

# CHALMERS



## Employee ambiguity in acquisitions

A case study of two integration projects

*Master of Science Thesis in the Master's Programme International Project Management*

MATHILDA WAHLBERG

Department of Civil and Environmental Engineering  
Division of Construction Management  
CHALMERS UNIVERSITY OF TECHNOLOGY  
Göteborg, Sweden 2014  
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Department of Civil and Environmental Engineering  
Division of Construction Management  
Chalmers University of Technology  
SE-412 96 Göteborg  
Sweden  
Telephone: + 46 (0)31-772 1000

Chalmers Reposervice  
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## ABSTRACT

Acquisition integration is a considerable change for affected employees that can create uncertainty and ambiguity. Uncertainty and ambiguity are considered as increasingly negative when intending to create a smooth integration for affected employees. The aim of this study is to understand the creation and reduction of employee uncertainty and ambiguity in acquisition integration projects.

Acquisition integration is a complex phenomenon that is intertwined with its context. Therefore a qualitative methodology was chosen, in the form of a case study. The study takes an interpretivist approach with unstructured and semi-structured interviews as the main method for data collection. An abductive research design has been used, where the theoretical framework, the data collection and the data analysis are developed simultaneously.

Four different ambiguity aspects are used to analyse the employee experiences during the integrations. Signs of all four aspects are found in the case. The aspects are mapped against an integration stage model. Additionally signs of negative consequences are also located.

Ambiguity helps by unifying and explaining the employee experiences, which assists the application of ways of reduction. The recommended ways to reduce uncertainty and ambiguity are: legitimacy and justification of actions, setting clear goals, adjusted and focused communication, and establishment of positive relationships.

Key words: Acquisition integration, employee ambiguity, uncertainty, project management, integration management, acquisition process, entrepreneurial businesses.



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# Preface

The master thesis was performed under joint supervision of the department of Construction Management at Chalmers University of Technology and the School of the Built and Natural Environment at Northumbria University. The study is largely based on interviews performed between February and April 2014.

Firstly, I would like to thank Skanska for giving me the opportunity to conduct this research. During the process I have received support, which I could not have done without. I would especially like to thank my supervisor at Chalmers University of Technology; Martine Buser, my supervisor at Northumbria University; Michelle Littlemore, and my supervisor at Skanska; Erik Åkesson. Your feedback and encouragement has been very valuable to me. Additionally, my opponent, Elka Halldorsdottir has been a great source of input and advice. Furthermore I would like to thank my friends and family for emotional support during this challenging process.

Most of all I would like to thank all participants in the study, for sharing your experiences and opinions with me. Without you this thesis would not have been possible.

Göteborg, 2014

Mathilda Wahlberg



# 1 Introduction

The 1990's were a decade of increasing numbers of acquisitions being made around the world (Angwin, 2004). This also included the construction industry (Carrillo, 2001). As one of Sweden's largest construction and project development companies, Skanska was also a part of this boom but since then the company has had a long period of consolidation. Now, a few acquisitions have again been performed within the company. Skanska Sweden is therefore considering their acquisition strategy and project management processes for all parts of the acquisition process.

Previous experience of acquisition integration has been shown to improve future integration performance (Chreim & Tafaghod, 2012; Haleblan & Finkelstein, 1999), but a successful project delivery is dependent on the transfer and application of the knowledge gained (Maylor, 2010). Retaining and applying knowledge from performed projects can result in both time savings and improved project management processes (Owen, Burstein, & Mitchell, 2004). This study makes up a part of the development of the Skanska project management processes by focusing on the on-going integration of two acquisitions performed within the organisation.

The strategy behind Skanska's acquisitions has been to grow by gaining market share and new clients, acquiring competent employees and increasing the company's capabilities. The focus has thus not been to cut cost by downsizing and terminating employments. In the two studied acquisitions the employees are the main focus and a smooth transition into Skanska is emphasised during the integration projects as the acquired companies are intended to become long-term parts of the organisation. The centre of this research is not the strategy behind performed acquisitions. Instead it is the implementation phase, as implementation is a project management issue.

Financial aspects have previously been the dominant factor in decisions regarding mergers and acquisitions (Cartwright & Cooper, 1995). But the human aspects have been shown to have an important impact on the integration and its outcome, as acquisition integration offers both technical and human challenges (Epstein, 2004; Birkinshaw, Bresman & Håkansson, 2000). The human perspective focuses on employees' mental and behavioural reactions during the process (Sarala, 2010). As a complex organisational change processes, mergers and acquisitions can be highly stressful and have a negative impact on affected employees (Teerikangas, 2012; Risberg, 2001; DiFonso & Bordia, 1998).

This dissertation has collected experiences and opinions among employees during the two integration projects. The experiences have been analysed and a central problem located. The two integration projects studied were lengthy and at the time of the research still on-going. As data was collected the presence of uncertainty and ambiguity became increasingly apparent as a dimension affecting acquired employees. Even though integration as a process is subject to change and ambiguity (Meglio & Risberg, 2010) high levels among employees can be problematic (Risberg, 1997; Haspeslagh & Jemison, 1991). The choice made to use the concept of

uncertainty and ambiguity stems from a cross-fertilisation between theory and case specifics.

The presence of complexity and ambiguity in projects are highly relevant to the project management discipline as the established practises usually take an instructionist approach. This approach and use of project management tools assume the level of known information regarding the future is sufficient, which in an ambiguous situation might not be the case (Pich, Loch, & De Meyer, 2002).

## **1.1 Research question**

The thesis is founded on a research question, which has guided the development of all work: How does Skanska's current integration practises affect the employees and how can the practises be improved for future integration managers?

## **1.2 Research aim and objectives**

The aim of this study is to understand the creation and possible reduction of employee uncertainty and ambiguity in acquisition integration projects. To realise this aim, it has been divided into four research objectives:

- Define uncertainty and ambiguity.
- Identify signs of ambiguity among employees affected by the integration projects and map it according to different stages of the integration process.
- Identify signs of consequences of uncertainty during the integration projects.
- Investigate ways for integration managers to reduce uncertainty and ambiguity.

## **1.3 Research method**

Each acquisition is unique resulting in a need to be close to the setting and focused on the personal experiences involved (Meglio & Risberg, 2010). Therefore a qualitative, in-depth case study was chosen. As ambiguity and uncertainty are experienced by individuals, interviews have been the main data collecting method. Both unstructured and semi-structured interviews have been performed with employees affected by the two integration projects. Data has also been collected through observation and available company documentation.

## **1.4 Scope and limitations**

The study focuses on the integration of two acquisitions of medium sized entrepreneurial businesses, with owners actively working in the businesses. Ambiguity and uncertainty created amongst employees during the premerger stage is thus not included. The selection of acquisition targets and the target's qualities will affect the integration. However, the emphasis for this research is areas within the control of the integration manager. Any possible target influences on the creation of ambiguity and uncertainty are therefore not analysed.

The acquisitions investigated in this study are friendly domestic acquisitions in the construction industry. Both acquisitions studied are performed in Sweden. Several authors have stated the importance of national culture in mergers and acquisitions (Risberg, 1997). According to Hofstede's cultural dimensions, tolerance for ambiguity is one of several cultural dimensions that separate different cultures (Hofstede & McCrae, 2004). The Swedish context thus poses an additional limitation of the study.

## **1.5 Report structure**

This master thesis is structured as follows:

Chapter 2 contains a presentation of Skanska, as the company's integration practices are the focus of this study. The emphasis is on the company structure and the acquisition governance. Additionally, the two acquired companies are presented briefly.

In chapter 3 the theoretical framework applied to this study is presented. The chapter is divided into four parts; the first one addresses acquisition integration and different phases of an acquisition process. The second part illustrated the distinction between uncertainty and ambiguity, before presenting different ambiguity aspects that can occur in integration projects. The third part explains consequences of uncertainty resulting from ambiguity. Finally, ways of managing both ambiguity and consequences of uncertainty are demonstrated.

In chapter 4 the methodology and research strategy for the dissertation are presented. The processes of data collection and analysis are explained before the method limitations are discussed. Finally ethical considerations in the study are shown.

In chapter 5 the empirical findings are presented according to what has happened in the integration so far, how the employees perceive the degree and nature of the change and their attitudes towards the change.

Chapter 6 contains the analysis. The analysis starts by showing signs of different ambiguity aspects in the two acquired companies. These are then mapped according to different stages of the integration process. The occurrences of consequences are also analysed. Finally, the ways of reduction are considered and their application in the two integration projects is examined.

Chapter 7 contains a set of recommendations for Skanska on how to minimize ambiguity and negative consequences in acquisition integration.

Chapter 8 presents the conclusions made from this master thesis and recommendations for future research.

## 2 Skanska and the performed acquisitions

The focus of the study is two acquisitions performed by Skanska Sweden. The aim of this chapter is to briefly explain the structure of Skanska and the acquiring units to create an understanding for how responsibility is divided when acquisitions are made. Additionally reasons for the two acquisitions are explained.

### 2.1 The structure of Skanska

Skanska Sweden is one of Sweden's largest construction and project development companies. The company is active within several different construction-related disciplines and offers a wide variety of services. Skanska Sweden is a project-based matrix organisation, with a largely dispersed workforce.

Skanska Sweden is a part of the corporate group Skanska AB, operating in three different continents. All units within Skanska AB operate under the same name. Goodwill and reputation are therefore very important, making the company vulnerable against occurrences of errors and mistakes. The whole corporate group share a five-zero vision consisting of: zero loss-making projects, zero accidents, zero environmental incidents, zero ethical breaches, and zero defects. Based on these and the code of conduct Skanska Sweden has developed six values, which involve being open, honest and responsive; constantly developing; helping each other; being profitable; taking responsibility and; being committed.

Skanska Sweden consists of three main disciplines. The typical discipline is divided into geographical regions, as is displayed in Figure 1. The regions are divided further into districts, which generally involve yet another more local geographical divide. Some disciplines are instead organised as support functions. Support functions mainly includes functions such as IT and human resources, but also operational support in the form of construction services. The construction services are often needed in projects performed by Civil or Building. The structure of the support functions is illustrated in the organisational chart. Both acquiring units, named "Big City" and "Technical Solution", are marked in blue in Figure 1 below.



Figure 1: The structure of Skanska Sweden, with the two acquiring units marked in black

Skanska Sweden is now considering their acquisition strategy and procedures. Reaching the company goal, to become the largest and most profitable construction and project development company in Sweden, may require acquisitions.

Depending on the size of the prospected acquisition, it is the relevant discipline or region that initiate and perform an acquisition and hold the responsibility for the integration. The initiating actor has to assess the possible synergies before applying to Skanska AB for authorisation and funds to perform the transaction. Skanska AB will also monitor the performance of the acquisition and the responsible units ability to accomplish the projected results after the transaction has been performed. During the whole acquisition process the Strategy & Development department in Skanska Sweden offers support and assistance to units within Skanska Sweden performing acquisitions.

## **2.2 The acquisition of company A**

Company A is a medium sized enterprise (European Commission, 2014) with around 50 employees, specialising in performing civil construction projects. The company is based in the area around one of Sweden's larger cities and the customer base is largely made up of municipalities. As they are accustomed with working with municipalities they have good insight into their general customer needs. The company is less than ten years old and have exhibited high organic growth since the start. The Skanska Civil region "Big City" acquired company A because they wanted to gain access to the market share, the financially sound clients and the competent employees. The specific region handles the integration and the main responsibility lies with a few Skanska employees in the unit.

