label is a
>
> rule telling people what to call the area and conveying its dank isolation. A
>
> resource is anything people are able to use in action, whether material (money,
>
> tools) or nonmaterial (knowledge, skill). In the library, budgets are one important
>
> [structural] resource, as is a degree in library science that gives librarians special
>
> knowledge (174).

The structure, with social actors drawing on rules and resources, creates and recreates the social

institution.

Communication Constituted Organization scholars, including François Cooren, Robert D.

McPhee, James Taylor, and Elizabeth Van Every, view organization as constantly emerging out

of communication processes while at the same time, communication produces organization and

the two co-produce one another. The symbolic nature of organizational communication allows

communication to be transmitted via types of messages, or "texts" (Putnam et al.; Taylor and

Van Every 3). Communication serves an epistemological function when knowledge is co-created

in an organization as a result of interpersonal interactions. The structures, rules, and resources indicate who and what holds power in the institution (Giddens 14).

Defining the nature of organization is a complex question. While materiality is important in organizations, the institution has no materiality in and of itself (Taylor and Van Every). Foregrounding communication helps in theorizing about organizations because if "organization is emergent in communication . . . then it is not a being, but a becoming" (Taylor and Van Every x). Organizations are ultimately pragmatic. Interactions between people, between people and technology, or between people and materials, determine the organization: "the becoming approach focuses on communication as a dynamic process that creates, sustains, and transforms organizations" (Putman et al. 8). To begin to understand an organization, you need to look first at the communication. Without the processes of communication, organizations would not be realized (Taylor and Van Every).

Because communication is the site and surface of an organization, when, by necessity, little communication can be provided during mergers and acquisitions, it profoundly affects organizations. Communication Constituted Organization theory expands the common view of rhetoric as oral. All language taking place in organizations is rhetorical and constitutive of organization. If, as Schrag suggests, all communication is rhetorical, intended by someone to persuade another about something, this should include written texts to serve and site and surface from which an organization can emerge. If an organization emerges from communication, the next topic to consider is organizational culture, a significant aspect of all organizations.

Organizational Culture

All organizations have cultures, whether they are strong, with aspects that are easy to identify from outside the organization, or weak and fragmented and more difficult to identify

(Deal and Kennedy 4). Culture serves as the foreground and background, as a stabilizing force that can be "coercive" but is also "dynamic" (Schein 3). In fact, an organization is its culture and is socially constructed, a phenomenon that is "constantly reenacted and created by our interactions with others" that shapes us as participants in the culture (Schein 3). For Schein, a culture provides the organizational rhetoric (communication) and communication is the daily interaction that delivers meaning Charles R. Bantz takes it farther, and asserts that communication constitutes an organization's culture.

Culture is the key to well-regarded American businesses—those that have long histories and are successful. Certainly, the rational model of American business with its analyses, planning, goal-setting, and more analyses is part of an organization prospering. However, the companies with the strongest cultures, in which employees know what is expected of them, emphasize aspects of organizational life outside excellence in quantitative analysis. Culture is what sets American companies apart from those outside if the United States and is what can drive an organization (Deal and Kennedy).

Mergers and acquisitions require employees to make sense of the new company's culture from both the acquiring and target's perspective. When two organizations merge, the cultures often "clash" in a variety of ways because no two organizations have the exact same cultures, and this clash must be resolved (Buono et al. 477; Schein, "Leadership" 294). In a study of two merging banks with different cultures, each employee group defended their respective cultures (Buono et al.). One bank had an organizational culture that is considered desirable—that is, participative, egalitarian, and attentive to external audiences and stakeholders. The other was authoritarian, elitist, and micromanaging. In each instance, employees felt "pride" and that their way was the "right" way to do business (Buono et al. 489). The proposed merger between the

two banks was met with "confusion, insecurity, resistance, and even anger" although the business rationale of making a stronger overall bank was accepted (491). Of particular concern during mergers is the looming question of layoffs, due to duplicative functions that do not need to be kept. The rhetoric of the CEOs did not match their actions. Early in the merger process, both CEOs openly promised no layoffs for employees who performed their jobs well. However, when employee cuts were announced based on job performance, the result was "widespread general distrust of the new leadership and organization" (Buono et al. 493).

Schein cautions of culture clashes when organizations combine. Cultural transitions in mergers are tension-filled, as employees work to understand the "new" culture: "Recognizing cultural tensions should be a part of any proper pre-acquisition assessment of cultural fit" (Pepper and Larson 50). When differing cultures are ignored, it "trivializes the magnitude of disruption inherent" in mergers and acquisitions (50). Cultural tensions result during the post-acquisition when cultural questions have not been addressed and the employee is pulled between "new and old cultures" and identities (Pepper and Larson 50).

Culture needs to be included in studying any organizational change and particularly in merger and acquisitions because of the tendency to different cultures to clash. Indeed, culture might be *the* key to understanding mergers and acquisitions. Organizational culture signals work expectations and organizational goods to employees. Often, narratives and stories deliver an understanding of organizational culture succinctly. Culture and organizational rhetoric constitute one another. Leaders need to know how to lead cultures through such change, and rhetoric is the leader's tool. When leaders' actions and rhetoric are aligned, leaders can begin the work to develop the new culture.

Language and rhetoric provide organizational change researchers the clues to the effects of mergers and acquisitions on employees and others. Organizational communication theories that assert organizations emerge from processes and from communication. Social construction and Communication Constituted Organizations theories recognize that organizational rhetoric is intimately integral to processes of organizing. Organizational culture offers the foreground and background for organizational rhetoric and provides the guideposts for employees attempting to navigate organizational change.

Conclusion

A significant amount of scholarly research and practitioner work has been published about mergers and acquisitions as a frequent type of planned organizational change. Mergers and acquisitions *should* be a positive experience for organizational employees. Yet, so many mergers and acquisition struggle to coalesce into a unified organization, one that should benefit employees and other stakeholders. Many obstacles impede the emergence of the new organization. The profound disruption to organizations and the uncertainty under which employees, managers, and executives must continue to work and produce creates a remarkable dynamic. General advice and ideas based in scholarly studies or presented as communication "best practices," are presented to facilitate organizational change. However, none seem to do so, as employees encounter paradoxes and dualities during the change. Practitioners and researchers have a general consensus about what matters in organizations and how organizational communication should occur during mergers and acquisitions, but this area of inquiry is still ground for additional research.

In the postmodern historical moment in which many aspects of organizations, including the pursuit of mergers and acquisitions are still moored to modernity, is there any reason why so

many fail to meet expectations? While many scholars and practitioners offer communication as a way to solve merger and acquisition woes, some warn against placing assuming that communication as it is commonly delivered as a solution for mergers and acquisitions. While many leaders still look for universal solutions to organizational change, others call for an approach that recognizes the contingent nature of change (Burnes and Jackson 447; Dunphy and Stace 905). Rhetoric viewed broadly can address organizational contingencies, as it can help create the new organization out of a merger or acquisition.

A new organization emerges out of a merger or acquisition. Organizational communication theories such as social construction and communication constituted organizations view communication as creating one's environment, as the environment influences communication. Organizational culture is another way organization emerges out of communication. The culture of the organization is reflected in the stories told through other communicative avenues. It is in the everyday interactions that organizations—and cultures—are built, influence those in them, and transcend the organization. The next chapter offers insight into the question of what it takes to lead organizational change in the form of a merger or acquisition.

Chapter 3: Leading Organizational Change in Mergers and Acquisitions

Scholarly and practitioner texts and articles on the topic of planned organizational change offer best practices and tactics for organizational change communication. Consultants who specialize in change are regularly sought by companies going through mergers and acquisitions. Despite numerous academic studies and books drawn from executives' practical experiences (Kotter "Leading Change"; Peters and Waterman), organizations continue to struggle with mergers and acquisitions, the most complicated and costly type of change. Most often, such endeavors are led and managed based on the modern ideals and assumptions held within organizations. Modern ideals such as belief in rational analysis and universal laws have been used to develop sets of steps or best practices that then can be applied to all merging or acquiring organizations. However, every organization has a different culture, even within industries (Deal and Kennedy; Deetz et al., "Leading"; Schein, "Culture"). Different cultures mean organizations have unique challenges to be accounted for in planned change communication. The postmodern historical moment calls for a re-imagining of organizational communication during mergers and acquisitions.

Organizational change has numerous communicative requirements. Writings by scholars and practitioners typically view communication as a variable used to facilitate change (Kotter "Leading Change"; Lewis "Strategic"; Peters and Waterman). For example, although Lauri K. Lewis ("Change and Innovation"; "Strategic") suggests employing stakeholder theory to help organize the work associated with implementing change activities, she still views communication as a variable. The nature of change creates challenges for most leaders (Higgs and Rowland). Business leaders and managers are trained to solve complicated problems that can be analyzed and then solved in a generally linear way, whereas change is a complex problem that "requires

managers to cope with dilemmas in the system rather than to arrive at definitive solutions"
(Higgs and Rowland 123). There are no uniform answers to effectively implementing change,
and employees often are focused on themselves rather than on the organization during change
initiatives. This confluence of circumstances result in significant challenges to leading change.

Mergers and acquisitions are leader-led planned changes. Similar to the subject of
organizational communication and change, many perspectives can be—and are—used to
investigate the topic of leadership and mergers and acquisitions. The leader, typically the
President or Chief Executive Officer (CEO), works with the Board of Directors and a few other
high-level executives to identify and approach a potential target company. Constraints during
mergers and acquisitions include the need for secrecy before the agreement is signed, a necessary
lack of certain communication during the stage of planning implementation, the lack of certainty
the merger will consummate, and the need to function as two separate companies until the legal
aspects are approved. The constraints combined create an extraordinarily challenging
environment for leaders (Tetenbaum).

This chapter begins with a review of theories that examine organizational change
processes including Theory E and Theory O, Kurt Lewin's social change, John P. Kotter's
behavior-focused work, and change grounded in communication, such as Laurie K. Lewis'
stakeholder theory of change. Several theories of leadership are then addressed, including
transactional and transformational leadership and language-based leadership. The chapter
concludes with an examination of leadership during mergers and acquisitions, including studies
of leadership behaviors and dimensions that support planned change, and a leader's ability to
lead integrated or changing cultures that often result during mergers and acquisitions.

Theories of Organizational Change

Scholars and practitioners in various disciplines have addressed the subject of organizational change. Different theories have emerged, in part because scholars in various disciplines have addressed the subject often in isolation of one another (Lewis, "Strategic"). Different theories of planned change have been popular at various times. Each theory has underlying assumptions about how an organization does and should function, including expectations about the role of communication. Most often, communication is treated as one variable among all the other organizational aspects in the post-positive approach. In the post-positive approach, communication often is used in "furthering the organization's interests" (Zorn, Page, and Cheney 535).

The post-positive approach to organizational change, also call the classical, rational, or functional approach, is a popular perspective for addressing planned change. It is based on the belief that change can be planned and controlled, and is typically linear (Smith and Graetz). Gareth Morgan notes that the post-positive perspective is "primarily regulative and pragmatic in its basic orientation, concerned with understanding society in a way which generates useful empirical knowledge" (608). Organizational goals in the post-positive perspective are to improve the organization, typically by achieving new efficiencies or reducing costs in a systematic way. This approach is considered "strategic" because the reasons for change are typically based on a corporate strategy (Smith and Graetz 41). The main assumption is that "society has a concrete, real existence, and a systemic character oriented to produce an ordered and resulted state of affairs" (Morgan 608). The post-positive approach is deeply ensconced in the modern ideals of progress and efficiency.

Scholars working in the post-positive tradition often target employees' behaviors, to motivate and inspire them to new and improved levels of performance. Stanley Deetz considers discourse as "normative" in the rational approach, with the goal to achieve "law-like relations among objects" (Deetz, "Rethinking" 199). The problems organizational discourse addresses are "inefficiency" and "disorder" (199). When change is slow or is not occurring, Lewin noted that it could be due to employees' resistance to change, which has been a significant topic of study. Scholars have theorized about the processes in which change takes place.

Organizational Change Process Theories

Organizational change process theories identify the crucial aspects of the process of change. In reviews of change literature by communication scholars, Lewis and Marshall Scott Poole each observed three common elements of a change process. David R. Seibold and Lewis sought to understand change processes by viewing change as a communication phenomenon. Poole and Andrew Van de Ven organized the research into a matrix of approaches.

Lewis notes three parts to the merger process. The first is implementation strategies and the resulting reactions to those processes. The second is individual response to change. Responses include self-interested cognitive reasoning on how the change will affect the individual, instances in which communication is misunderstood, and how one's experience with change influences an individual's reaction. Lewis includes the emotions that often result from change, much of which Marks and Mirvis consider a part of "merger madness" (2). Lewis' third is successful implementation, which is defined as "meeting initial goals for the action," but is without consideration of the accuracy or effectiveness of the goals (Lewis, "Strategic" 13).

Poole also identified three common elements in all scholarship about planned change: human agency, level of analysis, and time. Research on the question of human agency is

significant: "While there might well be an 'invisible hand' that guides organizations, the role of

human intention and human intervention is all too visible" (Poole 17). Similar to Lewis' focus on

the individual, the first aspect for Poole is human agency, which includes the role of leader,

change agents, and front-line employees participating in change. Second, Poole understands

organizations as multilevel institutions, which has implications for planning a change like a

merger or acquisition. Often, all parts of organizations are affected when combining

organizations. Different work groups tend to influence other work groups, and often in different

ways. Working to affect change at multiple organizational levels simultaneously increases the

complexity for undertaking a change. The community in which organizations operate are also

affected by and influence changes, and should be taken into account. Third, time plays a

significant role during change. Organizations undergo change over a certain time period, which

is sometimes several weeks, or over years, depending on the type of change (Poole).

After researching change implementation approaches, communication scholars Lewis and

Seibold argue for approaching change implementation as a "communication-related

phenomenon" and suggest four areas of focus for such study (126). Viewing change through a

communicative lens is intended to help further understanding of change processes. The areas

include communication-based activities, which are those that are directly related to the process of

communication of organizing, such as information sharing; how the vision and mission are

shared; how employee questions and concerns are addressed, and how communication related to

job performance is gathered and communicated. The second focus pertains to organizational

structures related to communication during implementation of change, such as how employees

are rewarded for performance; how—and how much—employees participate in decision-

making; and the structure of roles and role-transitions within the organization. Two additional

foci are whether the process or structure is formal, in which communication is directive, "official," and "top-down," or informal, which are the "bottom-up," and employee-led (94). The formal focus is the predominant, managerial perspective of much scholarship (Lewis and Seibold).

Van de Ven and Poole organize change research into a four-quadrant matrix to examine the assumptions of various research paradigms for significant aspects of organizational change. The matrix of approaches is organized by ontological views of organizations as column headings and epistemology as the row headings. Ontological views are of an organization as a "real entity" (as a noun) that is relatively fixed, or as a process (verb) in which, because entity emerges from the processes of organizing, an organization is regularly in flux (1387). Epistemological methodologies used to study organizational changes include the variance method, which views organizational elements as independent or dependent variables. Variables within a change process are assessed using statistical measures and process narratives within and at varying points of the change process.

The result of the matrix are four approaches. Approach I is a variance method studying an organization as a noun. The approach studies the cause of change using variables. Approach II also views an organization as a noun, but uses process narratives. This approach studies the stages of change. Approach III uses process narratives to study an organization as an emerging entity. This approach views the change process by "narrating emergent actions or activities" (1387). Approach IV studies change viewing organizations as emergent, and uses variables. This approach uses "dynamic modeling" of change agent actions or the changes as part of a system (1387). In assessing the various assumptions made about change, Van de Ven and Poole call for a combination of the four approaches described. Each approach has merit, but the struggles

organizations have could be illuminated by combining the approaches because of the complexity of change in organizations (Van de Ven and Poole). Michael Beer and Nitin Nohria offer another approach to organizational change.

<u>Theory E and Theory O</u>

Beer and Nohria identify two primary approaches to change. The first approach is called Theory E, which is based on improving the economic value of an organization during change. The second approach, Theory O, is based on increasing "organizational capability" by focusing on training managers and employees to create a more effective organization through its people (133). The approach an organization takes indicates the underlying assumptions of those leaders managing the change. Understanding the underlying theories of change—and the associated strengths and weaknesses—help managers and leaders navigate the processes of change and change implementation (Beer and Nohria). Nigel Leppitt asserts that Theory E and Theory O offer a dichotomy that is convenient to study change, but proves problematic for implementing change according to the theories ("Rubicon").

The business actions of Theory E and Theory O are quite different. Theory E entails the business actions that the media typically reports: "In this 'hard' approach to change, shareholder value is the only legitimate measure of corporate success" (Beer and Nohria 134). Organizations that want to increase shareholder value pursue layoffs, overall downsizing, other types of drastic cost-cutting, financial re-engineering, and restructuring. This was the main approach for change in the United States in the past 30 years because of the pressure on organizational performance from financial markets (Beer and Nohria; McCarthy). A focus on stock price is at the expense of other measures (Beer and Nohria). Organizations that employ Theory O focus on corporate culture and individual capabilities through organizational learning (Beer and Nohria).

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Organizational goals influence the manner with which leaders communicate with employees. Organizational goals are clear and relatively simple to measure in Theory E—increased net income that drives up the stock price. Change projects often entail numerous initiatives, so having a single, publicly available number on which to focus, such as stock price, helps employees and investors see the results of the change. Theory O also aims to increase the value of the company, but the value is achieved through changing the behaviors of employees at all levels. Often a new mission statement, vision statement, and list of organizational values that address teamwork and communication are intended to ultimately improve the bottom line. The focus in Theory E changes are the structures and the systems. These are the easiest to affect through the top-down directives given by leaders who pursue more modern, command-and-control leadership. Restructuring organizations, divesting, and outsourcing are some examples of Theory E activities. Leaders pursuing Theory E deliver information in a formal, top-down format so they do not get close to employees who might have to be laid off. In contrast, Theory O activities focus on the culture, which results in changes in behavior and attitudes. Employees and managers are encouraged to think about work activities to identify ways of working better while "increasing productivity and quality" (Beer and Nohria 136). Employees generally are not laid off, but managers who do not support the cultural shift are replaced. Leaders and managers are engaged with communicating with the workforce, thereby garnering loyalty from employees in the Theory O approach (Beer and Nohria).

Beer and Nohria concur with Leppitt. Companies that balance the Theory E and Theory O approaches should gain benefits from each (Beer and Nohria). Leppitt notes that by identifying two opposites theories of change, Beer and Nohria illustrated potential weaknesses in the practice of change management ("Praxis" 122). Leaders who identify "critical success factors

(CSFs)" in their organizations can integrate appropriate dimensions of Theory E and Theory O to the CSFs that most impactful to that particular company (122). For example, a technology company might have a CSF of innovation, because if a technology company does not innovate, it does not grow. Understanding the economic forces behind CSFs can help companies compose through rationales and link change efforts to strategies.

Leppitt used change management dimensions from Theory E and Theory O and other common change models to survey employees undergoing change at an organization. The goal was to understand how well integrated the change efforts were for employees. An integrated approach would help employees during change. The 13 dimensions were: context, vision and strategy, urgency, consensus, leadership, build capability, plan resources, plan process, secure resources, delivery approach, quick wins, monitoring and metrics, and consolidation (237). Employees reported that the organization performed poorly across all the dimensions (Leppitt).