## **2.3 The acquisition of company B**

Company B is a medium sized consultant company (European Commission, 2014), based partly in one of Sweden's larger cities and partly in northern Sweden. In total they have around 130 employees. Company B both design and perform projects, with a big part of the customer base being larger construction companies. The company have previous experience of taking part during early design stages, developing efficient technical installations for their clients with open books. The company specialises in technical solutions in a geography where Skanska, before the acquisition, only had limited competence within. The unit Skanska had was achieving poor results. The acquiring unit is supporting, but at the same time a commercial unit within Skanska. They are responsible both for the acquisition and the integration of company B.

Company B was considered as a suitable acquisition because it had the expertise Skanska needed to be able to offer the full technical solution in a geographical area. Offering the technical solutions are a part of being able to build more energy efficient buildings and achieving Skanska's environmental targets.

### **3 Theoretical Framework**

The distinction between the two terms merger and acquisition is not entirely clear (Sarala, 2010). While some researchers use the terms interchangeably (Risberg, 1997), others call for clearer definitions stating mergers and acquisitions as two different phenomenon (Epstein, 2004). The dominant view in literature is however, to view mergers and acquisitions as similar experiences subject to similar dynamics (Rouzies & Colman, 2012; Sarala, 2010). That view has also been adopted in this research and literature regarding mergers and acquisitions (M&A) has been used. Mergers and acquisitions will hence be referred to as acquisitions only.

#### **3.1 Acquisition integration**

Integration constitutes a set of activities undertaken to unite two companies into one. These activities could involve altering processes to realize planned synergies or adjusting the control systems and corporate values to achieve consistency (Pablo, 1994). The integration activities depend on the type of acquisition and can vary depending on the context (Haspeslagh & Jemison, 1991). It is ultimately about coordinating the activities undertaken and working towards the same organisational goals (Pablo, 1994) as they are expected to generate higher value together than they can individually (Haspeslagh & Jemison, 1991). The main responsibility for the integration lies with the integration manager, who is to act as the project manager for the integration project (Schuler & Jackson, 2001).

Change related to acquisitions are one of the most complex organisational change processes there are, as it involves both dimensions within an organisation and between two different organisations (Seo & Hill, 2005). Such a complex change can be highly traumatic for affected individuals (Nikandrou, Papalexandris, & Bourantas, 2000). Even though the change can have consequences for both the acquired and the acquiring company, the change is frequently mainly undertaken within the acquired company (Pablo, 1994).

The attempted level of integration, in terms of the amount of collaboration and synchronisation between the parties (Larsson & Finkelstein, 1999), differs depending on the type of acquisition (Pablo, 1994) and how value is expected to be created (Very & Schweiger, 2001). The scale of integration can be said to range from autonomy to absorption (Pablo, 1994), with high autonomy being awarded when the acquired entity is delivering value separately. When on the other hand synergies are a part of the expected value creation the integration becomes more complex (Very & Schweiger, 2001), as achieving operational synergies would require a high degree of integration (Datta & Grant, 1990). The level of autonomy is related to the similarity between the acquiring company and the acquired unit. If the similarity is high, and the acquirer has a good understanding for the business and market of the target the level of integration generally increases, as does the synergies. In complementary businesses and markets the synergy-levels are usually lower and there is an increased need for

the knowledge within the acquired company. Therefore the awarded autonomy is higher (Zaheer, Castaner, & Souder, 2013). The relationship is illustrated in Figure 2.

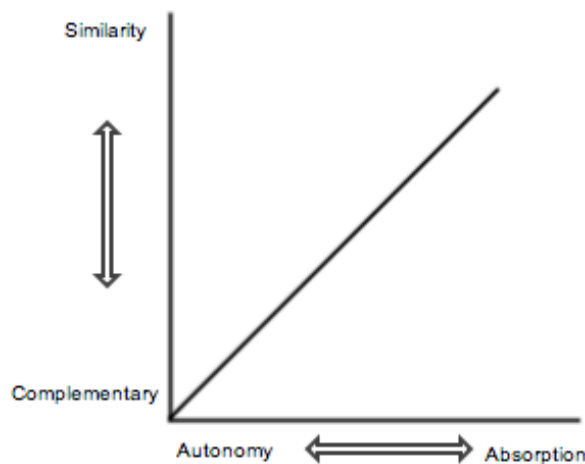


Figure 2: Relationship between integration level and synergy level

The acquisition process can be divided into different stages. Seo and Hill (2005) defines four different stages; premerger, initial planning & formal combination, operational combination, and stabilisation. Even though the boundaries between the stages are indistinct, the premerger runs from the initial due-diligence until the signing of the deal, while the initial planning and combination stage starts with the announcement and proceeds until a new combined organisation has been formed. The operational combining stage contains increased integration between the employees of the different organisations as the organisational operations are incorporated, and is generally a lengthy process. The final stage; stabilisation, is when the integration is considered to be completed and the new organisation is stabilising. The integration, as a part of the acquisition process, is thus divided into two different stages; initial planning & formal combination followed by operational combination (Seo & Hill, 2005). The whole process is illustrated below in Figure 3.

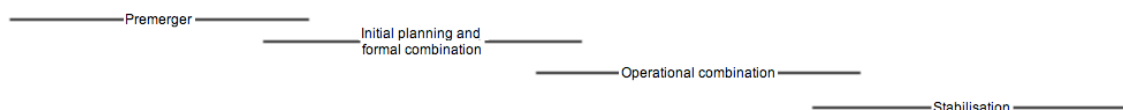


Figure 3: Stages of the acquisition process, based on Seo and Hill (2005)

### 3.2 Ambiguity in integration projects

According to Kim, Song and Lee (2013) individuals experience uncertainty when having to deal with lacking information or ambiguous messages, resulting in an inability to explain occurring events. Uncertainty is thus not only positively related to

ambiguity (Buono & Bowditch, 1989), but also caused by it (Bordia et al., 2004). It is experienced by individuals when trying to understand and interpret occurrences (DiFonso & Bordia, 1998; Risberg, 1997). Levels of ambiguity are higher in complex environments (Pich, Loch, & De Meyer, 2002), such as acquisition integration (Seo & Hill, 2005). It is thus inherent in the acquisition process (Meglio & Risberg, 2010).

Ambiguities do not necessarily need to be a bad thing. A state of ambiguity in the workplace can offer increased freedom in work situations and enable different interpretations by different individuals, to suit their personal needs (Risberg, 2001). During negotiations, before an acquisition is performed, ambiguity can help in allowing for discussion and dialogue about the desired outcome (Buono & Bowditch, 1989). However, ambiguity might be considered increasingly negative in changing situations, such as the earlier stages of acquisition integrations (Risberg, 2001). Experienced at this stage it can instead generate conflict (Buono & Bowditch, 1989). An example of increasing levels of conflict is when implementing ambiguous plans, which can make the different parties increasingly emphasise their own perspective (Sylvester & Ferrara, 2003). Ambiguity in an integration process can be used by individuals and acquired management to try and reclaim lost power or serve other interests (Zhu, May, & Rosenfeld, 2004)

Ambiguity is an individual experience that differs depending on how the situation is experienced (Geersbro & Ritter, 2010). Organisational identities can also result in employees on different levels in the organisational structure sharing views on issues, in a way that might be uncommon in other situations (Vaara, 2003). Ambiguity can hence be experienced both by individuals, between individuals and between groups (Risberg, 2001).

Ambiguities are present during the whole acquisition process, but different aspects depend on different factors and can be more evident during different stages than others (Risberg, 2001). Four relevant ambiguity aspects, identified in literature, have been selected for this study. The aspects are:

- Ambiguity of purpose
- Role ambiguity
- Ambiguity of communication
- Ambiguity of understanding.

### **3.2.1 Different aspects of ambiguity**

Not understanding why the acquisition was performed, the relation between the two companies, why changes are made and having to handle vague directions results in an ambiguity of purpose for employees (Risberg, 2001). Ambiguity of purpose corresponds to what Cording, Christmann and King (2008) defines as causal ambiguity; a lack of understanding for what different actions and decisions result in. The high level of complexity in acquisitions (Seo & Hill, 2005) makes it increasingly difficult to understand different relationships and connections (Cording, Christmann, & King, 2008). It is an ambiguity aspect present during all stages of acquisition

integration (Risberg, 2001). When employees do not understand causes of change and benefits generated from that change, it could call into question their previous experience and result in insufficient motivation to participate in a change effort. As they are unaware of any benefits the change can bring (Risberg, 2001) employees then tend to go back to their pre-acquisition behaviour (Haspeslagh & Jemison, 1991).

Becoming part of a new organisation, while keeping the responsibilities held in the old organisation, can be confusing and contradictory. This state of contradictions can be interpreted as role ambiguity, where old relationships and responsibilities should be managed while new structures for doing this are implemented (Chreim & Tafaghod, 2012; Seo & Hill, 2005). In a study performed by Chreim and Tafaghod (2012) role ambiguity was indicated as a stressful situation for managers in acquired entrepreneurial companies, as they experience loss of power and influence when becoming a part of a larger bureaucratic organisation. Their expertise becomes questioned, as they have to get permission from the acquiring company before undertaking actions. At the same time they lose relative status in the larger organisation (Chreim & Tafaghod, 2012). The occurrence of role ambiguity is largest during the operational combination stage of the integration, as this is when changes are starting to affect the employees (Seo & Hill, 2005).

Ambiguity of communication stems from insufficient or inconsistent communication from the acquiring company, resulting in misunderstandings (Risberg, 1997). Written communication can always be understood in a number of ways (Risberg, 2001). As an outcome uncertainty regarding the future within the company might be created (Risberg, 1997). Communication is an ambiguity aspect that can be very present in all integration stages (Risberg, 2001) but it is increased if false information is transmitted (Risberg, 1997). As integration is an intense situation management frequently reduces interaction and communication with employees (Risberg, 1997). Top management might also intentionally withhold information in order to keep flexibility as the integration process unfolds. Additionally the acquisition process can be difficult to predict and plan which might lead to managers not having the information employees are requesting (Schweiger & Denisi, 1991). Zhu, May and Rosenfeld (2004) found support for acquired employees being especially sensitive to ambiguity in the communication as they lack an understanding for the new organisation.

Ambiguity of understanding is created when there are different ideas regarding how the business should be managed. Interpersonal ambiguity of understanding could mean that the acquiring company has one idea of how to run the business while the acquired unit has another, stemming from beliefs that the acquiring company does not understand the relevant market or are focusing on the wrong aspects (Risberg, 2001).

Table 1: Summary of ambiguity aspects

Ambiguity aspect	Explanation
Ambiguity of purpose	Not understanding the purpose of the acquisition or the implemented changes, because of lacking connection between actions and results (Risberg, 1997).
Role ambiguity	A role modification where the context is changed while responsibilities and relationships are kept (Chreim & Tafaghod, 2012).
Ambiguity of communication	Different understandings of communication (Risberg, 2001).
Ambiguity of understanding	Conflicting ideas of how to run the organisation and conducting business (Risberg, 2001)

### 3.3 Consequences of uncertainty as a result of ambiguity

Uncertainty is caused by lack of information and ambiguous messages (Bordia et al., 2004). High levels of uncertainty can lead to several negative consequences during an integration project (Seo & Hill, 2005; Haspeslagh & Jemison, 1991). These consequences include: resistance to change, anxiety, mistrust, rumour activity and loss of personnel (Kim, Song, & Lee, 2013; Schweiger & Patzelt, 2012; Seo & Hill, 2005; Risberg, 1997).