Although organizations do not pursue one change approach to the exclusion of the other, an economic approach or an organizational culture approach is typically emphasized and consequently affect employees. A variety of strong influences exist in social environments, and those "force fields" shape peoples' behaviors, which directly influence actions and behaviors during. While it is important to pursue some level of planning to address change you want a group to adopt, social scientist Lewin urged flexibility and a willingness to adjust plans from what is learned during implementation.

<u>Lewin's Theory of Social Change</u>

Writing shortly after the end of World War II, Lewin asserted that social theorizing needed to catch up with theorizing in the sciences. Social facts had not seemed as real as the physical facts scientist studied. Social scientists talked more about ideas than objects. Lewin

observed that the atomic bombs dropped in Hiroshima and Nagasaki helped people realize that

"social happenings are both the result of, and the conditions for the occurrence of, physical

events" (7). He thought that of the researchers could move from description of social aspects to a

study of the "dynamic problems of changing group life" that new tools and techniques would be

developed to gain greater understanding of social dynamics (5). Lewin recognized the

importance of the work as the world grew more dynamic and social aspects grew more complex.

Lewin observed parallels between physical and social science research that should allow

relationships among people and other social phenomena to be studied scientifically using tools

and techniques already available. Social groups were in a state of "quasi-stationary equilibria"

because groups of people are inherently dynamic (13). Change is a "relative" term; because

groups are always changing, the question was to identify how much and the type of change

expected (13). A resistance to change also is present in groups. Circumstances serve as "force

fields" that expert influences on the fluctuation within the social groups. To create permanent

change, Lewin suggests a rhetorical approach that is the antithesis of the practice of many

businesses: "one should not think in terms of the 'goal to be reached' but rather in terms of a

change 'from the present level to the desired one'" (32). Even though communication is often

considered a variable, it is recognized as significant, with a central role in change efforts (Lewin,

Kotter).

In one of Lewin's studies of change, he considered dynamics and changes at social and

organizational levels to explain data collected on changing eating habits in the 1940s. Lewin

suggested three stages of change: unfreezing, moving to the new "requirements" of a change, and

refreezing so the group would have adapted to the new expectation or level (35). A post-positive,

rational approach addresses changes in a linear manner, and most elements are designed for a

primary leader with employees willing to change. Edgar H. Schein, scholar and consultant who has addressed culture, leadership, and change management, bases his work on Lewin's theoretical foundation when consulting about change, stressing the cognitive and learning components of a change process. Lewin's foundation is less prescriptive than many other frameworks for developing and change communication, which allows flexibility to address the needs of different organizational cultures (Schein, "Lewin"). Others took Lewin's framework and added to it. Kotter's theory and associated eight-step model ("Leading") is the most well know expansion of Lewin's earlier work.

Kotter's Theory of Planned Change

Kotter builds on Lewin's ideas and argues that the main goal for large-scale change is to change behavior—of employees, investors, and other stakeholders ("Leading"). Kotter based his ideas in the 1995 article "Leading Change: Why Transformation Efforts Fail" and his subsequent 1996 book *Leading Change* on his personal experiences and his research. According to Google Scholar, by 2016 the article has been cited more than 5,000 times and the book more than 8,000 times. In recognition of the disruption large-scale changes bring to organizations, Kotter offers eight steps to create and support change.

The first step, "increase urgency," is meant to guard against complacency (Kotter, "Leading" 43). The case for the need to change must be made first and in a compelling manner. An assessment of the competitive landscape and industry threats help support the need for change. Understanding the need to change, creates a readiness in the workforce to change.

The second step, "build the guiding team," emphasizes the importance of group leadership during organizational change (Kotter, "Leading" 52). This step recognizes that a single leader of a sizeable organization would not be able to lead a large change effort. Instead, a

team of effective, expert managers and executives with political acumen who have others'

respect within the organization should be used to lead a change. A group of respected leaders

lends credibility to the change process (Kotter, "Leading").

Step three is "get the vision right" to guide the change (70). The vision offers a picture of

the end result of change efforts to employees and other stakeholders. The vision must be clear

and understandable to employees at every level. An unclear vision statement can jeopardize the

change (Kotter, "Leading").

Step four, "communicate for buy-in," emphasizes the importance of ongoing

communication with employees about the change. Communicating helps employees understand

where the organization is going and why. Two-way communication is richer than one-way, so

providing opportunities for responses is preferable to one-way communication. Buy-in will be

reflected in employees' behaviors (Kotter, "Leading").

Step five, "empower action," allows employees to act on their understanding of the

vision. Training is an important part of empowerment. Other aspects that support empowerment

include organizational structures, systems, and supervisors (Kotter, "Leading"). Employee

participation in change and decision-making has often been considered an organizational good

because it can engender trust, job satisfaction, and other positive aspects for employees (Locke,

Schweiger, and Latham).

Step six in Kotter's model, "create short-term wins" allows the organization to continue

momentum by acknowledging completing planned milestones. Since large-scale organizational

change like mergers and acquisitions often take significant time to complete, it is important for

employees to see progress. Acknowledging incremental changes to build to the large change

helps keep focus on completing the planned change (Kotter, "Leading").

Step seven is "don't let up." There are many points at which the process can stall because large-scale change is complex and requires many steps to accomplish. Managers and leaders might place too much emphasis on initial improvements. An organization can make more gains after reaching the new level of performance as a result of the organizational change. Stalling at any certain point will negatively impact the overall change.

The last step is "make change stick" by incorporating the change into work routines and behaviors supported by the culture. As Lewin, Schein ("Culture"), and others note, it is easy to change for a short time, then go back to the previous level of activity that existed before the change. Many of Kotter's steps are still used by organizations to guide change communications (Applebaum et al.).

Kotter's work mostly addresses leading an internal audience of employees during change. However, organizations exist in a complex environment with many constituencies. Depending on the type and scope of a planned change, external stakeholders can be affected by change in varying degrees. Attending to all constituencies affected by a change is an important aspect of managing planned change.

Stakeholder Communication Theory

Planned change based on a theory of stakeholder communication has garnered much interest. Stakeholders are "any group or individual who can affect or is affected by the achievement of the firm's objectives" (Freeman 25). Organizations have numerous stakeholder groups that have varying degrees of interest in different planned change like mergers and acquisitions. Stakeholders include employees, customers, regulators, communities in which organizations function, suppliers, investors, media, special interest groups, environmentalists,

governments, competitors, and more. Lewis suggests a stakeholder communication theory of change to uncover relationships and communicative needs that other theories do not.

Using Edward Freeman's Stakeholder Theory grounds organizational communication in an examination of various shareholder groups, their needs, and the development of appropriate strategies and communication to manage such relationships. Ronald K. Mitchell, Bradley R. Agle, and Donna J. Wood build on Freeman's Stakeholder theory to determine which stakeholders should have a decision-maker's attention during organizational change. Mitchell et al. developed a descriptive theory of stakeholder salience identifies three attributes—power, legitimacy, and urgency—that guide which stakeholder group to attend to and how much. Power, which is transitory, is the ability of one actor or set of actors in a relationship to "gain access . . . to means, to impose its will in the relationship" (865). Legitimacy is a "societal good" based on some idea of an action being appropriate (866). The "measure" of appropriateness is socially constructed. Urgency has a time-sensitive nature and a "criticality" that indicates a certain degree of importance for the stakeholder (867).

An individual may hold several stakeholder roles at once. People who work in organizational roles that regularly interact with stakeholder groups, like customer service representatives or help desk employees, are called boundary spanners. However, boundary spanners are not necessarily consistent in their interactions with outside stakeholders. Lewis notes that little research exists on relationships among stakeholders, which could be a powerful factor when addressing how to manage group responses to organizational change. Some groups could have similar interests and work together to oppose a certain action. While groups have similar interests, people within the groups could address topics differently. Stakeholders can serve as opinion leaders connectors to other stakeholders groups, social support for those

affected by change, and journalists can ask difficult questions of organizations making the change (Lewis, "Strategic").

A stakeholder model for communication during planned organizational change allows managers to plan proactive communication on several dimensions. Communication can address the institutional factors, implementers' own perceptions of the context, and the stakeholders' perceptions. Other communications address the organizational needs while also tailored to the needs of the stakeholder groups and the organization based on outcomes of the change, stakeholders' views of one another, and concerns that are explicitly shared about the change (Lewis, "Strategic").

Planned change theories are typically prescriptive, offering technique-driven steps that assume universality among organizations. Even in those that view organizational change as contingent, communication is treated as a variable in a roadmap to communicate organizational change. Although having a set of prescriptive steps to take is helpful when managing change, a leader often needs to do and be more. The idea of leadership is one for which many ideas have sprung, and leading change requires additional abilities. The next section provides some main leadership theories before specifically addressing leading during mergers and acquisitions.

Theories of Organizational Leadership

Mergers and acquisitions are complex and somewhat mysterious; why else would companies entering them often fail to achieve goals that seemed reasonable at the time they were set? Similarly, the idea of leadership is "hazy and confounding" (Bennis 259). However, leadership is not confounding because so *little* is known about the topic; leadership is confounding because so *much* has been thought and written about it. The idea of leadership has a number of rich terms associated with it, including "power, status, authority, rank, prestige,

influence, control, manipulation, domination . . . and still the concept is not sufficiently defined" (Bennis 260).

Scholars have developed numerous ideas and definitions for leadership. Early leadership scholar Chester Barnard, writing in the 1930s, defines leadership as

> the power of individuals to inspire cooperative personal decision by creating faith: faith in common understanding, faith in the probability of success, faith in the ultimate satisfaction of personal motives, faith in the integrity of objective authority, faith in the superiority of common purpose as a personal aim of those who partake in it (259).

Warren Bennis, writing in the late 1950s, defined leadership as "the process by which an agent induces a subordinate to behave in a desired manner." John MacGregor Burns, writing in the 1970s, considered the topic this way:

> Leadership over human beings is exercised when persons with certain motives and purposes mobilize, in competition or conflict with others, institutional, political, psychological, and other resources so as to arouse, engages, and satisfy the motives of followers. This is done in order to realize goals mutually held by both leader and followers (18).

Early definitions of leadership were grounded in the narratives of their day. Barnard referenced the idea of faith, and 20 years later, Bennis took a psychological approach.

An additional level of complexity is the conflation of the terms "manager" and "leader." John P. Kotter defines management as a "set of well-known processes" like budgeting, staffing, and planning so an organization can efficiently and effectively deliver on the promise of its products and services. The difficulty and complexity of what it takes to deliver regularly on the

promise of products and services consistently and with quality is often "underestimated" (Kotter Blog 1+). Leadership, on the other hand, is the ability to manage the future vision, gain employee support, and grant empowerment to employees. The ability to understand impending changes in an organization's environment and the ability to see and drive changes that react appropriately to pressures is leadership. To diminish the focus on the perceived importance placed on charisma over the past 30 years, Kotter states that leadership is "not about attributes, it's about behaviors" and notes that leadership should not be automatically associated with a certain level in the hierarchy, as the term is often understood. Leaders can manage at times, and oftentimes managers are leaders. Kotter notes that organizations need more excellent leaders and managers at all levels to succeed.

In this chapter, when I refer to "managers" I mean those people in the organizational structure who lead groups but are not part of the executive, or "C-Suite" (Chief Executive Officer; Chief Financial Officer; Chief Operating Officer, etc.) team. When I refer to "leader," I will be referring the President and/or CEO, as the person who leads organizations entering large-scale planned changes, like mergers and acquisitions.

Starting in the late nineteenth century, the role of corporate work as a part of the social setting, the nature of work, and the nature of work relationships was addressed first by practitioners who also provided research findings, such as Fayol who had studied Frederick Taylor's work, and social worker Follett. At a time when management typically was not professional but rather "supervisory," Taylor noted the organizational and moral obligation of management: "The principle object of management should be to secure the maximum prosperity for the employer, coupled with the maximum prosperity for each employee" (9). Virtually all

leadership and management scholars and practitioners identify communication as a necessary element to achieving suitable outcomes for both employers and employees.

Early Theories of Organizational Leadership

At the end of the 1800s and beginning of the 1900s, management was recognized as a common human function, one practiced in households and moved into organizations. Even though households are managed, organizations present different challenges, so management was a discipline that needed systematic study and teaching (Fayol; Follett). Although the household could be a good proving ground for management, published theories of organizational management would allow people to pursue an open discussion about leadership (Fayol). To this end, Fayol advocated for school programs from which many management employees had graduated to address the physical and moral qualities necessary for managers. Follett asserted that since science underpinned the idea of profession, it was something that could be taught. Moreover, the science of cooperation needed to be developed to create the profession of business management (Follett). Follett recognized that business management might be less quantitative than others, it needed to be approached scientifically and in an organized fashion because of all the human—and other types—of interdependencies.

A significant interdependency in organizations is cooperation. Mayo, Barnard, and Follett identified one of leadership's main purpose is to help facilitate cooperation in an organization. Mayo observed that managing people was vastly different than managing other aspects of organizations. In engineering or other analytical fields, you find an error and change a process to address the error. To coordinate people, "dogma and tradition, guess, or quasi-philosophical argument" is used (Mayo 61). Mayo asserted that managing groups to work together is especially important for large organizations:

> The organization of teamwork . . . must take account of the need for continual reorganization of teamwork as operating conditions are changed in an *adaptive* society . . . . For the larger and more complex the institution, the more dependent is it upon the whole-hearted co-operation of every member of the group (61).

Mayo's work on organizational relationships and cooperation laid the ground for the human relations school of leadership and management.

Chester Barnard saw the main purpose of a leader as different than the main purpose for other organizational members: "Executive work is not that *of* the organization, but the specialized work of *maintaining* the organization in operation" (Barnard 215). Barnard squarely placed the unique role of executives in organizations as one of process. Executives function like the "nervous system" or "brain" of an organization in its provision of "the system of communication . . . to promote the securing of essential efforts . . . and to formulate and define purpose" (Mayo 217). The "system" of communication is the "primary task of executive organization" and entails hiring an effective executive team (218).

Language and communication have a central role in organizations. Fayol asserted that managers needed to adjust their management style for different employees, so communication was suited to the situation. In addition, the rhetoric used in an organization helps define the interactions of company and customer (Follett). Furthermore, part of every personal interaction in an organization is a result of values, wishes, knowledge, past actions, and past personal development, which are influenced in communicating with one another (Follett). Follett addressed a new type of leadership, in which a leader can energize a workgroup, manage each employee to contribute as much as they can, was well as to make each employee to feel empowered. Communication and listening skills were the ways a leader could engage his role as

well as help others fulfill their personal humanity, wants, and values through the organization. When a leader provides many reasons for actions, the actions acquire more importance for the organization and community (Follett). The more motives there are that influence action, the better "good" comes from the action. Follett's ideas were precursors to social constructionism, and transformational leadership theories.

A leader is always acting within a set of responsibilities—to individuals, the organization, and the community. Barnard recognized two parts of an executive's role. The first part is the technical, which deals with a type of superiority or skill, and it is "local, individual, particular, ephemeral" (260). The second part is responsibility, which is "the more general; the more constant; the least subject to specific development; the more absolute; the subjective that which rejects the attitudes and ideal of society and its general institutions. This is the ethical factor of the executive function" (260). By the 1970s, Barnard's two roles translated into James MacGregor Burns' two types of leaders.

Transactional and Transformational Leadership

Burns offered a significant advance in leadership research in the 1970s by developing the idea that there are two types of leaders, those who excel at transactional activities, and those who have the skills to change employees and organizations. While leaders have both sets of abilities, one typically is more prominent (Burns). Transformational leadership is the approach most associated with mergers and acquisitions.

Transactional leaders are more passive than transformational leaders. Transactional leaders operate through rewards and discipline characterized by contingent reward, management-by-exception, and laissez-faire leadership. Transactional leaders develop processes for employees to help ensure satisfactory performance. In contingent performance, some of the

processes are those in which employees are rewarded or recognized for good performance, but also for addressing those employees who do not meet certain performance levels. If an employee accomplishes a task, they are rewarded. Maintaining the status quo is important, and, when an employee lags behind, the transactional leader has a plan to improve the performance (Bass; Burns).

Transactional leadership is best characterized by a passivity in which a leader waits for an employee to act. For example, management-by-exception is when a transactional leader waits for an employee to perform an action and measures the result and determines whether there is an exception to the expected performance. If the performance does not meet the goals set, the employee's performance should be adjusted, typically using a process the transactional leader created. Management-by-exception is appropriate is when a leader has a large number employees directly reporting to her. Transformational leaders inspire people because they are creative, interactive, visionary, empowering and passionate (Bass; Burns). This type of leader is more proactive than reactive. Their behaviors inspire employees and others to do more and exceed the expectations for their roles.

Six behaviors comprise transformational leader behaviors. First, a transformational leader can identify and articulate a vision that supports business growth and helps employees understand the organizational goals the new vision supports. Advocating for the vision inspires others. Second, a transformational leader has to behave in an appropriate manner. Modelling behaviors allows employees to observe and emulate the expected behaviors. This helps reduce uncertainty for employees. Third is the ability to create cooperation and helping employees accept and embrace group goals. A leader's charisma helps employees want to work together for the good of the organization. Fourth, a transformational leader expects a high level of

performance from all employees (Podsakoff et al.). Failure is not punished if it advances understanding and ultimately helps solve challenges and improve overall performance. Fifth is offering support for individuals by recognizing each employee likely has different reactions, feelings, and personal and professional goals. This individual consideration requires the transformational leader to listen and help shepherd employees during their careers (Bass). Sixth is providing "intellectual stimulation" that encourages employees to think about their work and how to perform better (Podsakoff et al. 112). To support these behaviors, the transformational leader helps employees be creative and approach old problems in new ways (Bass).

The trait that is most often emphasized for a transformational leader is charisma (Bass). Through charismatic language and behaviors:

> The leaders are admired, respected, and trusted. Followers identify with the leaders and want to emulate them; leaders are endowed by their followers as having extraordinary capabilities, persistence, and determination . . . . They can be counted on to do the right thing, demonstrating high standards of ethical and moral conduct (5).

Charisma gives employees a reason to follow a transformational leader, and the reasons are typically delivered through a leader's language. The next section reviews two scholars who further focus on language and leadership.

Theories of Leadership Language

Theories of leadership language are rooted in a social construction approach, which understands leaders as those "who are reflexive practitioners who shape and are shaped by realities they co-create" (Fairhurst and Connaughton 22). Research can be categorized by leaders who focus on the delivery of each message to provide meaning and framing; research that

focuses on reflexivity and ethics of the leader; and relationality and dialog, which focuses on "relational responsiveness" as they communicate about change and its affects (22). Leaders need to be the organizational rhetoricians that help employees make sense of their environments.

Management scholar Louis R. Pondy was dissatisfied with ideas about the meaning and activity of leadership. Writing in the 1970s, Pondy noted the efforts to define and identify leadership needed to be more robust. While we often desire consensus on a term or idea, leadership might be one that is too multifaceted to support such agreement: "Our epistemology seems to force us to agree on a conceptual definition of the term 'leadership'" (88). Instead, the ideas about leadership should support the complexity of the topic (Pondy).

Too often, the term *leadership* was and is applied to types of behaviors that almost anyone can demonstrate (Pondy). The concepts about leadership seemed thin to Pondy. The idea of leadership "style" was particularly troublesome: "'Style' indicates a superficiality that belies the complexity of leadership. The insistence to consider leadership as a monolithic concept with a neat definition might say something about our familiarity or experience with it" (88). To address the idea of leadership, Pondy suggested viewing it from a creative and expansive perspective: "Suppose we think of leadership as a language" (89). The leader's language creates their reality as leader.

Framing as the Language of Leadership

One perspective on leadership communication is in Fairhurst's *The Power of Framing: Creating the Language of Leadership*. Fairhurst focuses on leadership because of the generally complex situations that arise in organizations during times of change. People who know how to lead are skilled at talking about and describing current and pressing situations to others in

compelling ways. Fairhurst provides six "reality construction rules" to support the idea about the relationship between leadership and how humans construct reality.

The first reality construction rule is to "control the context" to provide the background to help employees or other stakeholders understand why a change or decision matters. Environments change all the time—from changes in regulations to the introduction of disruptive technologies—leaders know they have to help make sense of such changes for those around them, including employees. Leaders know they cannot snap their fingers and change the circumstances, but they can choose to provide the context to help employees and others understand what is happening in the present (Fairhurst 2).

The second reality construction rule is to "define the situation." The leader needs to rhetorically provide a way for listeners to understand the change or the circumstance to help give meaning to employees and other stakeholders. During this step, the leader addresses what they know and do not know at a certain time (Fairhurst 3).

The third rule attends to the ethical requirements of leadership communications. Leaders should not frame the situation in such a way that they are placing their words above the situation and mischaracterize it in the third rule, "apply ethics". This also includes adamantly denying or supporting an idea that is not possible or the leader knows is wrong (Fairhurst 5).

The fourth rule is explicitly hermeneutic: "interpret uncertainty." Many interpretations are possible in uncertain situations. By providing a specific interpretation, leaders give the uncertainty meaning for others. Leaders help others to make sense of uncertain situations and to allow a group to focus on moving forward (Fairhurst 7).

The fifth rule is "design the response." Leaders need to decide what sort of response a situation calls for, such as an in-person town hall meeting, satellite broadcast, or press

conference. Then, the leader delivers the response to have others believe and follow them. Where a leader is going to respond, what the leader plans to say and how, and when, are all important to determine (Fairhurst 8).

The sixth rule is "control spontaneity." Leaders need to control their in-the-moment actions to be effective framers. Too often, people want to react to a situation, and that reaction often is emotional and ill-advised. When this happens, the leader has lost time to design an effective response. Also, the first things said are the most memorable. It's often best to devise the response to create the most impactful and correct item than say the first thing that comes to mind (Fairhurst 12). While several reality construction rules have some overlap, they provide an indication of the complexity facing leaders in times of significant crisis or change.

The nature of change creates challenges for most leaders (Higgs and Rowland). Early theories of organizational leadership identified the ethical responsibility of leaders and the role of communication in enacting leadership. Transactional skills need to be held by managers and leaders, but the ability to persuade and transform organizations the privileged skill of employees. The language a leader uses to frame and interpret circumstances help them in leading employees. Ultimately, for all the definitions of leadership and ideas about effective leadership not all strong leaders lead change well (Higgs and Rowland; Spector). Often, a dominant leader can impede an organization from change, depending on the leader's rhetorical decisions and actions (Higgs and Rowland; Spector; Swayze).

<div style="text-align:center">Leadership in Mergers and Acquisitions</div>

Leaders and leadership are intimately connected to the meaning-centered aspect of organizations and to understanding how to manage organizational change. Leaders have many key rhetorical roles in leading change, starting with the merger announcement, in which a

compelling case needs to be made for the merger. Many perspectives can be—and are—used to investigate the topic of leadership. The tasks of leading change include:

> Develop and articulate *clear and consistent sense of purpose and direction* for the organization
>
> Establish *demanding performance* expectations
>
> Enable *upward communication*
>
> Forge an *emotional bond* between employees and the organization
>
> Develop *future change leaders* (Spector 190)

Leaders' roles during change are similar to "steady-state" operations, but occur during a time of contention and employee anxiety.

Jacqueline Fendt observes that leaders are so integral to change efforts that when change fails, blame is often placed with the leaders. A 10-year research study of more than 40 global change initiatives concluded the importance of communication in gaining employees trust in the project rather than generating skepticism. Leadership communication "styles" created such results (Fendt 3). The three most used styles from Fendt's study are the "Cartel Communicator," which is a person who communicates with a few, close peers, and who comes across as "dry, utilitarian, and focused on power and control" (3). The "Aesthetic Communicator" is skilled in talking with many different groups to maintain this leader's highly crafted image. This communicator is so skilled at "spin" that the leader will miss the true circumstances "until it's too late" (4). Both the Cartel and Aesthetic Communicator disappear when a crisis occurs. "Videogame Communicators" are masterful at using multimedia to communicate. For this group, change is natural, so they are able to talk about difficult topics and view the organization as a team. This leader gets bored easily and moves from challenge to challenge. The "Holistic

Communicator" combines the best aspects of each profile. The Holistic Communicator is the one who manages completing mergers and acquisitions and the integrations the best (Fendt). A successful change leader needs to be able to balance the best aspects of leadership to help others manage through change. Studies of leadership during mergers and acquisitions offer some results that are counter to widely held beliefs about effective change. Culture and its connection to organizational communication are illustrated in scholarly works about leading change.

<u>Leadership Behaviors and Dimensions of Change Leadership</u>

Studies of leadership behaviors and dimensions of leadership during change often address communication aspects. Studies of behaviors and leadership offer a different view of communication during planned change. For example, Malcolm Higgs and Deborah Rowland draw conclusions from a study of change stories that are counter to widely accepted ideas about leading change. This section choses a few studies that offer insights into leading change.

Higgs and Rowland studied seven organizations ranging from multinational organizations to a small English sporting club. The interviewees included 40 employees, and 70 change stories, dimensions of the change leadership and perceived success of the mergers is analyzed. The study of the change stories was intended to help uncover the most effective change management approach for the mid-2000s, the behaviors of leaders that seem to be used during more effective change, and the potential relationship between leader behaviors and different approaches to change. The authors organize change approaches into four quadrants, using the continuum of simple and complex, and local and emergent. The evolutionary approach to change is based on Tanya Sammut-Bonnici and Robin Wensley's work noting the difference between complicated and complex systems. Complicated systems and complex systems must be managed differently (Sammut-Bonnici and Wensley). Complicated systems are "rich in detail whereas complex

systems are rich in structure" (Higgs and Rowland 123). Business professionals are trained to

analyze complicated data sets to arrive at an answer, typically working in a linear manner.

"However, complex problems require managers to cope with dilemmas in the system rather than

to arrive at definitive solutions (123). The emergent approach to change, which assumes that

change is not linear and is, in fact, rather chaotic, is based on the complex view of change. The

emergent view of change believes that change happens on the periphery. Conversations that

occur between stakeholders on the organizational outskirts and the rest of the organization

influence the entirety of the organization and the ability to integrate companies successfully

(Higgs and Rowland).

Higgs and Rowland identified specific leader behaviors associated with change

implementation that were deemed to have met organizational goals. The leadership behaviors

were:

(1) Creating the case for change: effectively engaging other in recognizing the business

need or change.

(2) Creating structural change: ensuring that the change is based on depth of

understanding of the issues and supported with a consistent set of tools and processes.

(3) Engaging others in the whole change process and building commitment.

(4) Implementing and sustain changes: developing effective plans and ensuring good

monitoring and review practices are developed.

(5) Facilitating and develop capability: ensuring that people are challenged to find their

own answers and that they are supported in doing this (Higgs and Rowland 2005,

127).

Contrary to Kotter and others, Higgs and Rowland discovered that working to change employee behaviors is the one that is "counterproductive" in implementing change. This approach included what the leader says and does, making others accountable for themselves and their results, thinking about change, and making the individual the center of change communication. The approaches that were more effective were the leader's ability to frame change and to create capacity in the organization. Framing change includes identifying "starting points" for the change, developing and leading the "change journey" for employees, and offering principles meant to guide the change (Higgs and Rowland 135). Creating capacity is an aspect that organizations that enter large-scale changes, like acquisitions, are most likely to develop. In creating capacity, specific groups and individuals have change responsibilities (Chipunza and Gwarinda; Higgs and Rowland). "Communicating and creating connections" is another capacity and capability skill that requires an organization to have gone through a change process more than once (Higgs and Rowland 135). Framing change and creating capacity allows for an emergent process of changing.

Leadership factors deemed most effective in which change affects a large number of people and large parts of organizations are an emergent approach to change, and framing change. Framing change also supports short-term (less than one year in duration) change efforts. These efforts are the opposite of a simple, by-the-numbers approach because organizations of any size are complex. The ability to identify the importance of corporate culture and to manage merging cultures often differentiates leadership success from failure during mergers and acquisitions.

Leading Cultures in Mergers and Acquisitions

Leadership and culture are profoundly related. The organizational good to which leaders attend, such as corporate priorities that leaders set and the aspects and behaviors leaders promote

and reward, both constitute and are constituted by organizational culture (Able; Schein, "Culture"). Similarly, the manner in which a leader reacts to crises and the coaching and other behaviors a leader models also helps constitute corporate culture: "Between 80% and 90% of employee behavior is determined by the way leaders attend to these factors" (Abel 3). When an organizational culture needs to be changed for any number of reasons, the leaders must be in front of and supportive of the changes if they are to occur.

Schein ("Culture") defines leadership as the influencing of others' values and behaviors, and through this influence, leaders shape culture. Furthermore, there is an intimate relationship between leadership and culture: "culture is ultimately created, embedded, evolved, and ultimately manipulated by leaders" (Schein, "Culture" 3). Schein notes that leaders are responsible for resolving cultural issues in mergers, because if they do not, culture clashes can jeopardize mergers (377). Barnard observes that "cooperation, not leadership, is the creative process; but leadership is the indispensable fulminator of its forces" (259). In turn, morality is critical to leadership: "organizations endure . . . in proportion to the breadth of the morality by which they are governed" (282). Morality becomes ingrained in the culture of an organization.

Recognizing and addressing cultural aspects of merging organizations seems to be crucial to mergers and acquisitions. Gaining support from employees and bringing them into the change work is a leadership behavior that can help integration of two companies. Higgs' and Rowland's study of leading cultures seemed to determine CEO success in two automobile car manufacturer mergers (123).

Car manufacturer Renault acquired Nissan in 1999, with Carlos Ghosn, Chief Operating Officer, leading the combination. In 2000, DaimlerChrysler acquired more than a third of struggling Mitsubishi's shares, and German Rolff Eckrod was named Chief Executive Officer to

"lead a turnaround" (Gill 438). Both takeover targets were Japanese, and the leads in the deals were European, for the most part. Both leaders took many of the same actions, but by 2004, the DaimlerChrysler-Mitsubishi combination was declared a "disaster" (439). While both leaders performed the painful steps of addressing inefficiencies, rewarding for performance rather than on seniority, slashing costs and reducing workforces, actions that are antithetical to Japanese work cultures, the difference was in the way these particular leaders used their employees in teams and the cultural sensitivity and understanding of each.

Almost immediately in his tenure leading the combination, Ghosn openly recognized that the cultural issues would likely be the largest challenge, more than the considerable operational and financial issues. Ghosn appealed to Japanese collectivism and implemented numerous temporary and permanent cross-functional teams of employees from different levels of both organizations to address the most crucial and fundamental issues facing the company. Two senior managers were on each team to help the employees if there were political hurdles. These teams "gave employees a voice that they had not had before" (Gill 446). Conversely, the teams Eckrod implemented were comprise of mostly managers and higher-level employees, which could not draw support for the needed changes across the organization. Mitsubishi's Japanese communal culture featuring less assertiveness and lower performance orientation could not be changed to improve the company (Gill). David A. Waldman and Mansour Javidan note that the DaimlerChrysler-Mitsubishi combination is not the first time DaimlerChrysler did relatively little to actively work on cultural issues:

> The Daimler-Chrysler merger was somewhat torturous from the start. Cultural
>
> differences between the Germans and Americans provide difficult to overcome. Little

wonder that in September 1999, Schrempp (the CEO) decided it was best to let Chrysler

and Mercedes operate as separate business units (134).

Much of Ghosn's success is attributed to his early recognition of the importance of culture and

the potential cultural challenges to integrating the companies and improving performance.

However, there are leaders that pursue acquisitions as corporate growth strategies, and minimize

the importance of integration with the broader organizational culture.

Judith Swayze's book, *Merger Games*, follows the beginning and aftermath of aggressive

merger strategies led by an imperious Chief Executive Officer who employed a classical

command and control leadership. Sherif S. Abdelhak, CEO of Allegheny Health, Education, and

Research Foundation, which was in organization that was pursuing a merger and acquisitions

corporate strategy in the 1990s. At times, Abdelhak was described as charismatic as well as

aggressive. A CEO who is aggressive in certain ways is often necessary to build and transform

an organization, and several interview subjects noted that Abdelhak's aggressiveness was

appropriate, given the organizational growth goals (Swayze). However, other aggressive

reactions are not appropriate.

During a 500-person meeting of faculty and staff the day the announcement that

Allegheny Health, Education and Research Foundation acquired and Hahnemann University, a

health sciences university, Abdelhak make a brief, but telling statement. The meeting was with

the university president and the Allegheny CEO and was attended by faculty and staff of the

acquisition organization, most of whom knew nothing about Abdelhak. In response to question

from a faculty member, "Sherif had leaned into the microphone, pointed his index finger toward

the audience, and said in a quiet, flat voice, 'Remember, don't cross me'" (Swayze 75).

Abdelhak was in the midst of transforming a healthcare institution. His rhetorical choices,

especially during a first encounter with newly acquired employees, signaled other changes for the organization.

During Abdelhak's tenure, traditions of the merged medical school and university changed in the consolidated organization. Curricula were developed hastily based on merger and acquisition closings. In response, medical students began referring to themselves "merger guinea pigs" as the entirety of the organization had trouble during the merger integration and cultural changes (154). Within five years Abdelhak was charged with fraud and the hospital and educational system he led filed for the largest nonprofit bankruptcy to that time (Swayze). Abdelhak attempted to lead cultural change with limited attentiveness to cultural requirements.

During mergers and acquisitions, David A. Waldman and Mansour Javidan suggest two possible "paths" toward integrating organizations and organizational cultures (133). The first is integration, in which a planned cultural integration is intended. Often, organizational cultures as well as regional and national cultures have to be addressed. The second possible path is one in which the two companies or company and portion of a company are allowed to function a separate cultures. The considerations for whether to allow organizations to function separately include considerations that organization cultures "shapes the employees experience, which in turn impacts customer experience, business partner relationships and, ultimately, shareholder value" (Abel 3). According to Towers Perrin, a leading human resources consulting group, the more significant the change, "the more important leadership and culture become" (Abel 4). Especially for a merger or acquisition "leadership creates and drives the combined organization's culture—the organizational DNA" (Abel 5). To create a whole company out of two merged organizations, communication must be at the center of the leader's work.

Mergers and acquisitions are typically strategic and require leaders to manage differently than they have been trained. Mergers and acquisitions require leaders to deal with their emerging, new organizations structurally, rather than as a linear problem to solve. The leader helps create meaning for employees to understand the reasons for merging and acquiring, and how the organization proceeds after the deal closes. In addition, leaders help set the culture of the organization that begins to emerge from the deal. A leader's rhetoric is how leaders engage their constituencies about the complexities of mergers and acquisitions.

Conclusion

Leaders and leadership are intimately connected to the meaning-centered aspect of organizations and to understand managing organizational change. While many look for universal solutions to organizational change, others call for an approach that recognizes the contingent nature of change (Burnes and Jackson; Dunphy and Stace). Approaches to change have underlying assumptions about the organizational goals, role of employees, decision-making and leadership approaches to achieving the change.

Leaders set the organizational culture, influence employee values and beliefs, and serve as the primary rhetoricians who manage meaning for their organizations, helping employees interpret situations and circumstances of change (Schein). If a leader does not support a planned change, the change is rarely fully implemented. Leaders must act as the bridge from organization ideals based in modernity and the many narratives of the various stakeholders. However, leaders can struggle with such roles because of the growing complexity in the organizational world (Fairhurst and Connaughton). This struggle is also why leaders often turn to technique-driven organizational change models and tactics, especially during times of intense change, such as during mergers. The contentious ground of mergers and acquisitions creates an environment that

is more difficult to navigate. Leaders who are recognized as strong during more stable times often struggle leading during the turbulent times organizational change creates. A particular challenge to leading during a merger is to create a new organization, including an organizational culture that accounts for the two merging companies.

Scholars provide numerous ideas regarding how to lead during mergers and acquisitions, often supported by illustrative case studies. Past and current scholarly efforts offer best practices based in modern ideals that are intended as universal solutions. However, the contentious, contingent nature of postmodern organizations during significant planned change seems to need a different approach. A different view of organizational communication could help to address such topics and challenges.

Chapter 4: Communicative Engagement as Informing Leadership

During Mergers and Acquisitions

To offer insight into the question of what it takes to implement organizational change

during a merger or acquisition, this dissertation will use Pat Arneson's theory of communicative

engagement to attend to the postmodern moment in business organizations. Arneson introduces a

creative aspect for communication, which opens possibilities and potential synthesis—or at least,

creatively addressing and responding to dissensus—when organizational members find

themselves in dialectical tension. Communicative engagement "can liberate a person from what

are perceived as static customs, practices, and laws" so the interactions can be richer and

attentive to the other and to the moment (Arneson 37).

While some scholars look for universal solutions to organizational change (Kotter,

Spector, Tetenbaum), other scholars call for an approach that recognizes the contingent nature of

change (Burnes and Jackson; Dunphy and Stace). In communicative engagement, Arneson urges

the rhetor to respond to the other by providing a meaningful rather than "canned" response (82)

indicative of leader communication during mergers and acquisitions. Leaders of organizational

change are called by the ethical need to provide "a fitting response" to questions about change.

The ability to engage one another communicatively and meaningfully while attending to various

voices could help leaders implement change more effectively.

The creative, interpretive, and phenomenological aspects of communicative engagement

provide a productive entrance to managing planned change in organizations. Leadership

communication that engages employees by being bodily present, and informing rhetoric through

transversal awareness should help employees ask leaders questions during mergers and

acquisitions. As leaders negotiate the merger or acquisition, the goal is not uniform consensus,

but rather a shared understanding that allows parties to move forward. Understanding is achieved within the ethical requirement of a fitting response.

This chapter focuses on an alternative to organizational change communication that is driven by reflection—rather than technique—to respond to unique organizational needs. Arneson's ideas may be used to address the contingent nature of planned organizational change. First, a bodily presence that provides room for solidarity to enable communication in inter-a-whereness with others is addressed. Second, reuniting the human activities of *theōría-poíēsis-praxis* allows a greater awareness of all the sources of rationality and the ability to fully engage the workplace. Third, Arneson's idea of transversal awareness may address the need in organizational mergers and acquisitions to engage employees across an organization rather than rely on top-down or bottom-up communication. Transversality requires leaders to be open to the multiple voices and claims present in the organization during a merger or acquisition. Fourth, I offer a discussion of the need for leaders to present a fitting response, an ethical response called for by the situation and other members of the organization. **A** fitting response is the result of a leader's creative, interpretive, and phenomenological encountering within an organization that can address the paradoxes and dualities present during planned organizational change. The chapter concludes by applying the idea of a fitting response, grounded in Arneson's communicative engagement, to leadership ideas.

<center>Communicative Engagement as Informing Leadership</center>

Communicative engagement requires an individual to fully experience all modalities that provide meaning. First, the body recovers its communicative import. Physical presence with others creates an awareness that can produce solidarity. In inter-a-whereness, interlocutors' human activities of *theōría-poíēsis-praxis* are privileged as meaning is drawn and understanding

is created. Arneson's expansion from Schrag's transversal rationality to the idea of transversal awareness melds *poíētic* creativity into a phenomenological orientation in which critical discernment, hermeneutic interpretation and narrative articulation are interwoven.