#### 3.3.1 Resistance to change

Resistance to change is a term often used to explain undesired employee reactions and labelling of employee behaviour obstructing change efforts (Piderit, 2000). It is a behaviour that has been linked to the uncertainty employees can experience during change (Kim, Song, & Lee, 2013).

Resistance can be considered as a reasonable reaction to change, as the consequences are not exhibited until after the change process is finalised. Change in itself does not have to be a good thing and when the pressures for change are large, resistance can be a stabilising force in the organisation (Waddell & Sohal, 1998). Change is however, inevitable in acquisition integration (Seo & Hill, 2005).

But to label all employee behaviour that is undesirable for managers as resistance might not be productive, or even correct. The more complex the change, the more likely is it that first responses to the change will be indecisive. There are many different reasons why employees might not fully support and enthusiastically participate in change efforts. Many of these reasons are legitimate for employees to experience. Potential reasons could be: negative personal effects, ethical considerations, or doubt about the potential organisational benefits. Any reluctance

towards change among employees might be an effort to raise awareness of aspects they do not think management are considering (Piderit, 2000).

### **3.3.2 Anxiety**

Experiencing anxiety is to worry about negative events occurring (DiFonso & Bordia, 2002). The organisational change that acquisitions result in can lead to high levels of anxiety (Seo & Hill, 2005) as uncertainty is positively related to anxiety among employees (DiFonso & Bordia, 2002). Anxiety levels during integration are generally higher when employees fear potential redundancies but can also result from any other fears about the future. Long periods of uncertainty has also been indicated to create higher levels of anxiety among employees (Seo & Hill, 2005), which could stem from the fact that employees will expect some change to come out of being acquired (Nikandrou, Papalexandris, & Bourantas, 2000).

Anxiety is especially apparent during the early stages of integration as the employees are trying to understand and find out what will happen and how the changes might affect them (Seo & Hill, 2005). As employees face uncertainty regarding issues affecting them, there is a tendency to expect events and a future much bleaker than reality (DiFonso & Bordia, 1998). To a large extent it is therefore the uncertainty and not the actual changes that causes distress and anxiety among the employees (Schweiger & Denisi, 1991).

### **3.3.3 Lack of trust**

During an acquisition the levels of trust and perceived honesty in the organisation are reduced among the employees (Schweiger & Denisi, 1991). Before trust has developed employees does not yet know if the new management have their best interest in mind (Schweiger & Patzelt, 2012). After an acquisition the acquired company will also be expecting changes (Nikandrou, Papalexandris, & Bourantas, 2000; Risberg, 1997). If the employees are told nothing will happen they will most likely not believe that. Instead they might start doubting the intentions of the acquiring organisation (Risberg, 1997).

When mistrusting an organisation, employees are more likely to have a negative perception about the organisation (DiFonso & Bordia, 2002). Additionally the risk of employees resorting to workplace politics for influence increases when there is mistrust towards the organisation (Eisenhardt & Zbaracki, 1992).

### **3.3.4 Rumour activity**

High levels of uncertainty and ambiguity increase the need for information among the employees (Risberg, 1997). They will therefore actively seek ways of satisfying this need and reduce the uncertainty. Consequently, employees will look for information where it is available and could therefore increase their reliance on rumours and informal communication. Rumours are individuals' attempts to explain ambiguous events that are important to them, rumours do subsequently not occur regarding events that are unimportant to the affected employees (DiFonso & Bordia, 1998). Rumour

activity also increases as employees' levels of anxiety increases (DiFonso & Bordia, 2002).

### **3.3.5 Loss of personnel**

Uncertainty created in acquisition integration has a large impact on organisational commitment and their intentions to remain within an organisation. Employees' decisions to leave are their way of reducing the uncertainty (Schweiger & Patzelt, 2012). The departure of an employee will also affect the rest of the department and the employees that are left (Grensing, 1991).

According to Ranft and Lord (2000) the retention of top management is especially important during the early stages of integration as the top management can help assure a smooth transition and sends signals of reassurance to the employees. In the long term it is instead the employees with technical expertise and customer knowledge that are most important to retain (Ranft & Lord, 2000).

## **3.4 Ways of reducing ambiguity and uncertainty in integration projects**

As illustrated above ambiguity can cause uncertainty (Kim, Song, & Lee, 2013), which in turn can lead to several different negative employee reactions that can severely impact the integration efforts (Seo & Hill, 2005; DiFonso & Bordia, 2002; Risberg, 1997; Schweiger & Denisi, 1991). Rather than being reduced over time, initial negative reactions to an acquisition has been shown to become amplified during the integration process. This increases the need of addressing negative reactions at an early stage to stabilize the situation (Schweiger & Denisi, 1991). It also indicates the importance of time in acquisition integration. Faster integrations can reduce the uncertainty and ambiguity among employees and improve the acquisition results (Cording, Christmann, & King, 2008).

### **3.4.1 Legitimacy and justification of actions**

In order for employees and managers to be able to work towards the end state of the acquisition, they need to understand it (Haspeslagh & Jemison, 1991). Legitimacy is the perception of an entity's actions as suitable and correct and influences the ability to produce the intended benefits during the integration. Legitimacy is a concept highly related to justice, but justice concentrates on the implementation of a specific change or action instead of an organisations collected activities. Both legitimacy and justice are social constructions; meaning they are created and dependent on norms and values (Vaara & Monin, 2010). Taking the time to explain decision-making processes to acquired employees is what Ellis, Reus and Lamont (2009) calls informational justice, while procedural justice is assuring fairness in the decision-making processes. Informational justice is thus dependent on the communication taking place between the acquirer and the acquired employees.

According to Ellis, Reus and Lamont (2009), increasing the perceptions of fairness in the decision-making processes during acquisition integration can increase trust and

decrease employee uncertainty, anxiety and resistance. Additionally, developed trust decreases the concern about intentions behind actions and decisions (Stahl, et al., 2013).

During the early stages of an acquisition integration the acquiring company is given some legitimacy in the role of the new owner (Haspeslagh & Jemison, 1991).

### **3.4.2 Setting clear goals**

During an acquisition the work processes, company structure and employee roles are changing. These changes can make employees question organisational goals and feel unsure about them (Ranft & Lord, 2000). Employees in an organisation will expect goal definition from senior management. Setting clear goals for the integration and conveying these to the acquired organisation helps guide employees in their work and decisions (Risberg, 1997).

Setting intermediate goals leading towards the final goal and the acquisition performance can increase the connection between actions and results for employees. It can thus decrease ambiguity of purpose (Cording, Christmann, & King, 2008) as it helps acquired employees understand what the purpose of the acquisition is and what the acquiring company request of them (Risberg, 1997). By breaking the chain of events down, it becomes explicit what the different integration actions will lead to and how managers can support them in their decision-making (Cording, Christmann, & King, 2008). Additionally, clarifying the organisational goals and the individuals' contribution helps employees see their function in the context. It thereby helps reduce role ambiguity (Nemanish & Keller, 2007).

### **3.4.3 Adjusted and focused communication**

According to the Association for Project Management (2012) effective communication is a prerequisite for a successful project delivery. However, employee uncertainty and ambiguity increases the need for information among employees (Risberg, 1997). Availability of formal communication will reduce reliance on informal communication and can thereby reduce rumour activity (DiFonso & Bordia, 2002). It also provides an accurate picture of the situation for employees to base their actions on (Schweiger & Denisi, 1991).

Availability of information is however not enough. The quality of what is communicated is critical (DiFonso & Bordia, 2002). High quality communication gives the employees increased control which can increase the ability to handle change (Bordia et al., 2004). Even when there is no information to communicate, clarity on when the information will become available provides a sense of control for the employees. The increased sense of control can help reduce employee levels of anxiety (DiFonso & Bordia, 2002).

The nature of the communication also plays a role in the development of trust between the acquired employees and the new management (Nikandrou, Papalexandris, & Bourantas, 2000). According to Schweiger and Denisi (1991) the messages conveyed to the employees need to be realistic, not just showing positive

changes, in order to reduce uncertainty and increase the trustworthiness of the management. Communication cannot by itself create trust but it is an important part of the trust development (Nikandrou, Papalexandris, & Bourantas, 2000). A study performed by Zhu, May and Rosenfeld (2004) indicated that acquired employees job satisfaction shortly after the transaction increases with certain types of information but decreases with other types. Information increasing the job satisfaction is linked to the changes in the employees' normal work and how they perform everyday tasks. The job satisfaction is negatively related to performance evaluation, as it increases the job insecurity often experienced during early stages of integration. Additionally the acquired employees and the employees in the acquiring company have different needs from the integration communication. Communication is an important mean for ambiguity reduction, but since some information might be negatively related to job satisfaction it becomes especially important to carefully design the communication delivered to acquired employees (Zhu, May, & Rosenfeld, 2004).

In honest communication, aimed at preventing ambiguity, it is also important to ensure that there is consistency between what is implied by management action and what is conveyed in formal communication. Communication can thereby affect not only ambiguity of communication, but also the perceived resistance and the mistrust exhibited by employees in the acquired organisation (Risberg, 1997). Coherent communication is especially important early on in the integration as the acquired employees make up their mind early on in the process (Risberg, 2001). It is also important since the acquired employees do not yet understand the new organisation, which makes it harder to interpret contradictions. Information adequacy helps employees in their social integration as it helps understanding the new environment and their roles in the new organisation (Zhu, May, & Rosenfeld, 2004).

It has however been shown that the need for communication and information among employees is huge and might be impossible for the new management to fulfil, no matter the amount of communication (Risberg, 2001). According to Risberg (2001) communication should not be seen as a simple solution to ambiguities, instead it is a constant development of shared meanings.

#### **3.4.4 Establishing positive personal relationships**

Social networks are an important part of organisations and having personal relationships with colleagues have an impact on employee satisfaction, performance and employee turnover (Saint-Charles & Mongeau, 2009).

According to a study performed by Chreim and Tafaghod (2012) relationships between acquired managers and their supervisors in the acquiring organisation can help the integration progress. Social interaction plays an important part in being able to identify with the acquirer, for all employees, as it illustrates what it is like being a part of the new company. Relationships help speed up the identification process, which subsequently has a positive effect on employee commitment. Several different groups of identification can also coexist in an individual and thus allow for a smooth transition into the new company (Rouzies & Colman, 2012). According to Vakola and

Nikolaou (2005) the social identification is directly linked with organisational commitment.

Relationships can help acquired managers view a large structured organisation as more human as well as give a sense of empowerment. This can in turn help minimise role ambiguity. The relationships do however need to be positive and constructive as it can otherwise have the opposite effect (Chreim & Tafaghod, 2012). Additionally, trust is significant in social interaction and can be developed through relationships with new colleagues (Nikandrou, Papalexandris, & Bourantas, 2000). Personal relationships with the new management is a way of building trust in the acquiring organisation as the managers personal values are exhibited to the employees. Speeding up the development of trust is an effective way of reducing uncertainty (Schweiger & Patzelt, 2012).

## 4 Methodology

The selection of a research methodology should mainly be dictated by the research question. Secondly the availability of the data should be considered (Jha, 2008). When viewing acquisitions as project processes, together with the uniqueness present in each case, it requires closeness to the setting and attentiveness to the personal experiences involved (Meglio & Risberg, 2010). Additionally, acquisitions are complex and multifaceted (Seo & Hill, 2005). As an in-depth study is especially useful when the phenomenon and context is intertwined (Dubois & Gadde, 2002) the research was performed through a qualitative methodology, taking an interpretivist approach to research (Bryman, 2008). As explained by Hart (2005) this is focused on interpreting human behaviour and the subjective understanding of reality.