<u>Bodily Presence</u>

The mind-body duality introduced by René Descartes' *cogito ergo sum*, "I think therefore I am," has infused modern thinking. Descartes' epistemology focused on knowing as emerging from thinking. This emphasis on cognition disregarded the body, considering it as only a biological unit that had no role in a communicative encounter. In the early 1900s, phenomenology placed the body at the center of experience.

Edmund Husserl's phenomenology is meant to study phenomena through direct, first-person experience, in contrast to the "third-person perspective that tends to dominate scientific knowledge and common sense" (Carson viii). Husserl privileges consciousness and the phenomenon to avoid metaphysical and theoretical ideas that impinge on a way of knowing. In Husserl's phenomenology, conscious intentional experience of the thing itself, in itself, and for itself are the sources of knowledge. For Husserl, phenomenology would be the foundation of philosophy, rather than ontology (the study of being or what is), epistemology (the study of knowledge), logic (the study of valid reasoning), or other disciplines.

Phenomenology addresses the structures of human experience. Responses to experiences may include conscious emotional responses, cognitive responses, and behavioral action, among others, in which intentionality has a significant role. Performative, intentional aspects of our consciousness include communication, through which we create meaning and understanding. Consciousness includes consciousness of ourselves, such as self-awareness, and our physical

movements. The body's motility, the ability to move, is the original conscious intentionality that indicates "I can" possibilities (qtd. in Arneson 28).

Intentionality and reflection are crucial aspects of phenomenology. As we experience conscious attitudes, we must be intentional in bracketing or momentarily setting aside our preconceptions as we encounter—and reflect on—our experiences within the phenomenal field (Husserl). Reflection is crucial to phenomenology. We must be willing and able to examine our experiences. We gain meaning from how we encounter the world, which we experience in an openness to concepts and thoughts because we have bracketed other preconceptions to stimuli (Husserl).). In communicative engagement, one gains meaning from a willingness to encounter others and being open to how we meet one another in the world (Arneson).

The body has a significant role in communicative engagement because expressiveness is both corporeal and linguistic. Phenomenologically, language is already a social act, signifying embodiment (Küpers 119). Arneson draws upon Schrag's work to expand his ideas. "Recognition and acknowledgement of the other is never the result of a vector of pure consciousness. It involves the mediation of a bodily mimetic response and the communicative resources of a language of the body, already shared with others" (Schrag, "Praxis" 156). The body is the center of activity and projects: "The lived body . . . is the center of world engagement, the center of concern, radiating into a world in which subjectivity and objectivity are results of a later construction" (Schrag, "Being" 71). The mind and body have "an intimate connection" (Schrag, "Postmodernity" 51). When a person is at work, the act of *being-there* is charged with possibilities, because the body is where contradictions that arise during lived experience "meet and are worked out" (Arneson 23). Schrag "resituate[s] the individual as a responsive and responsible self" (Nadesan 89). Schrag centers the act, not the individual, to

avoid individualism divorced from the social complex (89). Wendelin Küpers asserts that embodied practices result in knowers "re-form their bodily movements and perceptions" as a result of encountering the world (119).

Physical presence opens an encounter to allow inter-a-whereness and solidarity to emerge. Ramsey Eric Ramsey coined a-whereness to describe the awareness of circumstances, and our interpretation of our concrete corporeality with "an overtly social and political dimensions of the practice of taking something as something in the interpretive moment" (qtd. in Arneson 67). Our a-whereness opens interpretive possibilities. The individual interprets the current situation and the future. The interpretive possibilities can come from a narrow understanding, in which ideas are limited, or a wide understanding, which connects ideas and experiences (Arneson). A-whereness is at play when we are with others.

Our work to understand others is an inter-a-whereness that is shaped by what the other offers. Individuals are influenced by traditions, histories, habits, self-interest, and social positions. Each needs to be open to the other so we can also be open to the possibilities our inter-a-whereness offers. Possibilities are always greater when the interlocutors are in close proximity to one another, in face-to-face communication. Close proximity creates the ground in which inter-a-whereness serves as the "ground for real possibility" (Arneson 69); one possibility is solidarity.

According to Ramsey, solidarity is not always an aspect of inter-a-whereness, but inter-a-whereness is the condition for solidarity. Solidarity provides the potential to challenge tradition: "Inter-a-whereness allows for the possibility of solidarity and potential liberation from the force of tradition" (qtd. in Arneson 69). Ruine Lines, Marcus Selart, Bjarne Espedal, and Svein T. Johansen observe that an attitude of trust is associated with solidarity. Trust is the ground for

communication among people (Dirks). Where there is solidarity and trust in a group, the attitude of *poíēsis* can flourish. *Poíēsis* is the energy that fuels creating possibility in inter-a-whereness (Arneson). Stanley Deetz, Amy Grim, and Alexander Lyon concur that solidarity creates possibilities. In their work on decision-making, Deetz et al. note that solidarity rather than self-interest leads to creative solutions: "Different forms of communication can enable creative solutions that were not possessed by any participant, solutions that seldom arise in adversarial situations" (57). The challenge is that the modern idea of the adversarial system, in which individuals make their case, creates the best outcome. Organizational life is full of meetings, with the assumption that everyone gets to make their case (Deetz et al). Inter-a-whereness and solidarity readies an environment for change (Arneson). Leaders in industry recognize the importance of personal contact in organizations.

To engage with employees Hewlett Packard was the first to report using Management-By-Walking-Around (MBWA), "an unstructured approach to hands-on, direct participation in the work-related affairs of your people" workplace is part of industry's recognition (Bacon 10). Often, MBWA is created as its own program or incorporated into a management program related to performance improvement, such as efficiency and improvement methodologies like Total Quality Management or Lean. Improvement programs require "high touch" (Bacon 10) or "high maintenance" (Mann 25) to continue improvements and sustain change that MBWA provides. Toyota's Gemba practice, a type of MBWA, supports an organization's Lean work: "The practice follows a three-part rule: 1. Go to the place. 2. Look at the process. 3 Talk with the people" (Mann 25). Anita L. Tucker and Sara J. Singer implemented a performance improvement program that incorporated MBWA in 19 randomly chosen hospitals to study the

effectiveness of MBWA. The intent was to have managers and those at higher organizational levels employ MBWA to solicit suggestions for improvement from frontline staff.

Tucker and Singer encountered mixed results from their study. The authors refer to their research as a "cautionary tale": seven hospitals adopted the program and only two sustained the program for several years. They noted that senior managers visiting frontline employees might be a negative experience (266). When the MBWA program implementation resulted in visible improvements due to manager and frontline employee interaction, the program seemed to take hold. Additionally, while MBWA seemed to work in manufacturing environments, the situatedness of the hospital industry might not be a perfect environment for such a program (Tucker and Singer).

Conversely, Kaiser Permanente (KP), an integrated managed care consortium located in the San Diego, California, area implemented a Patient Safety Executive Walkaround Program in the early 2000s that was considered successful based on the number of staff involved and safety issues resolved (Feitelberg). Steven P. Feitelberg observes one of Kotter's steps to sustain the change of KP's MBWA program: "To sustain the momentum of the program, its achievements must be communicated and celebrated" (35). Similar to Mann and Tucker and Singer, Feitelberg refers to MBWA as a programmatic "tool" for the hospital to use.

In communicative engagement, Management-By-Walking-Around would be a textured encounter with the other, and outside of scripted managerial programs. While the programmatic aspect is likely due to making it easier to schedule in a busy leader's schedule, the programmatic *structure* can change the communication with subordinates. The idea of leading people would be incomplete without followership (Thayer). The intentionality of bodily a-whereness during MBWA is a way to directly experience one another. Bodily and language expressivity overflow

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during in-person contact in management by walking around. "Human embodiment incorporates both embodied and linguistic modes of expressivity" (Arneson 21). When a manager or leader is proximate to an employee, it is easier to build authentic relationships and share experiences, and makes it difficult to ridicule or complain about one another. However, the encounter must be genuine; employees' cynicism remains when an encounter with a superior is or feels scripted.

During mergers and acquisitions, bodily presence among individuals of both companies is limited for a number of reasons. First, organizational employees from the two companies are not allowed to communicate with one another except for encounters that would normally take place if there was no merger announced ("Requirements"). Second, leaders and managers might avoid bodily presence because they will be asked questions that have no answers at that time, which can place authority figures in a precarious position (Kirkpatrick; Kramer et al.). Third, leaders and managers might avoid employees because leaders do not know whose jobs will be eliminated (Beer and Nahria; Kirkpatrick; Marks and Mervis; McGuckin).

Even within each company, mergers and acquisitions place a strain on workforce responsibilities and there is less time to travel to work sites. Individuals are often taken from their normal duties to work on integration teams or other type of merger work. This is true of individuals in leadership positions; they often have a duty in preparing for the organizational change. The change work is in addition to normal work duties, which still need to be performed, so another employee, often the next level down in the organization, takes on the change work.

Significant changes like mergers and acquisitions are times that can either produce or destroy employee trust. Downsizings, which often take place in stages or degrees are a "vital threat" to employee trust (Lines et al.). In current organizations, frontline employees have little interaction with senior executives. Employees must decide whether to trust management by

relying on communication from the corporate group that are considered to be thoughts of the CEO and senior managers and on other signals in the corporate environment.

Bodily presence is the center of our world experiences and the ground for communicative engagement. Bodies need to encounter one another to act and respond to one another. Personal interaction creates an inter-a-whereness that can lead to solidarity and grows a trust among a group. Organizations sometimes require managers and senior executives to visit sites and talk to front-line employees. Management-by-Walking-Around programs are often not sustained because their programmatic nature seems less authentic to employees. The body, corporeally and linguistically, is the ground for engaging one another and *theōría- poíēsis-praxis*.

The Art of Communication

Much of communication in today's organization is scripted, driven by talking points documents to which professionals are expected to adhere. Such representational thinking is common in today's society. In an effort to be appropriately responsive to others in communication, another path needs to be sought. Aristotle held that three "activities" were vital to the *polis*: *theōría*, *poíēsis*, and *praxis* (qtd. in Arneson 38). *Theōría* is related to philosophy, thinking, and contemplation. *Poíēsis* is related to art or making. *Praxis* is associated with rhetoric and doing. Arneson reminds that these three areas have generally been separated since Antiquity. Schrag notes that each is associated with a virtue: *theōría* with divine wisdom (*sophia*); *praxis* with practical reason (*phronēsis*), and *poíēsis* is related to technical knowledge *(technē)* (qtd. in Arneson 38). *Praxis* and *theōría* are different ways of knowing and both are crucial to the learning aspect of communicative engagement and organizational communication during mergers and acquisitions.

Poíēsis "emphasizes making or producing things for practical or aesthetic beauty" for which *technē* guides the making (Arneson 38). Modernity continued the separation of these three activities, privileging knowledge based on the scientific method seeking universal truths over practical human wisdom. Rather than address the three separately, it is fruitful to consider *theōría-poíēsis-praxis* as complementary of one another. Hannah Arendt noted the "inner affinity" *theōría* and *poíēsis* have (301). Contemplation often precedes making and fabrication (Arendt 301-302). Schrag's communicative praxis privileges *theōría* and *praxis* in his explication of "language in use" (qtd. in Arneson 38)*.* In the use of language, Schrag advocates "the interrelatedness, indeed, the inseparability, of language, experience, and action" (qtd. in Madison 10). *Theōría* demonstrates knowing through episteme, as opposed to *doxa*, or opinion. However, the knowing associated with *theōría* is not a productive activity; rather, it informs activity. At the same time, speaking is a creative act.

Education and religious scholars also have taken up the question of *theōría-poíēsis-praxis* (Volanen). While considering the two main educational disciplines, liberal education and vocational training, Matti Vesa Volanen observes that only the craft worker employed *theōría-poíēsis-praxis* until the Industrial Revolution, which "reduced work to the creation of physical force, the labour force" (130). Volanen calls for knowledge workers—"as modern craft workers"—to reunify *theōría- poíēsis-praxis* in their work and become "poet faber" (130).

Theologian Victor Westhelle views Philip Hefner's idea of the created co-creator through the lens of *theōría- poíēsis-praxis*. Created co-creators are understood in Hefner's theory of "human self-transcendence, the ability of human beings to go beyond their natural endowments by creating culture and inventing environments of belonging" (Westhelle 748). While Westhelle does not subscribe to the applicability of Hefner's theory to human transcendence, he does

observe parallels to the Aristotle's "human attributes" of *theōría- poíēsis-praxis* (751) in the created co-creator. In communicative engagement, Arneson explicitly adds the creative aspect of *poíēsis* (making) to *theōría* and *praxis* to capture the robustness and creative possibilities of communication by combining these three primary human activities. Combining *theōría*, *poíēsis*, and *praxis* creates a view of communication as a reasoning art (Langsdorf "Essence"): "*Poíēsis, which holds and inspires the *making* function of experience, is integral to human life. The everyday world is made through communication, which creates the sociopolitical structures that shape our everyday world*" (Arneson 21). Melding *poíēsis* and *theōría* with *praxis* creates productive openings for interpretation and understanding.

Foregrounding *poíēsis* with *theōría* and *praxis* in organizational discourse during mergers and acquisitions opens more textured communication among work groups. Mei notes that typically, work focuses on "productive ends" instead of "broader understanding" (qtd. in Arneson 40). Every employee, regardless of position, is affected by mergers and acquisitions.

Leaders, managers, and employees as each group encounter and engage contradictions, challenges, and the unknown acquisitions. The business reasons for entering a merger or acquisition—a time that is so disruptive to organizations—must be grounded in an idea that the emergent organization holds greater possibilities than are already available. Business reasons place a rhetorical responsibility on leader(s) and on the employees who will help perform the work to create the new organization. During this creation, employees need to gain greater understanding of the reasons for the combination and the effects on them. Since the confidentiality of mergers and acquisitions necessarily reduce communication about the action, employees must engage in creating understanding from other sources.

One of the more stressful times in mergers and acquisitions is the employee selection process. Many organizations have used personality tests to determine who should be hired. Majia Holmer Nadesan's studies of personality tests administered by organizations in the recruiting process is an example of *theōría* and *praxis* in organizations: "organization theory and practice also attempt to colonize all conduct, all *praxis*, by reducing them to calculuses of quantification" (94). In personality testing, organizations believe they are assisting both prospective employees and the company in finding the employees who can be most successful in the environment. Instead, organizations can create a more holistic recruiting experience by conducting in-person interviews in which the corporate culture is explained fully and the prospective employee is challenged to think about how they could fit in and create a career at the organization (Eaton). The cultural discussion is especially important in mergers and acquisitions. Many organizations take recruits to lunch to create a more relaxed environment in which potential colleagues can share more about themselves.

During mergers and acquisitions, an example of privileging *theōría* and *praxis* is also observed in the use of benchmarking and applying best practices. Scholars like Kotter ("Leading") have recommended that organizations hire consultants to assist with managing the amount of additional work mergers and acquisitions create. Often, the work by consultancies includes benchmarking organizations, in which the target organization is compared to a group of similar ones in an attempt to measure performance and identify practices. Benchmarking can be accomplished relatively quickly and provides a simple snapshot in time of an organizational comparison. Schein ("Lewin") offers two warnings about benchmarking. First, the benchmarked organizations might not have thoroughly searched to implement true best practices. Second, some practices might be appropriate for one corporate culture but not another. Ill-fitting

recommendations will be adopted for a time, but at some point will fail. Understanding the social situation, including culture, should help guide what to measure and how, as well as integration in mergers and acquisitions.

Reuniting *theōría-poíēsis-praxis* offers a fuller understanding of human communication. Many organizations have privileged *theōría* and *praxis* in modes of communication. Adding *poíēsis* opens creative possibilities that can either support of initiate organizational change. An understanding of the roles of *theōría- poíēsis-praxi*s allows us to move to multiple sources of reason in which *theōría- poíēsis-praxis* is situated.

Transversal Awareness

Arneson moves from Schrag's transversal rationality, which is attentive to all discourse as it informs reasoning, to transversal awareness, which requires an awareness of others' various voices and texts as they guide interaction. Transversality engages interactions across organizations rather than top-down or bottom-up. Schrag explains:

> The concept of transversality exhibits the interrelated sense of lying across,
> extending over, contact without absorption, convergence without coincidence, and
> unity without strict identity. The play of meaning allows one to speak of
> commonalities and conjunctions that do not violate the integrity of differences
> (qtd. in Arneson 41).

The transversal requires an openness to the multiple voices and claims of postmodernity. Arneson's transversal awareness addresses the contingent nature of planned organizational change and creates a "disposition of learning" (84). Her expansion to awareness points to a phenomenological awareness in which moments of critical discernment, hermeneutic

interpretation and narrative articulation are interwoven. Transversal awareness is dependent on hermeneutics, "the study of understanding" (Palmer 8).

In rationality, one engages *theōría-praxis* critically through narrative and discourse, among other sources. Arneson expands the idea of transversal to a phenomenological awareness that "binds" *theōría-poíēsis-praxis* in moments of critical discernment, hermeneutic interpretation and narrative articulation (41). These moments are interwoven with a bodily inter-a-whereness that provides leaders with the power of available presence when engaging with co-workers to create solidarity (45-46).

Critical Discernment

The moment of critical discernment allows a leader entrance into transversal awareness. Critical discernment initiates consideration and questioning of "the play of various forms of thought, speech, and action" of the social world (Arneson 45). Phenomenological distanciation, which allows the listener to "bracket" and step back from expected, tradition-driven assumptions, "activates" the critical moment and allows for questioning (Arneson 45). Distanciation provides a freedom to question. Without critical discernment, daily work becomes unreflective routine, when in fact, critique of routine is the opportunity to examine work and interactions that often lead to learning and meaningful, if not widespread, change (Feldman and Pentland). As long as an embedded agent in an organization is aware and reflects on daily experiences engaging *theōría- poíēsis-praxis*, the likelihood of generating static routines is diminished.

Judgement and prejudice (pre-judgement) are grounded in one's experiences. History is at play in critical discernment (Arneson; Gadamer). During transversal awareness, the challenge is, once again, the overabundance and uncertainty of information, so people have to reduce equivocality by "draw[ing] from what they [have] learned" in considering all the sources of

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information available during a moment of critique (Arneson 49). Critical discernment is joined with hermeneutical interpretation in transversal awareness.

The moment of critical discernment enters into hermeneutical interpretation as the person works to find meaning and reason in the moment. Finding meaning helps a person understand and explain the variety of discourses:

> The claims of reason as events of interpretation and articulation are situated both temporally and spatially. They display retentional and protentional vectors, and they retain a spatial relevance as they move across the sites, localities, and regions of our varied communicative practices and world-engagements (Schrag, "Rationality" 83).

Employees select from a myriad of rational choices and incorporate an understanding of their situated awareness, including organizational tradition.

Hermeneutic Interpretation

Interpretation is "perhaps the most basic act of human thinking" (Palmer 8-9) that accounts for and emerges out of a person's situatedness. Understanding information requires employees to draw conclusions about words and actions. During a merger or acquisition, there is typically not enough certain information, and what is available may be contrary or unintelligible; an employee gleans content from many sources (Kramer et al.).