Uncertainty and ambiguity is experienced by individuals and the experienced levels will therefore vary depending on how they perceive the situation (Geersbro & Ritter, 2010). The focus of this study is to find a common pattern, but a pattern is made up by individuals and consequently they are the object of study (Risberg, 2001).

### 4.1 Research design

At the start of the research project a broad research question was established (Bryman, 2008) as the research undertaken has been abductive in its approach (Dubois & Gadde, 2002). This question involved investigating employee reactions towards integration and their perception of the effects of the integration.

The study is based on findings from two example integrations from the case of Skanska. The aim of a case study is to highlight what is specific to the situation that is influencing the outcome (Bell, 2010). This dissertation will focus on examining two examples from the same case thoroughly through qualitative data and it therefore constitutes a case study. According to Yin (2009) a case study is specifically useful when trying to answer research questions involving *how* and *what* and emphasis is on a real life event.

While the research was undertaken the researcher has been located at the Skanska head-office. Over the course of five months, several days a week was spent at the office performing work, having coffee and talking to employees. The study method does therefore contain an element of participant observation where, according to Bryman and Bell (2011) the researcher is present at the organisation being studied; observing behaviour, listening in on conversations and participating in dialogues with employees. It allows for broader collection of data. There is however a risk of becoming native when being positioned within an organisation (Bryman & Bell, 2011). The two acquired companies are however not located at the Skanska head office, but in several other locations. These locations have only been visited in relation to case interviews, thus limiting the participant observation.

Gaining access to organisations in this way can be difficult but through previous contacts with employees in the Strategy & Development department at Skanska this

was easily arranged. One contact also worked as a sponsor for the research and made access to the right people in the company much easier. Additionally the sponsor took an active part in helping the research progress (Bryman & Bell, 2011). A prior knowledge of the organisation has also helped the research along, in terms of understanding the organisational structure, the company culture and allocation of responsibilities between different units.

## **4.2 Development of theoretical framework**

Theory should be investigated in order to form the foundation for the case study, to enable a deeper analysis of the case (Meyer, 2001). It will enable an increased understanding and as the abductive approach stipulates; the theoretical framework, the data collection and the analysis are developed in parallel. As the researcher goes back and forth between the different parts they influence each others development. Abduction stipulates more reliance on theory than induction in order to increase a case study's explanatory ability (Dubois & Gadde, 2002). The research was therefore initiated by a literature study of the theoretical foundation of acquisition research. The main focus of the literature review was research concerning the human aspects of acquisition integration.

With the help of theory a list of possible acquisition issues was developed. As the investigation of the cases preceded, the list was shortened to include the issues more relevant in the selected cases. These issues were further explored theoretically as empirical evidence was collected in an increasing focused way.

## **4.3 Data collection**

Interviews, together with observations, are one of the most common methods used in case studies (Bell, 2010). The data for this study was mainly collected with the help of interviews but it was complemented by documentation in the company information repositories. Additionally the researcher made observations of the development by being located at the Skanska head office and attending a meeting with the integration steering group for one of the cases. Using different sources of data enables addressing broader behavioural issues (Yin, 2009), and to discover additional dimensions (Dubois & Gadde, 2002).

The information extracted was continuously structured and coded to detect key themes for the analysis.

### **4.3.1 Case interviews**

There are many different interpretations and understandings of events taking place during an integration process. Interpretations can be individual or shared by a group. However, these groups are not necessarily consistent but might vary depending on the issue. Realising that understandings vary between individuals can help when interpreting employee reactions to an acquisition and integration process (Risberg, 2001). In acquisitions groups who are normally seen as very different, such as top

management and blue-collar workers, might share interpretations and standpoints because of shared social identities (Vaara, 2003).

Interviews were performed with current employees at Skanska that were affected, involved or responsible for the two integration processes. In total 14 interviews were performed. The interviewees came both from the acquiring and the acquired companies. They held different positions and were both managers and employees, the interviewees' positions within the companies are shown in appendix A.

The selection of interviewees was performed according to a theoretical sampling, combined with a convenience sampling; a selection of people in different positions and with differing perceptions was intentionally selected as much as possible. The interviews aimed to enable an understanding of the events and issues occurring in the integration (Bryman & Bell, 2011). The wide selection of interviewees was chosen to identify different perspectives and enable the understanding to be balanced (Risberg, 2001).

According to Bryman (2008) the level of structure in an interview depends on the purpose of the interview. In qualitative research interviews are normally unstructured. This means that the interviewer only has an overall framework for what to discuss during the interview. A semi-structured interview is when the researcher has a series of topics to address during the interview, in a so-called interview guide. The respondents have much freedom when replying to the questions and the order of the topics can be varied depending on the situation (Bryman, 2008).

The interviews held for this study were both unstructured and semi-structured in their character, depending on the interviewees' role during the integration. The interviews held with Skanska employees were generally less structured than the ones with the acquired employees. This was because it was less clear what insights their role allowed them to have. Semi-structured interviews were mainly performed with the employees affected by the acquisition and integration. The interview guide (Appendix B) was developed from the list of integration issues found in the theory. As the work proceeded the interviews also became increasingly structured since the relevant issues became clearer and were investigated further.

The interviews have been conducted in different places, depending on the preferences of the interviewees. As some of the interviewees have found the subject very delicate they have chosen the location. When possible they have been held in person but some has been conducted via telephone, as the acquired employees are located across Sweden. All interviews with Skanska employees have been held at the Skanska head office, as have some of the interviews with acquired employees. But most of them were conducted in the offices of the acquired companies, one was also performed in a café.

### **4.3.2 Documentation**

Documentation regarding the integration available at Skanska has been a source of data. The documents have supplied some insight in how the integration was handled

practically. The perceptions and the implicit understandings of the actions taken have been investigated with the help of interviews. The approach taken to documents have been problem-oriented, where the reading has been guided by the problem being investigated (Bell, 2010). As Skanska does not have a structure for collecting lessons learned in acquisition integration, the information available is limited. The documents relevant for this study include internal integration plans and evaluation models for post-acquisition success.

## **4.4 Data analysis**

As the systematic combining stipulates, the analysis has been performed in parallel with the data collection and the development of the theoretical framework (Dubois & Gadde, 2002). The two cases have both been analysed separately and together (Yin, 2009).

After each interview a transcript or summary was written, depending on if the interview had been recorded or not. These were then divided into themes according to a developed list of integration issues. A dominant theme, present in both cases, was selected when half of the interviews were performed and the remaining interviews were more focused on the subject of uncertainty and ambiguity. A framework of ambiguity aspects was developed with the help of theory. Signs of different ambiguity aspects were located in the transcripts and summaries, with the help of example quotes in theory indicating ambiguity.

As the interpretivist approach indicates the interviews have been used together with any available documentation, to make sense of what have been said (Bryman & Bell, 2011). The amount of truth in different statements cannot be assessed. It is their experiences and opinions that are the focus. Additionally, people in different positions, from all three involved companies have been heard.

## **4.5 Method limitations**

A combination of different data collecting methods is favourable when performing a case study (Bryman & Bell, 2011), and addresses the issue of construct validity (Yin, 2009). The main collection of data in this study has been through interviews as the available documentation has been very limited. The reduced availability mainly stems from lack of formal documentation processes regarding the integrations, apart from financial documents that are of little relevance to this study. An additional contributing reason is secrecy around the integration and possibly personal protectionism of generated documentation as this research, although not the intention, might seem almost as an audit to the employees conducting the integration projects.

However, the study has had elements of participating observation as an additional data collection method. This brings benefits, as discussed above, but also limitations. During interaction with the acquired employees it became especially important to stress the independence of the study in relation to Skanska. The element of participating observation in some cases made interviewees doubt the independence of

the research. As the subject was considered sensitive to some they needed assurance of specific information not being passed on to Skanska employees and their anonymity being kept. Others claimed they did not require anonymity because they considered the subject of such importance. Despite that, the anonymity of all participants is being protected throughout the research. The Skanska employees participating in the study did instead sometimes require reassurance of their performance in the integrations not being evaluated. Instead it was a case of retrieving their lessons learned in order to assist and improve future integration projects.

Apart from the narrow data collecting methods the sample also constitutes a limitation to the results. Because of a limited amount of time to perform the study the number of interviews is small. Related to the integration of company A six interviews were performed, two of these were employed by Skanska. Eight interviews regarding the integration of company B were conducted, where three of them were Skanska employees.

The sample has to some extent been a matter of convenience, as is common in participation observation (Bryman & Bell, 2011). Not all asked employees have been willing to participate. The sampling has been restricted further by the need to keep the participants' anonymity. Inquiring about them and receiving recommendations on who to contact has therefore been difficult. Efforts have however been made to include employees holding different opinions, coming from different disciplines and different hierarchical levels. A focus has also been on selecting employees that have been within the acquired companies for a period before the transaction.

The sampling method limits the results and means the results are not generalizable, but it is still indicative (Bryman & Bell, 2011). However, the aim of a case study is not to produce a statistical generalization. In case studies it is a question of analytical generalization, meaning the results can help build broader theory. The use of theory at an early stage is a way of managing the generalization and external validity (Yin, 2009).

## **4.6 Ethical considerations**

When writing a dissertation there are many decisions to be made, which have to be guided by ethical practice and integrity. This includes collecting data to avoid bias, informing the participants and the interpretation of the findings. Additionally the research should not cause any harm to the general public or the participants (Hart, 2005).

Company information regarding acquisition strategies is sensitive. How to handle any sensitive company information have been controlled by the company sponsor. However, integration data involves past events, which in large is public and the need for secrecy is therefore very limited. Sensitive information has to a larger extent arisen in relation to the interviewees, as a large part of the work is based on information collected from them. In order to protect the participants, particular details about the two cases have been removed. However, the number of acquisitions that

Skanska has performed within the last few years is limited and it is therefore difficult to make it impossible for people familiar with Skanska to be able to guess who the involved companies are.

Additional measures have also been taken in order to respect the interviewees' integrity. This include informing them of both the purpose of the interview and the study before starting the interview, as well as getting their consent to participate. If the participants agreed to, the interviews were audio recorded. These recordings have been safeguarded in order to ensure there is no inappropriate access. The recordings have been made with a password secured device, which have been handled carefully. After interview transcripts were made the recordings were destroyed. Each participant in the study did also get to read through and approve the transcript or summary to ensure that they felt they had been understood correctly. This has allowed the participants personal control over the material they are contributing with.

## 5 Empirical results

Empirical evidence was collected from two cases where acquired companies are currently being integrated into Skanska. The results from the study are presented below, case-by-case. The chapter is therefore divided into two parts; one for the acquisition of company A and the second one for the acquisition of company B. Each case is first presented according to what has happened in the integration so far, and what is planned to happen during the remainder of the integration. After that the results from the interviews are presented, with a focus on employee perceptions. The interview results are divided into: the perceived degree and nature of change in the integration and the attitudes towards the integration.

For identification the interviewees have been given a number in combination with the letter representing the relevant acquisition, to assure their anonymity. As quotes from the performed interviews are presented, these combinations are used for reference. Positions held by each interviewee can be found in Appendix A.