Traditions and experiences shape the interpreter's understanding of the organizational merger or acquisition. No two organizational cultures are the same, and a company's culture, which is made up of traditions, language, rites, and rituals, shapes an employee's understanding about their business and industry (Schein). When two companies merger, two sets of competing traditions are combining. Many times, the same terms and names mean something different in

each company. Different organizations merging into one cause interpretive challenges that can create an uncertain organizational environment.

Theōría-poíēsis-praxis inform the moment of hermeneutical interpretation as the interplay of the practical, theoretical, and creative resources that are available influence an individual's interpretation of a situation or topic. Individuals who engage *theōría- poíēsis-praxis* are ready to engage in new interpretations and understanding. In an act of interpretation, a person distances oneself from static understandings and traditions to provide a fresh, meaningful interpretation. An employee engages two parts of interpretation, analysis and synthesis. Analysis is a discernment of parts of an explanation or circumstance, and synthesis is relating those parts to a whole (Palmer; Schrag "Rationality" cited in Arneson). Further, leaders may intentionally craft their message for ambiguity while employees are seeking certainty (Eisenberg). Leaders need to respond to a broader group who are within their own "communities of conversation" (Groom 147). A leader must choose the interpretation to share to respond to the needs of a broader community, even as the leader is him/herself in an ambiguous situation.

In transversal awareness, a leader must actively discern, interpret, and gain enough understanding to be able to respond productively to employee concerns. In a moment of hermeneutic interpretation, a leader can draw from a wider set of resources due to position in the organization and experience and expertise developed over years of working. A leader's discourse acknowledges an employee's situatedness as the leader moves from interpretation to a rhetorical response "that encompasses more fully . . . [employees'] potentiality and the human condition" (Groom 147). The rhetor shares an interpretation as it informs and is informed by a particular narrative.

Narrative Articulation

A leader expresses a decision that emerges from an understanding and interpretation of circumstances in narrative articulation (Arneson). "Drawing from the numerous possibilities from which to make a decision about a course of action, a moment of narrative articulation occurs" (Arneson 45). Narrative articulation requires the responder to draw on the traditions of an organization's narratives. "A narrative selection of objects, events, and people creatively integrates *poíēsis* and imagination to illuminate a certain perspective" (Arneson 47). Narrative is particularly powerful in organizations:

> "Logos as 'gathering' respects multiplicity and plurality, flux and becoming . . . The use of narrative to flesh out the gathering function of the logo has some interesting consequences. It expands and enriches, and at the same time delimits, the discursive performance of the logos. The gathering at issue assimilates and binds not only discursive practices but also . . . bodily comportment . . . and institutional engagements" (Schrag, "Rationality" 93).

In narrative articulation, stories also can be used "re-arrange pre-existing implicit knowledge . . . [and] give voice to the experience of embodied beings" (Küpers 120). Narrative articulation allows the possibility of drawing on narrative as deep structures to create a response that resonates with the questioner (Arneson). Providing a clear interpretation to others can gain the trust of colleagues (Groom).

Elesha L. Ruminski, in writing about organizations and narrative, prefers a definition by Ronald C. Arnett from *Dialogic Civility in a Cynical Age* that also serves the idea of narrative articulation. Arnett asserts that narrative provides a background that includes widely held assumptions and organizational knowledge as current conversations occur in the foreground.

Ongoing organizational narratives serve as background and as a way to maintain traditions. This is not to suggest that the narrative enables a static tradition; rather, as stories and narratives develop in the foreground, organizational narrative and traditions change in an interplay of *theōría-poíēsis-praxis*. For organizational narratives to serve such a function, employees need to have narrative literacy.

Organizational members who have narrative literacy recognize the multiplicity of narratives, resulting in various perspectives. When articulating a narrative, organizational communicators account for plural perspectives: "Narrative literacy can assist organizational participants as they negotiate organizational narrative meanings, allowing alternative perspectives and narratives to coexist as necessary as they navigate change" (Ruminski 101). Emerging narratives result from continuous discourse that occurs throughout organizations.

The result of transversal awareness is a creative, interpretive, and phenomenological encountering within an organization that can address differences that emerge in planned organizational change. In transversal awareness, leaders who are implementing planned change must offer fitting responses during interactions about the change effort. While many first think of the arts when considering the creative aspects of our *Being-in-the-World*, organizations also are in the process of constant creation—from products, to providing services to clients, to regular problem-solving discussions.

The creative, interpretive, and phenomenological aspects of transversal awareness provide a productive entrance to organizational planned change as leaders work within the dialectic in which the goal is not consensus, but rather a shared understanding that allows parties to move forward. Schrag explains that a transversal perspective allows parties to address static practices and work "between the imperatives of consensus and the celebration of dissensus,

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between solid agreement and intractable discord, between the commensurable and the incommensurable" (qtd. in Arneson 84). Communication that incorporates transversal awareness binds bind the resources of reason to the traditions of the past, the situatedness of the present, and provides a platform for future action based on understandings of the past and present. Mergers and acquisitions present numerous contradictions, which require a fitting response from organizational leaders.

The transversal allows for an interweaving and play across all discourse types to gain understanding of other perspectives. In a formulaic organizational world, in which employees are tempted to seek out and maintain a prescriptive linear course, leaders would benefit by adopting a stance of transversal awareness. Transversal awareness can address the crucial need of leaders to engage people across an organization rather than simply top-down or bottom-up and to access every aspect of the social complex to access reason. When one interprets a situation, transversal awareness provides an opportunity to listen to the multiple voices present within the organization. The result of transversal awareness is a creative approach to organizational challenges that occur in planned organizational change.

Mergers and acquisitions are environments in which participants may use transversal awareness to gain information and additional understanding of the rhetorical situation. For example, to reduce uncertainty, union employees from one company will seek out and ask questions of employees from the other company who share a union. Each will share stories, some from the organization's past, and others of personal experience, and yet others from hearsay. Employees might perform internet searches for any articles on past events at each organization. If there is a friend of a friend familiar with or working for the other company, an introduction might be made. Social media will be engaged in these efforts. Employees of the acquiring

organizations might be pursuing the same activities to begin to understand with whom they will be working within the year. In addition, each group might ask their leaders directly about the other organization. The gathering of information alone does not indicate transversal awareness, the key is how employees work with the content they obtain.

Leadership during planned change entails making choices. The ability of a leader to reflect, then engage another communicatively and meaningfully while attending to the change effort and the various organizational narratives could help leaders to implement change creatively. Leaders are called by the ethical need to provide a *fitting* response to questions about change. The ability to engage one another communicatively and meaningfully while attending to various voices could help leaders to implement change more effectively. To support the creativity required by the contingent nature of organizational change, Arneson reunites *theōría-poíēsis-praxis* to gain a more complete and textured idea of communication in the "lived-world" of the historical moment (37). Schrag suggests the embrace of transversal, as opposed to universal, as fitting for postmodernity. The idea of a fitting response, which has been discussed by numerous scholars, is necessary for leaders to provide during mergers and acquisitions.

Providing a Fitting-Response

The fourth area of communicative engagement that is helpful to organizational leaders during mergers and acquisitions is the importance of providing a fitting response in interactions. Workplace participants, particularly executives and managers, are called to respond by employees and other stakeholders. Rhetoric discloses the ethos of the moment (Schrag "Praxis"). Arneson considers the ethical demand for "a fitting response to reinforce against representational tendencies that each response will be particular to each different situation of discourse/action" (82). Arneson turns to Michel Foucault for an ethos of self-formation to support her project of

individual women seeking social justice. This project will depart from Arneson in this matter and use an ethos of organizational communication based on dwelling from Heidegger (Arnett, Fritz, and Bell). Heidegger's "dwelling place" moves *ethos* from a subject-centered definition so we can attend to the call of the Other (Schrag, "Praxis" 200). Ronald C. Arnett, Janie M. Harden Fritz, and Leeanne M. Bell note that dwelling is an appropriate communicative ethic because people at work are responding to work-related issues through email, texting, and the telephone.

The work organization has become a second home, in which agreed-upon organizational goods are privileged and protected. Creating a fitting response includes the dynamics of Emmanuel Levinas' "saying" and the "said" and Martin Buber's unity of contraries. Temporality, the social complex, and responsibility also influence the creation of a fitting response.

Organizational Metaphors for a Fitting Response

To better understand the idea of a fitting response and how to create one, I will ground organizational communication in the metaphors of dwelling, Levinas' the saying and the said, and Martin Buber's unity of contraries. Dwelling implies the deep embeddedness that employees have in their places of work. The saying and the said offers an understanding of the rhetoric that creates organizational realities. Unity of contraries offers a way to grasp multilevel contradictions, dualities and paradoxes inherent in organizational life.

The idea of dwelling is introduced early in Heidegger's *Being and Time*, which is his examination of Being (*Dasein*, or being-there). Dwelling is a mode of *Dasein*'s Being-in-the-world, which includes one's working life. Mei asserts that "the act of work is a response to being" (115). Dwelling is the mode in which we phenomenologically and consciously encounter entities as they are. Heidegger's initial view of dwelling in *Being and Time* considers being a

part of the world, but as an observer. At various times, Heidegger associates dwelling with an observer letting another *to be*, as the verb building, as the noun building, as thinking, and as a poetic attitude. This term mirrors the many modes in which a person engages the organization and the working world: employee, co-worker, superior, subordinate, team member, and others. The organizational communication metaphor of dwelling helps frame the rich organizational situation present during mergers and acquisitions.

In dwelling, *Dasein* allows entities to present themselves, rather than exist as representations. We are "inside" when we encounter others as we are in-the-world, but *Dasein* remains "outside" (Heidegger, "Being" 89). Phenomenologically, how we perceive the entity as we are in-the-world must be a conscious "perceiving, retaining, and preserving" (89). Heidegger warns against making perceiving "a process of returning with one's booty to the 'cabinet' of consciousness after one has gone out and grasped it" (89). Allowing the other to exist and meet them where they are is an important part of the mode of dwelling in-the-world. Language serves as the "house of Being" or how we live our Being-in-the-world with others (Heidegger, *Poetry* 129).

Dwelling represents a situatedness, a locality (Mei), a building (Heidegger, "Building"). Even though Heidegger refers to work "harassing" dwelling (Heidegger, "Poetically" 211), work can be seen as integral to Heidegger's conception of Being and dwelling: "Ontologically, one can see that work responds to a call to interpret being in becoming involved in work. Through work one clears a space in the world in order to form a structure in which one can dwell" (Mei 78). We clear a space so we can create a professional—or other—work structure that belongs to our own personal dwelling-in-the-world (Mei). In it, we engage a part of Being that fulfills

human and personal requirements, and allows us to be with Others to construct something together.

Heidegger frames dwelling in later writings as aesthetic and poetic as well as ethical. He cites a portion of a Hölderlin poem to address dwelling in a different manner:

> Full of merit, yet poetically, man
>
> Dwells on this earth (Heidegger, "Poetically" 214).

Dwelling poetically is Hölderlin's idea of the "basic character of human existence" (Heidegger, "Poetically" 213). There are different ways man can create. Man can cultivate crops and grow them, or he can build structures that outlive the individual and provide great merit (Heidegger, "Poetically"). Heidegger's dwelling has been viewed as an aesthetic and ethical communicative ethos (Arnett et al.; Ladkin; Schrag, "Praxis"). Donna Ladkin suggests that the active engagement of building also is ethical. However, Schrag moves from dwelling poetically to dwelling rhetorically that provides us an opening for communicative engagement in organizational communication. If people work and live rhetorically, a holistic approach to organizational communication should be used to understand organizational communication.

Rhetorically, Levinas' "saying" and the "said" are aspects of organizational communication. The saying is language fitting to the historical moment that can add to or become the "said," the agreed-upon public language used to signify the good the organization protects and promotes (Levinas 45). Saying has "the power to change" (Arnett et al. 143) and what is considered an organizational *good* can and does change. Individually, employees are negotiating every work day to balance stability and change: "Communication ethics in business and professional settings requires a commitment to two complementary communicative actions: clarity of direction, and the courage to pivot and change direction if and when necessary" (Arnett

et al., 176). Depending on the organization and industry, organizational goods might frequently change. For example, a company might emphasize continuous improvement methodologies, such as Lean or Six Sigma, to encourage employees to determine better and more efficient ways to work, instead of cost-cutting dictates that senior leaders deliver. These efforts often are cyclical, as cost-cutting measures often reappear and are privileged over improvement efforts.

Martin Buber's unity of contraries can help employees protect and promote the idea of stability and change at the same time, especially during mergers and acquisitions. Buber's unity of contraries can account for the paradox of today's organizational requirements of stability and change, identify one more paradox, and other paradoxes that emerge. An openness to one's situatedness while managing ongoing processes while being attentive to other people and circumstances is a postmodern organizational challenge.

Organizational metaphors of dwelling, the saying and the said, and unity of contraries, help shape the idea of a fitting response. Organizations serve as homes to people, since so much of an adult life is spent working. The rhetoric used in organizations create a dynamic environment in which the goods that are privileged may change because of the daily language. Organizations are regularly contested ground due to the pressures of regulations, competition, changing preferences and others that influence what is privileged. This turbulent ground requires the ability to embrace the unity of contraries paradox and contradiction that are inherent in the postmodern marketplace. Out of these circumstances, leaders must create fitting responses.

Creating a Fitting Response

An attentiveness to others, the situation, and the historical moment informs a fitting response. The rhetor needs to consider the social situation, transversal awareness, temporality, responsibility, and courage when making a fitting response (Arneson), all of which are aspects of

planned organizational change. Learning is a necessary part of constructing a fitting response within the social complex (Arneson). One learns from engaging in the situation and from the various arenas of knowledge available to the participant in the social setting.

A fitting response takes place with the other people in a social situation. Schrag explains that a "fitting response has its moment of origination in the incarnation of the logos in the voice and the face to the other (qtd. in Arneson 82). This call is for "collaborative discourse and deliberative action" within the contingencies of the setting (Arneson 83). Within the social complex, a fitting response must respond to circumstances, and "may not support existing convention or the consensus of tradition" (Arneson 83). Informed by Hans-Georg Gadamer's assertion that humans are always in tradition, Schrag notes that a fitting response draws on resources of the past:

> A fitting response finds its motivation in prior discourse, action, and the wider cultural contents that make up our historical inheritance. The fitting response is also a response to that which is exterior and prior, and it is only though this responsiveness to that which is exterior and prior that ends, rights, duties, and goods come into play within the ethical economy" (qtd. in Arneson 82).

A fitting response pulls not just from knowledge of the past, but also draws on the resources of the present through transversal awareness.

The future should also be considered when creating a fitting response:

> The process of engaging in a fitting response requires an openness to the (future) environmental impacts of dictions, both routine and momentous, and a willingness to reflect actively upon the effects of prior decisions so that the

criteria implemented in the present reflect the lessons learned from the past

(Nadesan 103).

The organizational leader creating a fitting response has an ethical obligation to project into the future before making the response for the sake of employees.

To provide a meaningful response to the other that accounts for social contingencies, the rhetor needs to engage in transversal awareness. *Theōría-poíēsis-praxis* are foregrounded and bound in moments of critical discernment, hermeneutic interpretation, and narrative articulation in transversal awareness. The effectiveness of engaging *poíēsis* determines the inventiveness of the response. Transversal awareness allows the rhetor to attend to their otherness in the situation and to seek the best means for interpretation and explanation when providing a response. Our prejudices, or pre-judgements, which Gadamer notes are from tradition and are always with us, are tested during the moments that occur during transversal awareness. In organizational communication and change, the employees can use tradition to work from in a creative way. As Schrag states,

> [T]here is the moment of appropriateness which fosters preservation, keeping the tradition intact and serving its end. This we might call the hermeneutic of participation, a participation which conserves that which has been transmitted though the tradition. But there is another moment in the fitting response—the moment that occasions invention, novelty, the emergence of the not yet said and the not yet accomplished (qtd. in Arneson 85).

A fitting response always occurs within the tensions of tradition as it attends to all that is required of it (Schrag, "Praxis"). The rhetor can use tradition to move to a creative response that could perpetuate, negate, or generally alter what has come before.

Temporality has a central role in developing a fitting response (Arneson). Temporality informs a response to the call of the other and determines the quality of the response. An appropriate response includes moments of recollection (past), decision (present), and invention (future). Raymie McKerrow viewed time as a rhythm that flows: communicative "events" happen in the flow of past, present and future (78). Time can be viewed as "inseparable" from discourse. In fact, viewing time through Schrag's transversal rationality, McKerrow suggests that discourse "constructs" time (78).

In the hermeneutical moments of transversal awareness, critical discernment, interpretive judgement, and narrative articulation, temporality is always at play (Arneson). While it is often important to provide appropriate touchstones of tradition when responding, Schrag explains that the rhetor may also include potential future states so a fitting response "grasps this 'not yet' and appropriates it as the place from which new questions, new descriptions and new assessments are launched" (qtd. in Arneson 85-86). Timing when to engage the interlocutors is also a central aspect to creating a fitting response.

Responsibility is a part of a fitting response. Schrag explains, "The language of morality is the language of response and responsibility and if there is to be talk of 'an ethics' in all this it will need to be an ethics of a fitting response" (qtd. in Arneson 87). The responsibility is to be both responsive and to provide a response. However, responding unreflectively is not acceptable. The response must be satisfactory to the responder and the respondent in the social context. In each moment, the decision to engage ethically is made; if no response is offered, the responder is eschewing responsibility. Even if there is no clear answer, a range of acceptable responses based on interpretations at the time should address the other person, the relationship, and the situation. In organizational communication, the temptation is to rely on documented talking points to

respond to questions. To expand on approved talking points to offer a fitting response could be considered courageous by a manager or leader.

Providing a fitting response is an ethical obligation that entails engaging moments of transversal awareness informed by *theōría-poíēsis-praxis*. A fitting response also incorporates the rhetor's ability to engage the social complex and temporality as they enact their responsibility in a response. For a leader, who is the chief organizational rhetorician, a level of courage is demanded to respond in a reflective manner when called by others.

Providing a Fitting Response during Mergers and Acquisitions

Organizational communication during a merger is performed in a time of anxiety, with a multitude of voices asking about organizational decisions that are not yet made, among other difficult-to-answer topics. During such times, it takes a level of personal courage by a manager or leader to engage in providing fitting responses. Arneson identifies three forms of courage: ontological, existential and moral courage, which "provides a holistic approach to an ethics of communicative engagement" (90).

The different types of courage indicate different perspectives of the world. Ontological courage is related to the decision of which possibilities to pursue in creating a fitting response. Existential courage is related to the manner in which the respondent decides to engage in the daily work. When a person puts themselves "out there" with ideas that are new is an example of existential courage. Moral courage allows a person to decide which path to take in choosing projects and to remain resolute in the face of questioning of such decisions.

All forms of courage are informed by transversal awareness of the multitude of voices— and opinions. When as an employee, perhaps a leader in an organization, makes courageous decisions, it creates what Arneson terms "hermeneutic resilience, which further emboldens one's

courage" that helps lay the ground for future decisions (90). The environment also indicates a level of freedom, because "courage to care, to critique, and to remain steady as appropriate cannot be forced" (Arneson 90). The crux of leadership during mergers and acquisitions is to work to create a fitting response using all the available resources.

A fitting response during mergers and acquisitions takes place in the contested ground of an organization. When an organization is undergoing a merger or acquisition, the call of the other is often made anxiously. Leadership responses such as Sherif Abdelhak's "don't cross me"—even if made in jest, which his was not—are not attentive to the existential crisis of the employees of the target organization (Swayze). Livelihoods and organizational cultures are all potentially under attack. In a fitting response, temporality must be attended to, both in recognizing and respecting the past, present, and future of employees' organizations, but also in the timing of communication. Communication needs to take place in a timely manner for it to provide meaning for employees.