### 5.1 The integration of company A

Before the transaction a few issues within company A was identified by Skanska “Big City”; including lack of clarity and structure in the reporting as well as differences within forecasting routines. Furthermore differences in safety routines and compliance with the Skanska Code of Conduct were briefly investigated. During this due diligence a few of company A’s construction sites were visited, without the employees being informed of why. As it was winter and snow it was however difficult to judge the exact state of the construction sites. Even though differences were encountered they were deemed as insignificant.

Benefits that the Skanska region expect from the integration involves learning from company A’s estimation practises, improving “Big City’s” ability to accommodate public client needs, improving company A’s cash flow and backing them with finances to increase their ability to take on larger projects.

Company A was before the transaction active in an area where Skanska had very little business. The other Skanska districts performing any work in that area has been moved out in order for company A to have it to themselves, as is practice in Skanska.

Very few of the employees in company A had been informed about the possibility of being acquired before it was announced. The announcement was made when the transaction was performed, which was around six months before this study was initiated. The acquisition was revealed to the employees at company A during a staff meeting, where the integration manager from Skanska and the regional manager for “Big City” took part. Among the employees there was some confusion regarding what positions the Skanska employees present had. One interviewee stated he did not know who they were and one other employee had misunderstood the regional manager for someone else: *“We were summoned to a big information meeting and the CEO of Skanska was there and the person bringing this in, together with our former CEO and*

*our new CEO*” (A6). As is indicated by this statement the CEO of company A stepped down at the time of the announcement. One of the other former owners took over as the new CEO. The management of region “Big City” stated that changing the CEO to someone from outside company A would have been impossible, as it would have made the employees leave.

As the deal was announced the employees were told that nothing would change until they start operating under the Skanska name, a change that is planned to take place in a few years.

A few months after the transaction the employees at company A had a day of training in the Skanska Code of Conduct and Health and Safety principles. These principles are now gradually implemented but are still not a requirement at company A’s construction sites.

After the first six months of the integration the necessary formal integration activities have been completed, such as review and establishment of new employment contracts, implementation of new risk management procedures, providing access to the Skanska intranet and improving the invoicing routines to create a positive cash flow.

During the first years after the transaction the planned integration strategy is to do as little as possible in order to keep the employees within the company. The intention has been and still is to move company A into Skanska almost in its current form since their structure is very similar to the structure of a Skanska district. Company A is still its own company, carrying out business under its own name. A name change is planned in a few years, as is the implementation of the Skanska Enterprise Resource Planning (ERP) system. The implementation of a the Skanska management system is also planned to happen in a few years, but might be moved forward to an earlier date depending on the CEO. When the company is fully integrated into Skanska the current CEO will instead become the district manager.

The cultural integration still remains and is left to the CEO. The performance of the CEO will be evaluated according to the unit’s performance and ability to achieve their business plan, as all district managers are. The Skanska culture, to be implemented was described by a Skanska “Big City” employee as encompassing Health & Safety and ethical principles.

The progress that have been made in the integration so far have mainly involved the initial planning & formal combination stage. Some operational combination has however been undertaken and there were also expectations on the operational combination. The operational actions have mainly affected the senior management in company A.

### **5.1.1 The degree and nature of change in company A**

In company A the general perception found in the interviews was that very little has happened yet and it was therefore mostly anticipation of change among the employees. The change that the interviewees are most aware of is the increased focus on Health & Safety in the work places, with increased use of safety equipment. Some

interviewees said they had been told nothing would change until the name change in a few years, but they did not believe that to be true. Others did not expect much change to come from the integration at all: *"...if there aren't any changes [to the plan], I think the administration will be the same way as before (...) And work wise I don't think there will be a difference, we will be working in exactly the same way as we have worked and follow the Skanska Health & Safety policy"* (A6). Other expected the integration to have bigger effects on their work but in what way was a bit unclear to them: *"They are saying we will be called company A for another 3 years and then we'll see, but I think it will become Skanska quite soon. Both in name and in an implicit way. And when they first told us everything would be as normal, I don't really believe that. Skanska does not buy a company if not to incorporate it, it will become Skanska"* (A3).

One employee expressed a worry that the type of work they currently perform will change: *"I think we will start getting larger projects now. They have said that nothing will change but I don't think Skanska is interested in this type of small projects that we are used to doing"* (A4). This stands in contrast to a statement made by an employee in Skanska "Big City": *"There is very little difference between them and us; they do the same kind of projects"* (A5). Yet another employee stated that probably both work processes and systems would change eventually. One employee who had started seeing changes take place stated: *"A lot of my time goes to just filling out Skanska templates"* (A2).

When asked about the planned integration activities one interviewee stated: *"There is probably some sort of plan, but I don't think they are telling us everything. It seems they are releasing information slowly and partially"* (A3).

The acquired employees perceived the integration as a goal in itself. The goal of the integration for Skanska was expressed as making them a part of Skanska, there was little notion of or focus on potential benefits for Skanska or for company A: *"The goal for them must be to make us Skanska. For us I see no clear goal"* (A3). The goals with different changes were also explained in the same way. Potential personal benefits of becoming a part of Skanska were however acknowledged, such as increased job security and new career opportunities.

The lacking understanding for the Skanska structure is evident through several interviews; the interviewees are not aware of where company A is becoming integrated into Skanska, how to orientate within the organisation for different kind of support or what type of training that is available in Skanska. The amount of contact with other Skanska employees and support functions is very limited. Most interviewees stated the only interaction with Skanska was via the integration manager or randomly talking to Skanska employees if they happen to work on the same projects.

### 5.1.2 Attitude towards the integration in company A

The expectations on the changes were both hopeful: *“I can definitely see increased opportunities”* and at the same time worried: *“The feeling of contributing and building something (...) I don’t feel like I can influence anymore”* (A3), as one employee stated. His colleague similarly said: *“I think it is harder to make changes and influence the work at Skanska, like I can now”* (A4). The interviewees’ attitudes towards the integration were mostly awaiting; they had still not seen enough to make up their mind. This is evident in an employee’s statement about the attitude in his work group: *“I have spoken to most people here and they want to give it a chance, if it has worked at company A there is no reason to change. They will try as long as it works”* (A6). Three different interviewees stated that the initial reaction in the company was negative, but that the fact that little had changed reduced the negativity: *“If 85% was unhappy in the beginning, it is maybe down to 70% now”* (A4).

The interviewees explained the first reaction to the acquisition as a sense of sadness and it being too bad that company A did not continue as its own company. At the same time they expressed positivity towards changes aimed at increasing the safety in the work places even though they did not like having to work in the safety equipment. Some employees addressed concerns about negative effects of the integration with the possibility of leaving the company, and other job opportunities being out there.

The employees at company A had clear opinions on what could not change within the company if they were to stay; *“Everyone working here likes the informal climate”* (A2), *“The team spirit is definitely something that has to be kept. We are all a part of the team, the managers included. We have a lot of dialogue and work together, mainly with the same people over and over”* (A4). When asked how Skanska could make the integration process easier the interviewees requested more information about what will happen during the integration and more information regarding personal development, such as available training.

## 5.2 The integration of company B

Before the transaction, the acquiring unit “Technical Solution” explored how other Skanska units perceived company B. Many different Skanska departments had previous experience of working with company B, as a sub-contractor, and viewed them as one of the most attractive companies in their field to work with.

Benefits with the integration mentioned by individuals in the Skanska region involved contributing to the Skanska sustainability goals by offering the full technical solution and incorporating the current parts of Skanska “Technical Solution” struggling to make profits into the well functioning, profitable company B.

The negotiations regarding the acquisitions of company B were kept secret as the owners did not want the employees to know anything about a possible sale before it was finalised. At the time of this study the transaction dated around three years back. The announcement was made to the employees at a staff meeting as the transaction took place. At this meeting the employees were told by Skanska that nothing would

change in the company as a result of the acquisition. One of the employees commented the statement: *“At the time of the acquisition we were told nothing would change. Of course no one believed that”* (B8).

When the transaction was made public the Swedish Competition Bureau decided to investigate the acquisition and Skanska was therefore not allowed to touch company B, until the deal was approved a few months later. During this time one key employee resigned from company B. The two owners were kept in their original positions during the first two years after the transaction with the help of an earn-out model. At the time of the study they had left the company. The two owners are considered as highly competent and a key success factor by both employees in company B and by Skanska “Technical Solution”.

One employee within Skanska “Technical Solution” stated that the employees at company B misinterpreted early communication in the integration. The interviewee stated they had to visit company B several times to calm the situation down: *“In the beginning there was a lot of fire fighting (...) I think someone was spreading rumours”* (B7). An employee in company B stated about the current situation and discussions around the integration: *“I don’t talk to colleagues about the integration. I’m out on a project and only in the office about once every other week so I don’t hang out with the other white-collar employees so much. But when I’m there, this is not a subject of conversation among other white-collar workers”* (B8).

During the initial integration there was a lot of focus on getting control over the company finances even if the accounting staff would resign. An integration team was appointed with the mission of transferring company B into the Skanska ERP system, management system and payroll. But as the ERP system at Skanska was to be exchanged within a year after the acquisition the transfer was postponed in order to avoid two transfers for the employees. However as the release of the new ERP system has been postponed several times and at the time of the study had still not been launched, company B were still working in their pre-acquisition system and a new transfer date had not been set. Company B were gradually being transferred into some parts of the Skanska management system. They were therefore using some parts of the Skanska system while they still used their pre-acquisition tools and work processes in other areas.

The initial integration team was not held together for the whole integration, but was gradually disbanded during the initial integration as people for different reasons left without being replaced. At the time of this study a consultant had just been brought in to manage the integration project. A new project plan was therefore developed while this research was conducted.

The case offers opportunity to study both the initial planning & formal combination and the operational combination.

### 5.2.1 The degree and nature of change in company B

The perceived degree of change differs between the interviewees but does not seem entirely dependent of position in the company. The different perceptions ranged from: *“Me and my team have not noticed any difference...”* (B8) to *“There are new routines, ways of thinking, increased administration. It is like changing jobs”* (B6). However, the employees not yet experiencing change are expecting most of it to happen soon. One employee stated: *“There are other employees here that have worked for companies that were bought by Skanska and they were told the same thing [that nothing would change], but it took a year or so and then it started happening. So we knew change would come”* (B8).

As stated above some employees see the integration affecting all parts of the business. Several stated that there is more administration now and that new tools and routines are being implemented: *“I now have to use some of their tools, but they are not adjusted to us (...) We are not used to having to perform unnecessary activities”* (B4).

Most interviewees stated they had not been made aware of what would happen during the integration: *“We have been asking for a plan and were told there was non but apparently there was. It makes us feel there is a hidden agenda”* (B4). An employee from Skanska “Technical Solution” stated about the employees at company B: *“They seem to think there is some kind of conspiracy”* (B2).

Several interviewees brought up either a negative change or negative anticipation of change in benefits. The main worry was the company cars but the wages were also an issue. One employee expressed his concern: *“I expect degradation in benefits; wages and the corporate car. The car is a benefit we have received... And we have had individual wages in company B, in Skanska that is more regulated and it is possible it will lessen the motivation a bit”* (B8).

Several of the interviewees indicated little contact with Skanska and Skanska employees. One stated they only meet other Skanska employees when working on the same projects, as different subcontractors and rarely or never having a need to contact Skanska employees or Skanska support units. A few interviewees did however report more frequent contact: *“I am not allowed to write the contracts with suppliers anymore, it is done by Skanska ‘Technical Solution’. So I speak to them every week”* (B5).