A fitting response should be responsive to the fear of uncertainty but in a way that draws meaning for the audience. Employees' communication needs are often not satisfied during mergers and acquisitions (Chipunza and Gwarinda). Leaders may find it difficult to answer all pressing employee questions because *plans* to integrate companies take more time than actually completing the merger or acquisition. Organizations are dwelling places for all employees, both leaders and front-line employees. Each person has a responsibility to provide fitting responses in their communication. During the turbulence of significant change that mergers and acquisitions present, leaders and followers have heightened ethical responsibilities for their communication..

Communication in organizations is most certainly the "life" of leadership (Thayer 231). Leaders have a clear responsibility to take ethical actions and use language ethically: "It is within

the space of ethos that we meet rhetoric" (Schrag, "Praxis" 202). Leaders set the organizational culture, influence employee values and beliefs, and serve as the primary rhetoricians who manage meaning for their organizations, helping employees interpret situations and circumstances (Schein, "Culture"). If a leader does not support a planned change, the change is rarely fully implemented. Leaders must act as the bridge from organization ideals based in modernity and the many narratives of the various stakeholders. However, leaders can struggle with such roles because of the growing complexity in the organizational world (Fairhurst and Connaughton). This struggle is also why leaders often turn to technique-driven organizational change models and tactics during times of intense change such as mergers, when a turn to a more reflective approach is necessary.

In communicative engagement, Arneson urges the rhetor respond to the other by providing a meaningful response. Leadership during planned change is about making choices, based on what a leader learns from reflection in transversal awareness. Then, a leader can provide a fitting response to questions about change (Schrag, "Praxis"; Schrag, "Postmodernity"; Arneson). The ability of a leader to reflect, then engage another communicatively and meaningfully while attending to the change effort and the various organizational narratives could help leaders to implement change creatively.

How the rhetor addresses temporality in response to the call of the other determines the quality of the response. An appropriate response includes moments of recollection (past), decision (present), and invention (future). The moments of transversal awareness, critical discernment, interpretive judgement, and narrative articulation, are at play to provide a fitting response. The effectiveness of engaging *poíēsis* determines the inventiveness of the response (Arneson). The responsibility is to be both responsive and to actually provide a response.

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Furthermore, the willingness to develop a response based on reflection of the multitude of postmodern voices, the contentious circumstances are a part of mergers and acquisitions is courageous on the part of the leader. By helping employees make sense of the significant changes of mergers and acquisitions and to be thoughtful and add to standard, available, corporate talking points helps a leaders develop both courage and hermeneutical resilience that is necessary during such a historical moment.

Conclusion

Arneson's communicative engagement is a philosophy of communication that can help leaders meet the pressing needs and complexity of significant planned change. Communicative engagement can help a leader creatively attend to the postmodern moment of a multitude of voices and needs. To meet such needs, a bodily presence is important as a leader offers a fitting response to employee questions and concerns. The ethic of a fitting response requires a leader to engage *theōría-poíēsis-praxis* in transversal awareness to respond to the situatedness of the organizational complexity.

The ability to engage one another with awareness to the multiplicity of perspectives could help leaders to facilitate change more effectively. This awareness includes eschewing the safe environs of corporate talking points to fully engage other available sources of rationality. Leaders also have a responsibility to be attentive to temporality, such as traditions of the past, and the timing of the organizational communication. Arneson reunites *theōría-poíēsis-praxis* to help employees gain a better understanding through more textured communication in the historical moment. Instead of working toward a universal technique or reasoning, Schrag suggests the embrace of transversal rationality in postmodernity rather than striving for universal responses. Arneson's transversal awareness further weaves across encounters, traditions, and

organizational layers. Organizational leaders cannot rely only on upward or downward communication in constructing messages at a distance.

Communicative engagement offers a more holistic approach to organizational communication. To engage both leaders and employees in communicative engagement that attends to the postmodern dwelling place of the organization, an organizational culture that supports communicative engagement tenets should be created. Leaders can help create a culture in which organizational members have a willingness to engage and learn from one another and to offer ethical responses when called upon for information. Embracing communicative engagement as a way to understand communication during organizational change can help view and address the work of change in a more open, textured way. Communicative engagement allows for interactions that are appropriate for the contingent nature of organizational change. Other organizational change approaches recognize the contingent nature of change, but do not provide the type of robust, holistic approach that communicative engagement offers.

Chapter 5: Approaching a Utility Merger Case Study:

Using the Theory of Communicative Engagement

Although change is a constant today, organizations still regularly report change efforts as failures. Organizations in this postmodern historical moment often undergo significant planned change that creates new entities, yet they still operate on modern precepts. Scholars assert that organizations emerge out of discourse and other communicative aspects, but assert that planned change like a merger or acquisition has to limit communication from the merger announcement to the first day as the combined company, particularly for public companies.

Practitioners and scholars agree that communication is crucial for important planned change in organizations, but how do we account for Myrna Cornett-DeVito and Paul G. Friedman's study that indicates employees who experienced successful change reported that the communication was ineffective, whereas employees who experienced less positive change report that the communication was effective? What is it about human communication that helps support change? How can an understanding of human communication help such risky, challenging, yet ambiguous circumstances?

Leaders are in an even more tenuous situation. Mergers and acquisitions are leader-led changes, but leadership is a contentious idea, and the type of leadership appropriate for ongoing operations seems to be deficient for significant planned change (Higgs and Rowland; Spector). Many scholars and practitioners have presented ideas supported by specific examples. Scholars and practitioners assert that changing employee behaviors is key to organizational change (Lewin; Kotter, "Leading"), but Malcolm Rowland and Deborah Higgs indicate leaders who target behaviors are least effective. The number of leadership ideas creates a splintered landscape and little confidence in what works.

Perhaps the answer is that *all* organizational communication matters in a merger or acquisition, from informal and formal pre-merger communication to the merger announcement and the interactions during the integration work, to the first day of the combined company and beyond. If communication was approached more fully and holistically in organizations, significant planned changes likely would be better understood, accepted, and facilitated by those affected. The time during the merger work, before the first day of operations, would be used to set the organization to work together after the entities legally merge. Scholars who consult or study significant planned change typically participate with the organization during the change and sometimes after. But the past of an organization is crucial to sensemaking, and the organization is changed in the merger or acquisition. The complex, contentious organizational world of significant change requires a different, broader view of organization and, therefore, organizational communication.

This chapter will use an electric utility company merger to illustrate communication during significant planned organizational change. The author was an employee for five years before the merger announcement, so a deep understanding of the circumstance is available for the case study. First, the chapter will include backgrounds on the industry, company, and Chief Executive Officer (CEO) during the merger to help understand the situatedness of the merger. Second, the rhetoric used by leaders with employees of the merging companies is considered. Their language illustrates theory recommended by academicians and practitioners, highlights the goods privileged by the organizations, and addresses the rhetorical limitation to their communication. Third, Pat Arneson's theory of communicative engagement is offered to gain a more holistic approach to communicating during this postmodern moment characterized by great

change. This theory aids organizational leaders to expand their capabilities needed for rebuilding the organization.

<div align="center">Electric Utility Merger Case Study</div>

A case study of a merger between FirstEnergy, a Midwest utility, and Allegheny Energy, a mid-Atlantic electric utility, will be used to consider the communication provided during this significant planned change, building a new FirstEnergy utility company. The author is a former Communications Department employee at the primary organization. Permission was granted from former CEO Anthony Alexander to research and document this case. First, background on the industry is considered. Second, the primary company in the merger, FirstEnergy, will be covered to provide information about the situatedness of the merger activities. Third, a brief overview of the author and the FirstEnergy leader CEO Anthony Alexander will be provided.

Background of the Industry

In many ways, businesses participating in the electric utility industry have unusual circumstances compared to other industries. The current utility industry is paradoxical. Without electricity, which runs nearly every industrial machine there would be many fewer jobs and the United States. If electricity were more expensive, we would be less competitive globally. Cheap electricity helped support a growing United States economy in the 1940s-1960s (Ford). However, the pollutants released by burning coal or the resulting radioactive waste from nuclear plants are current and significant political questions. Utilities, in some respects, are still monopolies, a business model that regulatory bodies in many countries actively seek to eliminate. In many states, utilities are fully regulated and they have been for many decades. Regulatory bodies in other states that require utilities to deregulate parts of their business have required utilities to change their business models. For example, energy efficiency requirements,

which are a public good and are regulated, requires an electric utility to sell less of its product. These are unusual situations for any industry or business outside of utilities.

What is similar to other organizations is the activity in mergers and acquisitions. Utilities are considered to have some of the most stable organizations, but mergers have been commonplace over the past several decades (*Electric Utilities*). The electric utility system in the United States grew locally starting in the later 1800s; at first, farms or other small areas had their own generating units and electrical systems. Local systems started to combine and connect to serve larger areas as towns developed (*FirstEnergy History*). Today, there are 1,800 organizations with annual revenues of about $460 billion, which includes investor-owned utilities, rural electric cooperatives, and municipality-owned electric systems (*Electric Utilities*). The main product sold by electric utilities are kilowatt hours, which are used by customers to power their homes and businesses. The technology to store electricity is not commercialized, so when a consumer turns on a switch at home the electricity is generated and moved sometimes hundreds of miles in an instant to the bulb or piece of equipment.

In regulated markets, the price for consumer electricity is set by state regulators, who review a company's costs and determine prices from certain expenses required to run the system. In deregulated markets, competitive electric markets, generation prices are set by auctions into which companies bid, while prices for transmission and distribution are set by regulators. Most states remain regulated. However, of the states in which FirstEnergy operates, only West Virginia is a fully regulated state.

A large amount of wires and plants indicate an industry that requires significant expenses to maintain the system. Utilities have plants that generate billions of kilowatt hours to deliver to customers. A large quantity is necessary because of efficiencies in the production of electricity

both operations- and capital-related. Therefore, the organization needs to be large in order to take advantage of economies of scale. These realities create a capital-intensive business. Before the merger, based on 2009 reported financials, FirstEnergy had $34.3 billion in assets ("Announce Plans"). A workforce with technical skills is required to maintain electric utility systems and generating plants.

Physical and field workers typically are the largest group in a utility company workforce. Linemen are the physical workforce who maintain the transmission and distribution wires (Brun). This group in particular is quite different than employees in other disciplines. They perform dangerous work in difficult weather conditions. They have a "bravado" doing such work (821). The physical, frontline workers typically are union members. The industry values technical and engineering skills and the average pay is higher than the average pay in many other industries ("Electric Utilities"). Due to the importance of electricity in the postmodern world, the electrical utility industry is considered part of the critical infrastructure of the United States, which triggers a number of procedures and requirements for every utility.

The electric utility industry is not only complex and important to the nation's economy, it is one of the most regulated businesses in the United States. Utilities are regulated at the state and federal level. Some state regulators implemented de-regulation of power generation aspects of the utilities so consumers could have a choice of providers, presumably driving down price because of competition (Ford). The hope was to spur more innovation in product development. When other industries have deregulated, like banking and the airlines, companies have been able to create new products that give consumers more choices. In electricity markets, however, most if not all competition is based on price, which is consistent with other commodity markets. Leading a complex organization in times of change is particularly challenging.

<u>Background of the Company</u>

FirstEnergy is a publicly owned, diversified energy company headquartered in Akron, Ohio. FirstEnergy is a holding company that owns the main components of an electrical system: power plants, transmission wires, and distribution system run by local utilities, or operating companies, that produce or deliver electricity to residents' homes and businesses. The company has been on the Fortune 500 list for 21 years, and in recent years has been in the top 200 companies by revenue ("Fortune 500"). FirstEnergy has hundreds of predecessor companies because of the manner in which the utility industry has consolidated since the late 1800s.

A merger in 1997 between Centerior, located in the Cleveland-Toledo area, and Ohio Edison, headquartered in the Akron area but with service territory stretching into Pennsylvania and south of Akron, created FirstEnergy. This merger doubled the size of Ohio Edison. In 2001, FirstEnergy doubled its size again by merging with General Public Utility (GPU), which added three operating companies. GPU primarily served customers in areas of New Jersey and Pennsylvania. At the end of 2009, FirstEnergy had 14,000 employees, served 4.5 million customers, and had $11.5 billion in annual revenue (Annual Report 2009).

In February 2010, the merger with Allegheny Energy was announced. Allegheny Energy was a smaller regional utility next to FirstEnergy's Pennsylvania service territories, serving about 1.5 million customers in Maryland, Ohio, Pennsylvania, Virginia, and West Virginia. Allegheny Energy had more than 10,000 megawatts of generating plants ("FirstEnergy and Allegheny Energy to Combine"). Under the terms of the agreement, Allegheny shareholders would receive FirstEnergy common stock in exchange for each share of Allegheny they owned. The price per share represented a premium of 31.6 percent to the closing stock price of the day of the announcement. The cost of the merger was $8.5 billion, including the assumption of $3.8

billion in Allegheny debt ("FirstEnergy and Allegheny Combine"). The merger created the largest electric utility in the United States based on customers served ("FirstEnergy & Allegheny Energy Announce").

A typical practice for a larger merger is to engage a consultancy to assist with work during the integration phase (Kotter). Consultants assist in several ways. First, they augment employees staffing the integration team—that is, employees from the significant workgroups that work on plans to combine operations. Often, consultants gain familiarity with and specialize in mergers within certain industries. This way, even if the consulting employees are not familiar with each organization, they have a grasp of the industry operations. In the FirstEnergy-Allegheny Energy merger, most of the individual groups had a consultant assisting to facilitate planning.

Following the Allegheny merger, FirstEnergy now has 10 regulated distribution companies (commonly called utilities) serving 6 million customers in the Midwest and Mid-Atlantic regions ("FirstEnergy & Allegheny Energy Announce"). Stretching from the Ohio-Indiana border to the New Jersey shore, the companies operate an infrastructure of more than 269,000 miles of distribution lines. FirstEnergy's 10 electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Ohio, Pennsylvania, New Jersey, West Virginia, Maryland and New York. FirstEnergy's generation subsidiaries control nearly 24,000 megawatts of capacity from a mix of sources, including scrubbed coal, which are coal plants equipped with scrubbing equipment that removes more than 90 percent of coal by-products; nuclear; natural gas; hydroelectric power, which is generated by water; and other renewables. In 2015, the company had 80 million megawatt hours to sell through the

competitive part of its business (Annual Report 2015). The person who led this organization during the merger was CEO Anthony Alexander.

Background of the CEO

Anthony Alexander, now retired, was a life-long employee of FirstEnergy. He was hired in the Tax Department of Ohio Edison, a predecessor company of FirstEnergy, after getting an accounting degree ("Anthony J. Alexander Concludes"). He started attending a local law school at night as he worked at the company. He moved to the company's Legal Department as an attorney in 1976 and progressed through increasing roles of responsibility. When Ohio Edison and Centerior Energy merged to form FirstEnergy, he was elected Executive Vice President and General Counsel of the new organization. Alexander was subsequently named President of FirstEnergy in 2000.

The company doubled its size in 2001 to 4.5 million customers after merging with GPU, Inc. and Alexander was named President and Chief Operating Officer (CEO) ("Anthony J. Alexander Concludes"). Alexander took the leadership role at FirstEnergy in early 2004 during a particularly difficult time. The CEO had passed away suddenly from leukemia, the Northeast Blackout of 2003 had just happened, a shareholder lawsuit was brought against the company, a nuclear power plant was under scrutiny by the federal nuclear organization, the workforce would receive no bonuses that year, and employees were notified they would have to start paying for healthcare for the first time, all of which resulted in demoralized employees (Anthony Alexander interview).

The FirstEnergy CEO assumed his role in a time of significant turmoil that included operational and financial issues. Alexander's tenure was characterized by how he chose to address the turmoil. To help assuage employee anxiety, Alexander decided to start visiting

employees working in the field. He wanted to learn from the employees their perspectives and model the type of behaviors he wanted others to follow:

> Many executives didn't spend enough time in the field, which made them get siloed over time. If anyone has ever been an executive, they know how important it is to stay tied to field operations. I figured if I can show how to do it, others would follow. I hope it worked. Also, the idea was to talk *with* employees, not to talk at them. That's a big difference. Skip the PowerPoint. Open up to Q and A, which employees typically get more out of, and make that the longest part of the meeting. (Alexander interview)

Once when commenting on the requirements of a Chief Executive Officer, Alexander noted that no other organizational position can prepare a person for the role and responsibilities.

Leading during a merger or acquisition requires the ability to learn what needs to be done intra-organizationally and extra-organizationally in conjunction with other constituencies. The FirstEnergy CEO knew that he did not want to avoid employees. He knew it might be difficult, particularly because what he would see and hear was unknown. Certain employees expressed frustrations ranging from healthcare to local issues like aging trucks. The first years' questions were about many local items and misinformation. The questions allowed the most frustrated people to vigorously express themselves in a situation in which they could receive immediate feedback and gauge the leader's sincerity. In turn, Alexander could help employees understand certain events through his narrative articulation. For example, because he worked to understand issues like healthcare and the complex system that generates increasing costs every year, he knew how he made his decisions and was willing to explain that process to employees.

Most important to employees seemed to be his openness and willingness to address any question, even if he did not know the answer. When that happened, he made certain the questions were tracked and answered. Perhaps part of his relative ease his middle-class upbringing and, although he interacted regularly at the state and national level, he also was comfortable talking to the physical workforce because those were the types of people he knew growing up. He was connected to his personal past, as well as to the organization's present and future.

Alexander continued as CEO following FirstEnergy's merger with Allegheny Energy in 2011 and retired in 2015. As General Counsel, Alexander was "instrumental" in the two mergers the previous decade ("Anthony J. Alexander Concludes" 1+). In his leadership role for the mergers, he negotiated the terms of the deals and was also in charge of communicating to the various stakeholders.

FirstEnergy is a publicly owned electric utility headquartered in Akron, Ohio. It is part of a highly regulated and highly fractured industry. FirstEnergy owns generation plants as well as operating utility companies that deliver electricity to residential and business customers. The company has grown to one of the largest electrical systems in the United States by pursuing merger partners. Allegheny Energy was the third merger in 14 years for FirstEnergy. The next section considers rhetoric of the merger between these two companies.

<div style="text-align:center">Public Rhetoric of the Merger</div>

On February 11, 2010, in the aftermath of the Great Recession, FirstEnergy Corp. and Allegheny Energy, Inc., two publicly traded electric utilities, announced in a morning press release that both companies' boards of directors approved an agreement in which the companies would combine ("FirstEnergy and Allegheny Energy to Combine"). A few hours later, an internal newsletter providing further information about the two companies and merger was

released to employees of both companies. These announcements marked the beginning of a one-year period of carefully preparing communication materials in the unusual rhetorical situation (Bitzer) presented by mergers and acquisitions. This section discusses rhetorical construction of messages prior to, during, and following the merger.

The rhetorical situation was unique for a variety of reasons. All materials would receive a high-level of scrutiny by senior executives of both companies. While this would be common for important communication, there was heightened caution because the continued economic uncertainty could possibly influence state regulators to demand more guarantees from the merger parties, such as monies for economic development or employment guarantees. Some parties had the ability to prevent the merger from completing through the regulatory approval process. The merger was subject to scrutiny and approval by each company's shareholders, the Federal Energy Regulatory Commission (FERC), the Federal Trade Commission (FTC), and state commissions in Pennsylvania, Maryland, West Virginia, and Virginia. These different audiences were attended to in all prepared communication. In addition, all internal and external communication referring to the merger had to be submitted to the Securities and Exchange Commission (SEC) for public posting online. An Internal Communications group employee would submit the newsletter draft to the senior executive members of the merger steering committee, which was composed of five leaders from each organization. The committee members would review the content, and make their changes. Legal reviewers then received the content for their remarks. The two CEOs had final signoff.