### 5.2.2 Attitude towards the integration in company B

Where the perception is that little has changed the employees have not taken a stand for or against the integration. Any concern about effects of changes is addressed with emphasis on personal mobility: *“I am not worried about the changes; if it is not my thing then I’ll leave”* (B8). Among the interviewees feeling affected by the integration there was more feelings involved. *“For us I see no need to become integrated at all (...) There are no advantages of being Skanska, not from where I am sitting and we don’t even get any work from them”* (B5).

One employee stated the following about reactions to the change in company B: *“In the beginning employees were told nothing would change so now when things are starting to happen some people think it feels rough”* (B3). Another participant gave an example: *“Everything is channelled via the CEO to his manager. It was not like that before, previously we would get quick decisions”* (B4).

The Health and Safety regulations Skanska have implemented in company B was by one employee seen as frustrating and considered as hypocritical: *“Skanska are trying to push their values on us as well. Like the Global Safety Stop every time someone dies on one of their sites, which is all the time. We get to hear a lot about the safety but they cannot even follow the routines themselves, if you go out to one of their sites you will see”* (B5). In this quote the exaggeration about the number of deaths made by the interviewee reflect irritation. During several of the interviews with employees at company B anger and irritation towards the integration process, Skanska “Technical Solution” and the implemented changes became very apparent. Three employees expressed doubts in the competence of responsible at Skanska “Technical Solution”: *“The people who are in charge now do not understand what we do and therefore it is increasingly becoming about control. Previously there was not a single decision you could not understand. Now it is more about following routines, not knowing why you do things”* (B6). Some interviewees also suggested that Skanska Sweden did not understand the business of company B and thus their tools were not adjusted: *“Installation and construction is very different. Applying their things on us is like applying the same traffic regulations in the air as on the roads; we know nothing about each other”* (B4).

In the change of IT system and ERP system the interviewees were more positive. One employee stated: *“But some things will get better, like the IT, the systems around. The maintenance has been lagging behind”* (B3). Another employee stated: *“But with the ERP system for example, I hope it will be an improvement. I assume someone has thought about it and know what they are doing”* (B6).

Three of the employees in company B indicated a worry regarding the loss of customers as a result from the acquisition. One employee stated: *“The projects we had when the previous owners were still in the company, they are finishing now, the results have been registered etc. So it will become a very tough journey for us now”* (B3), while one said: *“There are no customers anymore”* (B5). This statement was not meant literary but still illustrates the interviewee’s worry of losing customers without gaining new business from Skanska.

Worry for colleagues at the accounting department as the implementation of the new ERP system was also expressed: *“No one has told them what they will be doing instead”* (B6).

Apart from the key employee resigning as the deal was announced, one other employee has left company B after the acquisition. As it was before this research was undertaken, that person has not been interviewed but two of his old colleagues mentioned his resignation during their interviews. It was speculated that he left

because either his job would soon not remain or that his job would change into something he did not want to do. One interviewee was very angry about how the colleague had been treated while the other interviewee just expressed sadness.

When asked what Skanska could do in the integration to make it easier for company B, the interviewees mentioned different actions. One employee said: *“The thing Skanska can do to relieve the process for us is not to change our name; don’t make us Skanska. Just because of the customers”* (B5). One of the other employees said: *“What they could have done is telling us at the beginning where this is going, what should be changed, if any roles are disappearing and what those people will be doing instead”* (B6).

## 6 Analysis

In this chapter the theory is compared with the empirical findings in order to find consistencies as well as possible gaps in the literature. Both cases have been analysed to find signs of the different ambiguities explained in the theoretical framework. The chapter is largely divided according to the same headlines as theory. However, minor adjustments have been made to the original structure.

### 6.1 Ambiguity in integration projects

One of the objectives of this study is to map signs of different ambiguity aspects to different stages of the integration. The interviews with employees have therefore been analysed according to ambiguity theory to locate signs of different aspects of ambiguity among the acquired employees.

#### 6.1.1 Ambiguity of purpose

Table 2: Ambiguity of purpose in company A and B

Ambiguity of purpose	Company A	Company B
Not understanding the purpose of the acquisition and implemented changes, because of lacking connection between actions and results (Risberg, 1997).	<p>“The goal for them must be to make us Skanska. For us I see no clear goal” (A3).</p> <p>“A lot of my time goes to just filling out Skanska templates” (A2).</p>	<p>“The goal for Skanska with this integration is unclear to me. For us I see no need to become integrated at all. There are no advantages of being Skanska, not from where I am sitting and we don’t even get any work from them” (B5).</p> <p>“Previously there was not a single decision you could not understand. Now it is more about following routines, not knowing why you do things” (B6).</p> <p>“I now have to use some of their tools, but they are not adjusted to us... We are not used to having to perform unnecessary activities” (B4).</p>

The statements made by participant A3 and participant B5, about the goal of the integration suggest that little action has been seen to illustrate any goals or effects, indicating that ambiguity of purpose can appear in the initial planning stage. Employees in both company A and company B see the integration as a goal in itself while the involved Skanska employees stated several potential benefits of the

integration projects, both for Skanska and for the acquired companies. There is thus intrapersonal ambiguity among the acquired employees, as well as intergroup ambiguity between acquired employees and Skanska employees.

The quotes by the participants A2, B4 and B6 indicate ambiguity in the use and need for new Skanska tools and practises. Application of tools and practises is an operational action. Furthermore the quotes imply frustration about having to perform activities, seemingly without benefits. It becomes especially evident in the statement by B4. Participant B6 also indicate frustration regarding not being able to recognise the bigger picture of running the business anymore, possibly it makes him question his competence, as ambiguity of purpose can do (Risberg, 2001).

Signs of ambiguity of purpose exist in both integration projects. From these quotes it appears to be equally present both during the initial planning & formal combination stage as well as the operational combination, which is consistent with theory (Risberg, 2001).

### 6.1.2 Role ambiguity

*Table 3: Role ambiguity in company A and B*

<b>Role ambiguity</b>	<b>Company A</b>	<b>Company B</b>
A role modification where the context is changed while responsibilities and relationships are kept (Chreim & Tafaghod, 2012). For the individual it leads to uncertainty regarding what is expected (Seo & Hill, 2005).	<p>“... the feeling of contributing and building something... I don’t feel like I can influence anymore” (A3).</p> <p>“I think it is harder to make changes and influence the work at Skanska, like I can do now” (A4).</p>	<p>“I think I’m still stuck in the entrepreneurial mode of making money and maybe I have to change that” (B6).</p> <p>“I am not allowed to write the contracts with suppliers anymore, it is done by Skanska Technical Solution” (B5).</p> <p>“Everything is channelled via the CEO to his manager. It was not like that before, previously we would get quick decisions” (B4).</p>

The quote by participant B6 indicate that the participant is questioning his own way of conducting his work and a struggle to understand what is expected as the old ways of thinking might not be wanted and rewarded anymore. It exemplifies the confusion of role ambiguity that employees can experience when new structures are implemented while responsibilities remain (Chreim & Tafaghod, 2012; Seo & Hill, 2005).

In company A there are several signs of worry about losing the ability to influence, which is shown by the quotes made by participant A3 and A4. The quote by participant B5 also involves the loss of authority to the new, larger organisation, while

participant B4 indicate a worry of power moving further away. Chreim and Tafaghod (2012) found that managers in entrepreneurial businesses experience a loss of power when being acquired by a large bureaucratic organisation. Even though their study focused on managers in the acquired organisation, these empirical findings suggest that it is not indicative to managers only as the quotes are made by members of such divers groups as senior management, project managers and blue-collar workers. This could be dependent on the fact that the two acquired companies are small organisations where all employees have had a large ability to influence decisions and had close working relationships with the CEO and top management.

As the quotes involve changes in reporting structure and authority they represent the operational combination stage or expectations of that stage.

### 6.1.3 Ambiguity of communication

Table 4: Ambiguity of communication in company A and B

Ambiguity of communication	Company A	Company B
Different understandings of communication (Risberg, 2001).	<p>“They are saying we will be called company A for another 3 years and then we’ll see, but I think it will become Skanska quite soon. Both in name and in an implicit way. And when they first told us everything would be as normal, I don’t really believe that. Skanska does not buy a company if not to incorporate it, it will become Skanska” (A3).</p> <p>“...if there aren’t any changes [to the plan], I think the administration will be the same way as before (...) And work wise I don’t think there will be a difference, we will be working in exactly the same way as we have worked and follow the Skanska Health &amp; Safety policy” (A6).</p>	<p>“At the time of the acquisition we were told there would be no change. Of course no one believed that” (B8).</p> <p>“What they could have done is telling us at the beginning where this is going, what should be changed, if any roles are disappearing and what those people will be doing instead” (B6).</p> <p>“In the beginning there was a lot of fire fighting... I think someone was spreading rumours” (B7).</p> <p>“We have been asking for a plan and were told there was non but apparently there was. It makes us feel there is a hidden agenda” (B4).</p> <p>“They seem to think there is some kind of conspiracy” (B2).</p>

The participants A3 and B8 share a disbelief in management statements of time lines and the degree of change. Statements made to the acquired employees, either to

expect no change at all or not to expect it until in several years seem to be difficult for the employees to believe. The quotes show how employees often expect change after an acquisition, as shown by Nikandrou, Papalexandris and Bourantas (2000). It could also be enforced by actions taken by Skanska employees contradicting the statements made, which according to Risberg (2001) is a cause of ambiguity.

The quote by A3 does however contrast with the quote by participant A6, who does not expect any major change at all. The contrast displays the ambiguity in the communication present in company A and how it affects the employees' expectations on the process. The statements by A4, A6 and B8 indicate that the ambiguity aspect is present in the initial planning & formal combination.

In the quotes by B4 and B6 feelings of being deceived are also indicated, as what they have been told is not perceived as true. The quote by B6 clearly indicates having expectations of the integration that were inconsistent to what now has happened. It is also a request for transparency. The statements indicate operational combination.

The statement by participant B7 shows the intergroup contradiction between the employees in company B and Skanska "Technical Solution". The statements by participant B2 and B7 imply that what they are trying to say have not been received as intended by the employees in company B. B7 also indicate having sensed the employee ambiguity in company B.

From the quotes it seems that ambiguity of communication is present in both integration stages, but slightly more prominent in the initial planning & formal combination.

#### 6.1.4 Ambiguity of understanding

*Table 5: Ambiguity of understanding in company A and B*

Ambiguity of understanding	Company A	Company B
Conflicting ideas of how to run the organisation and conducting business (Risberg, 2001)		<p>"We cannot make money using their contracts... We are trying to make money and create business, but we have to be given the right tools" (B5).</p> <p>"Installation and construction is very different. Applying their things on us is like applying the same traffic regulations in the air as on the roads; we know nothing about each other" (B4).</p>

No signs of ambiguity of understanding in company A have come up during the interviews, which could depend on different factors. The integration has not come as far and most employees have not yet seen much effect from being acquired. Additionally Skanska “Big City” already perform the same services as company A, which could result in an increased shared understanding of how to conduct business. It could also be that there is ambiguity of understanding that have not become visible during this research.

In company B the ambiguity of understanding is more apparent. The integration has come further possibly resulting in more apparent changes to disagree about. The quotes show opposition against using the Skanska tools and participant B4 is especially clear on Skanska being a construction company and tools not being transferable between the disciplines. The ability for Skanska to have a say is thereby explained away. Participant B5 is implying that they have to do things the old way if they are to make money. The questioning of Skanska practices might be increased by anxiety over a decreased amount of business. Both participants indicate building rationale for not adapting to Skanska.