First Communication about the Merger

A week before the merger was announced, several Communications Department employees—a graphic designer, videographer, Communication Services Director, External

Communications Director, and Internal Communications Director—were informed about the pending announcement and began developing the initial materials. The Communications Department employees created a video to be shared with both companies' employees (each company had video capability to most work sites) and an electronic newsletter for all employees of each company. Newsletters were sent via email and posted to each company's intranet. FirstEnergy uses employee newsletters because of the number of employees who perform their jobs away from computers. A newsletter format is convenient to print and share on bulletin boards or in breakrooms. For both companies, the Internal Communications group requested that managers and supervisors print out copies to share at remote locations.

Rhetorically, planned change announcements carry a significant organizational responsibility (Armenakis and Harris; Demers et al.; Schweiger and Denisi). Achilles A. Armenakis and Stanley G. Harris ground their work on crafting change messages in Kurt Lewin's theory of unfreeze-change-refreeze and believe the change message provides the structure for "creating readiness and motivation to adopt and institutionalize the change" (169). When a "realistic" view is provided through merger communication, it provides a "stabilizing effect" over the short and long-term (Schweiger and Denisi 126).

The lead story of the initial newsletter announcing the merger included a part of Alexander's video script addressing the common concerns employees have during mergers. Alexander stated:

> We all know that mergers have impacts on the workforce. Given the current economic conditions, we understand the increased concerns employees will have during this period. While it's really too early to predict what will happen, we intend to work closely with regulators to develop plans that will allow this merger

to proceed quickly. We don't have the answers yet, but it appears that this merger

will have little or no impact on craft employee levels. To help mitigate the impact

on the rest of the workforce, we'll slow down our hiring at FirstEnergy to make as

many opportunities as possible for Allegheny employees. ("FirstEnergy &

Allegheny Energy Announce")

The CEO and communications group wanted to address the obvious—and difficult—questions

as soon as possible. Even though Laurie K. Lewis, Nicole Laster, and Vaibhavi Kulkarni's study

of reactions to announcements that include potentially negative news show no preference during

a high-risk change announcement for whether the message is delivered one-sided (the

persuader's perspective), or two-sided (which includes opposing argument), FirstEnergy's

message included employees' point-of-view in the script. In business, people want an

organizational leader to be forthcoming (Lewis et al.). Learnings from previous mergers and the

philosophy of the FirstEnergy Communications Department was to be forthcoming because the

leaders had worked to provide other options and contingencies, such as slowing hiring. For

example, the Internal Communications group had not been allowed to fill recent position

openings and did not understand why until the merger announcement. The story concluded with

the CEO noting that organizations need many skilled employees. He wanted employees who

worked hard and had good skills to have a position in the new company.

The initial newsletter included a map of the service territory of the combined company.

The map also indicated the power plant locations of both companies. The largest part of the

workforce is in the communities the electricity serves and a diagram helps envision the expanded

territory of the new company. Seven merger highlights were listed including the combined assets

of the company, a table entitled "Facts at a Glance" that illustrated the size of the new company

by placing FirstEnergy and Allegheny Energy statistics in side-by-side columns, and The New FirstEnergy column heading. The combined numbers for the operations information, such as the miles of distribution lines and miles of transmission wires (those that carry large amounts of electricity from the generating plant to the distribution network close to consumers' areas) were provided. However, figures for financial highlights were not included; those are not necessarily additive and would be too much like a forecast for the new organization, something that merger communication avoids since it implies a financial expectation for the new company ("FirstEnergy & Allegheny Energy Announce"). A publicly traded company cannot share information to a small group that might prompt an individual to invest or divest. While there were financial expectations and anyone could take the two companies financials and add them, capturing totals on paper in the initial announcement would not be appropriate. Rather, a balanced and optimistic tone was present in the first story, even if some difficult topics, like layoffs, were addressed.

The initial newsletter concluded with a set of questions and answers and a request for more questions to be submitted. Employees needed a way to inquire about topic that their managers might not be comfortable answering due to restrictions on communications or lack of information. Employees from both organizations submitted questions or, if they were not on computers often, asked their managers to find out the answers. Approximately 56 questions and answers were provided through 15 issues of the *Merger News*, the joint publication, or the *Employee Update*, the FirstEnergy employee newsletter, during the 12 months FirstEnergy and Allegheny Energy were engaged in merger approval work. *Merger News* newsletters generally were published monthly, typically coinciding with the completion of a milestone.

Even though ultimately persuading stakeholders that the merger or acquisition that affects them is in the best interest of the leader (Lewis "Strategic"; Lewis et al. "Pain"), the announcement rhetoric laid out a dispassionate story of competence and advantages for the two companies. The rhetorical situation called for persuasion using terms that carried little emotional weight. In a merger announcement, most actions that will transpire are unknown. We needed to avoid language that would not be supported by action, which generates cynicism in employees and other stakeholders and overall mistrust (Arnett and Arneson). Some individuals or groups could have lobbied politicians from the states in which Allegheny operated to either slow down or reject the merger, so the materials needed to avoid piquing unnecessary concerns. Fortunately, the situation fit into FirstEnergy's general employee communication philosophy: an assumption that 97-98 percent of employees wake up every morning and want to do a good job, all employees are intelligent and inquisitive and want to learn more about their employer, and employees want their supervisors to talk to them. Since 2004 when Alexander became CEO, written communication and videos to educate about topics that could provide ground for questions and answers between employees and supervisors were developed. For the merger in 2010-2011, the FirstEnergy Internal Communications group wanted to write materials attending to the merger rationale, people, and process.

The intent for the employee materials during the merger was to describe why the merger was a good idea; the senior leadership team; a planned, orderly integration process by a company that had built merger capability through previous mergers; and the number of groups supporting the combination in the state applications. It was important to define technical terms throughout the materials and have a measured tone rather than one that could arouse cynicism (Arnett and Arneson). Following the announcement, the organizations moved toward integration.

Rhetoric during the Integration Planning Phase

The second newsletter and first *Merger News*, published March 10, 2010, laid out the structure of the integration work. The newsletter included information from senior executives who were leading significant portions of operations and their counterparts from the other organization. The newsletter also included a page of information regarding working together in ways other than through an integration team or otherwise and the legal contacts if an employee has questions ("Requirements"). Time is a significant aspect of organizational change, and communicators must be mindful of it in preparing materials, especially early materials so employees can know they are important and know what is transpiring with the merger.

Moving quickly during integration work is important; a newsletter one week later named the members of each functional team from each organization—51 members from FirstEnergy and 45 from Allegheny Energy ("Integration Teams"). There were six fewer Allegheny members because some of their departments had less staff than FirstEnergy. For example, the Information Technology employee level was diminished due to outsourcing at their company. Teams are an effective way for some employees to get to know one another to facilitate the merger (Gill). Allegheny Energy Integration Team members travelled to Akron, Ohio, each week for many months and worked out of an office building space that was used for only merger work. Other employees were not allowed on the premises.

Making progress quickly is also important. Not doing so is a mistake merger implementers have noted they had made to their detriment ("A New Dawn"). At the same time, the FirstEnergy Internal Communications group did not want to "manufacture" a false sense of urgency, which could create cynicism by the employees (Arnett and Arneson). The materials were meant to illustration a group crisply executing work according to project plans. April, May,

and June newsletters published the merger plan for that month and a full schedule of activities was published in the July newsletter

The tagline used internally for the FirstEnergy-Allegheny merger was "Building a Better Company." "Building a Better Company" was a positive way employees of both companies could view the work ahead of them and also offered a fitting response to the question of, "Why are we merging?" Building resonates with the organizational metaphor of dwelling (Heidegger). Building also indicates the nature of work, an ongoing process.

Even though decisions during mergers often take many months, there was some information that could be shared, even on the day of the announcement. For example, some important operating decisions were known and could be shared in the first newsletter. The first newsletter included a signed letter from Tony Alexander and Paul Evanson, the Allegheny CEO, and reported that the utilities would be decentralized like FirstEnergy's model. For a number of reasons, including saving costs, Allegheny had centralized the operating company group to a certain degree. In that instance, some resources—including people and money—are moved from the service territories where customers live and work to a central group. Operating company workers typically live and work in their communities and are passionate about their work and customers.

When it came time to make the branding decisions, FirstEnergy decided to revert back to older Allegheny traditions which seemed to please employees and customers according to research performed during the merger. Part of the branding decision was that the three local operating companies, which had been called Allegheny Power for several years, would go back to their local names that had existed for decades—Monongahela Power, shorted to Mon Power; West Penn Power, and Potomac Edison. Each logo would have "A FirstEnergy Company" in

much smaller font under the new company names. These names were historical and related to geographic aspects of each area. FirstEnergy has also kept the historic names of its utility companies in recognition of tradition.

In the middle of 2010, FirstEnergy Communications Department worked with their Allegheny Energy counterparts to initiate customer research into naming preferences ("Branding"). Almost twelve focus groups were held and 1,000 customers were interviewed over the telephone. The research provided necessary input into the branding decisions. It is important to make such decisions before the close of the merger so a plan could be developed for changing thousands of items that have the former names, from road signs to logos on work trucks, in a timely fashion.

Work during a merger leads up to the first day of combined company operations. Integration planning and work continues for months after the day the companies are legally combined, but at least the two organizations can start communicating freely after that day. During the planning phase, many questions cannot be answered because the majority of decisions had not been made. Some decisions had been made and they could be shared, such as locations of the headquarters (Akron, Ohio) and the regional headquarters. The merger capability FirstEnergy had built through two previous mergers helped create an orderly planning phase that led to a timely merger closing.

Rhetoric on the First Day of Combined Company Operations

During the year the merger took to complete, the FirstEnergy Internal Communications group considered the type of materials that would be appropriate for Day One, the first day of the combined companies. Once the first day of operations arrives the organizations can finally function together, but not without many logistical questions from new employees, such as

finding phone numbers, email addresses, Information Technology help desk numbers, software platforms, and expense reporting procedures. In an effort to help employees acclimate to their new company, the Internal Communications group thought about ways to help. In preparation, the Internal Communications group brainstormed items and ideas that an employee new to the company would need to know. Many employees in the group had experienced previous mergers in which they were employees of the company joining FirstEnergy. Allegheny employees needed to perceive that FirstEnergy employees thought about them and cared enough to get useful materials to them.

The final *Merger News* newsletter was published on a Friday, the day of the merger's legal closing. Working as a combined company would start the following Monday, even though portions of the employee population work on weekends. The first newsletter story of the final *Merger News* was not a letter. The only quotes were from the CEO of the combined company, Tony Alexander, and announced a few remaining open questions about regional headquarters locations. The second page includes a story entitled "Communicating with Our Customers . . . and with Employees." In it, the materials that would be presented to employees the following Monday were listed. A quote from Alexander set his expectation for communicating: "It's important for groups to meet on Monday . . . I expect leaders—from supervisors on up—to regularly talk with their employees. Plus, the information provided will be very helpful to begin answering many questions" ("FirstEnergy-Allegheny Energy Merger"). Directions were prescriptive about the steps anyone with employees directly reporting to them should take on the first day.

Hundreds of boxes containing packets of hard copy materials and compact disks with recorded video messages were sent to every location in the company. On the first day of

combined operations, those with supervisory duties would hold employees meetings with every shift ("FirstEnergy-Allegheny Energy Merger"). At the individual meetings, First, a video message from Alexander recorded on the CD would start the meeting. Then, the packets of hard copy information would be distributed to employees. Each packet included an image-heavy brochure welcoming Allegheny employees that included a timeline of both companies' histories, the 80-page employee guide, and a wallet-sized guide entailing federal workgroup classifications that regulated workgroup interactions. At the end of each employee meeting, leaders were asked to play a second video on the CD of messages from Alexander and the presidents of the two main physical workforces at the company.

Christine Demers, Nicole Giroux, and Samia Chreim studied four Canadian Bank employee announcements at the close of mergers. In each case, even though employees are the recipients of the messages, employees are not the focus, which is "significant" (238). The lack of explicit statements about employees "reflect the vision management has of employees and their role" (238). Three out of the four banks relate to external audiences the important role of employees via press releases, but "envision [employees] as passive agents rather than as actors for the change" (239). The FirstEnergy employee newsletter, a special issue announcing the first day of operations, was written for employees who are active change participants.

A special issue of an *Employee Update*, FirstEnergy's employee newsletter, was developed and included as the first piece after the table of contents in the 80-page employee guide. The *Employee Update* included a letter signed by Alexander that provided the vision for the company and included the five 2011 Corporate objectives; an article about communication at the company, including when the new logos would appear throughout the former Allegheny; a new branded website that served as a bridge until the two corporate websites were appropriately

combined; an article about educating Allegheny's customers about the merger; and FirstEnergy's 10 "Rules of Engagement" that were developed in the mid-2000s to state the expectations about communicating within the company ("Creating"). The Rules of Engagement had resonated across the organization when they were published and, at the time of the merger, employees still noted the importance of them.

The lead story of the *Special Employee Update* issue was a letter signed by Alexander and entitled "Creating a Great Company—Together" ("Creating a Great Company"). He wrote about his gratitude to employees, provided a vision for the future that depended on employees working together, and explicitly stated his expectations of anyone who has employees reporting to them.

The letter began by thanking employees and setting a vision:

> The completion of the FirstEnergy and Allegheny Energy merger is the beginning; from today forward, we'll work together to build an exciting new future for our Company.
>
> I'm proud of the dedicated efforts of employees across both our companies that led to this point. It takes an extraordinary effort to accomplish a merger while also managing daily operations.
>
> As we move forward, keep in mind that, while employees should always be proud of what they accomplish within their work groups, our real strength will come from thinking and operating as one company. ("Creating")

Leaders recognize the complexity of mergers and acquisitions and understand that the existing workforce has to continue ongoing work as well as the added work such a large planned change requires (Mirvis and Marks). Mergers take significant effort from all employees to work through

the normal uncertainty, and the CEO knew he needed to acknowledge it so that employees could focus on the present and future.

Alexander also listed the organizational values and expectations of employees in the *Special Employee Update* newsletter. This was the first time the values and Rules of Engagement were shared by him with the new group of employees:

> Living by FirstEnergy's core values of safety, customer service, community service, diversity, continuous improvement, open communications and teamwork also will be a key to becoming one Company. Our Rules of Engagement . . . provide guidelines for interpersonal interaction, also will help us. For example, the first rules is *Engage in open, honest, direct and ongoing conversation— anywhere, any time, any forum (Don't say it in the hall if you won't say it at the table.)*. During the past seven years as CEO, I've made it a point to meet with employees, tell them what's happening, and answer questions. I expect everyone with supervisory duties to do the same. ("Creating")

Alexander was referring to meeting with thousands of employees during 30-40 yearly meetings held throughout the company since he became CEO. This was Management-by-Walking-Around, but not programmatic or technique-driven (Bacon). The understanding he gained from the trips gave him an excellent understanding of employees and their concerns.

The letter ended with a sense of the gestalt of organizations: "We will realize our full potential when everyone contributed to the overall success of FirstEnergy: FirstEnergy as a whole is greater than the sum of its parts. The future is in our hands, and it's up to us to make it great" ("Creating"). Aspirational language is characteristic of a transformational leader (Bass), and Alexander was accustomed to transforming FirstEnergy.

Employee communication was created from the first day of the announced merger, through the initial integration planning, to the day the companies were legally combined. Communication during a merger is a different rhetorical situation than any other, and it is different from company to company. For FirstEnergy, a heavily regulated publicly owned utility, the language used in printed materials needed to maintain a dispassionate tone and provide facts about why the merger was beneficial. The merger relied on a number of politically appointed entities to approve it, so it was important to create a story of two neighbors with similar histories and business models to join for the good of employees, customers, investors, and others. The final letter from the CEO, however took a different and aspirational tone when he stated his hopes for the new organization. The last letter also was one of gratitude, because if either company had operational issues during the merger planning, the companies and regulators might have reconsidered the combination. However, no significant issues occurred, and overall, the merger proceeded as planned.

Merger Result

In the near-term, the merger could be considered a success. The deal closed in 54 weeks, which was quick for a large merger that needed to navigate several required approval processes. Other utility mergers have been stymied because of regulators' demands or decisions (Heath). External stakeholder groups in different states indicated their agreement with the merger by signing stipulated agreements that the regulatory team prepared before final state merger applications; these were the groups, like unions, that could slow the regulatory approval processes. Based on the stated goals of the merger, it was considered a successful one on several fronts: the time it took to close the merger, accretive to earnings, and captured financial synergies.

The goals of the merger were primarily longer-term. For FirstEnergy's Allegheny merger, the goals were similar to the previous two mergers:

> Every merger was intended to help reposition the organization to compete in the future; give us a broader service territory, and provide more resources to invest . . . . The mergers needed to be accretive to earnings, but we didn't place a number on it . . . . In about 15 years, we had merged with two other companies in neighboring territories. The first two were under a Holding Company Act that essentially required the combination to be contiguous territories. By the third the Act was no longer in effect, but neighboring utilities always made sense to us from a workforce and other resources perspective (Anthony Alexander interview).

Leaders of FirstEnergy sought a utility partner who would allow the organization to expand its territory, and improve the organization's capability to compete in its territory's unregulated electricity markets with relatively low risk.

There were certain short-term benefits, including capturing synergies. A synergy monetary figure from laying off duplicative staff and other efficiencies was estimated and discussed in investor meetings after the merger, but the CEO did not use the label "success" or "failure." Electric utilities can take a longer-term view because of the importance of the product to the overall economy. However, as a company in a slow-growth area that has significant expenses because of its infrastructure, the organization could not afford to take a large risk. Merging with a smaller neighboring utility was a way to better FirstEnergy.

After the merger was completed, the electrical utility landscape became especially more volatile, with the introduction of cheap natural gas available in the United States through fracking (Alexander "Institute"; Alexander interview). These changes placed FirstEnergy in a

difficult position. The price of natural gas, which previous had set the upper limits of electricity prices, started to push the auction prices for electricity down to the point that it was too expensive for many nuclear and coal-fired power plants to sell their electricity in the markets. This included the electricity of many of FirstEnergy's generating plants, which affected corporate earnings. Furthermore, the White House and Environmental Protection Agency were engaging in a policy-driven and rhetorical "war on coal" that affected FirstEnergy (Alexander "Institute"). Even though most of the company's fleet with Allegheny had coal-fired plants that were scrubbed—that is, had scrubbers installed on the plants to remove more than 90 percent of impurities from entering the environment—all coal generation was viewed as a whole and considered detrimental. The Communications Department at FirstEnergy determined that the goals for the materials had been met: to help the leader position the merger as a positive move for both companies, reinforce the competence of the integration teams as they made their deadlines, and avoid angering many stakeholders through the materials. However, communicative options during a merger are limited. The materials provided by the FirstEnergy Communications Department were considered useful, but with the exception of the logistical document provided on the first day of combined operations, nothing was innovative. This leaves a person still asking, "*Was* this merger reasonably successful?"