The statements indicate application of tools and work processes and therefore they represent operational combination.

## **6.2 Aspects of ambiguity mapped against integration stages**

The model of acquisition stages, from Seo and Hill (2005) has been used to map the ambiguity aspects according to stages. The acquisition process is divided into four different stages; premerger, initial planning & formal combination, operational combination, and stabilisation. The focus of this study is two on-going integrations. None of them have reached the stabilisation phase and no observations of the premerger phase have been made in this study. The two relevant phases are therefore: initial planning & formal combination, and operational combination.

As shown in section 6.1, all aspects of ambiguity are more evident in company B than in company A. The integration has moved further in company B and changes have come to affect many of the employees. Additionally it has been a few years since the transaction and it is possible that negative reactions, such as anxiety, found among the employees have been increased by a prolonged uncertainty, as claimed by Seo and Hill (2005). Additionally, some employees are experiencing more ambiguity than others. All employees interviewed does however experience some aspect of ambiguity, but it seems the employees experiencing higher levels or a wider selection of aspects are also experiencing higher degrees of change. It could indicate that an element contributing to ambiguity is inconsistency between expectations of change and experience of change.

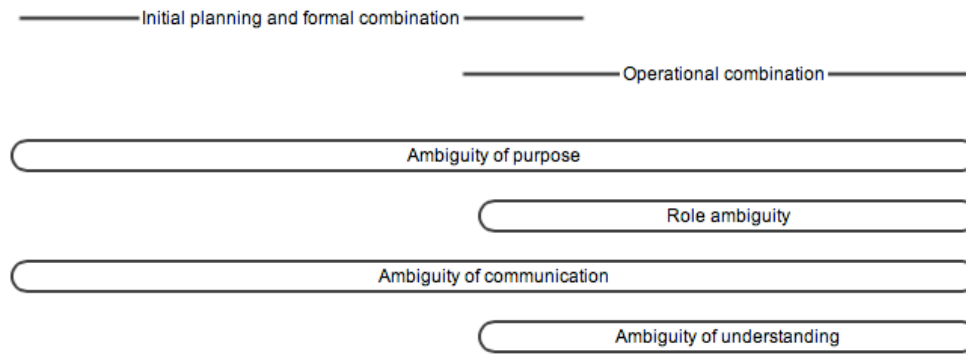


Figure 4: Ambiguity aspects mapped against integration stages

Figure 4 illustrates the presence of ambiguity aspects during the two relevant stages. The figure is an adaption of Figure 3 shown in section 3.1. Ambiguity of purpose and ambiguity of communication are important in the early stage of the integration, while all four aspects occur during the operational combination. However, the two integration projects used in this research are currently in both integration stages simultaneously. The applicable stage depends partly on the interviewees' position in the hierarchical structure but also on how different integration activities are undertaken. While in the acquisition process it seems difficult to establish what stage the integration is in. The stages can thus be seen as a rationalisation made after the acquisition process is completed. The stages can however help increase the understanding of what the employees go through as changes are planned and implemented.

## 6.3 Consequences of uncertainty as a result of ambiguity

In this section signs of consequences from uncertainty are examined and compared to theory. Some level of dissatisfaction among the employees might be to expect during acquisition integration (Birkinshaw, Bresman, & Håkansson, 2000). The presence of negative consequences does however indicate the need to manage the uncertainty and ambiguity in integration projects.

### 6.3.1 Resistance to change

It is the unknown end state that can cause individuals to be resistance to change (Waddell & Sohal, 1998). But to enable an integration manager to act on the resistance it can be interpreted in a more useful way. What could be labelled as resistance might be more appropriately be viewed as lack of motivation or lack of relevance (Piderit, 2000). Lack of motivation has also been linked to ambiguity of purpose (Risberg, 2001). The quotes made by acquired employees in both company A and B in section 6.1.1 about the final goals and activities of the integration indicate this. That the absent understanding for any benefits or reasons for the integration is accompanied by a lack of motivation is especially clear in the following quote: *“For us I see no need to become integrated at all. There are no advantages of being Skanska, not from where I am sitting and we don’t even get any work from them”*

(B5). Lacking motivation as a result of incomplete understanding might be easier for an organisation to manage compared to resistance, as the term is too broad (Piderit, 2000). As the interviewees do not see the purpose and consequences they do not engage. *“I don’t know if I have received any information regarding the integration and different activities. I get a lot of e-mails about different things but I generally just put them in the trash”* (B6). It could be that the emails sent are frequent or long without indicating relevance to the interviewee, resulting in the participant not prioritising them.

Additional situations that can cause reluctance to participate in change are doubt in organisational benefits and negative change in employee benefits (Piderit, 2000). The quote by participant B5 illustrates this doubt and as can be seen in section 5.2.1 the employees also experience degradation in benefits. As both of these contributing causes are present in company B, reluctance might be to expect.

### **6.3.2 Anxiety**

The attitudes toward the integration differ but anger was present among several interviewees in company B. Some employees in company A showed worry. The fact that employees are planning on leaving both company A and B if the integration does not go the way they want, indicate that.

According to Seo and Hill (2005) it is not knowing what to expect that is causing anxiety, rather than the actual changes. In both company A and B most employees does not know exactly what changes to expect of when to expect them. At the same time most of them made requests about the plans; they want to be able to picture the end state.

In company B the inconsistencies between the employees’ expectations and the changes now taking place was also creating anxiety: *“What they could have done is telling us at the beginning where this is going, what should be changed, if any roles are disappearing and what those people will be doing instead”* (B6). In company B the anxiety was also evident among employees talking about the decreased business and loss of customers resulting from the acquisition.

### **6.3.3 Lack of trust**

As discussed in section 6.3.2 several of the employees requested to see the plan for the integration. A few of the interviewed employees stated they thought a plan existed but they were not allowed to see it: *“There probably is some sort of plan but I don’t think they are telling us everything”* (A3). It indicates presence of mistrust. According to Schweiger and Patzelt (2012) the employees do not yet know if the management have their best interest in mind during early stages of the integration. One interviewee even stated: *“We have been asking for a plan and were told there was non but apparently there was. It makes us feel there is a hidden agenda”* (B4). On the other hand, other employees did not think an accurate integration plan had been developed, or were comfortable with just being informed that little would change. This indicates that the trust levels vary between the interviewees.

#### **6.3.4 Rumour activity**

One employee at Skanska “Technical Solution” had a clear suspicion of rumours spreading in company B. Results from the interviews are otherwise inconclusive in both of the two cases. In some interviews the same issues reappeared similarly phrased, indicating they had been discussed.

Any occurrences of rumours indicate insufficient formal communication (DiFonso & Bordia, 1998). Several of the interviewees did however state that they rarely talk to colleagues working on different projects as they spend most of their time at their project sites. It is possible that the rumour activity varies in different project groups and disciplines as well as over time. According to DiFonso and Bordia (2002) the rumour levels increase with anxiety. It could result in a higher potential for rumours in company B than in company A, because of the anxiety levels discussed above in section 6.3.2.

#### **6.3.5 Loss of personnel**

None of the two integrations involved any employee redundancies. In company A no employees had resigned as a result of the acquisition and integration, even though resignation was indicated as a possibility. In company B one key employee left as the acquisition was announced. One additional employee has however left company B after the acquisition. As it was before this research started, he has not been interviewed but several of his old colleagues mentioned his resignation during their interviews. As stated by Grensing (1991) the departure of a colleague often have a negative impact on those remaining. It was especially evident in one of the interviews that the participant was very upset about the treatment the resigning colleague had received from Skanska “Technical Solution”.

### **6.4 Way of reducing ambiguity and uncertainty in integration projects**

Below the occurrences of the four ways of reducing ambiguity and uncertainty are examined, compared to theory and related to specific ambiguity aspects.

An additional factor that should be considered is time. Integration speed is negatively related to the creation of ambiguity (Cording, Christmann, & King, 2008). As can be seen in the results (Chapter 5) both integrations are keeping a slow pace, and it could be a contributing reason for the increased occurrence of ambiguity in company B. High speed might not always be an option for other reasons, but should be evaluated carefully.

#### **6.4.1 Legitimacy and justification of actions**

As Risberg (2001) explains ambiguity of purpose, it is a lack of understanding for reasons behind changes, which thus could be addressed with informational justice; illustrating intentions and processes behind different actions, outcomes, and benefits of changes. As justification applies to specific actions (Ellis, Reus, & Lamont, 2009) it can be applied actively as actions are planned and undertaken. If given sufficient

attention early on in the integration process legitimacy can be gained. Legitimacy is the perception of an entity's actions as suitable and correct (Vaara & Monin, 2010). When legitimacy is developed it could thus also positively affect the ambiguity of understanding, as ambiguity of understanding concerns differing opinions regarding how to run the acquired organisation (Risberg, 2001).

From the interview results it is indicated that neither Skanska "Big City" nor "Technical Solution" have yet gained complete legitimacy, resulting in increased need to demonstrate rationale for actions. The levels of legitimacy might however differ in different business areas, as the employees question actions within certain areas more than others. An example is the recurring opposition in company B against the use of Skanska tools, while none of the interviewees actively opposed the change of IT system or ERP system. Instead one interviewee remarked: *"...I hope it will be an improvement. I assume someone has thought about it and know what they are doing"* (B6).

Ambiguity of purpose is relevant during both integration stages, as is illustrated in Figure 4. It is however possible that a focus on justification efforts during the initial planning & formal combination stage could develop into increased organisational legitimacy and thus reduce the ambiguity of purpose during operational combination naturally. Furthermore Haspeslagh and Jemison (1991) state that acquiring companies gain an initial level of legitimacy from being the new owner. The initial level of legitimacy could be used and again indicates the relevance of time.

Additionally, as legitimacy and justification are social constructions the perceptions vary depending on the individuals' values and could change over time (Vaara & Monin, 2010). But as social constructions they can also be reconstructed and modified. It thus offers an opportunity of influence.

#### **6.4.2 Setting clear goals**

According to Nemanish and Keller (2007) organisational goals can reduce role ambiguity as it helps employees place themselves in the organisational context. Breaking the organisational goals down to intermediate goals can also help reduce ambiguity of purpose as the links between actions and results become clearer (Cording, Christmann, & King, 2008).

In section 6.1.1 it is shown how the acquired employees experience insufficient insight into the integration goals. On the Skanska side the integration goals are stated to involve realising the synergies that motivated the acquisition. Especially the employees in company A does not appear to see themselves as playing a role in the integration, despite the fact that they are the ones to be integrated. Stating and discussing the integration goals could clarify how it will affect the employees. By breaking the integration goals down into more tangible goals for the acquired managers and employees to act on it illustrates their contribution and role in the integration project.

Additionally the lacking understanding among the acquired employees for their company's role in the new organisation and how they connect to the rest of the organisation are additional causes of ambiguity. This lacking understanding is especially clear in company A.

A business plan is developed for the acquired companies, in the same way as for other Skanska units. The unit specific business plan contains increasingly detailed goals developed from the broader organisational goals. Intermediate organisational goals do thereby exist for the acquired employees. However, the integration can increase employees' uncertainties regarding the organisational goals and direction. Additionally, being acquired is an extraordinary activity and routine practises might in that context not be enough. The discussions around the goals and their development may need to increase considerably.