Communicative Engagement in Mergers and Acquisitions

Pat Arneson's communicative engagement is a theory of communication that accounts for interlocutors in a social and historical setting in a holistic way. She applied the theory to three women exploring and enacting social justice. Foregrounding *theōría-poíēsis-praxis* during transversal awareness allows for a person to engage others by employing a fully realized, heightened awareness to their communication. For communicative engagement to take place,

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interlocutors must be fully ready in bodily presence to be alert to all sources of information, and to have an orientation of transversal awareness. Once this alertness is present, a leader can create a fitting response to the moment.

Failed planned change is costly for organizations in many ways, including monetarily and often in employee morale (Mirvis and Marks). Many leaders follow a common set of assumptions and practices during mergers and acquisitions, partly because of the legal rules that must be followed (Burnes and Jackson; Dunphy and Stace). A change in how mergers are approached could benefit employers and employees, among other stakeholder groups.

While the merger and merger communications were considered effective, aspects of communicative engagement could have been addressed for better results. Bodily engagement is generally missing in mergers and acquisitions due to legal constraints, and a desired level of interpretation that provides meaning is also missing. Furthermore, common rhetorical choices might need to be considered differently during mergers to provide more accurate meaning.

Through two previous mergers, FirstEnergy's merger capability was enhanced, which assisted in the Allegheny merger (Abel; Beer and Nohria). However, the lessons learned from previous mergers, which were reportedly more eventful, would never have been uncovered until the CEO began onsite visits. From the bodily engagement of the CEO in hundreds of field visits, more was known about how previous mergers were performed than through any other standard means of gathering information.

Even though the communications could be considered successful during the FirstEnergy-Allegheny energy merger, aspects could be improved. This section will use Arneson's theory of communicative engagement to gain insight about how to approach organizational communications differently during mergers and the results of the different approach.

Communicative engagement can inform how to approach each merger as contingent because the situatedness and culture of every organization is different. The insights gained should indicate aspects of leadership communication that could be delivered differently during mergers and acquisitions.

Based on the FirstEnergy merger experience, several actions could improve the communication by using the theory of communicative engagement, even when merger communication legal rules are restrictive. Communicative engagement, including the expressivity of bodily presence; engaging in transversal awareness that foregrounds *theōría-poíēsis-praxis* in moments of critical discernment, hermeneutic interpretation, and narrative articulation; and creating a fitting response offers a unique way to view leadership communication during mergers and acquisitions.

<u>Bodily Presence</u>

Bodily presence is a potent way to engage one another in the social complex and to allow full human expressivity to be shared (Arneson). When employees are physically present, there is a possibility of a-whereness, Ramsey Eric Ramsey's idea of one's situatedness and circumstances that makes interpretation possible. In the effort to be open to and to understand others creates an inter-a-whereness in which employees are open to what others offer to our understanding. Inter-a-whereness opens possibilities, including solidarity. Solidarity is a possibility to challenge traditions and staid interpretations, due to engagement with others who are also physically near. Unfortunately, during mergers, employees from the combining companies are not allowed to meet outside of work they otherwise would engage in together, such as utility crews that help restoration efforts after hurricanes ("Requirements"). Physical proximity is the best way to create possibilities for new interpretations in the workplace, as the

FirstEnergy CEO found when he began his hundreds of employee field visits over the course of seven years leading up to the merger. Many workers emailed questions to an email box, but the mediated environment is not the same as communicating face-to-face.

Bodily presence is not as possible during a merger as at other times in an organization because of the legal limitations of employees of the two companies meeting and because the workforce is short-handed because of integration work taking place. However, a newsletter is neither as expressive as when people are in close proximity to one another, nor as responsive because of the time it takes to draft, review, redraft, and layout a newsletter, the questions are at least days old, if not weeks.

More real-time responsiveness could be helpful to certain groups. For example, it is easy for a busy supervisor to forget questions if he or she does not write them down immediately. Physical employees might consider it a nuisance to have to find a computer during or after a long workday. Or, monthly newsletters might be considered too slow for some people waiting for answers. An organization could provide a phone number to call and talk to a merger integration employee (likely a lawyer) or a phone number to text for quicker answers. The text of the conversation can still be submitted to the SEC on a timely basis. Logistically, it might be difficult to have a lawyer staffing a question line, but for a particularly tenuous merger, it might be an appropriate option.

One challenge to a more real-time responsiveness is the willingness to be more open, rather than less open, to answering questions. FirstEnergy's Internal Communications group pushed to answer as many questions as possible. However, some Allegheny executives were more hesitant to try and compose answers to a few types of employee questions. The

Communications group had to be solicitous of the wishes of the reviewers, and often deleted

questions and answers from the final draft of newsletters in response to their wishes.

While the 80-page employee guide had pertinent information for employees that included

pictures and the biographies of the senior management team, this could be enhanced by corporeal

proximity. Even though it was difficult to do so immediately after the merger, the Internal

Communications group could have encouraged travel among the senior management team and

offered to provide support. It would have been important for employees new to the organization

to have early engagement with the leaders of their work groups. A rich expressivity—both

linguistic and corporeal—as well as inter-a-whereness and solidary to open possibilities is at play

when leaders and employees meet face-to-face.

The Art of Communication

Arneson reunites *theōría-poíēsis-praxis*, three human "activities" identified by Aristotle,

and foregrounds them in communicative engagement. *Theōría* is related to philosophy, thinking,

and contemplation, *poíēsis* is related to art or making, and *praxis* is associated with rhetoric and

doing. Arneson foregrounds *poíēsis* with *theōría* and *praxis* in organizational discourse to create

richer interactions among workgroups during mergers and acquisitions. Often, workers focus on

accomplishing tasks rather than gaining a broader understanding of the company and industry

(Mei). A poetic attitude helps employees open up to perspectives and possibilities they might

otherwise would not.

Poíēsis opens possibilities during mergers and acquisitions. The creative process of

exploring "what ifs" can help leaders reduce uncertainty by considering possible outcomes.

These must be tempered by what is already known about the history and capabilities of the

companies, the needs of the region (whether population and electricity growth is expanding or reducing), and other resources.

When a frontline employee speculates during mergers, it is also with a poetic attitude. Mergers have personal consequences for many employees, and because those consequences are unknown for a time, employees cannot help but speculate on their future and the future of their company. Some expect the worst, like layoffs, and others expect the best, like a promotion to a new role due to the increased size of the organization.

For any level of employee, it is important to keep imaginative thinking based in reality. People will speculate; it is something that cannot be prevented. It is part of a creative process. However, speculation needs to remain based in reality. Without reality to push off from in imagining future scenarios, imagination can turn into fantasy (Kant) and when the fantasy does not come to fruition, cynicism may emerge (Arnett and Arneson).

Communication during the FirstEnergy-Allegheny Energy merger attempted to answer questions as clearly as possible to help ground speculation in reality. For example, early in the merger process, organizational leaders announced that the physical employees would not be effected—that, is, would not be laid off—as a result of the merger. Since this was the largest and most crucial part of the workforce that worked on utility lines and in power plants, it was important to indicate their jobs were safe. That group needed to focus on their jobs, which can be dangerous, instead of worrying about finding new employment and potentially relocating their families. It was unfortunate that additional assurances could not be offered to office staff.

Transversal Awareness

Transversal awareness could be engaged by employees of both companies and at all levels during mergers and acquisitions. Rather than rely on information from employees above or

below a person in an organizational hierarchy, employees who are uncertain of work circumstances likely will traverse across their personal and work network and other sources (Kramer et al.; McGuckin). Seeking other sources helps ameliorate employee uncertainty and cynicism. Moments of critical discernment, hermeneutic interpretation, and narrative articulation occur within transversal awareness during mergers and acquisitions.

As soon as a merger is announced, employees are distanced and engaging in critique. Employees lack meaning for many organizational aspects because few decisions have been made and too many possible interpretations are available in a relative vacuum of information. In this case, no one can help clarify an interpretation while the organization is in flux, other than stating that decisions have not been made. This is why it is crucial to report to the organization any decisions that have been settled. This does not prevent rumors or distracted employees, but providing settled points start to provide a picture of an emerging organization.

A main term used in mergers and acquisitions, *merger*, initiates transversal awareness because the term itself invites immediate questioning. For example, employees wonder about the level of equality the target company will have (Howard and Geist; Lewis "Strategic"; Napier et al.). Merger can imply a merging of equals, but in reality one organization often is the lead; in this case, FirstEnergy. In communicative engagement, new possibilities and new understandings about a merger can emerge. The organization can still use the term *merger*, but the meaning should be personalized to the organization and employees, even if it does not indicate equality. Uncertainty, stress, and cynicism during a merger could be a result of the expectations raised simply by labelling the combination a *merger*.

Many change projects have a change "agent" or "champion" appointed internally to promote and answer questions about change (Saka). Ayse Saka notes that in most change,

managers are the true change agents. However, in mergers of public companies, legal requirements are strict about how address the change ("Requirements"). Smaller planned projects likely benefit from a person dedicated to the project and managers addressing the change.

Participants in the FirstEnergy-Allegheny Energy merger had to rely on transversal awareness, using written newsletters, media articles, and encounters with employees—or hearsay from employees who talked with their Integration team representatives—who were on break from integration work. From observations during integration team work, employees from each company meshed well. Many FirstEnergy Integration Team members were long-term employees who were well-respected and had numerous interactions with CEO Alexander on field visits and could convey information about him and the company culture to their Allegheny counterparts. Allegheny integration team members did not have to talk about merger plans, but they could let their Allegheny colleagues know that the "other guy" at FirstEnergy seemed reasonable. These sources allow an employee to engage transversal awareness and enter a moment of hermeneutic interpretation.

Many utility companies enter into mergers, and there is often a lead organization. In the FirstEnergy-Allegheny Energy combination, FirstEnergy was clearly the lead organization, as evidenced by the financial terms and the name FirstEnergy continuing as reported in the press release and first newsletter ("FirstEnergy & Allegheny Energy Announce"; "FirstEnergy and Allegheny Energy to Combine"). The last sentence of the first paragraph of the *Employee Update* newsletter announcing the merger made it clear which organization was the lead in the merger: "The Company will keep the FirstEnergy name and remain headquartered in Akron." However, the newsletter did not note that Alexander would be the CEO and the Allegheny CEO would be the Executive Chairman. Stakeholders who knew that the Allegheny CEO was almost

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seventy years old when the merger was announced, could have presumed he would not be the CEO, but in the spirit of clarity and to assist in the interpretation of what "merger" meant for Allegheny employees, the organizational newsletter should have stated it. The shared interpretation informs and is informed by a particular narrative.

The narrative of a new company emerging from the combination of FirstEnergy and Allegheny Energy began to emerge with the first newsletter announcing the merger. FirstEnergy, the larger and stronger company, was taking the lead in the merger. One of the first decisions announced was to revert to Allegheny Energy's traditional operating company names, indicating a greater focus on customers. Allegheny Energy had taken steps in the 2000s to save money, and to centralize operations, rebrand to one name were symbolic of lean times. Reverting to traditional operating company names harkens to the times when utilities could survive as smaller, more intimate companies.

In integration work, the narrative was one of analysis and working to improve the company for the benefit of employees and all other stakeholders. The teams of employees from each company worked with the goal of deciding which functions should be "operationalized (applying one existing company model to the other company); merged (by combining both companies' practices); or reinvented ("Integration Team Leads"). This helped create the new narrative of having both companies participate in building a better company. Both employees and leaders need to engage in transversal awareness to enter moments of critical discernment, hermeneutic interpretation, and narrative articulation. For a leader, transversal awareness also informs the creation of an ethical fitting response.

<u>Providing a Fitting Response</u>

Leaders are called to provide an ethical fitting response in their communication; this can be challenging at any time, not only during a merger. Before the merger, the Allegheny CEO provided a response to employees that created anger when the merger was announced. Reportedly, some employees felt they had been deceived because the Allegheny CEO offered employees a therapeutic response to the question of mergers and acquisitions (Arnett and Arneson). When specifically asked during employee meetings, the Allegheny Energy CEO told employees that their organization was not for sale. He was relatively new to the company and told employees what they wanted to hear. But it also is a way to lose trust and anger employees. A sense of betrayal results from a leader saying one thing and doing another (Arnett and Arneson; Buono et al.), which can color the perception of a leader's subsequent acts.

In contrast, CEO Alexander provided a more fitting response when asked about the possibility of merger and acquisitions, whether it was FirstEnergy pursuing another company, or FirstEnergy as a target. Without disclosing plans, Alexander provided an ethical response that provided meaning for employees. When Alexander was asked during employee meetings in the mid-2000s about potential mergers and acquisitions the company was pursuing, his answer was that mergers and acquisitions are always possible. He would continue that he would not be interested in a combination that only makes the company *larger*. Rather, because such planned change initiatives are so labor and resource intensive, the combination needed to create a *better* company because of operational and other benefits. When asked if FirstEnergy was a target for purchase by another company at that time, Alexander would respond that he and the Board would expect a very high price because of the value of the company.

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Certainly, looking to the theory of communicative engagement for insights into merger communication opens possibilities for enhanced interaction. Furthermore, because communicative engagement does not have a beginning or end, but is a part of the flow of time (McKerrow), perhaps more than merger capability, FirstEnergy had already built a communicative engagement capability within the organization. Perhaps this capability is what enabled the FirstEnergy merger to proceed quickly and smoothly.

Conclusion: Building an Organization's Communicative Engagement Capability

If "life is a dynamic system" (Arneson 43) then postmodern organizations are hyper-dynamic. Postmodern organizations need strong cultures (Deal and Kennedy) with communicative engagement capacity as a part of the culture. Consequently, when an organization enters a merger or acquisition and communication about the companies necessarily slows, there has been enough previous ongoing organizational communication and an openness to engage one another communicatively. Employees and others can rely on this communicative background to understand the workplace situation and have meaningful structures to make better sense of the deal. Employees who are more informed about their own organizations can engage retrieve enough information about their suitor to assuage some anxieties and open more civilized conversation where understanding can take place. Communication is too fundamental to human beings to be sidelined and used only when specific events occur. The communication culture of an organization largely determines the situatedness of such large and disruptive planned change.

As the newly merged group uses transversal awareness to learn about the company they joined, they will be hear organizational rhetoric and working to develop a picture of the newly formed company. In FirstEnergy's case, the integration team members, who were from all area

and regions of FirstEnergy, had participated numerous times in the FirstEnergy's CEO employee field visits, where the communicative engagement capability was built.

At a certain point, the CEO visits became something close to a teacher-student relationship, with each "teaching" the other about their experiences and expertise. This teaching attitude is a poetic attitude, providing opportunities to think differently and learn new information. If more leaders met employees in the field with an attitude of learning, more teaching and learning would take place. This way, each enters a deep engagement with the others. With this level of interaction comes the "gift" of acknowledgement: which Michael Hyde considers a "life-giving gift" (166). "Human beings need acknowledgement" (164) and front-line employees get that when a leader, particularly the CEO, visits them in person, talks with them, and asks for questions. The meetings developed a profound openness and willingness to meet with and engage employees at all levels.

Poíēsis serves as the creative background of "change and transformation" (Mei 66). It lives in between *theōría* and *technē*, supporting both but energizing the narrative articulation and sharpening discernment and hermeneutic interpretation. Arneson observes that "communicative engagement, guided by *theōría-poíēsis-praxis*, contains the richness to potentially liberate people from situations they find untenable" (185). Situations become more agreeable when both leaders and employees take a poetic attitude. The poetic attitude helps leaders choose interpretations that help employees best understand the environment in which business takes place and to draw out of employees their experiences. Employees take the poetic attitude in asking questions and sharing their experiences.

Communication during mergers and acquisitions is limited, due to legal restrictions. The FirstEnergy-Allegheny Merger communications had a number of reviewers from both companies

significantly constraining creativity. Merger communication becomes, essentially, technique—especially for large, publicly owned companies that are highly regulated. To achieve successful communication during significant change, a communicative engagement capability must already be present in at least the lead organization. It is the ground that supports the ability to ask for and communicate change.

This project investigated communication in mergers and acquisitions. In Chapter 1, I traced postmodern organizations roots to modernity and Enlightenment ideals. Enlightenment ideals of rationality, efficiency, and progress helped to create extraordinarily successful businesses in the twentieth and twenty-first centuries. Organizations have been so successful, society turned to them to solve numerous social ills through progress and prosperity. In postmodernity, a multitude of metanarratives are privileged; the loss of a universal narrative means common ground has to be sought elsewhere. At the same time, the contemporary business environment is remarkably turbulent. To survive the contentious competitive environment, organizations have engaged in mergers and acquisitions. However, relatively few mergers and acquisitions meet the goals set by leaders and often create significant difficulties for employees in the effected organizations.

Chapter 2 explored some of the scholarly research and practitioner work has been published about mergers and acquisitions to understand why mergers and acquisitions are so difficult. The dynamic of mergers and acquisitions, which can disrupt virtually every aspect of an organization, creates profound uncertainty for employees, managers, executives and other stakeholders. Many scholars and practitioners offer technique-driven communication "best practices," to facilitate change. Communication is identified as perhaps the most important aspect of mergers and acquisitions, but with little consensus of why and how. Furthermore,

paradoxes, contradictions, and dualities during the change color employees' interpretations of reality. While many leaders seek universal solutions to organizational change, others call for an approach that recognizes the contingent nature of change. Communication viewed broadly can address organizational contingencies, as it can help a new organization emerge from a merger or acquisition, including a new organizational culture.

Chapter 3 recognized that significant organizational changes are leader-led, as leaders provide meaning to organizational mission and to understand an organizational change. If a leader does not support a change, the change likely will not be implemented. Through providing meaning, leaders set the organizational culture, influence employee values and beliefs, and serve as the primary rhetoricians who help employees interpret situations and circumstances of change. Postmodern leaders must help employee move from organization ideals based in modernity to the many narratives of the various stakeholders. However, leaders can struggle with such roles because of the growing complexity in the organizational world and turn to "best practices." Furthermore, strong leaders skilled at managing in stability seem to struggle during the turbulence of change. The merger and acquisitions leader must help a new organization emerge from two, providing meaning through new narratives and organizational direction.

Chapter 4 offered a different view of organizational communication that could help address the challenges of mergers and acquisitions. Arneson's communicative engagement is a theory of communication that can help leaders meet the complexity of planned change through a holistic approach to communication. Through communicative engagement, a leader can creatively attend to the postmodern moment of a multitude of voices and needs. To meet such needs, a bodily presence is important as a leader creates an ethical fitting response to questions and concerns. To create a fitting response requires a leader to engage in the art of communication

through *theōría-poíēsis-praxis* in transversal awareness to respond to the situatedness of the organizational complexity. Arneson's transversal awareness weaves across all resources available, such as experiences, traditions, and organizational structures.

Chapter 5 approaches a merger case study using insights from communicative engagement. Communicative engagement offers a more holistic approach to organizational communication. A 2010 utility merger between FirstEnergy, a company with merger capability developed from past mergers, with Allegheny Energy, a smaller neighboring utility, went relatively smoothly, but it could have been improved somewhat with applying a communicative engagement approach. However, the reason the merger process and closing was as successful as it was had more to do with the culture FirstEnergy had built, which was already centered on communicative engagement. The FirstEnergy CEO helped create such a culture by modelling an openness and willingness to engage and learn from employees at every level of the organization and to offer ethical responses when called upon for information. Communicative engagement allows for interactions that are appropriate for the contingent nature of organizational change. Some other organizational change approaches recognize the contingent nature of change, but do not provide the type of robust, holistic approach that communicative engagement offers. Creating a culture with communicative engagement capability is a way to help organizations experience more successful mergers and acquisitions and other significant planned change.

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