Setting clear goals for the integration will also help the integration manager to maintain focus during the whole project. Contradictory behaviour can thus be avoided during the complex task.

As setting goals addresses ambiguity of purpose and role ambiguity it becomes a relevant action throughout the integration.

### **6.4.3 Adjusted and focused communication**

The most important tool when managing ambiguity of communication is the communication, as the ambiguity is caused by insufficient or inconsistent communication. According to Zhu, May and Rosenfeld (2004) communication is also a way of helping acquired employees understanding their new environment and their roles, which implies that it also could reduce ambiguity of understanding and role ambiguity.

As shown in the results Skanska is sending information, but it does not seem to be enough to make the employees feel they understand the situation. A reason for the large need of communication could be that the employees have relatively little contact with Skanska employees. The acquired employees come from organisations very different from Skanska and they thus have an inadequate foundation for their analysis of the situation. Existing contradictions thus become harder to interpret.

When asked about how Skanska communicates with them, several employees in both company A and B stated that they have received a lot of information from Skanska, in the form of a monthly newspaper, welcome letters, leaflets containing the new company values, and e-mails containing general information. The perceived relevance of this information might however be low to newly acquired employees as they have not actively chosen to become a part of Skanska and still do not see Skanska as a part of their social identity (see section 6.4.4). Moreover, what company values mean to everyday work can be difficult to interpret. As stated by Risberg (2001), communication is a constant development of shared meanings and it therefore needs to include interaction rather than just sending of information.

Additionally, communication is a prerequisite for most of the recommended actions discussed above; building rational for changes and justifying them has no effect on ambiguity levels if it is not shared with the acquired employees. Focused formal communication is thereby also an important way of managing ambiguities throughout the integration project and obtaining the transparency requested by the employees.

#### **6.4.4 Establishing positive personal relationships**

An understanding for the new organisation, its goals, and its methods can be introduced through relationships between members of the acquired and acquiring organisation, thus reducing role ambiguity (Chreim & Tafaghod, 2012). Furthermore, relationships become a complement to communication in conveying goals and illuminating reasons behind integration activities. Ambiguity of understanding stems from different understanding in the acquiring and acquired company of how to conduct business (Risberg, 2001). It implies that increased understanding for the organisations methods and goals could reduce the ambiguity of understanding.

All acquired employees interviewed, except one in company B, refers to the acquired company and to Skanska as “them” and “us”, indicating they do not identify with Skanska yet. According to Chreim and Tafaghod (2012) interaction and relationships are important parts of the identification process. The low levels of interaction between the acquired employees and Skanska employees, revealing that relationships have not yet developed and, unless that is changed it most likely will not develop in the near future.

As relationships help reduce role ambiguity and ambiguity of understanding it implicates increased importance during the operational combination stage. However, as it can serve as a complement to formal communication and needs time to develop, the establishment of relationships should possibly be encouraged as early as possible in the integration project.

## **7 Recommendations for Skanska**

The presence of ambiguities is inherent in the acquisition process (Meglio & Risberg, 2010). It therefore cannot be eliminated. However, as shown in the analysis, there are measures to be taken which can reduce the ambiguities and make the integration process more manageable for the affected employees. The recommendations below are adjusted to the case specifics and directed towards integration managers of integration projects. They aim to ease the experience for acquired employees and create a smooth transition into Skanska. The recommendations should however not be seen as a checklist for successful integrations as each acquisition has their specifics and checklists holds the risk of making people less attentive to the circumstances. Instead the recommendations merely provide a good basis for ambiguity reduction.

### **7.1 Ensure cultural and organisational awareness**

For employees previously working in a small entrepreneurial company, becoming a part of Skanska poses a great difference. To many Skanska employees who have been working within the company for a long time the Skanska culture can instead be taken for granted. By having a cultural and organisational awareness it becomes easier to prepare new employees for the changes of the integration.

From the interviews it has become evident that the changes in authority and reporting structure are causing ambiguity for the employees in company B. Additionally, the interviewees in company A are ambiguous about what to expect as a result of becoming Skanska. The acquired company and their experienced changes should therefore be put into a bigger context by explaining the role the acquired company will play in the new organisation and how they contribute to the organisational goals. When situating acquired employees into the organisational context routine practises might not be enough. As the acquisition and integration are extraordinary activities, the discussions around organisational goals and the development of unit specific goals might need to be extended.

To ease the cultural integration a number of different measures are recommended:

- Establish internal awareness of culture and organisation, within Skanska and within the acquiring unit.
- Analyse the cultural and organisational differences as the integration project is planned.
- Connect the acquired company to the organisational goals by having an increased discussion around how the unit specific goals are developed and what they represent.

### **7.2 Develop a clear integration plan**

It is not easy to plan integrations and plans in large organisations are dependent on many different factors. Access to the plan does however still give the employees an understanding for what activities will be undertaken and the approximate time spans

they can expect. The plan can be a tool in developing a shared understanding for what the integration will entail, as this is not always obvious to the employees. By being open with the plan there is an increased level of transparency and the employees can feel assured that nothing important is withheld from them. Additionally, by discussing the plan intentions and benefits with different integration activities become clearer. The employees will thereby be more motivated to take part in the integration. Involving the employees, or representatives of the employees can also increase the legitimacy of the plan and the activities.

Three actions are recommended:

- Analyse benefits with planned changes to ensure they contribute to the goal of the integration.
- Discuss and develop the plan together with the affected employees, increasingly in areas where Skanska has lower levels of legitimacy.
- Be transparent and honest with the plan from the start.

### **7.3 Communicate with relevance**

Communication does not only involve sending out information, but is about interaction. Interaction is an important part in understanding the employees and what is relevant to them.

Large amounts of information do not ensure high quality communication. Keeping information short and focused can help ensure that sent messages are received and understood as intended. The relevant information, making a difference to the acquired employees everyday work, should be the main focus in the communication process. Explicit and realistic effects of the change should be emphasised. As the integration progresses the perspective can be widened from the individual, to include wider organisational aspects. A few different measures can be taken to assist the communication during the integration:

- Have a regular short newsletter during the whole integration, addressing the current integration activities and progress as well as employee concerns.
- Open a hotline for acquired employees and possibly also for Skanska employees to ask questions about the integration anonymously. It could either be a phone line or a mail service depending on the potential number of questions.
- Avoid too much written information; instead increase conversations.
- Be honest in the communication. If questions cannot be answered, set a date for when it will be answered.

### **7.4 Encourage interaction between acquired employees and Skanska employees**

The best way to understand what it is like being a part of Skanska is to gain individual experiences of it. It is much more effective compared to just telling someone what it is

like. The goal is to make the employees identify with Skanska and build relationships with their new colleagues, which will not happen if they are isolated. To make them feel like they are a part of Skanska they have to know what it means, understand the company structure and know people that work there. The best advocates and representatives for the organisation and organisational life are the employees. The Skanska employees can therefore be used in a positive way where both formal and informal contacts with the acquired employees are encouraged. Four different ways of doing that are suggested:

- Arrange gatherings, such as a welcome party for the new employees where also the employees in the acquiring unit are invited.
- Include and involve the acquired employees in development work undertaken in the acquiring unit. This could include development of work processes or role descriptions.
- Apply work rotation between Skanska employees and acquired employees or collocate acquired employees with Skanska employees as soon as possible.
- Establish reciprocal mentoring relations where acquired employees are connected to Skanska employees to exchange experiences and learn from each other.

## 8 Conclusions

The research question this study is trying to answer is: How Skanska's current integration practises affect the employees and how the practises can be improved for future integration managers?

Integration practices in Skanska are to a large extent lacking, the process is currently unstructured. This is causing the employees to experience uncertainty and ambiguity during the integration. Uncertainty is experienced when trying to interpret occurrences with lacking or ambiguous information. Ambiguity thus causes uncertainty.

Four aspects of ambiguity have been identified and located: ambiguity of purpose, role ambiguity, ambiguity of communication and ambiguity of understanding. All four aspects have been shown to be present during the operational combination of the integration while ambiguity of purpose and ambiguity of communication also were present during the initial planning & formal combination. This is consistent with literature.

Signs of negative consequences of uncertainty were also identified. In company A signs of resistance to change, anxiety and lack of trust were detected. Signs of these consequences were also located in company B, but additionally signs of rumour activity and loss of personnel were found.

Different ways of reducing uncertainty and ambiguity have been located: legitimacy and justification of actions, setting clear goals, adjusted and focused communication, and establishment of positive personal relationships. In the case it is evident that these methods of reduction have not been applied successfully. Implementation has therefore been translated into the Skanska context with the help of a set of recommendations, involving interaction and development of shared understandings.

Ambiguity involves conflicting understandings within and between individuals and groups. It is thus not a concept concerned with finding homogeneity. Still, in this thesis the concept of ambiguity helps by unifying the employee experiences. It displays how seemingly different experiences involve similar notions. It has an explanatory effect that also makes it easier to focus problem-solving efforts and create smoother integrations.

Additionally time is an important factor during integration. However, the ability of the acquisition process model to supply that time aspect can be questioned. During this research integration has been realised as an interdependent process where both integration stages are passed through simultaneously, depending on relevant activity and interviewees position in the hierarchical structure. During the process it thus seems the model has little correlation to time. The support offered to the implementation of ways of reduction is therefore limited. The model can however give an increased understanding for the individual employee's experience during different stages of implementation.

## **8.1 Recommendations for future research**

The thesis focuses on ambiguity and its reduction as ambiguity has been shown to be related to a number of negative consequences. The thesis touches upon several important factors during integration implementation, all which could not be thoroughly investigated. One of these factors is the time aspect. The timespan under which acquisition integration is planned and implemented plays a role in the two integrations studied and the creation of ambiguity, but in this research the subject is merely touched upon. Time in integration implementation is a frequently researched area. However, the research does not elaborate on the relevance of time in relation to creation of ambiguity among employees. It should therefore be investigated further.

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# Appendices

## A: Positions and company affiliations of interviewees

Table 6: Formal positions and company affiliations of the interviewees

Interviewee	Skanska	Company A	Company B
A1	Middle management		
A2		Senior management	
A3		Middle management	
A4		Blue-collar worker	
A5	Middle management		
A6		Middle management	
B1	Middle management		
B2	Middle management		
B3			Senior management
B4			Senior management
B5			Middle management
B6			Senior management
B7	Middle management		
B8			Middle management

## **B: Interview guide acquired employees**

### **Introduction**

What is your work role and your responsibilities?

How long have you worked here?

Important parts of the company culture?

What has made you successful?

### **The integration**

What are the goals with this integration?

For Skanska?

For the acquired company?

For you?

Have you noticed a change in:

Your work processes?

Tools?

What you deliver (the product)?

Contact with the client?

The internal service (support units)?

The office?

Roles and responsibilities?

Decision making?

The training you receive?

Career development and your career plan?

Benefits?

How often do you have some sort of exchange with Skanska (contact in any form)?

How do you think Skanska can or should relieve the integration for you?

## **Communication**

How does Skanska communicate with you (their goals/ values/ ethics)?

How have you received information about the integration (when, from who, channel)?

What information have you received about the changes and integration activities being planned and undertaken?

When and how the changes are undertaken (time line)?

Why the changes and integration activities are undertaken?

Where do you turn with questions about the integration?

If manager: do people turn to you for answers and information?

Do you think there have been any concerns in your workplace during the integration so far, more or less during some stage?